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The Board of Directors
MIDI plc
North Shore,
Manoel Island,
Limits of Gzira, GZR 3016

19 June 2017

Dear Sirs,

MIDI plc – update to the Financial Analysis Summary (the **"Update FAS")**

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to MIDI plc (the "**Company**", "**MIDI**", or "**Issuer**") in relation to the €50 million 4% Secured Bonds 2026 issued by the Company in 2016.

The data in this Update FAS is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2014 to 2016 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.

(b) The forecast data for the financial year ending 31 December 2017 and the projection data for the financial year ending 31 December 2018, which were updated from the data presented in the previous FAS dated 24 June 2016, has been provided by management of the Issuer.

(c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Update FAS.

(e) Relevant financial data in respect of competitors as analysed in section 4 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

MIDI P.L.C.

FINANCIAL ANALYSIS SUMMARY

19 JUNE 2017

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LIST OF ABBREVIATIONS

TCL	Tigné Contracting Limited;
T14L	T14 Investments Limited;
TPML	Tigné Point Marketing Limited; and
SIS	Solution and Infrastructure Services Limited.

PREAMBLE

*In line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013, this report constitutes an update to the Financial Analysis Summary (FAS) that was first published on 28 June 2016 as part of the prospectus in relation to the issue of the 4% €50 million 2026 Bond. The purpose of this report is to provide an update on the performance and on the financial position of MIDI plc (the "**Company**", "**MIDI**" or the "**Issuer**").*

1. BUSINESS OVERVIEW UPDATE

1.1 KEY ACTIVITIES

MIDI plc was established in 1992 as a private consortium and was admitted to listing on the Malta Stock Exchange in December 2010. In June 2000, MIDI acquired the emphyteutical rights to the land at Tigné Point (Sliema) and Manoel Island (Gzira) from the Government of Malta for a period of 99 years. Tigné Point is one of the largest residential, commercial and leisure property development projects in Malta. On 2 May 2013, the Issuer disposed of its shareholding in Tigné Mall p.l.c. (the owner and operator of The Point shopping mall) for a net cash consideration of €20.9 million.

1.2 KEY DEVELOPMENTS

TIGNÉ POINT

Tigné Point is a residential, commercial and leisure development located in Sliema. The development comprises 383 residential units complemented by office facilities, a shopping mall, parking facilities and Pjazza Tigné which also includes commercial and leisure outlets. The project places a strong emphasis on the restoration of historic sites including Fort Tigné, St. Luke's Garrison Chapel, army barracks and the clock tower. All traffic is routed underground, providing a car-free zone at ground floor level and extensive green areas and public spaces. These attributes make it a unique development for Malta in many respects.

Q2

Development of the Q2 residential block continued to progress well, with delivery of the units expected to materialise during 2018. Approximately half of the units in Q2, comprising of 60 apartments, were launched in FY2016 and are now subject to a promise of sale agreement. The remaining units will be offered during each of FY2017 and FY2018. Delivery in 2018 is expected to have a positive impact on MIDI's financial performance of FY2018, as will be discussed later on in this document.

T14

During 2014, MIDI and a third-party investor set up Mid Knight Holdings Limited as a joint-venture to carry out the construction and development of the T14 Business Centre. Development works at the T14 business centre which is located on the north west of the Tigné Point peninsula have progressed well and are projected to be completed during the first half of the current year. The business centre is set to open during the latter part of 2017.

Manoel Island Project

During the course of 2016, the Company engaged PwC Global Strategy& as end-to-end advisors for the Manoel Island project. In addition, the Company engaged the world-renowned architectural firm Foster + Partners to draw up a conceptual masterplan for Manoel Island. The masterplan, in line with the emphyteutical deed, envisages that 62% of Manoel Island is to be dedicated to public open spaces (including the creation of an 80,000-square metre nature park), 20% to be dedicated to heritage buildings and 18% to new development. It is envisaged that the project will involve the construction of a marina village and will comprise a mix of low-rise apartments together with a number of other developments including a casino, yacht marina, restaurants, sporting facilities, public spaces and parking facilities. Furthermore, the foreshore will be fully accessible to the public and swimmers.

Other Developments in 2017

In March 2017, MIDI announced that it appointed Jefferies International Limited as a financial consultant for the purposes of identifying and selecting a suitable strategic partner to financially support the development of the Manoel Island project. During 2017, the Company also filed an application on the new masterplan with the Planning Authority with a view of initiating the development of Manoel Island.

1.3 Directors and Key Employees

The Board of MIDI consists of eight directors who are entrusted with the overall direction and management of the Company. The Board is currently composed of the following Directors:

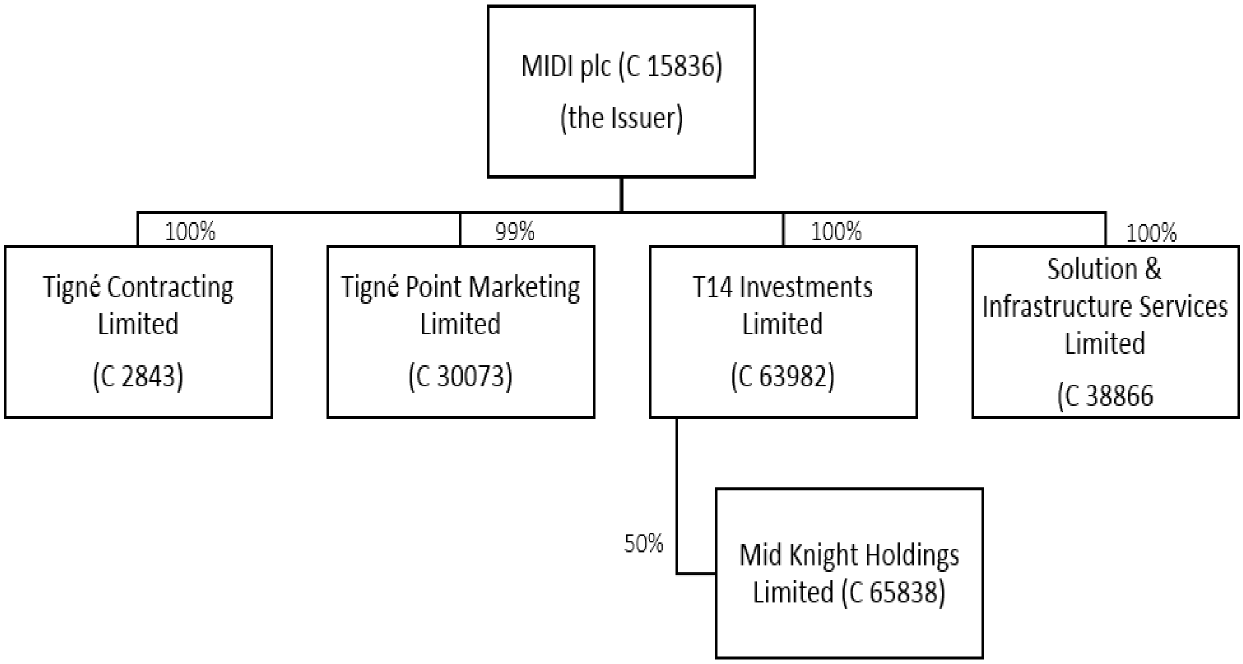
Board of Directors	**Role**
Mr Alec A. Mizzi	Chairman & Non-Executive Director
Mr Joseph Bonello	Non-Executive Director
Mr David G. Curmi	Non-Executive Director
Mr David Demarco	Non-Executive Director
Mr Joseph A. Gasan	Non-Executive Director
Mr Alan Mizzi	Non-Executive Director
Mr Mark Portelli	Non-Executive Director
Mr Joseph Said	Non-Executive Director

