MIDI plc

Condensed Consolidated Interim Financial Information

30 June 2011

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Interim Directors' Report pursuant to Listing Rule 5.75.2

This interim report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act, 2005. The consolidated interim financial information included in this report has been extracted from MIDI plc's unaudited consolidated financial information for the six months ended 30 June 2011 prepared in accordance with IAS 34 'Interim Financial Reporting'. In terms of Listing Rule 5.75.5, this interim report has not been audited or reviewed by the Group's independent auditors.

Principal Activity
The principal activity of the group is the development of the Manoel Island and Tigné Point Project.

Review of Financial Performance
For the first half of 2011 MIDI p.l.c. and its' subsidiaries (MIDI Group) registered a consolidated pre tax profit of €1.79 million compared to €0.84 million in the comparative period last year. The movement in the profit levels is in line with the nature of the Group's business activities, where gross profitability varies in relation to the volume of contracted sales of residential units and the cost of sales directly attributable to these sales.

Group revenues amounted to €22.6 million, of which aggregate sales revenue of €20.5 million resulted from the execution of the final deeds of sale of a number of residential apartments in the block referred to as T10.

'The Point' shopping mall and the underlying public car parking, launched in March 2010, were in operation throughout the first half of 2011 and both have shown a steady increase in activity levels. The retail outlets on Pjazza Tigné have also been completed; a number of the units have been leased out and are expected to open for business during the coming months.

Construction works were focused on the final stages of the Tigné North underground levels which comprise garages and parking spaces together with significant infrastructural investment spend in plant rooms, access roads and services necessary to support the Tigné Point development. In addition, finishing works on 22 designer apartments overlooking Pjazza Tigné are proceeding on schedule for the expected launch of these apartments before the end of the current year. MIDI continued carrying out restoration works on Fort Manoel in accordance with obligations arising out of the deed with the Government of Malta.

During the second half of 2011 MIDI Group is expecting to continue delivering T10 apartments to their new owners. However, as envisaged, the level of apartment deliveries is expected to be lower than the amounts registered during the six months ended 30 June 2011 which will in turn affect the results of the Group. This notwithstanding, the Group is expecting to post a satisfactory level of consolidated financial results. The Group is finalising detailed plans for the final phases at Tigné Point which comprise a mix of residential, offices and retail units. Construction work on these phases is expected to commence in 2012.

There are no particular risks and uncertainties that are expected to have a significant impact on the financial results of the group for the forthcoming six-month period and its financial position as at 31 December 2011.

Interim Directors' Report pursuant to Listing Rule 5.75.2 (continued)

Dividends
The directors do not recommend the payment of an interim dividend.

Related Party Transactions
MIDI plc and its subsidiaries enter into related party transactions in the ordinary course of their activities. Related party transactions are reviewed and approved by the Audit Committee on a regular basis. All related party transactions pertaining to the six month period ended 30 June 2011 have been fully disclosed in Note 7 to the Condensed Consolidated Interim Financial Information.

On behalf of the board

Albert Mizzi
Chairman

Paul Bonello
Director

29 August 2011

Company Secretary: Luke Coppini

Registered Office:
North Shore,
Manoel Island
Malta

Telephone No. (+356) 2065 5500

Condensed Consolidated Statement of Financial Position

	as at 30 June 2011 (unaudited)	as at 31 December 2010 (audited)
ASSETS	**€**	€
Non-current assets		
Property, plant and equipment	**59,261,570**	60,061,396
Investment property	**25,208,487**	24,784,666
Other non-current assets	**749,144**	940,490
Total non-current assets	**85,219,201**	85,786,552
Current assets		
Inventories - Development project	**137,337,398**	146,935,662
Other current assets	**18,428,411**	20,337,785
Total current assets	**155,765,809**	167,273,447
Total assets	**240,985,010**	253,059,999
EQUITY		
Capital and reserves	**64,016,560**	62,939,662
LIABILITIES		
Non-current liabilities		
Trade and other payables	**27,048,205**	25,955,572
Borrowings	**84,241,488**	83,294,945
Other non-current liabilities	**3,002,096**	2,451,247
Total non-current liabilities	**114,291,789**	111,701,764
Current liabilities		
Trade and other payables	**54,709,185**	62,525,925
Borrowings	**7,967,476**	15,887,144
Other current liabilities	-	5,504
Total current liabilities	**62,676,661**	78,418,573
Total liabilities	**176,968,450**	190,120,337
Total equity and liabilities	**240,985,010**	253,059,999

The condensed consolidated interim financial information on pages 3 to 10 was authorised for issue by the board of directors on 29 August 2011 and was signed on its behalf by:

Albert Mizzi
Chairman

Paul Bonello
Director

Condensed Consolidated Income Statement

	Six Months Ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	€	€
Revenue	**22,574,170**	9,124,911
Gross profit	**4,476,338**	2,335,176
Operating profit	**4,011,819**	1,946,458
Net finance costs	**(2,094,432)**	(917,291)
Share of loss of joint venture	**(126,647)**	(187,250)
Profit before tax	**1,790,740**	841,917
Tax expense	**(763,505)**	(412,177)
Profit for the period	**1,027,235**	429,740
Earnings per share	**0.005**	0.003

Condensed Consolidated Statement of Comprehensive Income

	Six Months Ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	€	€
Profit for the period	**1,027,235**	429,740
Other comprehensive income:		
Cash flow hedges, net of deferred tax	**49,663**	158,833
Total comprehensive income for the period	1,076,898	588,573

Condensed Consolidated Statement of Changes in Equity

	Share capital €	Share premium €	Hedging reserve €	Retained earnings €	Total €
Balance at 1 January 2011	42,831,984	15,878,784	(189,847)	4,418,741	**62,939,662**
Comprehensive income					
Profit for the period	-	-	-	1,027,235	**1,027,235**
Other comprehensive income:					
Cash flow hedges, net of deferred tax	-	-	49,663	-	**49,663**
Total comprehensive income	-	-	49,663	1,027,235	**1,076,898**
Balance at 30 June 2011	**42,831,984**	**15,878,784**	**(140,184)**	**5,445,976**	**64,016,560**
Balance at 1 January 2010	29,358,000	-	(317,825)	3,639,247	**32,679,422**
Comprehensive income					
Profit for the period	-	-	-	429,740	**429,740**
Other comprehensive income:					
Cash flow hedges, net of deferred tax	-	-	158,833	-	**158,833**
Total comprehensive income	-	-	158,833	429,740	**588,573**
Balance at 30 June 2010	**29,358,000**	**-**	**(158,992)**	**4,068,987**	**33,267,995**

Condensed Consolidated Statement of Cash Flows

	Six Months Ended 30 June 2011 (unaudited) €	2010 (unaudited) €
Net cash from/ (used in) operating activities	**5,456,341**	(19,859,491)
Net cash from investing activities	**3,931,824**	3,965,354
Net cash from/ (used in) financing activities	**(6,626,574)**	20,659,848
Net movement in cash and cash equivalents	**2,761,591**	4,765,711
Cash and cash equivalents at beginning of period	**3,537,737**	2,695,070
Cash and cash equivalents at end of period	**6,299,328**	7,460,781

Notes to the Condensed Consolidated Interim Financial Information

1. General information

MIDI plc is a public limited liability company with its principal activity being the development of the Manoel Island and Tigné Point Project. During the interim period under review, the group proceeded with the development of the Tigne' North area and continued with the delivery of the residential units, mainly in the T10 phase of the project.

This condensed consolidated interim financial information has not been audited in accordance with the requirements of International Standards on Auditing and has not been reviewed in accordance with the requirements of ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRSs as adopted by the EU.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2011

In 2011, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 January 2011. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the group's accounting policies.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors, which reports are utilised to make strategic decisions. The group has two operating segments:

- development and sale of property, which comprises primarily the construction and sale of residential units within the Tigné Point and Manoel Island Project; and
- property rental and management, which currently mainly involves the management and lease of retail space within 'The Point' shopping mall together with the rental of other areas in the project.

The board of directors assesses the performance of the segments on the basis of segment operating result, before financing costs and tax impacts. The financial information for the reportable segments in relation to the six-month periods ended 30 June 2011 and 2010 is as follows:

Notes to the Condensed Consolidated Interim Financial Information - continued

	Development and sale of property	Property rental and management	Group
Six months ended 30 June 2011	**€**	**€**	**€**
Segment revenue	20,531,278	2,042,892	**22,574,170**
Segment result - operating profit	3,405,362	606,457	**4,011,819**
Six months ended 30 June 2010			
Segment revenue	8,112,874	1,012,037	**9,124,911**
Segment result - operating profit	1,182,542	763,916	**1,946,458**

4. Inventories – Development project

The decrease in the carrying amount of inventories is the net effect of:
- additions to inventories for undergoing works in the current phases of the project; and
- transfer from inventories to income statement of the cost of apartments sold by way of final deeds during the six-month period ended 30 June 2011.

5. Borrowings

The group's current bank borrowings decreased by €7.9 million reflecting the net effect of repayments of existing borrowings amounting to €9.3 million and further borrowings taken out to sustain the project through its different phases.

6. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the issued number of ordinary shares of MIDI p.l.c.

	Six Months Ended 30 June	
	2011	2010 (restated)
	€	€
Net profit attributable to equity holders of the Company	**1,027,235**	429,740
Weighted average number of ordinary shares in issue	**214,159,922**	146,790,000
Earnings per share	**0.005**	0.003

The comparative information has been restated to reflect the change in the number of shares in issue as a result of the share split effected in 2010 as described overleaf.

