



MIDI p.l.c.
Condensed Consolidated Interim Financial Information
30 June 2017

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Interim Directors' Report pursuant to Listing Rule 5.75.2

This Interim Directors' 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 p.l.c.'s unaudited consolidated financial information for the six months ended 30 June 2017 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.

Material events & transactions

In preparing this Report the Directors have taken regard of the material events and transactions for the period ended June 2017 ("the Relevant Period"), and their impact on the condensed set of financial statements, together with the principal risks and uncertainties for the remaining six months ending 31 December 2017.

During the Relevant Period, the Company continued with its development of the Q2 residential block. Finishing works are well underway with expected completion of these works earmarked for the first half of 2018. In addition the Company has launched a second tranche of Q2 apartments on the market with the response being very positive as most of these apartments are now subject to a promise of sale agreement. The Company is confident that Q2 apartments will be handed over to their owners during 2018 and hence profits generated from sale of the Q2 apartments are expected to be registered in the Company's results for the year ending 31 December 2018 in line with international accounting standards.

The Group's results for the Relevant Period also include the consolidation of the financial results of Solutions & Infrastructure Services Limited ("SIS").

The Group's results also include the Company's 50% share of the financial results of Mid Knight Holdings ("MKH"), a joint venture company which is currently developing the business centre at Tigné Point. The development of the business centre is now approaching completion with commencement of rental operations earmarked for the fourth quarter of 2017. MKH has successfully completed the sale of one floor with the remaining floors now being practically rented out.

As outlined in previous Company announcements, MIDI had engaged PwC Global Strategy& as end-to-end international strategy consultant for the Manoel Island project. In addition the Company engaged Foster + Partners, a world renowned architectural firm, to draw up a conceptual masterplan for this project. The Company's latest announcement "MDI93" confirmed the appointment of Jefferies International Limited as financial adviser for the purposes of identifying and selecting a suitable partner to financially support the development of Manoel Island.

Interim Directors' Report pursuant to Listing Rule 5.75.2 - *continued*

Review of financial performance

For the Period under review, the Company has registered a loss before tax amounting to €1.5m (2016: €1.1m loss) and a loss after tax of €1.7m (2016: €863k loss). The results are in line with the Company's projections and are a consequence of having practically no apartments which it could handover to their respective owners. As mentioned previously Q2 apartments are expected to be delivered during 2018 and hence profits registered from these sales will be accounted for in the Company's 2018 financial statements. The Company is projecting an overall loss for the 2017 financial year.

The Directors feel that apart from the risks arising or pertaining to what has been indicated in this Report, there are no additional specific 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 30 June 2017.


Related party transactions

MIDI p.l.c. 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 2017 have been disclosed in Note 5 to the Condensed Consolidated Interim Financial Information.

On behalf of the Board



Alec A. Mizzi
Chairman



Joseph A. Gasan
Director

28 August 2017

Company Secretary:	Catherine Formosa
Registered Office:	North Shore, Manoel Island, Gzira, Malta
Telephone Number:	(+356) 2065 5500
Company Registration N°:	C 15836

Condensed consolidated statement of financial position

	As at 30 June 2017 (unaudited) €	As at 31 December 2016 (audited) €
ASSETS		
Non-current assets		
Property, plant and equipment	21,683,210	21,817,859
Investment property	21,728,090	21,728,090
Investment in joint ventures	2,313,319	1,962,735
Loans receivable from joint ventures	9,701,000	9,701,000
Other non-current assets	843,845	993,046
Total non-current assets	56,269,464	56,202,730
Current assets		
Inventories - Development project	134,293,622	127,077,461
Other current assets	14,668,092	20,499,562
Total current assets	148,961,714	147,577,023
Total assets	205,231,178	203,779,753
EQUITY		
Capital and reserves	65,685,334	67,359,306
LIABILITIES		
Non-current liabilities		
Trade and other payables	21,758,863	33,425,089
Borrowings	60,494,189	60,448,245
Total non-current liabilities	82,253,052	93,873,334
Current liabilities		
Trade and other payables	55,389,480	42,547,113
Borrowings	1,903,312	-
Total current liabilities	57,292,792	42,547,113
Total liabilities	139,545,844	136,420,447
Total equity and liabilities	205,231,178	203,779,753