The Issuer has a number of employees of its own. The executive management of MIDI are the following:

Executive Management	**Role**
Mr Luke Coppini	Chief Executive Officer
Mr Jesmond Micallef	Chief Financial Officer
Mr Ivan Piccinino	Senior Project Manager
Mr Ehsan Seyfouri Tabrizi *(appointed 1 November 2016)*	Chief Commercial Manager
Mr Graham Fairclough *(appointed 11 November 2016)*	Company Secretary
Mr Darren Azzopardi *(resigned 11 November 2016)*	Company Secretary

1.4 GROUP STRUCTURE

The MIDI Group is currently composed of the Issuer which is the holding Company of several subsidiary companies as shown in the organigram below.



MIDI and its Subsidiaries (the **"Group")**

MIDI is the only shareholder of Tigné Contracting Limited ("**TCL**"), T14 Investments Limited ("**T14L**") and Solutions and Infrastructure Services Limited ("**SIS**"), and has 99% shareholding in Tigné Point Marketing Limited ("**TPML**").

TCL

TCL was established in Malta on 10 July 2001 as a private limited liability company. TCL serves as the Group's main contractor to execute the construction and development of Tigné Point and Manoel Island. As such, the majority of contracts with third party contractors are entered into through this company.

T14L AND MID KNIGHT HOLDINGS LIMITED

T14L was established in Malta on 21 February 2014 as a private limited liability company. During that same year, T14L entered into a joint venture - Mid Knight Holdings Limited – with a view to develop and manage a business centre (known as the T14 site) located at Tigné Point.

SIS

SIS was established in Malta on 5 June 2006 as a private limited liability company. The company was initially set up as a joint venture between MIDI and Siemens S.p.A. On 14 September 2015, MIDI acquired the 50% shareholding owned by Siemens S.p.A.

The principal operations of SIS include the management of the public car park facilities owned by Tigné Mall p.l.c. and the Issuer, as well as the operation of an HVAC centralised system. The latter operation consists of the provision of heating and cooling to various residential and commercial components at Tigné Point.

Apart from HVAC, other building technologies such as fire detection, access control and CCTV services are also provided by SIS at Tigné Point. However, SIS is no longer offering the provision of information and communications technology related services.

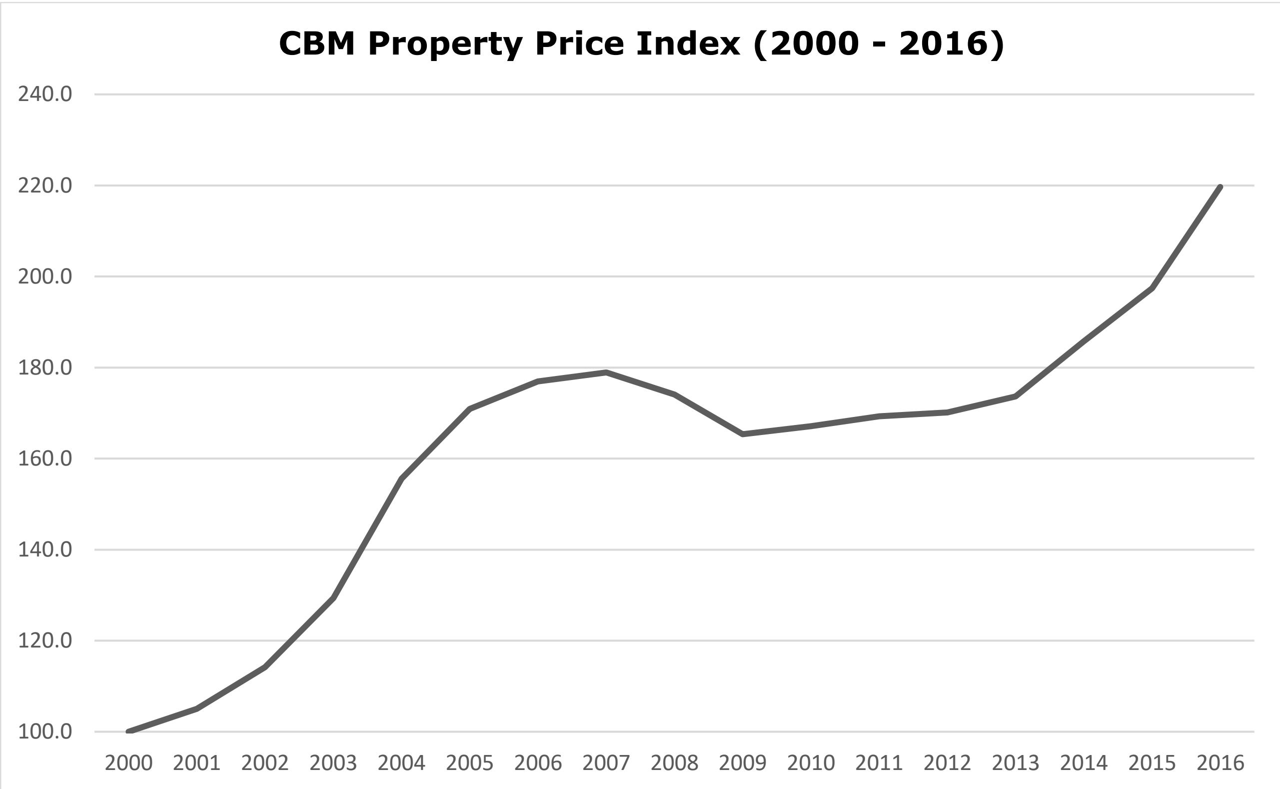
TPML

TPML was established in Malta on 7 August 2002 as a private limited liability company. TPML handles all marketing and sales activities of the Group. The company has a specialised selling and marketing team, and is the main point of contact with MIDI's customers.

