



MIDI plc
Condensed Consolidated Interim Financial Information
30 June 2012

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Interim Directors' Report pursuant to Listing Rule 5.75.2

This interim report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act, 2005. The consolidated interim financial information included in this report has been extracted from MIDI plc's unaudited consolidated financial information for the six months ended 30 June 2012 prepared in accordance with IAS 34 'Interim Financial Reporting'. In terms of Listing Rule 5.75.5, this interim report has not been audited or reviewed by the Group's independent auditors.

Principal Activity

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

Review of Financial Performance

The condensed interim financial information reflects the results for the six months ended 30 June 2012 of MIDI plc and its subsidiaries together with the Group's share of results of its joint venture.

During the six months under review the world economic and financial situation remained significantly subdued while the crisis in the euro zone showed no signs of abatement. Understandably therefore the property market continued to present challenges. Fortunately Midi's quality developments are only marginally affected by these conditions, even though one cannot expect Malta to be totally insulated from the fortunes of those markets that we interact with. Delays by MEPA in the issuing of permits for the next phases in Tigné Point slowed down the project's pace of development activity resulting in a very limited number of apartments becoming available for sale.

Group post-tax financial results for the first half of 2012 show a loss of €1.05 million (2011: €1.03 million profit). This result is in line with forecasts as the number of residential units that were delivered decreased substantially since contracts of sale for most of its stock of apartments were completed by the end of 2011. Out of total revenue of €5 million (2011: €22.9 million), that from development and sale of property amounted to €2.2 million (2011: €20.5 million).

Revenue and contribution from the Group's rental operations continued to improve. Both '*The Point*' shopping mall and also the underlying car park have shown significant improvement. Income from a number of retail outlets available at Pjazza Tigné has further contributed to this improvement.

During the period, the Group's bankers and a number of Restricted Shareholders supported the Group's short-term financial requirements. The Group continues to review its funding strategy in order to sustain its long-term prospects for the development of other phases in both Tigné Point and Manoel Island. The Group's long-term funding requirements may also result in changes to the use of the asset base pertaining to the different phases of the project.

Construction works during these six months were directed towards the completion of the *Pjazza Tigné* apartments. These are expected to be fully complete within the current financial year. Hence, during the second half of 2012 MIDI Group expects to deliver all apartments that are currently under Promise of Sale Agreements (*konvenju*) as well as maintain positive trends from the Group's rental operations.

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

The second half of the year is forecast to experience low property sales both as a result of the limited residential unit stock availability as well as a pause in property demand until signs of a euro zone recovery begin to appear. As a result the Group is expecting an overall operational loss for the financial year of 2012.

The success of this long-term project also depends on the smooth transition between one phase and another and therefore all necessary permits need to be issued in a timely fashion so as to ensure efficient progress. Shortly we shall be embarking on the final phases of Tigné Point which shall include a 14,000 square metre Business Centre; the final 102 apartments at Tigné Point and a limited number of retail outlets. Works on the 36 apartment residential block (T17 East) are expected to commence in Q4 2012.

The directors also feel that there are no 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 31 December 2012.

Related Party Transactions

MIDI plc and its subsidiaries enter into related party transactions in the ordinary course of their activities. Related party transactions are reviewed and approved by the Audit Committee on a regular basis. All related party transactions pertaining to the six-month period ended 30 June 2012 have been fully disclosed in Note 6 to the Condensed Consolidated Interim Financial Information.

On behalf of the board



Albert Mizzi
Chairman



Joseph A. Gasan
Director

27 August 2012

Company Secretary: Luke Coppini

Registered Office:
North Shore,
Manoel Island
Gzira
Malta

Telephone No. (+356) 2065 5500

Condensed Consolidated Statement of Financial Position

	as at 30 June 2012 (unaudited) €	as at 31 December 2011 (audited) €
ASSETS		
Non-current assets		
Property, plant and equipment	57,644,882	58,493,415
Investment property	30,286,310	30,076,650
Other non-current assets	4,030,478	3,806,291
Total non-current assets	91,961,670	92,376,356
Current assets		
Inventories - Development project	130,726,016	128,183,794
Other current assets	11,363,728	11,949,501
Total current assets	142,089,744	140,133,295
Total assets	234,051,414	232,509,651
EQUITY		
Capital and reserves	63,841,931	64,867,532
LIABILITIES		
Non-current liabilities		
Trade and other payables	29,070,831	28,079,197
Borrowings	96,140,564	82,918,584
Other non-current liabilities	3,143,688	3,349,582
Total non-current liabilities	128,355,083	114,347,363
Current liabilities		
Trade and other payables	39,441,693	40,403,701
Borrowings	2,412,707	12,753,549
Other current liabilities	-	137,506
Total current liabilities	41,854,400	53,294,756
Total liabilities	170,209,483	167,642,119
Total equity and liabilities	234,051,414	232,509,651