Notes to the Condensed Consolidated Interim Financial Information - continued

By virtue of an extraordinary resolution dated 18 October 2010, the shareholders of the Company revised the Memorandum of Association of the Company, whereby the authorised share capital of the Company was increased to 450,000,000 ordinary shares of €0.20 each. On the same date the issued share capital of the Company was redenominated from 12,600,000 ordinary shares of €2.33 each to 146,790,000 ordinary shares of €0.20 each. On 1 November 2010 an offer of shares having a nominal value of €0.20 each and offered at an Issue Price of €0.45 each was made to the public pursuant to the Prospectus dated 1 November 2010. As at the closing of this offer on 2 December 2010 the Company issued and allotted 67,369,922 ordinary shares with a nominal value of €0.20 each, fully paid up.

7. Related party transactions

All companies forming part of the respective groups of which Alf. Mizzi & Sons Ltd., Bank of Valletta p.l.c., Gatt Investments Limited, Gee Five Limited, Fortress Developments Limited, MSV Life p.l.c, Investors Limited, Polidano Brothers Limited, Vassallo Builders Group Limited and Lombard Bank Malta p.l.c. form part, together with First Gemini p.l.c. and Pininfarina Extra s.r.l., are considered by the directors to be related parties by virtue of the shareholding of the companies referred to in MIDI plc. Accordingly, all entities owned, controlled or significantly influenced by the group's ultimate shareholders, the parent company's directors and close members of their families together with all entities owned, controlled or significantly influenced by these individuals are the principal related parties of the group.

The principal transactions carried out with related parties were as follows:

i) Purchase of goods and services

During the six-month period ended 30 June 2011, the group purchased services from related parties in relation to project development for the amount of €2,685,422 (period ended 30 June 2010: €5,695,792).

ii) Sale of apartments

The group had deposits on promise of sale agreements with related parties as at 30 June 2011 amounting to €3,059,985 (31 December 2010: €6,113,939) and the gross value of contracts relating to these promise of sale agreements was €3,450,340 (31 December 2010: €8,697,651). During the interim period under review, the value of apartment sales to related parties finalised in the form of final public deeds amounted to €3,391,059 (period ended 30 June 2010: nil).

iii) Operating lease arrangements

The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2011 amounted to €279,760 (period ended 30 June 2010: €136,302).

iv) Bank loans

As at 30 June 2011 the Group has banking facilities of €68,412,090 (31 December 2010: €73,412,990) sanctioned by related parties. Outstanding bank loan balances as at 30 June 2011 amounted to €48,371,678 (31 December 2010: €48,166,532). The interest charged on loans from related parties during the six-month period ended 30 June 2011 amounted to €1,141,580 (period ended 30 June 2010: €1,069,523).

Notes to the Condensed Consolidated Interim Financial Information - continued

v) Deposits with banks

Outstanding bank deposits placed with related parties as at 30 June 2011 amounted to €3,277,778 (31 December 2010: €5,556,016). The interest income earned on deposits with related parties during the six-month period ended 30 June 2011 amounted to €9,601 (period ended 30 June 2010: €19,822).

vi) Holdings of bonds issued by MIDI p.l.c.

	Face value of bonds held at		Interest payable during the six months ended	
	30 June 2011	31 December 2010	**30 June 2011**	30 June 2010
	€	€	**€**	€
Shareholders	**358,300**	1,625,300	**13,725**	64,544
Directors and other officers of the company, together with close family members of these individuals	**115,348**	119,472	**4,418**	4,234
Other related parties	**500,000**	500,000	**19,153**	17,500
Held by related parties as nominees in the ordinary course of their business	**2,330,229**	2,396,978	**89,261**	30,395

The group has also entered into a cross currency interest rate swap agreement, reflecting a derivative asset of €110,277 as at 30 June 2011 (31 December 2010: €395,613), with a financial institution which is a related party.

The transactions, undertaken with related parties, disclosed above were carried on commercial terms in the normal course of business and are subject to scrutiny by the Audit Committee.

Balances with related parties outstanding as at end of the reporting period, excluding bank loans and bank deposits, were as follows:

	as at 30 June 2011	as at 31 December 2010
	€	€
Amounts owed to related parties	**(2,362,450)**	(2,977,733)
Outstanding deposits effected under operating lease arrangements	**(233,083)**	(153,703)
Amounts owed by related parties	**500,594**	306,410
Amounts owed by joint venture	**327,901**	577,143

Directors' Statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of our knowledge:

- The condensed consolidated interim financial information gives a true and fair view of the financial position of the group as at 30 June 2011, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting').

- The interim directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Albert Mizzi
Chairman

Paul Bonello
Director

29 August 2011