



**MIDI p.l.c.**  
**Condensed Consolidated Interim Financial Information**  
**30 June 2018**

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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 ('The Company') unaudited consolidated financial information for the six months ended 30 June 2018 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 2018 ("the Relevant Period"), and their impact on the condensed set of financial statements, together with the prospects for the remaining six months ending 31 December 2018.

During the Relevant Period sales of a significant number of apartments within the Q2 development were concluded. Revenues generated from the sale of these apartments amounted to €33.6 million resulting in an operating profit for this segment amounting to €13.4 million.

The Group's results for the Relevant Period also include the consolidation of the financial results of its subsidiary Solutions & Infrastructure Services Limited ("SIS") as well as the Company's 50% share of the financial results of Mid Knight Holdings ("MKH"), a joint venture company which has developed and is now operating "The Centre" office block located at Tigné Point. This year is MKH's first full year of operations with the office block now being fully tenanted.

The Company has continued to move forward with its masterplan for Manoel Island. The Environment Resources Authority has approved the Company's Environment Impact Assessment for the Manoel Island project. The Company is envisaging that the outline development permit will be approved by the Planning Authority later on during the year with enabling works commencing early next year.

Company Announcement "MDI119", stated that MIDI plc had entered into preliminary discussions with Tumas Group Company Limited to explore the possibility of establishing a joint venture with respect to the Manoel Island development. These discussions are at a preliminary stage and may or may not result in a transaction. Any eventual agreement will be subject to the Company's contractual obligations and any necessary regulatory and shareholder approvals in terms of law.

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

### Review of financial performance

For the period under review, MIDI Group has registered a profit after tax of €10.5 million compared to a loss of €1.7 million registered for the same period last year. Revenue for the six months amounted to €35.5 million (2017: €1.9 million) of which €33.6 million (2017: €185k) was generated from sale of property. Operating profit from sale of property amounted to €13.4 million (2017: Loss of €1.4 million). The property management activities of the Group generated revenues amounting to €1.8 million (2017: €1.7 million) and an operating profit of €968k (2017: €673k).

Total assets have slightly decreased from €235.3 million as at 31 December 2017 to €234.0 million while Net Asset Value rose from €86.6 million to €97.5 million, resulting in a Net Asset Value per share of €0.45 (€0.40 as at 31 December 2017).

Outlook for the second half of the year remains a positive one and, 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 .

### 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 2018 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

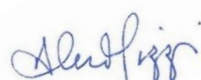
30 August 2018

|                          |  |
|--------------------------|--|
| 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

|                                      | 30 June<br>2018<br>(unaudited)<br>€ | 31 December<br>2017<br>(audited)<br>€ |
|--------------------------------------|-------------------------------------|---------------------------------------|
| <b>ASSETS</b>                        |                                     |                                       |
| <b>Non-current assets</b>            |                                     |                                       |
| Property, plant and equipment        | 20,203,027                          | 20,540,257                            |
| Investment property                  | 21,728,090                          | 21,728,090                            |
| Investment in joint ventures         | 29,012,563                          | 28,243,812                            |
| Loans receivable from joint ventures | 9,701,000                           | 9,701,000                             |
| Other non-current assets             | 509,727                             | 513,906                               |
| <b>Total non-current assets</b>      | <b>81,154,407</b>                   | 80,727,065                            |
| <b>Current assets</b>                |                                     |                                       |
| Inventories - Development project    | 130,240,352                         | 140,269,181                           |
| Other current assets                 | 22,563,107                          | 14,305,823                            |
| <b>Total current assets</b>          | <b>152,803,459</b>                  | 154,575,004                           |
| <b>Total assets</b>                  | <b>233,957,866</b>                  | 235,302,069                           |
| <b>EQUITY</b>                        |                                     |                                       |
| <b>Capital and reserves</b>          | <b>97,155,937</b>                   | 86,620,786                            |
| <b>LIABILITIES</b>                   |                                     |                                       |
| <b>Non-current liabilities</b>       |                                     |                                       |
| Trade and other payables             | 21,339,290                          | 22,752,040                            |
| Borrowings                           | 62,256,734                          | 62,210,761                            |
| Deferred tax liabilities             | 474,845                             | 178,590                               |
| <b>Total non-current liabilities</b> | <b>84,070,869</b>                   | 85,141,391                            |
| <b>Current liabilities</b>           |                                     |                                       |
| Trade and other payables             | 52,731,060                          | 59,613,993                            |
| Borrowings                           | -                                   | 3,925,899                             |
| <b>Total current liabilities</b>     | <b>52,731,060</b>                   | 63,539,892                            |
| <b>Total liabilities</b>             | <b>136,801,929</b>                  | 148,681,283                           |
| <b>Total equity and liabilities</b>  | <b>233,957,866</b>                  | 235,302,069                           |