1.5 THE CONSTRUCTION AND PROPERTY MARKET IN MALTA

The construction and real estate industry has traditionally been considered as a key business driver and an economic indicator of the Maltese economy. In recent years, Malta has experienced a remarkable rise in property prices followed by intensive construction activity, especially in the residential and commercial property sector. This real estate boom supported by demand from the international community has significantly contributed to the country's economic growth.

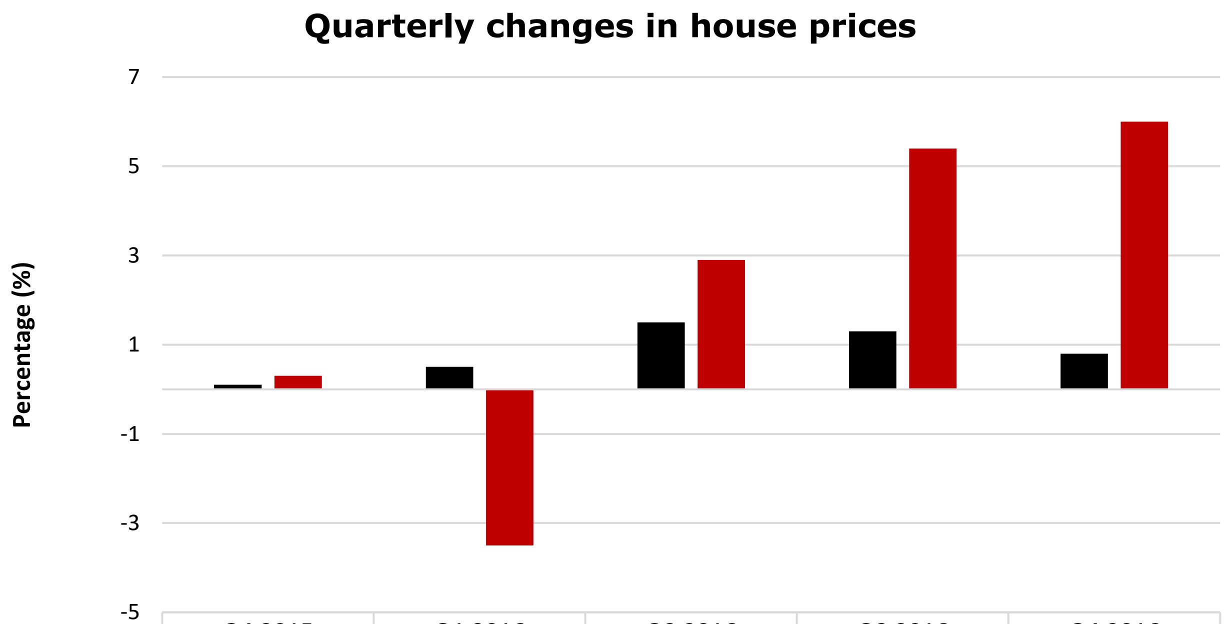
The forces of supply and demand in the property market in Malta have shaped the course of property prices. The most recent data issued by the Central Bank of Malta (CBM) indicates that the local property market continued to perform strongly of late[1]. Indeed, as depicted by the graph below, the CBM Property Prices Index, which tracks movements in the advertised prices of the major types of residential property, hits its highest level ever in 2016.



Source: Central Bank of Malta

The CBM Property Prices Index shows that, on aggregate, prices of residential property enjoyed constant gains from 2000 to 2007. Thereafter followed a transitionary period during which prices generally dipped until in 2010 the local property market started to rebound albeit somewhat slowly. However, recovery in property prices accelerated notably over the past two to four years, with the Index surpassing the previous high.

[1] *Data as last updated on 23 Feb 2017 which is available through the CBM's website on: https://www.centralbankmalta.org/real-economy-indicators*



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
■ Euro zone	0.1	0.5	1.5	1.3	0.8
■ Malta	0.3	-3.5	2.9	5.4	6

Source: Eurostat (http://ec.europa.eu/eurostat/statistics-explained/index.php/File:House_Price_Index_-_Quarterly_and_annual_growth_rates-2016Q4.png)

According to the Eurostat, house prices in Malta increased by 6% in last year's fourth quarter, compared to the previous quarter, registering the highest increase from among EU countries. In the euro zone house prices in the last year's fourth quarter rose by 0.8%.

The strong upturn in such a relatively short span of time can be attributed to a number of factors, principally, the overall healthy state of the local economy which in 2016 grew by 5% as against the euro zone average of 1.9%[2]. The main drivers behind such a strong economic performance include: (i) a number of Government-induced measures which revived economic activity and sentiment, thus boosting employment levels, domestic demand and investment in general; (ii) the continued relocation of foreign companies and individuals to Malta, particularly those operating within the financial, gaming and IT services industries; and (iii) the record performance of the tourism industry which indeed has a material multiplier effect on the rest of the local economy. The relative economic recovery of the euro zone was supported principally by the depreciation of the Euro, lower oil prices and the ECB's asset purchase programme. In February 2017, Fitch Ratings which is one of the largest credit rating agencies in the world, affirmed Malta's long-term foreign and local currency issuer default at 'A' and also predicted a positive outlook for the country's economy. Fitch's positive outlook reflects the rating agency's view that the public debt/GDP ratio is on a downward trajectory and on the grounds of robust economic increase which will be registered this year and in 2018. In this regard, an average of 3.3%[3] growth was predicted by Fitch over 2017 and 2018 mainly attributable to the rise in the

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[2] *Source: Eurostat website:* *http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1*
[3] *Source: Fitch Ratings website:*

employment levels, and the launch of new projects in the energy, transportation, education and healthcare sectors. Exports are also expected to contribute to Malta's good economic condition driven by a rise in the pharmaceutical, financial services, gaming and tourism sectors. Earlier this May, Moody's also confirmed its A3 rating for Malta and revised upwards its GDP growth forecast to 4.3% in 2017 (in January this was stated at 3.4%) and 3.7% in 2018 (from 3.1%).

On the demand side, the main factors that contributed to the strong upturn of the property market in Malta were: (i) the introduction of a number of tax-benefit measures for certain type of property transactions such as the fiscal incentives for first-time buyers; (ii) the Individual Investor Programme (IIP) which obliges high net worth individuals to purchase property in Malta; (iii) an inflow of foreign workers; and (iv) the record low interest rate scenario which, on the one hand, induces individuals with available cash to invest to search for alternative investment options, including the purchase of property for investment and/or rental purposes in order to seek better returns, and on the other hand, encourages others seeking to purchase a property to do so at substantially lower interest costs than in the past. It is worth noting that according to Fitch, a sharp correction in the housing market constitutes the main domestic risk to the sector through mortgage lending and real estate collateral. However, Fitch also advised that the rise in house prices has moderated and the pace of mortgage lending decreased to 6.2% as of end-September 2016 from the 11% registered in 2015.

