MIDI p.l.c.

Condensed Consolidated Interim Financial Information

30 June 2023

Contents

Interim Directors' Report pursuant to Capital Market 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 ("MIDI" or "Company") unaudited consolidated financial information for the six months ended 30 June 2023 prepared in accordance with IAS 34 'Interim Financial Reporting'. The Group includes Midi p.l.c. as the parent entity and its subsidiaries: Tigné Contracting Limited, T14 Investments Limited and Solutions & Infrastructure Services Limited, together "the Group". The Group has an investment in a joint venture entity, Mid Knight Holdings Limited. 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 30 June 2023 ("the Relevant Period"), and their impact on the condensed set of financial statements, together with the prospects of the remaining six months ending 31 December 2023.

During the Relevant Period, the MIDI Group has posted a loss after tax of €1.1 million (June 2022: loss after tax of €0.5 million).

The Company's development and sale of property segment is the principal driver of the Group's financial results. As previously announced, MIDI had launched to the market the apartments from its final residential development at Tigné Point (known as Q3 – Fortress Gardens) in February of this year. This launch has been very successful and currently 75% of these apartments are subject to a promise of sale agreement. Notwithstanding this, in terms of the Company's accounting policies, the sale of these residential units will only be accounted for once the final deeds of sale are entered into with the respective buyers. Given that the Group's financial results are very dependent on the contribution generated from the sale of property, the lack of revenues recognised from this business segment invariably impacts the Group's overall financial performance. Since the Company had no other property for sale, revenues generated from the sale of property during the Relevant Period were limited to €38k (2022: €27k) resulting in an operating loss of €687k (2022: operating loss: €321k) on this segment.

With regards to the property and rental management segment, rental revenues were marginally less when compared to the same revenues for 2022 (2023: €1.41 million vs 2022: €1.50 million). Nonetheless, profitability for the Relevant Period was higher than that recorded for 2022 (2023: €169k vs 2022: €158k). This segment includes the Group's rental operations of its Pjazza retail outlets and foreshore restaurants, car parking operations, operator concession fees earned from the Manoel Island Yacht Marina and the operating activities undertaken by Solutions and Infrastructure Services Limited ("SIS").

With regards to SIS, the Company had announced in December 2022, that as part of a corporate restructuring exercise, this subsidiary will be amalgamated with the Company during 2023, by virtue of a merger by acquisition procedure to be carried out in accordance with the provision of Title II, Chapter III, Part VIII of the Companies Act, 1995. The amalgamation is expected to happen during Q4 of 2023 when the Company, as the acquiring company, shall succeed to all the assets, rights, liabilities and obligations of SIS, which in turn will cease to exist.

Interim Directors' Report pursuant to Capital Market Rule 5.75.2 - *continued*

The Group's results for the Relevant Period also include the Group's 50% share of the financial results of Mid Knight Holdings Limited ("MKH"), a joint venture company which owns and operates 'The Centre' office block located at Tigné Point. The Group's share of MKH's profit for the Relevant Period amounted to €723k (2022: €993k).

Total Group consolidated assets have increased from €231.9 million as at 31 December 2022 to €239.2 million whilst the Group's Net Asset Value decreased from €101.3 million to €100.2 million reflecting the loss being posted for the Relevant Period. Consequently, the Net Asset Value per share now stands at €0.468 (€0.473 as at 31 December 2022).

Works on the Q3 – Fortress Gardens residential development continue to progress in line with projected timelines and civil works are now practically complete. Both finishing and façade works contracts have been awarded and both contractors initiated onsite mobilisation. It is expected that these works will be completed during the second half of 2025 following which the finished apartments will be delivered to their prospective owners.

The development of Manoel Island continues to play a prominent part in the Group's activities. Discussions with Government are ongoing with regards to the specific remedies available in the Deed of Emphyteusis entered into on 15 June 2000 which will help to mitigate, in part, the impact of the reduction of development volumes as a consequence of the discovery of archaeological remains on the Manoel Island site. The discovery of such remains necessitated a revision to the Manoel Island masterplan which resulted in a reduction of development volumes from 127,000sqm to 95,000sqm.