The condensed consolidated interim financial information on pages 3 to 10 was authorised for issue by the board of directors on 27 August 2012 and was signed on its behalf by:



Albert Mizzi
Chairman



Joseph A. Gasan
Director

Condensed Consolidated Income Statement

	Six Months Ended 30 June	
	2012 (unaudited) €	2011 (unaudited) €
Revenue	4,996,330	22,867,310
Gross profit	2,039,024	4,769,478
Operating profit	1,118,236	4,052,939
Net finance costs	(2,250,073)	(2,135,552)
Share of loss of joint venture	(132,846)	(126,647)
(Loss)/profit before tax	(1,264,683)	1,790,740
Tax income/(expense)	217,522	(763,505)
(Loss)/profit for the period	(1,047,161)	1,027,235
Earnings per share	(0.005)	0.005

Condensed Consolidated Statement of Comprehensive Income

	Six Months Ended 30 June	
	2012 (unaudited) €	2011 (unaudited) €
Loss/(profit) for the period	(1,047,161)	1,027,235
Other comprehensive income:		
Cash flow hedges, net of deferred tax	21,560	49,663
Total comprehensive income for the period	(1,025,601)	1,076,898

Condensed Consolidated Statement of Changes in Equity

	Share capital €	Share premium €	Hedging reserve €	Investment fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2012	42,831,984	15,878,784	(34,226)	8,460	6,182,530	64,867,532
Comprehensive income						
Loss for the period	-	-	-	-	(1,047,161)	(1,047,161)
Other comprehensive income:						
Cash flow hedges, net of deferred tax	-	-	21,560	-	-	21,560
Total comprehensive income	-	-	21,560	-	(1,047,161)	(1,025,601)
Balance at 30 June 2012	42,831,984	15,878,784	(12,666)	8,460	5,135,369	63,841,931
Balance at 1 January 2011	42,831,984	15,878,784	(189,847)	-	4,418,741	62,939,662
Comprehensive income						
Profit for the period	-	-	-	-	1,027,235	1,027,235
Other comprehensive income:						
Cash flow hedges, net of deferred tax	-	-	49,663	-	-	49,663
Total comprehensive income	-	-	49,663	-	1,027,235	1,076,898
Balance at 30 June 2011	42,831,984	15,878,784	(140,184)	-	5,445,976	64,016,560

Condensed Consolidated Statement of Cash Flows

	Six Months Ended 30 June	
	2012 (unaudited) €	2011 (unaudited) €
Net cash (used in)/from operating activities	(2,647,885)	5,456,341
Net cash from investing activities	807,939	3,931,824
Net cash from/(used in) financing activities	2,383,104	(6,626,574)
Net movement in cash and cash equivalents	543,158	2,761,591
Cash and cash equivalents at beginning of period	2,320,506	3,537,737
Cash and cash equivalents at end of period	2,863,664	6,299,328

Notes to the Condensed Consolidated Interim Financial Information

1. General information

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

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

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2012 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 2011, 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 2011, as described in those financial statements.

Assessment of going concern assumption

The Group has been reviewing its financing arrangements to ensure that it continues to be in a position to meet its operational and cash flow commitments. During the six-month period ended 30 June 2012, the Group's bankers and a number of Restricted Shareholders have provided funding to support the Group's financial requirements. Midi Group is reviewing its funding strategy in the context of the timing of the different development stages of the *Tigné Point* and *Manoel Island* project to sustain the Group's long-term prospects. 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 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.

The Directors continue to adopt the going concern assumption in the preparation of the consolidated financial statements. 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.

Standards, interpretations and amendments to published standards effective in 2012

In 2012, the group adopted amendments to existing standards that are mandatory for the group's accounting period beginning on 1 January 2012. 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.