On the supply side of the market, the number of permits for residential units issued by the Planning Authority increased significantly during 2016, reaching 7,508, from 3,947 a year earlier (see table below). This marks the third year of growth, following a period of decline. All categories registered increases except for terraced houses. The increase in permits issued in 2016 was mostly driven by the largest residential category, namely apartments, which accounted for 84% of total permits granted. However, national accounts data suggest that activity in the overall construction sector weakened. In particular, value added and investment declined.

Permits Issued for the Construction of Dwellings Units

	2011	**2012**	**2013**	**2014**	**2015**	**2016**
Apartments	3,276	2,489	2,062	2,221	3,019	6,316
Maisonettes	401	298	350	414	471	706
Terraced Houses	191	202	209	204	342	297
Other	87	75	84	98	115	189
Total	**3,955**	**3,064**	**2,705**	**2,937**	**3,947**	**7,508**

Source: Planning Authority

The gross value added of the construction industry declined significantly, going down by 6.0% in nominal terms during 2016 (from €352 million to €331 million), following an increase of 16.6% in 2014. This reflected a slight decline in the output of the construction sector (see table overleaf).

https://www.fitchratings.com/site/pr/1019219

As a consequence, the slight reduction in output in the sector was mirrored in employment data. In the first nine months of 2016, total employment in the construction sector rose marginally by 27, or 0.3%, compared with the corresponding period average in 2015. Higher employment within the private sector was dampened by lower employment in the public sector. As a result, the industry's share in the total gainfully occupied population fell to 5.9% from 6.1% in 2015. Employee compensation in the construction sector rose by 1.5% in 2016, when compared with growth of 5.6% in 2015.

Construction Activity Indicators (1)

	2013	2014	2015	2016
Gross value added (EUR millions)	**294.6**	**301.7**	**351.7**	**330.7**
Share of gross value added in GDP (%)	3.9	3.6	3.8	3.3
Total Employment (2)	**11,488**	**9,263**	**10,508**	**10,535**
of which private employment	*8,807*	*8,962*	*9,383*	*9,502*
Share in total gainfully occupied population (%)	7.3	5.7	6.1	5.9

(1) Employment date are averages for the first nine months of the year, and are sourced from administrative records.
(2) The decline in total employment in the construction sector in 2014 reflects the reclassification of employees within the public sector following changes in ministerial responsibilities.

Source: NSO

COMMERCIAL PROPERTY

Although commercial property market in Malta is an important sector to our economy, there is very limited statistics on this market. Malta continued to be considered as a preferred destination for business resulting in an increased demand for commercial property, particularly office space. With the constant influx of foreign clients seeking to set up, transfer or expand their business locally, the demand for office space has increased considerably. There is a magnitude of reasons behind this growth, including the drive by successive governments to promote the island's development as a prime international business, notably in financial, i-gaming, back-office services, information technology, aircraft maintenance and maritime. Other characteristics which have sustained this success are: a highly-advanced telecommunications network, highly skilled professionals at competitive labour costs, a strategic location and laws which are in line with EU directives.

Going forward, it is expected that there will be a material pipeline of large scale developments, including various high-rise buildings, pending planning approval. Although this could continue to signal a positive growth momentum, prudence at this juncture seems warranted so as not to allow the market to overheat and rise to unsustainable levels.

2. ISSUER PERFORMANCE & FINANCIAL POSITION OVERVIEW

This section provides an analysis of the FY2016 financial figures published by the Company. The historic information is in the main sourced from published annual reports as issued by MIDI plc, supported by additional information sourced from management. Updates to the forecast for the current year (FY2017) and to the projections of FY2018 are presented in sub-section 3.

All amounts in the tables below are in thousands (€'000), unless otherwise specified, and may be subject to rounding.

2.1 Financial Statements Review

2.1.1 Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	ACTUAL	ACTUAL	ACTUAL	FORECAST	*VARIANCE*	
for the year ended 31 December	FY2014	FY2015	FY2016	FY2016		
	€'000	€'000	€'000	€'000	*€ '000*	*%*
Revenue	13,311	41,043	8,674	6,174	*2,500*	*40.5%*
Cost of Sales	(12,116)	(31,123)	(3,885)	(3,056)	*(829)*	*27.1%*
Gross Profit	**1,194**	**9,919**	**4,789**	**3,118**	***1,671***	***53.6%***
Other net operating costs	(1,532)	(1,450)	(2,584)	(1,452)	*(1,132)*	*78.0%*
EBITDA	**(338)**	**8,469**	**2,205**	**1,666**	***539***	***32.3%***
Depreciation	(56)	(197)	(573)	(439)	*(134)*	*30.5%*
Movement in fair value of investment property	-	4,851	-	-	*-*	*n/a*
Results from operating activities	**(394)**	**13,123**	**1,632**	**1,227**	***405***	***33.0%***
Net finance costs	**(2,813)**	**(3,204)**	**(3,726)**	**(2,443)**	***(1,283)***	***52.5%***
Share of loss of joint venture	(5)	(14)	(18)	(14)	*(4)*	*31.2%*
Impairment charge on goodwill	-	(448)	-	-	*-*	*n/a*
(Loss) / Profit before tax	**(3,212)**	**9,457**	(2,113)	(1,230)	*(883)*	*71.8%*
Tax income / (expense)	1,059	462	(403)	(156)	*(247)*	*158.2%*
(Loss) / Profit for the period	**(2,153)**	**9,920**	**(2,516)**	**(1,386)**	***(1,130)***	***81.5%***

The Group's main revenue streams can be divided into two main segments – (a) the development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point and Manoel Island; and (b) rental and management of commercial property, which involves the leasing and management of retail space at Pjazza Tigné and the catering units situated at the foreshore together with the operations of SIS (acquired by MIDI in September 2015) which include the management of the public car park at Tigné Point and the provision of HVAC services.