As previously announced, the Planning Authority ("PA") has approved the Outline Permit for the revised Manoel Island Masterplan on 16 September 2021. This had followed the approval of the Environmental Impact Assessment ("EIA") by the Environmental and Resources Authority ("ERA"). Although the Outline Permit was not subject to appeal itself, the decision by ERA to approve the EIA had been appealed by third parties. On the 10 January 2023, the Environment and Planning Review Tribunal advised that the third party's appeal had been rejected. Following this, the Malta Court of Appeal also rejected the third party's appeal on 10 May 2023. As a result of these decisions, both the EIA and the Outline Development Permit are now confirmed.

Following the signing of a non-binding memorandum of understanding with AC Enterprises Limited (C49755) in December 2021 the Company has continued with intensive negotiations and discussions with the party in question with a view to explore the possibility of establishing a joint venture with regards to the Manoel Island development. No transaction has been concluded yet.

In parallel to the ongoing separate discussions with Government and AC Enterprises Limited, the detailed design process has continued in earnest and the full development application for the Manoel Island development was submitted to the PA in December 2022. In addition, site preparatory works have commenced on the Manoel Island site.

With respect to the second half of 2023, a similar financial performance is expected to the one being reported for the Relevant Period. The Company will have to rely on its property rental and management segment for revenue and contribution generation for the second half of 2023 given that it will be unable to record both the sale and resultant contribution of Q3-Fortress Gardens apartments until such time that these apartments are delivered to their prospective owners.

Interim Directors' Report pursuant to Capital Market Rule 5.75.2 - *continued*

It is also important to note that projected returns from its current projects, i.e., that of the Q3 residential project and the Manoel Island development, are not expected to accrue in the medium term. In view of this, the Group continues to adopt a prudent approach in its projected cashflow assessments. Based on these assessments, the directors believe that the Group will have sufficient liquidity and financial resources to meet all its obligations and expected outflows after considering the arrangements which are in place with its bankers in respect of sanctioned bank facilities.

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 2023 have been disclosed in Note 7 to the Condensed Consolidated Interim Financial Information.

On behalf of the Board

Alec A. Mizzi	Joseph A. Gasan
Chairman	Director

30 August 2023

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

Condensed consolidated statement of financial position

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
ASSETS	**€**	€
Non-current assets		
Property, plant and equipment	**2,000,278**	2,025,599
Right-of-use assets	**12,410,959**	12,484,702
Investment property	**36,231,697**	36,231,697
Investments in joint venture	**32,651,713**	31,929,111
Financial investments	**447,645**	447,182
Deferred tax assets	**56,600**	56,600
Total non-current assets	**83,798,892**	83,174,891
Current assets		
Inventories - Development project	**145,526,757**	140,570,955
Other current assets	**9,825,220**	8,104,459
Total current assets	**155,351,977**	148,675,414
Total assets	**239,150,869**	231,850,305
EQUITY		
Capital and reserves	**100,170,180**	101,274,758
LIABILITIES		
Non-current liabilities		
Trade and other payables	**13,422,721**	175,625
Borrowings	**59,939,254**	62,667,387
Lease liabilities	**13,920,557**	14,237,956
Deferred tax liabilities	**3,401,718**	3,401,718
Total non-current liabilities	**90,684,250**	80,482,686
Current liabilities		
Trade and other payables	**47,264,803**	48,392,395
Lease liabilities	**632,631**	1,265,262
Current tax liabilities	**399,005**	435,204
Total current liabilities	**48,296,439**	50,092,861
Total liabilities	**138,980,689**	130,575,547
Total equity and liabilities	**239,150,869**	231,850,305

The condensed consolidated interim financial information on pages 4 to 15 was authorised for issue by the Board of Directors on 30 August 2023 and was signed on its behalf by:

Alec A. Mizzi
Chairman

Joseph A. Gasan
Director

Condensed consolidated income statement

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	€	€
Revenue	**1,450,695**	1,524,259
Gross profit	**931,345**	1,030,928
Administrative Expenses (Refer to Note 3)	(1,385,718)	(1,191,601)
Operating loss	**(517,491)**	(163,079)
Share of profit of investment accounted for using the equity method of accounting	**722,602**	992,849
Net finance costs	**(1,225,460)**	(1,273,082)
Loss before tax	**(1,020,349)**	(443,312)
Tax expense	**(84,691)**	(85,667)
Loss for the period	**(1,105,040)**	(528,979)

Condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	€	€
Loss for the period	**(1,105,040)**	(528,979)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of financial investments measured at fair value through other comprehensive income	**462**	(46,084)
Total comprehensive income for the period	**(1,104,578)**	(575,063)

Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Property revaluation reserve €	Investment fair value reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2023	42,831,984	15,878,784	1,211,132	15,142	1,228,277	40,109,439	101,274,758
Comprehensive income							
Loss for the period	-	-	-	-	-	(1,105,040)	(1,105,040)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss							
Fair valuation of financial investments measured at fair value through other comprehensive income:							
Net changes in fair value arising during the year, before tax	-	-	-	462	-	-	462
Total other comprehensive income	-	-	-	462	-	-	462
Total comprehensive income	-	-	-	462	-	(1,105,040)	(1,104,578)
Balance at 30 June 2023	**42,831,984**	**15,878,784**	**1,211,132**	**15,604**	**1,228,277**	**39,004,399**	**100,170,180**
Balance at 1 January 2022	42,831,984	15,878,784	1,211,132	80,244	-	42,385,388	102,387,532
Comprehensive income							
Profit for the period	-	-	-	-	-	(528,979)	(528,979)
Other comprehensive income:							
Items that may be subsequently reclassified to profit or loss							
Fair valuation of financial investments measured at fair value through other comprehensive income:							
Net changes in fair value arising during the year, before tax	-	-	-	(46,084)	-	-	(46,084)
Total other comprehensive income	-	-	-	(46,084)	-	-	(46,084)
Total comprehensive income	-	-	-	(46,084)	-	(528,979)	(575,063)
Balance at 30 June 2022	**42,831,984**	**15,878,784**	**1,211,132**	**34,160**	-	**41,856,409**	**101,812,469**

Condensed consolidated statement of cash flows

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	€	€
Net cash generated from/(used in) operating activities	**6,986,459**	(963,446)
Net cash used in investing activities	**(53,001)**	(40,473)
Net cash used in financing activities	**(4,279,461)**	(2,939,622)
Net movement in cash and cash equivalents	**2,653,997**	(3,943,541)
Cash and cash equivalents at beginning of period	**5,002,359**	9,750,233
Cash and cash equivalents at end of period	**7,656,356**	5,806,692

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.

The development of Manoel Island is a prominent part of the Group's activities. Due to the discovery of archaeological finds on the Manoel Island site, the Company had to revise its Manoel Island masterplan which resulted in a reduction of development volumes from the previously approved volumes of 127,000sqm to 95,000sqm.

The Planning Authority approved the Outline Development Permit for the revised Manoel Island Masterplan on 16 September 2021. Following the decision by the Malta Court of Appeal on the 10 May 2023, the Outline Development Permit is now confirmed.

The detailed design process is continuing in earnest following the submission of the full development application for the Manoel Island development to the Planning Authority in December 2022. In addition, site preparatory works have commenced on the Manoel Island site.

The last phase of the Tigné Point residential development known as Q3 – Fortress Gardens, which is comprised of 63 apartments and underground car parking and landscaping of the surrounding areas including the Garden Battery, is moving ahead according to the projected timelines. Civil works are now complete with finishing and façade works about to commence shortly. The Company launched these apartments to the market in February 2023 and presently 75% of these apartments are subject to a promise of sale agreement.