Notes to the Condensed Consolidated Interim Financial Information - continued

3. Segment information

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

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

The board of directors assesses the performance of the segments on the basis of segment operating result, before financing costs and tax impacts. The financial information for the reportable segments in relation to the six-month periods ended 30 June 2012 and 2011 is as follows:

	Development and sale of property	Property rental and management	Group
	€	€	€
Six months ended 30 June 2012			
Segment revenue	2,224,750	2,771,580	4,996,330
Segment result - operating profit	214,620	1,824,404	2,039,024
Six months ended 30 June 2011			
Segment revenue	20,531,278	2,336,032	22,867,310
Segment result - operating profit	3,405,362	1,364,116	4,769,478

4. Borrowings

The increase of €2.9 million in aggregate borrowings was the net result of further borrowings taken out to sustain the project through its different phases and repayments of certain existing bank borrowings.

5. Earnings per share

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

	Six Months Ended 30 June	
	2012	2011
	€	€
Net (loss)/profit attributable to equity holders of the Company	(1,047,161)	1,027,235
Weighted average number of ordinary shares in issue	214,159,922	214,159,922
Earnings per share	(0.005)	0.005

Notes to the Condensed Consolidated Interim Financial Information - continued

6. Related party transactions

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

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

i) Purchase of goods and services

During the six-month period ended 30 June 2012, the group purchased services from related parties in relation to project development for the amount of €902,832 (period ended 30 June 2011: €2,685,422).

ii) Sale of apartments

The group had deposits on promise of sale agreements with related parties as at 30 June 2012 amounting to €86,450 (31 December 2011: nil) and the gross value of contracts relating to these promise of sale agreements was €432,250 (31 December 2011: nil). During the interim period under review, no apartment sales to related parties were finalised in the form of final public deeds (period ended 30 June 2011: €3,391,059).

iii) Operating lease arrangements

The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2012 amounted to €291,621 (period ended 30 June 2011: €279,760).

iv) Bank loans

As at 30 June 2012 the Group has banking facilities of €52,342,089 (31 December 2011: €50,680,577) sanctioned by related parties. Outstanding bank loan balances as at 30 June 2012 amounted to €51,730,251 (31 December 2011: €50,680,577). The interest charged on loans from related parties during the six-month period ended 30 June 2012 amounted to €1,256,434 (period ended 30 June 2011: €1,141,580).

v) Other borrowings from shareholders

As at 30 June 2012 the Group had other borrowings from shareholders amounting to €3,000,000 (31 December 2011: nil). Interest charged on these borrowings during the six-month period ended 30 June 2012 amounted to €33,370 (period ended 30 June 2011: nil).

vi) Deposits with banks

Outstanding bank deposits placed with related parties as at 30 June 2012 amounted to €2,180,406 (31 December 2011: €1,987,557). The interest income earned on deposits with related parties during the six-month period ended 30 June 2012 amounted to €1,611 (period ended 30 June 2011: €9,601).

Notes to the Condensed Consolidated Interim Financial Information - 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 2012	31 December 2011	30 June 2012	30 June 2011
	€	€	€	€
Shareholders	-	-	-	13,725
Directors and other officers of the company, together with close family members of these individuals	117,253	115,903	4,440	4,418
Other related parties	732,800	732,800	27,750	19,153
Held by related parties as nominees in the ordinary course of their business	2,538,598	2,389,390	96,134	89,261

The group has also entered into a cross currency interest rate swap agreement, reflecting a derivative asset of €1,248,977 as at 30 June 2012 (31 December 2011: €910,581), 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.

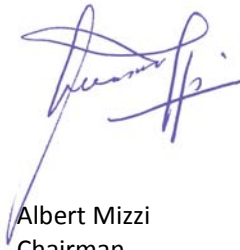
Balances with related parties outstanding as at end of the reporting period, excluding bank loans, other borrowings and bank deposits, were as follows:

	as at 30 June 2012	as at 31 December 2011
	€	€
Amounts owed to related parties	(1,611,812)	(3,206,750)
Outstanding deposits effected under operating lease arrangements	(233,083)	(233,083)
Amounts owed by related parties	550,315	554,392
Amounts owed by joint venture	229,781	655,678

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 2012, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting').
- The interim directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Albert Mizzi
Chairman



Joseph A. Gasan
Director

27 August 2012