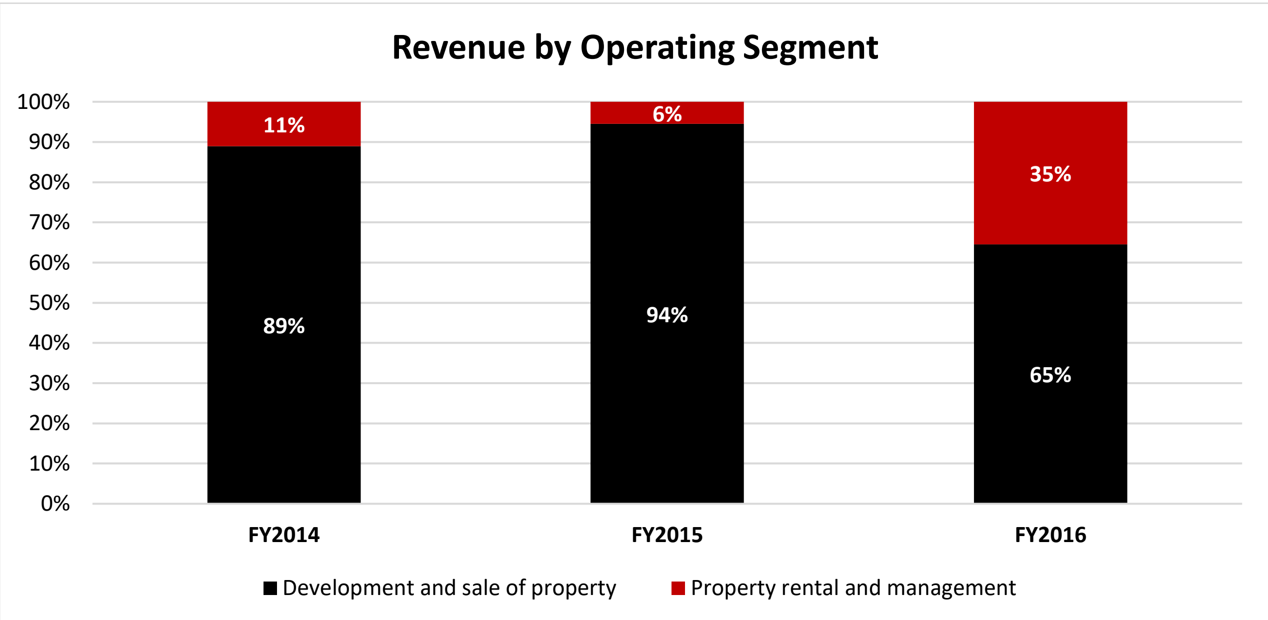
Revenue and Other Income Analysis by Operating Segment	ACTUAL	ACTUAL	ACTUAL
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	*€'000*	*€'000*
Development and sale of property	11,837	38,783	5,597
Rental and management of commercial property	1,474	2,259	3,077
Total Revenue	**13,311**	**41,043**	**8,674**

<u>Note on revenue recognition from sale of property:</u> In terms of accounting standards, revenue arising from the Company's sale of property can only be recognised in its income statement when significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This means that while MIDI may enter into a number of promise of sale agreements and receive the relative deposits, no such cash flows can be recognised as revenue until the deed of sale is published for each of the apartments, i.e. when the ownership of the apartment is completely transferred from MIDI to the new owner.

During FY2016, MIDI reported a significant drop in revenue to €8.67 million compared to €41.04 million in FY2015. The drop is largely due to the fact that MIDI had very few apartments which it could deliver to the respective buyers. In fact, revenue from the 'development and sale of property' only amounted to €5.6 million in FY2016 compared to €38.78 million in FY2015. The income in FY2015 reflected the delivery of most of the apartments forming the Q1 residential block. Nonetheless, in FY2016, MIDI managed a sale (including delivery) of a penthouse from its Q2 development which revenue was recognised in its income statement for the year.

During the year under review, the Company launched half of the Q2 apartments and nearly all of these apartments now being subject to a promise of sale agreement. The launch of the remaining Q2 apartments will be staggered over 2017 and 2018. Finishing works in the Q2 block are now well underway and it is expected that works will be completed during the first half of 2018. Accordingly, revenue and profits generated from the sale of the Q2 apartments are expected to be registered in FY2018, during which year the deeds of sale will be published (as explained above, in line with accounting standards). On the other hand, revenue from 'property rental and management' increased by 36.2% million reflecting the consolidation of the Group's wholly owned subsidiary, Solutions & Infrastructure Services Limited (SIS) for a full year.

The chart below illustrates the proportion of total revenue generated by MIDI from each segmental unit in relation to the years ended 31 December 2014, 2015 and 2016. At 65.0%, the development and sale of property segment remained by far the largest revenue generating segment in FY2016 (FY2015: 94.0%). On the other hand, the property rental and management segment generated 35% of total revenue during FY2016 (FY2015: 6.0%) due to the inclusion of a full year revenues generated by SIS as well as the effect of a lower total revenue for FY2016.



Given the lower level of apartment sales, cost of sales also dropped by 87.5% to €3.89 million leading to a gross profit of €4.79 million compared to €9.92 million in FY2015. The figure for FY2016, however, included the recognised costs related directly to the penthouse sold during the year.

Administrative expenses increased by 42.4% to €2.64 million over those for FY2015 (€1.85 million) as the Company upped its security management and personnel expenditure, and the effect of the full-year consolidation of SIS which also underwent a reorganisation of its management structure. Furthermore, during FY2016, SIS commissioned a big-four audit firm to review its IT systems, which contributed to the increase in administrative expenses during the year. The 2016 results were also impacted by other operating expenses amounting to €0.52 million in contrast to the net other income of €0.2 million registered in FY2015. Furthermore, while FY2015 was characterised by a €4.85 million gain from changes in the fair value of investment property this was not repeated in FY2016.

As a result, the Group's operating profit amounted to €1.63 million compared to €13.12 million in FY2015. Excluding the fair value movements as well as the depreciation charges, the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to €2.20 million compared to €8.47 million in FY2015.

Net finance costs increased by 16.3% to €3.73 million largely reflecting the lower income generated on bank deposits in a scenario of prevailing low-interest rates, as well as the bookkeeping entry necessary in recognition of the acceleration in amortisation necessary of the issue costs related to the previous bond issue which was redeemed earlier than its full 10-year term.

The Group also reported a marginal share of loss from its joint-venture, namely the 50% shareholding in Mid Knight Holdings Limited which in turn is involved in the development, management and administration of the business centre and Tigne Point.

Following the acquisition of the 50% shareholding in SIS back in September 2015, the Group had incurred an impairment charge on goodwill of €0.45 million in the financial statements for the year ended 31 December 2015. There being no further goodwill related to the SIS acquisition, no such charge was made in FY2016 (nor will there be in future financial periods).

Overall, MIDI reported a pre-tax loss of €2.1 million in contrast to the pre-tax profit of €9.46 million reported in the previous year. Similarly, after accounting for a tax charge of €0.4 million, the net loss for FY2016 stood at €2.52 million compared to a net profit of €9.92 million in FY2015.

Variance Analysis of the Income Statement

Total revenue was 40.5% more than that forecasted last year at €6.2 million. Most of this variance was the result of the delivery of a penthouse from the Q2 development which the Company did not project in its forecasts last year. This resulted in the recognition of the relative cost of sales, and as such, the figure for the FY2016 was 27.1% higher than that originally anticipated.

The forecasts published in the 2016 FAS included finance costs recognised on a cash-flow basis rather than accrual basis (i.e. the forecasts recognised the finance costs actually payable in FY2016 rather than the finance costs accrued and thus applicable for the year). To this effect, the variance between the actual finance costs and those forecasted is substantial. Furthermore, the finance costs variances include unfavourable swings in a GBP hedging contract, recognised when the Company closed its position following the payment of the GBP-denominated bonds.

