MIDI p.l.c.

Condensed Consolidated Interim Financial Information

30 June 2015

Contents

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 2015 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 2015 ("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 2015.

Works on the Q1 apartments have been practically completed, with delivery of said apartments commencing within the Relevant Period. It is expected that the definitive deeds of sale pertaining to all Q1 apartments be published by the end of 2015. Profits from such transactions are therefore expected to be registered within the 2015 financial year in accordance with international accounting standards. The Directors are satisfied that the project has been completed within the projected timelines and estimates.

The development of the Q2 block is also progressing according to the projected timelines, with works estimated to be completed during 2017. The Company is currently considering the possibility of placing the said apartments on the market during the last quarter of 2015. Profits will however only be registered once the property has been completed and the definitive deed of sales for the same published, this in line with international accounting standards.

Mid Knight Holdings Limited ("MKH"), a joint venture company, in which MIDI p.l.c. holds a 50% beneficial interest, is currently developing the business centre at Tigné Point. MKH has entered into a promise of sale agreement for the sale of one of the eight floors of offices. This decision was deemed to be in the best interests of the said company and its shareholders, having reduced the company's reliance on bank funding. Bank funding for the said project has been approved.

With regard to the Manoel Island development, the Company remains in discussions with third parties that have expressed an interest to invest in the said project.

Following the end of the Relevant Period, as previously announced, the Company entered into a preliminary agreement to acquire the remaining 50% shareholding in Solutions & Infrastructure Services Limited ("SIS"). Accordingly, following the completion of this transaction, SIS will become a fully owned subsidiary within the MIDI Group.

Review of Financial Performance

Although the Company has registered a loss before tax amounting to €637k (2014: €1.7m loss), this loss is expected to be reversed as the profits from the sale of Q1 apartments are registered over the course of the rest of this year, with the Company projecting an overall profit for the 2015 financial year.

The Group's post-tax financial results reflect a profit of €3.2m (2014: €986k loss) for the Relevant period. The financial results are significantly impacted by an aggregate net deferred tax credit of €3.9 million. This amount comprises three elements:

(a) An increase of €0.4 million in the deferred tax asset arising from the tax loss for the period; and
(b) As disclosed in the 2014 Annual Report and Consolidated Financial Statements, subsequent to the enactment of the 2015 Budget measures, the final tax on transfers of immovable property acquired after 1 January 2004 has been altered to 8% of the transfer value, while the rate in respect of property acquired before 1 January 2004 is 10%. As at 31 December 2014, the Group was carrying a deferred tax liability of €4.5 million, calculated at 35% of the temporary differences between the tax base and the carrying amount of the inventory development project in the Statement of Financial Position. In view of the new taxation regime, this temporary difference no longer applies, as tax is now calculated as a percentage on the transfer value of property. Accordingly, such liability is being released, with a corresponding impact in the income statement; and
(c) The same taxation rules also impact the deferred tax liability arising on the fair valuation of MIDI's property which has now increased by €0.9 million.

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 2015.

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 2015 have been disclosed in Note 5 to the Condensed Consolidated Interim Financial Information.

On behalf of the Board

Alec A. Mizzi
Director

Joseph A. Gasan
Director

31 August 2015

Company Secretary:	Darren Azzopardi
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 2015 (unaudited) €	As at 31 December 2014 (audited) €
ASSETS		
Non-current assets		
Property, plant and equipment	**885,631**	902,027
Investment property	**32,311,005**	32,161,582
Investment in joint ventures	**1,990,610**	1,995,234
Loans receivable from joint ventures	**10,051,000**	10,051,000
Other non-current assets	**6,902,653**	2,327,076
Total non-current assets	**52,140,899**	47,436,919
Current assets		
Inventories - Development project	**135,490,692**	129,488,447
Other current assets	**14,488,244**	14,743,377
Total current assets	**149,978,936**	144,231,824
Total assets	**202,119,835**	191,668,743
EQUITY		
Capital and reserves	**63,769,035**	60,428,218
LIABILITIES		
Non-current liabilities		
Trade and other payables	**22,594,556**	23,962,012
Borrowings	**48,151,372**	47,227,826
Other non-current liabilities	-	287,634
Total non-current liabilities	**70,745,928**	71,477,472
Current liabilities		
Trade and other payables	**57,928,449**	54,344,973
Borrowings	**9,676,423**	5,418,080
Total current liabilities	**67,604,872**	59,763,053
Total liabilities	**138,350,800**	131,240,525
Total equity and liabilities	**202,119,835**	191,668,743