2. Basis of preparation

The condensed consolidated interim financial information includes the Financial Statements of MIDI p.l.c., its subsidiaries and the share of results of its joint venture. The condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The interim financial information should be read in conjunction with the Annual Report and Consolidated Financial Statements for the year ended 31 December 2022, 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 Report and Consolidated Financial Statements for the year ended 31 December 2022, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Group adopted new amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in any changes to the Group's accounting policies impacting the Group's financial performance and position.

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

Certain new standards and amendments 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 2023. The Group has not early adopted any of these amendments.

The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Group's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated loss for the period amounting to €1,105,040 (2022: loss €528,979) during the period ended 30 June 2023. The Group's total assets exceeded its total liabilities by €100,170,180 as at 30 June 2023 (2022: €101,274,758). The Group has reviewed its financing arrangements to ensure that it is in a position to meet its operational and cash flow commitments in business as usual circumstances throughout the twelve-month period subsequent to 30 June 2023. In this regard it had previously secured new banking facilities with local banks which are currently being utilised (i) to finance in part ongoing operational expenditure and (ii) to finance the development of the Q3 residential block.

As previously announced, MIDI had launched to the market the apartments from its final residential development at Tigné Point (known as Q3 – Fortress Gardens) in February of this year. This launch has been very successful and currently 75% of these apartments are subject to a promise of sale agreement. Notwithstanding this, in terms of the Company's accounting policies, the sale of these residential units will only be accounted for once the final deeds of sale are entered into with the respective buyers. Given that the Group's financial results are very dependent on the contribution generated from the sale of property, the lack of revenues recognised from this business segment invariably impacts on the Group's overall financial performance. Since the Company has had no other property for sale, revenues generated from the sale of property during the Relevant Period were rather limited, which has in turn impacted the overall financial performance of the Group.

The development of Manoel Island continues to play a prominent part in the Group's activities. Discussions with Government are ongoing with regards to the specific remedies available in the Deed of Emphyteusis entered into on 15 June 2000 which will help to mitigate in part the impact of the reduction of development volumes resulting from the discovery of archaeological finds on the Manoel Island site. The discovery of these finds had necessitated a revision to the Manoel Island masterplan which resulted in a reduction of development volumes from 127,000 sqm to 95,000 sqm.

Following the signing of a non-binding memorandum of understanding with AC Enterprises Limited (C49755) in December 2021 to explore the possibility of establishing a joint venture with regards to the Manoel Island development, the Company has continued with intensive negotiations and discussions with the party in question but as yet no transaction has been concluded. In parallel to the ongoing separate discussions with Government and AC Enterprises Limited, the detailed design process has continued in earnest and the full development application for the Manoel Island development was submitted to the Planning Authority ("PA") in December 2022. Following the decision by the Malta Court of Appeal on the 10 May 2023, where the third party's appeal was rejected, the Outline Development Permit is now confirmed.

Development works on the aforementioned Q3 – Fortress Gardens residential development continue to progress in line with projected timelines and are expected to be completed during the second half of 2025 following which the finished apartments will be delivered to their prospective owners.

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

2. Basis of preparation – *continued*

Assessment of going concern assumption - continued

The Company is cognisant of the fact that the returns of its main projects, i.e., that of the Q3 – Fortress Gardens residential development and the Manoel Island development, are not expected to accrue in the short term. In view of this, the Group continues to adopt a prudent approach in its projected cashflow assessments. Based on these assessments, the Group has sufficient liquidity and financial resources to meet all its obligations and expected outflows after considering arrangements with its bankers in respect of sanctioned bank facilities.

In view of the aforementioned projects, the Company continues to assess its liquidity and capital management programmes by i) monitoring the feasibility of the respective projects based on net cashflows that take into consideration both income streams and project outflows; ii) reviewing the sustainability of the carrying amount of assets allocated to the respective projects; and iii) assessing the appropriate funding mix to be applied to each project.

