Company Announcement

The following is a Company Announcement issued by MIDI p.l.c. ("MIDI" or the "Company") pursuant to the Capital Markets Rules issued by the MFSA.

Quote

Approval of Interim Financial Statements

The Board of Directors of the Company has today considered and approved the Company's unaudited interim financial statements for the six months ended 30 June 2021.

These interim financial statements are attached to this Company Announcement and are also available for viewing at the registered office of the Company and on the Company's website http://www.midimalta.com/en/interim-reports.

Unquote

Catherine Formosa

Catherine Formosa
Company Secretary

30 August 2021

MIDI p.l.c.

Condensed Consolidated Interim Financial Information

30 June 2021

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 ("MIDI" or "Company") unaudited consolidated financial information for the six months ended 30 June 2021 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 30 June 2021 ("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 2021.

Although the MIDI Group has registered a profit after tax of €962k (2020: loss of €1.1m) during the Relevant Period, these results have been in part impacted by COVID-19 pandemic as MIDI continued supporting the tenants of its commercial properties and its car park operator by way of rent concessions albeit not to the same extent as in 2020.

The positive results are in the main driven by the sale of two apartments out of the three apartments in the Q2 residential development which were part of the inventory at the beginning of the year. Revenues generated from the sale of these apartments amounted to €5.4 million (2020: NIL) resulting in an operating profit of €1.3 million (2020: operating loss of €1.2m) for the development and sale of property segment.

With regards to the property and rental management segment, revenues remain subdued at €1.2 million (2020: €1.1m) mainly due to the rent concessions granted to the Company's commercial property's tenants in order to mitigate the tenants' cashflow challenges created by the measures taken by the Authorities to limit the spread of the COVID-19 pandemic. Operating profit for this segment amounted to €588k (2020: €510k).

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 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 €994k (2020: €991k).

Total assets have increased marginally from €227.6m as at 31 December 2020 to €227.9m whilst the Group's Net Asset Value increased from €101.8m to €102.8 million reflecting the profit being posted for the Relevant Period. Consequently, the Net Asset Value per share now stands at €0.480 (€0.476 as at 31 December 2020).

The Company's focus continues to be on the development of Manoel Island. As announced on 18 February 2021 via company announcement MDI157, MIDI submitted a revised Masterplan for the Restoration and Redevelopment to the Planning Authority and a fresh Environmental Impact Assessment ("EIA") to the Environmental and Resources Authority ("ERA"). This was necessitated following additional site investigations, carried out by the Company under the supervision of an independent archaeologist approved by the Superintendence of Cultural Heritage, which uncovered archaeological findings on part of the site which was previously earmarked for development. Consequently, the revised Masterplan envisages a reduction in development volumes from the previously approved volumes of 127,000 sqm to 95,000 sqm.

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

Although the reduction of development volumes impacts the overall profitability of the project, this impact is mitigated to some extent by provisions in the Deed of Emphyteusis entered with Government on 15 June 2000 which provides for specific remedies in the event that the development is impacted by archaeological findings. The Group is currently pursuing the matter with Government.

The EIA for the reduced Manoel Island Masterplan has been approved by ERA on 4 June 2021. This decision has now been appealed by the NGO *Flimkien Għal Ambjent Aħjar*. The PA public hearing for this revised Masterplan is scheduled for 2 September 2021.

In addition to the Manoel Island project, the Company has also been working on its final development at Tigné Point known as the Q3 Residential Block. This residential block will consist of 63 apartments and underground car parking. A full development permit was granted by the PA on the 16 April 2020 which also includes the landscaping, paving and embellishment of the Garden Battery and adjoining areas. This permit is now subject to an appeal which was lodged by the *Fort Cambridge Residents Association*. Notwithstanding this, the Company has continued with both the design and procurement processes of the development, in order to be in a position to commence works immediately, should the appeal be decided in the Company's favour.

Given the fact that the Company has only one property in its inventory for sale, the projected financial performance for the second half of the year will be inferior when compared to that of the first six months of 2021 . The Group's financial results are mainly driven by the sale of property and given the limited potential revenues available from sale of property for the rest of 2021, the Group anticipates a subdued financial result for 2021. As the Maltese economy returns to a greater state of normality, the Group continues to monitor its cash flow projections to assess the pandemic's lingering effect on the Group's operations. Whilst adopting a prudent approach in its projected cash flow assessments, the Group expects to have sufficient liquidity and financial resources to meet its obligations and expected cash outflows after also taking into account arrangements with its bankers in respect of new and existing bank facilities as noted in the *Assessment of going concern assumption* in note 2 of these Condensed Consolidated Interim Financial Statements.

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 2021 have been disclosed in Note 6 to the Condensed Consolidated Interim Financial Information.