The condensed consolidated interim financial information on pages 3 to 12 was authorised for issue by the board of directors on 30 August 2018 and was signed on its behalf by:



Alec A. Mizzi  
Chairman



Joseph A. Gasan  
Director

### Condensed consolidated income statement

|                                     | Six months ended 30 June |                          |
|-------------------------------------|--------------------------|--------------------------|
|                                     | 2018<br>(unaudited)<br>€ | 2017<br>(unaudited)<br>€ |
| <b>Revenue</b>                      | <b>35,497,845</b>        | 1,866,711                |
| <b>Gross profit</b>                 | <b>16,390,552</b>        | 1,109,315                |
| <b>Operating profit/(loss)</b>      | <b>14,376,532</b>        | (690,964)                |
| Share of profit of joint venture    | 768,752                  | 350,584                  |
| Net finance costs                   | <b>(1,042,290)</b>       | (1,164,782)              |
| <b>Profit/(loss) before tax</b>     | <b>14,102,994</b>        | (1,505,162)              |
| Tax expense                         | <b>(3,563,663)</b>       | (158,502)                |
| <b>Profit/(loss) for the period</b> | <b>10,539,331</b>        | (1,663,664)              |
| Earnings per share                  | <b>0.0492</b>            | (0.0078)                 |

### Condensed consolidated statement of comprehensive income

|  | Six months ended 30 June |                          |
|--|--------------------------|--------------------------|
|  | 2018<br>(unaudited)<br>€ | 2017<br>(unaudited)<br>€ |
| <b>Profit/(loss) for the period</b>                                  | <b>10,539,331</b>        | (1,663,664)              |
| <b>Other comprehensive income:</b>                                   |                          |                          |
| <i>Items that may be reclassified subsequently to profit or loss</i> |                          |                          |
| Changes in fair value of available-for-sale financial assets         | (4,180)                  | (10,308)                 |
| <b>Total comprehensive income for the period</b>                     | <b>10,535,151</b>        | (1,673,972)              |

### Condensed consolidated statement of changes in equity

|  | Share<br>capital<br>€ | Share<br>premium<br>€ | Property<br>revaluation<br>reserve<br>€ | Investment<br>fair value<br>reserve<br>€ | Retained<br>earnings<br>€ | Total<br>€         |
|--|-----------------------|-----------------------|---|--|---------------------------|--------------------|
| Balance at 1 January 2018  | 42,831,984            | 15,878,784            | 2,012,507                               | 81,866                                   | 25,815,645                | <b>86,620,786</b>  |
| <b>Comprehensive income</b>  |                       |                       |   |  |                           |                    |
| Profit for the period  | -                     | -                     | -                                       | -  | 10,539,331                | <b>10,539,331</b>  |
| <b>Other comprehensive income</b>  |                       |                       |   |  |                           |                    |
| Losses from changes in fair value<br>of available-for-sale financial<br>assets | -                     | -                     | -                                       | (4,180)                                  | -                         | <b>(4,180)</b>     |
| Total other comprehensive<br>income  | -                     | -                     | -                                       | (4,180)                                  | -                         | <b>(4,180)</b>     |
| <b>Total comprehensive income</b>  | -                     | -                     | -                                       | (4,180)                                  | 10,539,331                | <b>10,535,151</b>  |
| <b>Balance at 30 June 2018</b>   | <b>42,831,984</b>     | <b>15,878,784</b>     | <b>2,012,507</b>                        | <b>77,686</b>                            | <b>36,354,976</b>         | <b>97,155,937</b>  |
| Balance at 1 January 2017  | 42,831,984            | 15,878,784            | 2,063,446                               | 96,280                                   | 6,488,812                 | <b>67,359,306</b>  |
| <b>Comprehensive income</b>  |                       |                       |   |  |                           |                    |
| Loss for the period  | -                     | -                     | -                                       | -  | (1,663,664)               | <b>(1,663,664)</b> |
| <b>Other comprehensive income:</b>   |                       |                       |   |  |                           |                    |
| Losses from changes in fair value<br>of available-for-sale financial<br>assets | -                     | -                     | -                                       | (10,308)                                 | -                         | <b>(10,308)</b>    |
| Total other comprehensive<br>income  | -                     | -                     | -                                       | (10,308)                                 | -                         | <b>(10,308)</b>    |
| <b>Total comprehensive income</b>  | -                     | -                     | -                                       | (10,308)                                 | (1,663,664)               | <b>(1,673,972)</b> |
| <b>Balance at 30 June 2017</b>   | <b>42,831,984</b>     | <b>15,878,784</b>     | <b>2,063,446</b>                        | <b>85,972</b>                            | <b>4,825,148</b>          | <b>65,685,334</b>  |