The condensed consolidated interim financial information on pages 3 to 13 was authorised for issue by the board of directors on 31 August 2015 and was signed on its behalf by:

Alec A. Mizzi
Director

Joseph A. Gasan
Director

Condensed consolidated income statement

	Six Months Ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	€	€
Revenue	**6,632,529**	782,154
Gross profit	**1,617,804**	479,598
Operating profit/(loss)	**963,869**	(220,278)
Net finance costs	**(1,601,202)**	(1,514,722)
Loss before tax	**(637,333)**	(1,735,000)
Tax income	**3,859,260**	748,994
Profit for the period	**3,221,927**	(986,006)
Earnings per share (Euro Cents)	**0.0150**	(0.0046)

Condensed consolidated statement of comprehensive income

	Six Months Ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	€	€
Profit for the period	**3,221,927**	(986,006)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges, net of deferred tax	**112,696**	(52,721)
Gains from changes in fair value of available-for-sale financial assets	**6,194**	22,094
Total comprehensive income for the period	**3,340,817**	(1,016,633)

Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Hedging reserve €	Investment fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2015	42,831,984	15,878,784	(103,338)	75,902	1,744,886	**60,428,218**
Comprehensive income						
Profit for the period	-	-	-	-	3,221,927	**3,221,927**
Other comprehensive income: Cash flow hedges, net of deferred tax	-	-	112,696	-	-	**112,696**
Gains from changes in fair value of available-for-sale financial assets	-	-	-	6,194	-	**6,194**
Total other comprehensive income	-	-	112,696	6,194	-	**118,890**
Total comprehensive income	-	-	112,696	6,194	3,221,927	**3,340,817**
Balance at 30 June 2015	**42,831,984**	**15,878,784**	**9,358**	**82,096**	**4,966,813**	**63,769,035**
Balance at 1 January 2014	42,831,984	15,878,784	(241,420)	27,340	3,897,373	**62,394,061**
Comprehensive income						
Loss for the period	-	-	-	-	(986,006)	**(986,006)**
Other comprehensive income: Cash flow hedges, net of deferred tax	-	-	(52,721)	-	-	**(52,721)**
Gains from changes in fair value of available-for-sale financial assets	-	-	-	22,094	-	**22,094**
Total other comprehensive income	-	-	(52,721)	22,094	-	**(30,627)**
Total comprehensive income	-	-	(52,721)	22,094	(986,006)	**(1,016,633)**
Balance at 30 June 2014	**42,831,984**	**15,878,784**	**(294,141)**	**49,434**	**2,911,367**	**61,377,428**

Condensed consolidated statement of cash flows

	Six Months Ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	€	€
Net cash (used in)/generated from operating activities	(4,070,448)	785,668
Net cash (used in)/generated from investing activities	(6,737)	23,603
Net cash generated from/(used in) financing activities	4,907,917	(321,128)
Net movement in cash and cash equivalents	830,732	488,143
Cash and cash equivalents at beginning of period	5,550,896	9,724,409
Cash and cash equivalents at end of period	6,381,628	10,212,552

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 proceeded with the development of the Tigné North area.

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 2015 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 2014, 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 2014, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2015

In 2015, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2015. 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 2015, 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. 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.

Notes to the condensed consolidated interim financial information - continued

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

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 2017 and earlier application is permitted, subject to endorsement by the EU. The Group is assessing the impact of IFRS 15.

Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated profit for the period amounting to €3,221,927 (2014: Loss amounting to €986,006) during the period-ended 30 June 2015. The Group's total assets exceeded its total liabilities by €63,769,035 (2014: €60,428,218) as at 30 June 2015.

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 2015.

MIDI Group continued to review its funding strategy in the context of the timing of the different development stages of the Tigné Point and Manoel Island project to sustain its long-term development plans. The Group's liquidity and capital management programs 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 programs 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.

With regard to the Manoel Island development, the Company remains in discussions with third parties that have expressed an interest to invest in the said project.

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 as a going concern.

2. 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.

Notes to the condensed consolidated interim financial information - continued

2. Segment information - continued

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 2015 and 2014 is as follows:

	Development and sale of property		**Property and rental management**		**Group**	
	2015	2014	**2015**	2014	**2015**	2014
	€	€	**€**	€	**€**	€
Segment revenue	**5,875,120**	72,500	**757,409**	709,654	**6,632,529**	782,154
Segment results - operating profit/(loss)	**182,365**	(941,792)	**781,504**	721,513	**963,869**	(220,279)

3. 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 2015 and 2014, the weighted average number of shares in issue amounted to 214,159,922.