The condensed consolidated interim financial information on pages 3 to 12 was authorised for issue by the board of directors on 28 August 2017 and was signed on its behalf by:



Alec A. Mizzi
Chairman



Joseph A. Gasan
Director

Condensed consolidated income statement

	Six months ended 30 June	
	2017 (unaudited) €	2016 (unaudited) €
Revenue	1,866,711	3,912,207
Gross profit	1,109,315	1,516,224
Operating (loss)/profit	(340,380)	469,154
Net finance costs	(1,164,782)	(1,612,641)
Loss before tax	(1,505,162)	(1,143,487)
Tax (expense)/income	(158,502)	280,169
Loss for the period	(1,663,664)	(863,318)
Earnings per share (Euro cents)	(0.0078)	(0.0040)

Condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2017 (unaudited) €	2016 (unaudited) €
Loss for the period	(1,663,664)	(863,318)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges, net of deferred tax	-	(39,533)
Changes in fair value of available-for-sale financial assets	(10,308)	8,650
Total comprehensive income for the period	(1,673,972)	(894,201)

Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Hedging reserve €	Property revaluation reserve €	Investment fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2017	42,831,984	15,878,784	-	2,063,446	96,280	6,488,812	67,359,306
Comprehensive income							
Loss for the period	-	-	-	-	-	(1,663,664)	(1,663,664)
Other comprehensive income							
Losses from changes in fair value of available-for-sale financial assets	-	-	-	-	(10,308)	-	(10,308)
Total other comprehensive income	-	-	-	-	(10,308)	-	(10,308)
Total comprehensive income	-	-	-	-	(10,308)	(1,663,664)	(1,673,972)
Balance at 30 June 2017	42,831,984	15,878,784	-	2,063,446	85,972	4,825,148	65,685,334
Balance at 1 January 2016	42,831,984	15,878,784	(121,792)	2,063,446	92,129	10,503,511	71,248,062
Comprehensive income							
Loss for the period	-	-	-	-	-	(863,318)	(863,318)
Other comprehensive income:							
Cash flow hedges, net of deferred tax	-	-	(39,533)	-	-	-	(39,533)
Gains from changes in fair value of available-for-sale financial assets	-	-	-	-	8,650	-	8,650
Total other comprehensive income	-	-	(39,533)	-	8,650	-	(30,883)
Total comprehensive income	-	-	(39,533)	-	8,650	(863,318)	(894,201)
Transactions with owners							
Dividend	-	-	-	-	-	(1,498,516)	(1,498,516)
Balance at 30 June 2016	42,831,984	15,878,784	(161,325)	2,063,446	100,779	8,141,677	68,855,345

Condensed consolidated statement of cash flows

	Six months ended 30 June	
	2017 (unaudited) €	2016 (unaudited) €
Net cash used in operating activities	(4,632,387)	(2,993,969)
Net cash used in investing activities	(54,709)	(29,031)
Net cash generated from financing activities	1,903,282	5,351,287
Net movement in cash and cash equivalents	(2,783,814)	2,328,287
Cash and cash equivalents at beginning of period	14,173,142	6,792,126
Cash and cash equivalents at end of period	11,389,328	9,120,413

Notes to the condensed consolidated interim financial information

1. General information

MIDI p.l.c. 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 continued with the development of the Tigné North area and is in the process of concluding plans for the development of Manoel Island.

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 includes the Financial Statements of MIDI p.l.c. and its subsidiaries. The condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016, 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 2016, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2017

In 2017, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2017. 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 impacting the Group's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2017, including IFRS 9, 'Financial instruments' and IFRS 15, 'Revenue from contracts with customers' amongst other pronouncements. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, except as disclosed below, and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.

Notes to the condensed consolidated interim financial information – continued**2. Basis of preparation - continued**

Standards, interpretations and amendments to published standards that are not yet adopted - continued

The Group is yet to assess the full impact of IFRS 9 and intends to adopt IFRS 9, subject to endorsement by the EU, no later than the accounting period beginning on or after 1 January 2018. The Group is considering the implications of the standard and its impact on the Group's financial results and position.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

Under IFRS 16, 'Leases', a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to endorsement by the EU, and subject to the Group also adopting IFRS 16. The Group is assessing the impact of IFRS 16.

Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated loss for the period amounting to €1,663,664 (2016: loss €863,318) during the period-ended 30 June 2017. The Group's total assets exceeded its total liabilities by €65,685,334 (2016: €67,359,306) as at 30 June 2017.

The Group has been reviewing its financing arrangements to ensure that it is in a position to meet its operational and cash flow commitments subsequent to 30 June 2017.

MIDI Group continued to review its funding strategy in the context of the timing of the different development stages of the remaining Tigné Point phases and of the Manoel Island project to sustain its long-term development plans. The Group's liquidity and capital management programmes comprise: i) monitoring the feasibility of the different project phases based on net cash inflows and income streams; ii) reviewing the sustainability of the carrying amount of assets allocated to the respective phases; and iii) assessing the appropriate funding mix to be applied to each phase. The outcome of the review of the Group's funding programmes in the longer-term could potentially result in changes to the existing or projected use of the asset base pertaining to the different phases of the Tigné Point and Manoel Island project to leverage the underlying cash flow streams.

The review highlighted above has not given rise to potential indications of impairment of the carrying amount of inventories attributable to the remaining Tigné Point phases and to the Manoel Island project. No heightened risk factors have been identified in respect of the latter in view of the judgmental nature of the review process.

As previously announced by the Group, MIDI had engaged PwC Global Strategy& as end-to-end international strategy consultant for the Manoel Island project. In addition the Company engaged Foster + Partners, a world renowned architectural firm, to draw up a conceptual masterplan for this project. The Company's latest announcement "MDI93" confirmed the appointment of Jefferies International Limited as financial adviser for the purposes of identifying and selecting a suitable partner to financially support the development of Manoel Island.

Notes to the condensed consolidated interim financial information – continued**2. Basis of preparation - continued***Assessment of going concern assumption - continued*

The Group's projected equity levels are also being assessed in the context of the future project phases, focusing on the relationship between the amount of borrowings and shareholders' equity.

Accordingly, the Directors continue to adopt the going concern assumption in the preparation of the consolidated condensed interim financial information. In the opinion of the Directors, taking cognisance of the short-term funding arrangements together with the Group's long-term liquidity and capital management programmes, there is no material uncertainty which may cast significant doubt on the Group's ability to continue operating as a going concern.

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:

- a) development and sale of property, which comprises primarily the construction and sale of residential units within the Tigné Point and Manoel Island Project; and
- b) property rental and management, which now involves the leasing and management of the retail space at Pjazza Tigné and the catering units situated at the Foreshore. In addition SIS services pertaining to HVAC, building technology services and carpark operations are also being included under this segment.

The Board of Directors assesses the performance of the segments on the basis of segment operating results, before financing costs and tax impacts. The financial information for the reportable segments in relation to the six-month periods ended 30 June 2017 and 2016 is as follows:

	Development and sale of property		Property and rental management		Group	
	2017	2016	2017	2016	2017	2016
	€	€	€	€	€	€
Segment revenue	184,500	2,482,149	1,682,211	1,430,058	1,866,711	3,912,207
Segment results - operating (loss)/profit	(1,363,635)	(145,736)	1,023,255	614,890	(340,380)	469,154

4. Earnings per share

Earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares of MIDI p.l.c. in issue. During both six month periods ended 30 June 2017 and 2016, the weighted average number of shares in issue amounted to 214,159,922.

5. Related party transactions

All companies forming part of the respective groups of which Alf. Mizzi & Sons Ltd., Gasan Enterprises Limited, Gatt Investments Limited, MAPFRE MSV Life p.l.c., Polidano Brothers Limited, Vassallo Builders Group Limited and Lombard Bank Malta p.l.c. form part, are considered by the Directors to be related parties together with First Gemini p.l.c. by virtue of the shareholding of the companies referred to in MIDI p.l.c..

Notes to the condensed consolidated interim financial information – continued**5. Related party transactions - continued**

All entities owned, controlled or significantly influenced by the Company's ultimate shareholders, together with the Company's Directors, close members of their families and all entities owned, controlled or significantly influenced by these individuals, and key management are the principal related parties of the Group.

The Group entered into a joint venture through T14 Investments Limited (a fully-owned subsidiary of MIDI plc) in Mid Knight Holdings Limited with Benny Holdings Limited. Mid Knight Holdings Limited is considered a related party.

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 2017, the Group purchased services from related parties for the amount of €134,424 (period ended 30 June 2016: €102,951).