The review highlighted above has not given rise to potential indications of impairment of carrying amount of inventories attributable to i) the remaining development at Tigné Point; and ii) the overall Manoel Island project. No heightened risk factors have been identified in respect of the latter notwithstanding the judgmental nature of the review process.

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 emphyteutical deed entered into by the Group with Government earmarked the 31 March 2023 as the date by which the entire development had to be substantially completed. Nonetheless, the same emphyteutical deed provides for extension to the completion date in the eventuality of delays which result from events or circumstances outside the Group's control. In the course of the development project of Manoel Island and Tigné Point, the Group underwent a number of delays associated with the issue of building permits and encountered site related conditions which were not foreseen at the point in time when the emphyteutical concession was granted. In the light of these circumstances and the contractual obligations emanating from the deed, the Group is currently actively engaged in discussions on this matter with the Government of Malta and on the basis of the ongoing discussions the Board is confident that an outcome which will enable the successful completion of the project will be achieved.

During the first six months of 2023 the levels of economic uncertainty continued to be influenced by the geopolitical developments driven by the military conflict between Russia and Ukraine which occurred on the back of pressures which were already being experienced in supply chain disruptions. These new conditions triggered new spiraling inflationary pressures across the world and pushed central banks to increase interest rates to manage demand with a view curb inflation. During the first quarter of 2023, the international financial sector was hit by a number of adverse developments in the banking industry which compounded the levels of economic uncertainty.

In the light of the above, the Group continues to monitor its cash flow projections, which have been updated to 30 June 2024 and further beyond, to assess the effect of the unfolding economic developments on its operations. Based on the outcome of these cash flow projections the Directors and senior management consider the going concern assumption in the preparation of the Company's consolidated financial statements as appropriate as at the date of authorisation for issue of these interim condensed financial statements for the period ended 30 June 2023. 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

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

2. Basis of preparation – *continued*

Assessment of going concern assumption – continued

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 Tigné Point and Manoel Island project; and
b) property rental and management, which includes the leasing and management of retail space at Pjazza Tigné and the catering units situated at the foreshore, berthing fees as well as car park operations. It also includes services pertaining to HVAC and building technology.

The Board of Directors assesses the performance of the segments on the basis of segment operating results, before financing costs and tax impact. The table below illustrates the financial information for the reportable segments in relation to the six-month periods ended 30 June 2023 and 2022.

	Development and sale of property		**Property and rental management**		**Group**	
	2023	2022	**2023**	2022	**2023**	2022
	€	€	**€**	€	**€**	€
Segment revenue	**38,000**	27,000	**1,412,695**	1,497,259	**1,450,695**	1,524,259
Segment results - operating (loss)/profit	**(686,707)**	(321,095)	**169,216**	158,016	**(517,491)**	(163,079)
Segment total assets	**157,637,366**	152,654,044	**40,701,189**	41,817,609	**198,338,555**	194,471,653
Segment total liabilities	**108,414,557**	103,130,170	**30,566,132**	27,445,377	**138,980,689**	130,575,547

The results attributable to the development and sale of property segment are mainly impacted by (i) the expensing of certain overheads which are no longer reflected within the carrying amount of inventories, (ii) increased marketing expenditure linked to the Q3 – Fortress Gardens residential development at Tigné Point and (iii) one-off repairs and maintenance expenditure.

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

3. Segment information - *continued*

A reconciliation of segment total assets and liabilities, to the amounts presented in the consolidated financial statements, is as follows:

	Group	
	2023	2022
	€	€
Total assets		
Total assets for reportable segments	**198,338,555**	194,471,653
Unallocated items	**40,812,314**	37,378,652
Consolidated total assets	**239,150,869**	231,850,305
Total liabilities		
Total liabilities for reportable segments	**138,980,689**	130,575,547
Unallocated items	**-**	-
Consolidated total assets	**138,980,689**	130,575,547

The Group's revenues are derived from operations carried out principally in Malta. Considering the nature of the Group's activities, its non-current assets are predominantly located in Malta.

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 2023 and 2022, the weighted average number of shares in issue amounted to 214,159,922.