## Condensed consolidated statement of cash flows

|  | Six months ended 30 June |                          |
|--|--------------------------|--------------------------|
|  | 2018<br>(unaudited)<br>€ | 2017<br>(unaudited)<br>€ |
| Net cash generated from/(used in) operating activities | 12,959,162               | (4,632,387)              |
| Net cash used in investing activities                  | (354,179)                | (54,709)                 |
| Net cash (used in)/generated from financing activities | (3,918,409)              | 1,903,282                |
| Net movement in cash and cash equivalents              | <b>8,686,574</b>         | (2,783,814)              |
| Cash and cash equivalents at beginning of period       | 9,884,138                | 14,173,142               |
| Cash and cash equivalents at end of period             | <b>18,570,712</b>        | 11,389,328               |



## 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 Company concluded the Q2 development as it delivered a significant number of apartments to their owners. In addition, the Company has obtained approval of the Manoel Island project's Environmental Impact Assessment from the Environmental Resources Authority and is envisaging that the outline development permit for Manoel Island is obtained from the Planning Authority later on this year.

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 2018 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 2017, 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 2017, as described in those financial statements.

#### *Standards, interpretations and amendments to published standards effective in 2018*

In 2018, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2018. The adoption of these revisions to the requirements of IFRSs as adopted by the EU, with the exception of IFRS 9 and IFRS 15, as further explained below, did not result in changes to the Group's accounting policies impacting the Group's financial performance and position.

IFRS 9, which became effective for accounting periods commencing on 1 January 2018, addresses the classification and measurement of financial assets, and replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through Other Comprehensive Income ('OCI') and fair value through profit or loss. Classification under IFRS 9 is driven by the reporting entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Furthermore, there is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9, also addresses the classification and measurement of financial liabilities, and retains the majority of the requirements in IAS 39 in relation to financial liabilities.

On the basis of an assessment performed by management, the impact of the increase in provisions as a result of the implementation of the expected credit losses model under IFRS 9, was not deemed to be material.

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.

## Notes to the condensed consolidated interim financial information – *continued*

### 2. Basis of preparation - *continued*

#### *Standards, interpretations and amendments to published standards effective in 2018 - continued*

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 became effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to endorsement by the EU.

Management considers that the new standard does not impact the revenue being recognised in these financial statements.

#### *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 2018, namely IFRS 16, 'Leases' amongst other pronouncements. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and with the exception of the below, the 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.

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 recognise 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 15. The Group is assessing the impact of IFRS 16.

#### *Assessment of going concern assumption*

MIDI p.l.c. has registered a consolidated profit for the period amounting to €10,539,331 (2017: loss €1,663,664) during the period-ended 30 June 2018. The Group's total assets exceeded its total liabilities by €97,155,937 (2017: €65,685,334) as at 30 June 2018.

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 2018.

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.

## Notes to the condensed consolidated interim financial information – *continued*

### 2. Basis of preparation - *continued*

#### *Assessment of going concern assumption - continued*

As announced, via announcement “MDI119”, the Company entered into preliminary discussions with Tumas Group Company Limited to explore the possibility of establishing a joint venture with respect to the Manoel Island development. These discussions are at a preliminary stage and may or may not result in a transaction. Any eventual agreement will be subject to the Company’s contractual obligations and any necessary regulatory and shareholder approvals in terms of law.