At the end of the interim period under review, the Group had outstanding contractual commitments with related parties for project development for the amount of €8,501 (2016: €8,501)

ii) Sale of property

During the interim period under review, no apartment sales to a related party were finalised (period ended 30 June 2016: Nil).

iii) Operating lease arrangements

The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2017 amounted to €67,528 (period ended 30 June 2016: €66,591).

iv) Sale of Services

Income from sale of services to related parties during the six-month period ended 30 June 2017 amounted to €98,552 (2016: €52,246)

v) Bank loans

As at 30 June 2017 the Group has banking facilities of €11,329,373 (31 December 2016: €11,329,402) sanctioned by related parties. The interest charged on loans from related parties during the six-month period ended 30 June 2017 amounted to €184,062 (period ended 30 June 2016: €204,049).

vi) Related party loans

Loans receivable from related parties as at 30 June 2017, amounted to €9,701,000 (31 December 2016: €9,701,000). Interest income earned on these loans during the six-month period ended 30 June 2017 amounted to €nil (period ended 30 June 2016: €nil), in line with the contractual agreement.

vii) Deposits with banks

Outstanding bank deposits placed with related parties as at 30 June 2017 amounted to €10,287,992 (31 December 2016: €10,570,216). The interest income earned on deposits with related parties during the six-month period ended 30 June 2017 amounted to €7,415 (period ended 30 June 2016: €5,235).

Notes to the condensed consolidated interim financial information – continued

5. Related party transactions - continued

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

	Face value of bonds held at		Interest payable during the six months ended	
	30 June 2017	31 December 2016	30 June 2017	30 June 2016
	€	€	€	€
Shareholders	-	-	-	2,645
Other related parties	1,421,700	261,500	52,817	9,740
Held by related parties as nominees in the ordinary course of their business	7,442,300	7,223,500	276,487	147,057

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, other borrowings and bank deposits, were as follows:

	As at 30 June 2017	As at 31 December 2016
	€	€
Amounts owed to related parties	577,926	586,774
Outstanding deposits effected under operating lease arrangements	35,000	35,000
Amounts owed by related parties	59,004	186,678
Amounts owed by joint venture	55,645	31,058

The directors are the Group's key management personnel and transactions with these related parties consist solely of directors' remuneration.

The transactions undertaken with related parties, disclosed above, were carried out on commercial terms in the normal course of business and are subject to scrutiny by the Board of Directors. The transactions carried out with group subsidiaries were carried out at carrying amounts.

The Group also enters into other transactions with other related parties, such as the placement of insurance risks, but the related transaction amounts are not considered to have a material impact on the financial results and financial position of the Group.

6. Fair values of financial instruments

At 30 June 2017 and 31 December 2016 the carrying amounts of specific short-term financial instruments, comprising cash at bank, receivables, payables, accrued expenses and current borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity.

The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the condensed consolidated interim financial information – continued**6. Fair values of financial instruments - continued**

The Directors have assessed the fair value of the amount due to Government in relation to purchase of land with a carrying amount of €48.8 million as at 30 June 2017 (31 December 2016: €50.2 million) by reference to the original discount rate applied upon completion of the deed adjusted by changes recorded since then at end of the reporting period in the yields to maturity of long term Malta Government securities with tenor similar to the repayment terms of the liability towards the Government. On this basis, the fair value at 30 June 2017 of the amount due to Government with respect to the purchase of land amounted to €48.8 million (31 December 2016: €50.2 million). The current market interest rates utilised for fair value estimation are considered observable and accordingly these fair value estimates have been categorised as Level 2.

The carrying amount of the 4% Secured Euro Bonds 2026 as at 30 June 2017 was €49.2 million (31 December 2016: €49.1 million). The quoted market price for the euro bond as at 30 June 2017 was 103.00 (31 December 2016: 105.00), which in the opinion of the Directors fairly represented the fair value of these financial liabilities. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

The fair value of the Group's bank borrowings as at the end of the reporting period is not materially different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

During the year ended 31 December 2016, the Company terminated the derivative contract, a cross-currency interest rate swap agreement, related to the 2016-2018 Bond which itself was redeemed by the Company in December 2016.

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 2017, 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.



Alec A. Mizzi
Chairman



Joseph A. Gasan
Director

28 August 2017