In the forecasts published last year, MIDI had included under other income an amount that was due by SIS to Siemens, which as per the exit agreement of Siemens from SIS, was assigned as being due to MIDI. However, upon further analysis during preparation of consolidated financial statements, it was deemed more prudent to net this amount against SIS property, plant and equipment, reducing the depreciation charge going forward on a number of years rather than recognised this amount all at one go.

2.1.2 Statement of Cash Flows

CASH FLOWS STATEMENT	**ACTUAL**	**ACTUAL**	**ACTUAL**	**FORECAST**	**VARIANCE**	
for the year ended 31 December	**FY2014**	**FY2015**	**FY2016**	**FY2016**		
	€'000	*€'000*	*€'000*	*€'000*	*€'000*	%
Net cash from / (used for) operating activities	(3,007)	5,257	(3,721)	(15,723)	12,002	-76.3%
Net cash from / (used for) investing activities	(38)	(65)	(1,341)	(156)	(1,185)	759.4%
Net cash from / (used for) financing activities	(1,209)	(3,951)	12,895	20,166	(7,271)	-36.1%
Net movements in cash and cash equivalents	**(4,254)**	**1,241**	**7,833**	**4,287**	**3,546**	**82.7%**
Cash and cash equivalents at beginning of the year	9,008	4,754	5,996	5,996	-	n/a
Cash and cash equivalents at end of year	**4,754**	**5,996**	**13,829**	**10,283**	**3,546**	**34.5%**

During FY2016, the total amount of net cash used for operating activities amounted to €3.7 million compared to €5.3 million net cash generated in FY2015, largely due to the construction and finishing works of Q2 block. Furthermore, while FY2015 was characterised by the signing of final deeds of the Q1 apartments which resulted in substantial cash inflows, while in FY2016, the inflows from the promise of sale agreements entered into on half of the Q2 apartments were lower in view of the fact that these were deposits rather than settlement.

During FY2016, the Company applied €1.3 million to additions in PPE which are shown in the cash flows related to investing activities.

Meanwhile, net cash generated from financing activities amounted to €12.9 million (FY2015: net cash outflow of €4.0 million), primarily as a result of the additional funding obtained from debt issuance in FY2016.

Variance Analysis of the Cash Flow Statement

While cash inflow from operating activities was higher than anticipated, the Company borrowed less than anticipated during FY2016 (forecasted to have bank borrowings in the tune of €17 million vs an actual €11.3 million by the end of FY2016). This is the main related to the sale of the penthouse and due to the deposits received on Q2 apartments which initially are treated as part of liabilities of the Company until the apartments are delivered to their owners when these amounts are then recognised as part of revenue.

2.1.3 Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	ACTUAL	ACTUAL	ACTUAL	FORECAST	VARIANCE	
as at 31 December	FY2014	FY2015	FY2016	FY2016	€ '000	%
	€'000	€'000	€'000	€'000		
ASSETS						
Property, plant and equipment	902	21,208	21,818	22,678	(860)	-3.8%
Investment property	32,162	21,728	21,728	21,993	(265)	-1.2%
Investment in joint ventures	1,995	1,981	1,963	1,981	(18)	-0.9%
Available-for-sale financial assets	710	726	730	200	530	265.2%
Trade and other receivables	1,417	1,945	-	-	-	n/a
Loans receivable from joint ventures	10,051	9,701	9,701	9,701	-	n/a
Term placements with banks	200	200	-	-	-	n/a
Deferred tax assets	-	343	263	187	76	40.5%
Total non-current assets	**47,437**	**57,832**	**56,203**	**56,740**	**(537)**	**-0.9%**
Inventories - development project	129,488	115,131	127,077	127,823	(746)	-0.6%
Trade and other receivables	6,510	2,870	3,191	2,161	1,030	47.7%
Current tax asset	632	2,788	2,935	2,958	(23)	-0.8%
Term placements with banks	2,050	2,050	200	-	200	100.0%
Cash and cash equivalents	5,551	6,792	14,173	10,283	3,890	37.8%
Total current assets	**144,232**	**129,630**	**147,577**	**143,225**	**4,352**	**3.0%**
Total assets	**191,669**	**187,462**	**203,780**	**199,965**	**3,815**	**1.9%**
LIABILITIES						
Borrowings	47,228	48,268	60,448	65,597	(5,149)	-7.8%
Trade and other payables	23,962	23,573	33,425	25,382	8,043	31.7%
Deferred tax liabilities	288	-				
Total non-current liabilities	**71,477**	**71,841**	**93,873**	**90,979**	**2,894**	**3.2%**
Borrowings	5,418	1,806	-	1,437	(1,437)	-100.0%
Trade and other payables	54,345	42,567	42,547	39,066	3,481	8.9%
Total current liabilities	**59,763**	**44,373**	**42,547**	**40,503**	**2,044**	**5.0%**
Total liabilities	**131,241**	**116,214**	**136,420**	**131,482**	**4,938**	**3.8%**
EQUITY						
Share capital	42,832	42,832	42,832	42,832	-	n/a
Share Premium	15,879	15,879	15,879	15,879	-	n/a
Hedge Reserve	(27)	2,034	2,160	2,155	5	0.2%
Retained earnings	1,745	10,504	6,489	7,617	(1,128)	-14.8%
Total equity	**60,429**	**71,248**	**67,360**	**68,483**	**(1,123)**	**-1.6%**
Total equity and liabilities	**191,669**	**187,462**	**203,780**	**199,965**	**3,815**	**1.9%**

The Statement of Financial Position as at 31 December 2016 compared to the figures as at 31 December 2015, reveals that total assets increased by 8.7% to €203.78 million (FY2015: €187.46 million) largely reflecting the additional development undertaken at the Q2 apartments which increased the value of Inventories – development project from €115.13 million in FY2015 to €127.08 million by the end of FY2016. Additionally, the cash balances as at the end of FY2016 were €7.4 million higher largely on the back of the €15.1 million inflows from the promise of sale agreements signed on the Q2 apartments that were launched on the market during the year (representing practically half of the entire block).

In the same way, total liabilities increased by 17.4% to €136.42 million largely representing the 20.7% increase in total borrowings to €60.45 million as well as the 41.8% increase in long-term trade payables to €33.43 million reflecting the advance payments made by prospective buyers of the aforementioned Q2 apartments. Overall, shareholders' funds decreased by 5.5% to €67.36 million reflecting both the loss incurred during the period under review as well as the cash dividend paid out in respect of the previous financial year. This translates into a net asset value per share of €0.315 compared to €0.333 as at the end of the 2015 financial year.

The Group's borrowings were principally composed of the €49.12 million bond issued in FY2016 and bank borrowings of €11.33 million (FY2015: €8.69 million). After accounting for the cash balances, the net debt of the Group increased from €43.28 million in FY2015 to €46.28 million by the end of FY2016.