On behalf of the Board

Alec A. Mizzi	Joseph A. Gasan
Chairman	Director

30 August 2021

Company Secretary: Catherine Formosa
Registered Office: North Shore, Manoel Island, Gżira, Malta
Telephone Number: (+356) 2065 5500
Company Registration Nº: C 15836

Condensed consolidated statement of financial position

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
ASSETS	**€**	€
Non-current assets		
Property, plant and equipment	**2,323,351**	2,428,964
Right-of-use assets	**12,890,203**	12,963,948
Investment property	**37,077,612**	37,077,612
Investments in joint ventures	**30,896,748**	29,903,027
Financial investments	**514,491**	524,622
Deferred tax assets	**-**	92,320
Total non-current assets	**83,702,405**	82,990,493
Current assets		
Inventories - Development project	**129,807,267**	130,286,794
Other current assets	**14,413,299**	14,372,088
Total current assets	**144,220,566**	144,658,882
Total assets	**227,922,971**	227,649,375
EQUITY		
Capital and reserves	**102,793,758**	101,842,250
LIABILITIES		
Non-current liabilities		
Trade and other payables	**4,746,791**	10,091,942
Borrowings	**49,532,604**	49,486,630
Lease liabilities	**13,274,075**	13,383,383
Deferred tax liabilities	**3,506,718**	3,506,718
Total non-current liabilities	**71,060,188**	76,468,673
Current liabilities		
Trade and other payables	**42,694,301**	38,705,850
Borrowings	**9,999,971**	9,999,971
Lease liabilities	**1,265,261**	632,631
Current tax liabilities	**109,492**	-
Total current liabilities	**54,069,025**	49,338,452
Total liabilities	**125,129,213**	125,807,125
Total equity and liabilities	**227,922,971**	227,649,375

The condensed consolidated interim financial information on pages 3 to 12 was authorised for issue by the board of directors on 30 August 2021 and was signed on its behalf by:

Alec A. Mizzi
Chairman

Joseph A. Gasan
Director

Condensed consolidated income statement

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	€	€
Revenue	**6,628,855**	1,068,815
Gross profit	**3,004,344**	542,261
Operating profit/(loss)	**1,895,517**	(722,939)
Share of profit of investment accounted for using the equity method of accounting	**993,721**	991,312
Net finance costs	**(1,260,067)**	(1,149,390)
Profit/(loss) before tax	**1,629,171**	(881,017)
Tax expense	**(667,531)**	(169,761)
Profit/(loss) for the period	**961,640**	(1,050,778)
Earnings per share	**0.004**	(0.005)

Condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	€	€
Profit/(loss) for the period	**961,640**	(1,050,778)
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	**(10,132)**	(15,421)
Total comprehensive income for the period	**951,508**	(1,066,199)

Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Property revaluation reserve €	Investment fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2021	42,831,984	15,878,784	1,211,132	92,582	41,827,768	101,842,250
Comprehensive income						
Profit for the period	-	-	-	-	961,640	961,640
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	-	-	-	(10,132)	-	(10,132)
Total other comprehensive income	-	-	-	(10,132)	-	(10,132)
Total comprehensive income	-	-	-	(10,132)	961,640	951,508
Balance at 30 June 2021	**42,831,984**	**15,878,784**	**1,211,132**	**82,450**	**42,789,408**	**102,793,758**
Balance at 1 January 2020	42,831,984	15,878,784	1,211,132	100,340	43,943,493	103,965,733
Comprehensive income						
Loss for the period	-	-	-	-	(1,050,778)	(1,050,778)
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	-	-	-	(15,421)	-	(15,421)
Total other comprehensive income	-	-	-	(15,421)	-	(15,421)
Total comprehensive income	-	-	-	(15,421)	(1,050,778)	(1,066,199)
Balance at 30 June 2020	**42,831,984**	**15,878,784**	**1,211,132**	**84,919**	**42,892,715**	**102,899,534**

Condensed consolidated statement of cash flows

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	€	€
Net cash generated from/(used in) operating activities	**1,723,917**	(2,306,644)
Net cash generated from/(used in) financing activities	**8,964**	10,700
Net movement in cash and cash equivalents	**1,732,881**	(2,295,944)
Cash and cash equivalents at beginning of period	**11,408,027**	21,763,512
Cash and cash equivalents at end of period	**13,140,908**	19,467,568

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 Company's focus continues to be on the development of Manoel Island. As announced on 18 February 2021 via Company Announcement MDI157, MIDI submitted a revised Masterplan for the Restoration and Redevelopment to the Planning Authority and a fresh Environmental Impact Assessment ("EIA") to the Environmental and Resources Authority ("ERA"). This was necessitated following additional site investigations, carried out by the Company and under the supervision of an independent archaeologist approved by the Superintendence of Cultural Heritage, which uncovered archaeological findings on part of the site which was previously earmarked for development. Consequently, the revised Masterplan envisages a reduction in development volumes from the previously approved volumes of 127,000 sqm to 95,000 sqm.