4. Related party transactions

All companies forming part of the respective groups of which Alf. Mizzi & Sons Ltd., Bank of Valletta p.l.c., Gasan Enterprises Limited, Gatt Investments Limited, 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.. 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. MIDI p.l.c. has an interest in two jointly controlled entities, Solutions & Infrastructure Services Limited (SIS) and Mid Knight Holdings Limited (through T14 Investments Limited), which are also considered as related parties.

Notes to the condensed consolidated interim financial information - continued

5. Related party transactions - continued

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 2015, the Group purchased services from related parties for the amount of €282,811 (period ended 30 June 2014: €190,544).

ii) Sale of apartments
During the interim period under review and the comparative interim period, one apartment sale to a related party was finalised in the form of final public deeds. Its gross value of contract was €248,430 (period ended 30 June 2014: €nil).

iii) Operating lease arrangements
The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2015 amounted to €160,022 (period ended 30 June 2014: €179,747).

iv) Bank loans
As at 30 June 2015 the Group has banking facilities of €20,742,297 (31 December 2014: €21,504,198) sanctioned by related parties. The interest charged on loans from related parties during the six-month period ended 30 June 2015 amounted to €396,647 (period ended 30 June 2014: €318,990).

v) Related party loans
As at 30 June 2015 the Group had no borrowings from shareholders.

Loans receivable from related parties as at 30 June 2015, amounted to €10,051,000 (31 December 2014: €10,051,000). Interest income earned on these loans during the six-month period ended 30 June 2015 amounted to €nil (period ended 30 June 2014: €nil).

vi) Deposits with banks
Outstanding bank deposits placed with related parties as at 30 June 2015 amounted to €6,521,402 (31 December 2014: €7,410,730). The interest income earned on deposits with related parties during the six-month period ended 30 June 2015 amounted to €10,847 (period ended 30 June 2014: €36,137).

Notes to the condensed consolidated interim financial information - continued

5. Related party transactions - continued

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

	Face value of bonds held at		Interest payable during the six months ended	
	30 June 2015	31 December 2014	**30 June 2015**	30 June 2014
	€	€	**€**	€
Shareholders	**70,000**	70,000	**2,645**	2,645
Directors and other officers of the company, together with close family members of these individuals	**42,170**	38,516	**1,593**	1,414
Other related parties	**257,800**	257,800	**9,740**	9,740
Held by related parties as nominees in the ordinary course of their business	**3,872,802**	3,469,517	**146,318**	161,105

The Group has also entered into a cross currency interest rate swap agreement, reflecting a derivative asset of €2,451,759 as at 30 June 2015 (31 December 2014: €1,417,134), 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, other borrowings and bank deposits, were as follows:

	As at 30 June 2015	As at 31 December 2014
	€	€
Amounts owed to related parties	**(672,917)**	(1,045,874)
Outstanding deposits effected under operating lease arrangements	**(35,000)**	(35,000)
Amounts owed by related parties	**292,723**	30,886
Amounts owed by joint ventures	**3,179,766**	3,495,603

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.

Notes to the condensed consolidated interim financial information - continued

5. Related party transactions - continued

The Group also enters into other transactions with SIS for amounts which are not deemed material for disclosure purposes as these transactions do not have a material impact on the financial results and financial position of the Group. 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 2015 and 31 December 2014 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.

The Directors have assessed the fair value of the amount due to Government in relation to purchase of land with a carrying amount of €49.7 million as at 30 June 2015 (31 December 2014: €51 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 2015 of the amount due to Government with respect to the purchase of land amounted to €49.7 million (31 December 2014: €51 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 bonds issued to the public as at 30 June 2015 was €40.8 million (31 December 2014: €40.7 million). The quoted market price for the euro and sterling bonds as at 30 June 2015 was 105.55 and 106.00 respectively (31 December 2014: 105.50 and 105.50), 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.

The fair value of the Group's derivative contract, a cross-currency interest rate swap agreement with a carrying amount of €2,451,759 at 30 June 2015 presented as an asset (31 December 2014: €1,417,134) is determined through a valuation from a financial institution, based on the present value of estimated cash flows, which fair value is verified by reference to observable market data such as observable yield curves. Accordingly the instrument has been categorised since inception as a Level 2 instrument.

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 2015, 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
Director

Joseph A. Gasan
Director

31 August 2015