BORROWINGS	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	*€'000*	*€'000*
Current			
Bank Loans	5,418	1,806	-
Non-Current			
Bank Loans	6,500	6,884	11,329
7% Bonds 2016-2018	40,728	41,384	-
4% Secured Euro Bonds 2026	-	-	49,119
Total Borrowings	**52,646**	**50,074**	**60,448**
Cash and cash equivalents	5,551	6,792	14,173
Net Debt	**47,095**	**43,282**	**46,275**

Variance Analysis of the Statement of Financial Position

Variances in the statement of financial position for the year FY2016 when compared to the previous forecasts take the following in consideration:

- Inflow from penthouse delivery during FY2016 not forecasted; and
- Borrowings from the bank were lower than originally anticipated as the contractor developing Q2 apartments has not claimed for works carried out in line with expectations which has resulted in a lower amount of drawdowns from the bank facility which was in place to fund Q2 development.

2.2 Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co (Stockbrokers) Ltd using the figures extracted from annual reports and management information.

2.2.1 Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

for the year ended 31 December	**ACTUAL FY2014**	**ACTUAL FY2015**	**ACTUAL FY2016**
Gross Profit margin *(Gross Profit / Revenue)*	8.97%	24.17%	55.21%
EBITDA margin *(EBITDA / Revenue)*	n/a	20.64%	25.42%
Operating Profit margin *(Operating Profit / Revenue)*	n/a	31.97%	18.82%
Net Profit margin *(Profit for the period / Revenue)*	n/a	24.17%	n/a
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	n/a	15.07%	n/a
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	n/a	8.46%	n/a
Return on Assets *(Profit for the period / Average Assets)*	n/a	5.23%	n/a

Given the lack of profitability in FY2016, most of the profitability ratios normally presented cannot be determined and commented about. However, MIDI's gross profit and EBITDA margins were healthy and have improved over the period between FY2014 and FY2016.

2.2.2 Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

for the year ended 31 December	**ACTUAL FY2014**	**ACTUAL FY2015**	**ACTUAL FY2016**
Current Ratio *(Current Assets / Current Liabilities)*	2.41x	2.92x	3.47x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.09x	0.15x	0.33x

The Group's short-term liquidity position as at 31 December 2016, represented by the current ratio, was 3.47 times (FY2015: 2.92 times) in particular due to the increased cash balances and inventories related to development of Q2 block, and a decline in the short-term debts. Similarly, the Group's cash ratio was stronger than that of FY2015 at 0.33 times (FY2015: 0.15 times).

2.2.3 Solvency Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

for the year ended 31 December	**ACTUAL FY2014**	**ACTUAL FY2015**	**ACTUAL FY2016**
Interest Coverage ratio *(EBITDA / Net finance costs)*	n/a	2.64x	0.59x
Gearing Ratio (1) *[(Net debt / (Net Debt plus Total Equity)]*	43.80%	37.79%	40.72%
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	46.56%	41.27%	47.30%
Net Debt to EBITDA *(Net Debt / EBITDA)*	n/a	5.11x	20.99x

The funding sources from the listed bond and bank loans have enabled MIDI to keep the Group's level of gearing at very acceptable levels. However, the decrease in revenue, resulting in lower EBITDA during FY2016 as well as the additional borrowings that increased the Group's finance costs, have resulted in a weaker interest coverage ratio from 2.64 times in FY2015 to 0.59 times. The weaker net debt to EBITDA is the result of the restrictions on revenue recognition when the Company enters into promise of sale agreements. Upon delivery of the Q2 apartments in FY2018, interest cover and net debt to EBITDA metrics are expected to improve, as the EBITDA figure will include the revenue expected to be generated by these apartments. *Further information on expected EBITDA levels is included in section 3 below relating to forecasts.*

3. FORECASTS OF THE ISSUER

The 2017 forecast data and the 2018 projection data of MIDI plc. have been updated from those presented in the previous FAS dated 24 June 2016. These variances are further analysed below.

STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**BOND PROJECTION**	**UPDATED FORECAST**	**BOND PROJECTION**	**UPDATED PROJECTION**
for the year ended 31 December	**FY2016**	**FY2017**	**FY2017**	**FY2018**	**FY2018**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Revenue	8,674	5,125	5,423	68,727	68,040
Cost of Sales	(3,885)	(2,396)	(3,524)	(45,739)	(43,176)
Gross Profit	**4,789**	**2,729**	**1,899**	**22,988**	**24,864**
Other net operating costs	(2,584)	(2,496)	(2,716)	(2,525)	(2,465)
EBITDA	**2,205**	**233**	**(817)**	**20,463**	**22,399**
Depreciation	(573)	(368)	(742)	(360)	(682)
Movement in fair value of investment property	-	-	-	-	-
Results from operating activities	**1,632**	**(135)**	**(1,559)**	**20,103**	**21,717**
Net finance costs	**(3,726)**	**(2,676)**	**(2,511)**	**(2,486)**	**(2,386)**
Share of (loss)/profit of joint venture	(18)	(15)	200	(15)	250
Impairement charge on goodwill	-	-	-	-	-
(Loss) / Profit before tax	**(2,113)**	**(2,826)**	**(3,870)**	**17,602**	**19,581**
Tax income / (expense)	(403)	407	(537)	(7,930)	(6,693)
(Loss) / Profit for the period	**(2,516)**	**(2,419)**	**(4,407)**	**9,672**	**12,888**

CASH FLOWS STATEMENT	**ACTUAL**	**BOND PROJECTION**	**UPDATED FORECAST**	**BOND PROJECTION**	**UPDATED FORECAST**
for the year ended 31 December	**FY2016**	**FY2017**	**FY2017**	**FY2018**	**FY2018**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Net cash from / (used for) operating activities	(3,721)	(3,096)	(12,922)	19,005	22,143
Net cash from / (used for) investing activities	(1,341)	(156)	(712)	-	-
Net cash from / (used for) financing activities	12,895	109	5,097	(6,977)	(4,045)
Net movements in cash and cash equivalents	**7,833**	**(3,143)**	**(8,537)**	**12,028**	**18,098**
Cash and cash equivalents at beginning of the year	5,996	10,283	13,829	7,140	5,292
Cash and cash equivalents at end of year	**13,829**	**7,140**	**5,292**	**19,168**	**23,390**