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:

- 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 now involves the leasing and management of the retail space at Piazza Tigné and the catering units situated at the Foreshore as well as car park operations. In addition SIS services pertaining to HVAC, building technology services, and certain M&E contracted works 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 2018 and 2017 is as follows:

|   | Development and sale of property |             | Property and rental management |           | Group             |           |
|---|----------------------------------|-------------|--------------------------------|-----------|-------------------|-----------|
|   | 2018                             | 2017        | 2018                           | 2017      | 2018              | 2017      |
|   | €                                | €           | €                              | €         | €                 | €         |
| Segment revenue                         | <b>33,639,685</b>                | 184,500     | <b>1,858,160</b>               | 1,682,211 | <b>35,497,845</b> | 1,866,711 |
| Segment results - operating profit/loss | <b>13,408,746</b>                | (1,363,635) | <b>967,786</b>                 | 672,671   | <b>14,376,532</b> | (690,964) |

### 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 2018 and 2017, the weighted average number of shares in issue amounted to 214,159,922.

## Notes to the condensed consolidated interim financial information – *continued*

### 5. Related party transactions

All companies forming part of the respective groups of which Alf. Mizzi & Sons Ltd., Gasan Enterprises 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. and Mr. Mark Andrew Weingard 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, 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 2018, the Group purchased services from related parties for the amount of €43,810 (period ended 30 June 2017: €134,424).

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 €nil (2017: €nil)

#### *ii) Sale of property*

During the interim period under review, no apartment sales to a related party were finalised (period ended 30 June 2017: Nil).

#### *iii) Operating lease arrangements*

The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2018 amounted to €69,554 (period ended 30 June 2017: €67,528).

#### *iv) Sale of Services*

Income from sale of services to related parties during the six-month period ended 30 June 2018 amounted to €157,911 (period ended 30 June 2017: €98,552)

#### *v) Bank loans*

As at 30 June 2018 the Group has banking facilities of €12,999,971 (31 December 2017: €12,999,971) sanctioned by related parties. The interest charged on loans from related parties during the six-month period ended 30 June 2018 amounted to €190,516 (period ended 30 June 2017: €184,062).

#### *vi) Related party loans*

Loans receivable from related parties as at 30 June 2018, amounted to €9,701,000 (31 December 2017: €9,701,000). Interest income earned on these loans during the six-month period ended 30 June 2018 amounted to €204,332 (period ended 30 June 2017: €nil), in line with the contractual agreement.

#### *vii) Deposits with banks*

Outstanding bank deposits placed with related parties as at 30 June 2018 amounted to €6,179,251 (31 December 2017: €5,508,654). The interest income earned on deposits with related parties during the six-month period ended 30 June 2018 amounted to €6,575 (period ended 30 June 2017: €7,415).

## 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<br>bonds held at |                     | Interest payable during<br>the six months ended |                 |
|---|--------------------------------|---------------------|---|-----------------|
|   | <b>30 June<br/>2018</b>        | 31 December<br>2017 | <b>30 June<br/>2018</b>                         | 30 June<br>2017 |
|   | €                              | €                   | €   | €               |
| Other related parties   | <b>261,500</b>                 | 261,500             | <b>9,715</b>                                    | 52,817          |
| Held by related parties as nominees<br>in the ordinary course of their business | <b>2,001,800</b>               | 1,855,800           | <b>74,368</b>                                   | 276,487         |

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:

|   | <b>As at<br/>30 June<br/>2018</b> | As at<br>31 December<br>2017 |
|---|-----------------------------------|------------------------------|
|   | €                                 | €                            |
| Amounts owed to related parties                                     | <b>349,262</b>                    | 400,924                      |
| Amounts owed to joint venture                                       | <b>12,180</b>                     | 19,274                       |
| Outstanding deposits effected under<br>operating lease arrangements | <b>35,000</b>                     | 35,000                       |
| Amounts owed by related parties                                     | <b>184,604</b>                    | 327,321                      |
| Amounts owed by joint venture                                       | <b>97,738</b>                     | 304,199                      |

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 2018 and 31 December 2017 the carrying amounts of other financial instruments, comprising cash at bank, receivables, payables, accrued expenses and short-term borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity.

## Notes to the condensed consolidated interim financial information – *continued*

### 6. Fair values of financial instruments - *continued*

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 €48.3 million as at 30 June 2018 (31 December 2017: €49.8 million) by reference to the original discount rate applied upon completion of the deed adjusted by changes recorded since then at the 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 2018 of the amount due to Government with respect to the purchase of land amounted to €48.3 million (31 December 2017: €49.8 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 2018 was €49.3 million (31 December 2017: €49.2 million). The quoted market price for the euro bond as at 30 June 2018 was 103.80 (31 December 2017: 103.00), 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.

### 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 2018, 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

30 August 2018