5. Trade and other payables

The current portion of trade and other payables as at 30 June 2023 includes amounts due to Government amounting to €40,616,535 (31 December 2022: €40,511,821), in relation to the purchase of land which have been determined on the basis of the contracted terms of emphyteutical grant entered into on 15 June 2000. This portion is contractually deemed as current on the basis of the arrangement, but no outflow is expected during the next 12 months ending 30 June 2024 in view of ongoing discussions with the Government and the potential implications of the developments.

The amount due to Government in relation to the purchase of land includes:

(a) an amount, originally contracted at €11.65 million, which is being satisfied through the performance of restoration works on major historical sites forming part of the project;
(b) an amount, originally contracted at €20.96 million, which is being satisfied through the construction of all the public infrastructure works required at Manoel Island and Tigné Point;
(c) the balance which is being settled in cash.

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

6. Borrowings

	As at 30 June 2023 (unaudited)			As at 31 December 2022 (audited)		
	Current	Non-current	**Total**	Current	Non-current	**Total**
	€	€	**€**	€	€	**€**
Bank loans	-	10,222,757	**10,222,757**	-	12,996,863	**12,996,863**
500,000 4% Secured Euro Bonds 2026	-	49,716,497	**49,716,497**	-	49,670,524	**49,670,524**
Total borrowings	-	59,939,254	**59,939,254**	-	62,667,387	**62,667,387**

7. Related party transactions

All companies forming part of the respective groups of companies of which Alf. Mizzi & Sons Limited, 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 that the companies and persons referred to have 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 2023, the Group purchased services from related parties for the amount of €131,935 (period ended 30 June 2022: €45,241).

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 €1,407,998 (31 December 2022: €1,407,998).

ii) Operating lease arrangements
The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2023 amounted to €79,210 (period ended 30 June 2022: €77,640).

iii) Sale of services
Income from sale of services to related parties during the six-month period ended 30 June 2023 amounted to €132,651 (period ended 30 June 2022: €162,167).

iv) Bank loans
As at 30 June 2023 the Group has banking facilities of €10,222,759 (31 December 2022: €8,999,975) owed to related parties. The interest charged on loans from related parties during the six-month period ended 30 June 2023 amounted to €138,307 (period ended 30 June 2022: €73,442).

v) Deposits with banks
Bank deposits placed with related parties as at 30 June 2023 amounted to €765,744 (31 December 2022: €970,561). The interest income earned on deposits with related parties during the six-month period ended 30 June 2023 amounted to nil (period ended 30 June 2022: €4,446).

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

7. Related party transactions - *continued*

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

	Face value of bonds held at		**Interest payable during the six months ended**	
	30 June 2023	31 December 2022	**30 June 2023**	30 June 2022
	€	€	**€**	€
Held by related parties in own name	**261,500**	261,500	**5,230**	5,230

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 2023	As at 31 December 2022
	€	€
Amounts owed to related parties	**46,216**	12,021
Outstanding deposits effected under operating lease arrangements	**35,000**	35,000
Amounts owed by related parties	**34,748**	99,244
Amounts owed by joint venture	**1,198,103**	1,677,481

The directors are considered to be the Group's key management personnel and transactions with these related parties consist solely of directors' remuneration which amounted to €53,552 (2022: €30,697).

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 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.

8. Fair values of financial instruments

At 30 June 2023 and 31 December 2022 the carrying amounts of specific 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.

The carrying amount of the 4% Secured Euro Bonds 2026 as at 30 June 2023 was €49.7 million (31 December 2022: €49.7 million). The quoted market price for the bonds as at 30 June 2023 was 99.80 (31 December 22: 100.00), 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 other principal 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*

8. 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 by reference to the original discount rate applied upon completion of the deed adjusted by changes recorded since then by 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 2023 of the amount due to Government with respect to the purchase of land amounted to €39.4 million (31 December 2022: €38.6 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 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 Capital Market 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 2023, 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 2023