STATEMENT OF FINANCIAL POSITION	**ACTUAL**	**BOND PROJECTION**	**UPDATED FORECAST**	**BOND PROJECTION**	**UPDATED PROJECTION**
as at 31 December	**FY2016**	**FY2017**	**FY2017**	**FY2018**	**FY2018**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
ASSETS					
Property, plant and equipment	21,818	22,465	21,786	22,106	21,104
Investment property	21,728	26,159	24,391	29,397	27,629
Investment in joint ventures	1,963	1,981	2,163	1,981	2,413
Available-for-sale financial assets	730	200	730	200	730
Trade and other receivables	-	-	-	-	-
Loans receivable from joint ventures	9,701	9,701	9,701	9,701	9,701
Term placements with banks	-	-	-	-	-
Deferred tax assets	263	594	(271)	(923)	(819)
Total non-current assets	**56,203**	**61,100**	**58,500**	**62,462**	**60,758**
Inventories - development project	127,077	134,836	139,136	105,886	106,904
Trade and other receivables	3,191	2,475	2,967	1,278	2,517
Current tax asset	2,935	325	511	325	511
Term placements with banks	200	-	200	-	200
Cash and cash equivalents	14,173	7,140	5,292	19,168	23,390
Total current assets	**147,577**	**144,776**	**148,106**	**126,657**	**133,522**
Total assets	**203,780**	**205,876**	**206,606**	**189,119**	**194,280**
LIABILITIES					
Borrowings	60,448	67,605	67,045	62,128	62,211
Trade and other payables	33,425	27,250	23,035	29,083	22,539
Deferred tax liabilities	-	-			
Total non-current liabilities	**93,873**	**94,855**	**90,080**	**91,211**	**84,750**
Borrowings	-	1,039	-	1,039	-
Trade and other payables	42,547	45,417	55,073	24,132	36,691
Total current liabilities	**42,547**	**46,456**	**55,073**	**25,171**	**36,691**
Total liabilities	**136,420**	**141,311**	**145,153**	**116,382**	**121,441**
EQUITY					
Share capital	42,832	42,832	42,832	42,832	42,832
Share Premium	15,879	15,879	15,879	15,879	15,879
Hedge Reserve	2,160	2,155	2,159	2,155	2,159
Retained earnings	6,489	3,699	583	11,871	11,968
Total equity	**67,360**	**64,565**	**61,453**	**72,737**	**72,838**
Total equity and liabilities	**203,780**	**205,876**	**206,606**	**189,119**	**194,279**

The projections for FY2017 have been updated to particularly reflect the below assumptions. Overall, FY2017 is expected to close off in a higher loss than originally anticipated, after accounting also for a tax charge (as opposed to a tax credit originally anticipated).

- Additional revenue from the marina operations, while as previously forecasted, no additional revenue is expected to be generated from any property deliveries in FY2017. SIS revenues are expected to increase as contracts that were initially planned to take place in FY2018 have been brought forward to FY2017.

- Additional costs that the Company expects to incur approx. an uplift of €1.1 million in cost of sales, which is made up of €0.7 million with respect to the operations of SIS (including also additional costs applicable to the car park operations and HVAC maintenance), and a further €0.4 million allocated for remedial work on other phases which have already been delivered.
- Additional senior recruitment necessary to support the current team within MIDI is expected to result in an increase in other operating costs
- The increase in depreciation is principally due to additional capital expenditure at SIS, including upgrades necessary for the HVAC system, which will result in additional depreciation.
- In FY2017, MIDI's share in the results of its joint venture on the T14 development is expected to generate a profit of €0.2 million as opposed to the loss envisaged in the earlier forecasts. This is in the main due to profit generated from the sale of a floor in the office block as well as rental revenues from the commencement of operations in the latter part of FY2017.

The update in the projections of FY2018 will result in a better net profit for the year, after taking into consideration the following:

- Recognition of revenue from the signing of the final public deed of the Q2 apartments. Revenues from the remaining Q2 apartments are expected to be higher than anticipated in the original projections.
- Revenue from SIS which was previously forecasted for FY2018 has been shifted to FY2017 and thus no longer contributing to the FY2018 revenue figure
- The revised cost of sales for FY2018 are expected to be lower on a number of counts: i) the costs directly attributable to the penthouse that was delivered in FY2016 and thus recognised in the said year as opposed to FY2018; ii) the finishing costs attributable to the Q2 development have now been confirmed and are expected to be lower than originally anticipated; iii) the direct costs associated to the SIS contracts which have been moved to FY2017 and thus recognised in the said year

After taking into account the updated projections of the three years (FY2016, FY2017 and FY2018), the Company's net cash position will be €4.2 million better than originally anticipated. Management attribute this improved cash position to higher revenues generated by the remaining Q2 apartments than originally anticipated.

4. COMPARABLES

The table below compares MIDI's financial metrics to those of other companies which have debt securities listed on the Malta Stock Exchange. It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer is not available. Thus, while the metrics below can be used as a gauge of MIDI's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the different business models of each issuer, their competitive position in the market, KPIs, etc.

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio*	Net Debt to EBITDA** (times)	Interest Cover*** (times)	YTM (as at 15.06.2017)^
5.00% Dizz Finance plc 2026	8,000,000	17,039	4,662	63.85%	6.77	3.15	4.32%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	22,931	4,463	60.09%	n/a	n/a	4.33%
4.50% Medserv plc 2026 (EUR)	21,982,400	121,453	26,408	64.00%	8.49	2.24	4.22%
4.25% Corinthia Finance plc 2026	40,000,000	1,389,627	665,357	41.84%	17.62	2.39	3.77%
4.00% MIDI plc 2026	**50,000,000**	**203,780**	**67,359**	**40.72%**	**20.99**	**0.59**	3.61%
4.00% IHI plc 2026 (Secured)	55,000,000	1,220,254	646,822	36.39%	9.79	6.18	3.61%
4.00% IHI plc 2026 (Unsecured)	40,000,000	1,220,254	646,822	36.39%	9.79	6.18	3.78%
3.90% Plaza Centres plc 2026	8,500,000	43,424	26,180	32.24%	5.52	9.38	3.75%
3.75% Premier Capital plc 2026	65,000,000	193,351	41,630	58.76%	1.81	7.44	3.37%
4.35% SD Finance plc 2027	65,000,000	156,433	56,697	53.20%	3.62	4.82	4.16%
4.00% Eden Finance plc 2027	40,000,000	165,496	92,620	34.60%	5.86	3.98	3.66%
3.75% Tumas Investments plc 2027	25,000,000	180,992	81,387	36.37%	3.05	4.60	3.75%

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Rizzo, Farrugia & Co (Stockbrokers) Ltd

**Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: Net Debt / [Net Debt + Equity].*

***Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.*

****Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.*

^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 15 June 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Ratio workings and financial information quoted have been based on the issuers' published financial data, including:

Medserv plc FY2016 annual report;
Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;
MIDI plc FY2016 annual report;
IHI plc FY2016 annual report;
Plaza Centres plc FY2016 annual report;
Dizz Finance plc - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;
Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;
Premier Capital plc FY2016 annual report;
SD Finance plc - figures based on the Guarantor (SD Holdings Limited) FY2016 annual report;
Eden Finance plc – figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report; and
Tumas Investments plc – figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report.

5. GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

BALANCE SHEET STATEMENT EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year.
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.