Although the reduction of development volumes impacts the overall profitability of the project, this impact is mitigated to some extent by provisions in the Deed of Emphyteusis entered with Government on 15 June 2000 which provides for specific remedies in the event that the development is impacted by archaeological finds. The Company is currently pursuing the matter with Government.

The EIA has been approved by ERA on 4 June 2021. This decision has now been appealed by the NGO *Flimkien Għal Ambjent Aħjar*. The PA public hearing for this revised Masterplan is scheduled for 2 September 2021.

In addition to the Manoel Island project, the Company has also been working on its final development at Tigné Point known as the Q3 Residential Block. This residential block will consist of 63 apartments and underground car parking. A full development permit was granted by the PA on the 16 April 2020 which also includes the landscaping, paving and embellishment of the Garden Battery and adjoining areas. This permit is now subject to an appeal which was lodged by the *Fort Cambridge Residents Association*. Notwithstanding this, the Company has continued with both the design and procurement processes of the development, in order to be in a position to commence works immediately, should the appeal be decided in the Company's favour.

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 2021 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 2020, 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 2020, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Group adopted new amendments to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2021. 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 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 2021. The Group has not early adopted any of these amendments.

Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated profit for the period amounting to €961,640 (2020: loss €1,050,778) during the period ended 30 June 2021. The Group's total assets exceeded its total liabilities by €102,793,758 (2020: €101,842,250) as at 30 June 2021.

The Relevant Period has been in part effected by the ongoing COVID-19 pandemic and its negative impact on both the local as well as global economies. During the Relevant Period the Company has continued to support its tenants via rent concessions, albeit on a lesser scale when compared to 2020. However no further rent concessions are envisaged for the second half of 2021 as the Maltese economy has started to return to a greater state of normality following the successful vaccination programme in Malta.

Nevertheless, in view of the pandemic, the Company has continued to act prudently by taking all the necessary measures to preserve its cash resources. Management has updated its financial projections for the period ending 30 June 2022 taking cognisance of the pandemic's lingering effect on the projected financial results, cash flows and financial position of the Group. These projections comprise historical financial information up to the date of approval of these financial statements and forecast financial information for the residual period. The forecast financial information is based on prudent assumptions in respect of COVID-19 impacts. Management will continue to adopt a very prudent stance with respect to estimation of the effects of the pandemic on its operations and resultant cash flows. Under these conditions, on the basis of its financial projections, the Group is expected to have sufficient liquidity and financial resources to meet its obligations and expected cash outflows after also taking into consideration the new banking facilities agreed to with the Group's bankers.

As explained in the Director's report, the Group has continued to focus on the Manoel Island project during the first six months of 2021. The Group has been reviewing 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 2021. In this regard it has negotiated new banking facilities with local banks which will be utilised (i) to finance in part ongoing operational expenditure including project expenses related to the Manoel Island project and (ii) to finance the development of the Q3 residential block with the related permit being currently under appeal.

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 phase and to the Manoel Island project as well as the carrying amount of the Group's investment properties. No heightened risk factors have been identified in respect of the latter notwithstanding the judgemental 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.

Based on the outcome of the cash flow projections as referred to above, 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 the June 2021 interim financial statements. In the opinion of the Directors, taking cognisance of the short-term funding arrangements,

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

together with the Group's long-term liquidity and capital management programmes, there is no material uncertainty which may cast significant doubt on the Group's ability to continue operating as a going concern.

3. Segment information

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

a) development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point and Manoel Island project; and
b) property rental and management, which involves the leasing and management of the retail space at Pjazza Tigné and the catering units situated at the Foreshore as well as car park operations. In addition, through one of the Group entities, SIS, services pertaining to HVAC and building technology are offered and are included in this segment.

The Board of Directors assesses the performance of the segments on the basis of segment operating results, before financing costs and tax impact. The financial information for the reportable segments in relation to the six-month periods ended 30 June 2021 and 2020 is as follows:

	Development and sale of property		**Property and rental management**		**Group**	
	2021	2020	**2021**	2020	**2021**	2020
	€	€	**€**	€	**€**	€
Segment revenue	**5,430,000**	-	**1,198,855**	1,068,815	**6,628,855**	1,068,815
Segment results - operating Profit/(Loss)	**1,307,563**	(1,232,995)	**588,033**	510,056	**1,895,596**	(722,939)

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 2021 and 2020, 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 includes amounts due to Government 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 only an outflow of €11,646,866 is expected during the next 12 months ending 30 June 2022 in line with the contracted repayment schedule.

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. 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 2021, the Group purchased services from related parties for the amount of €244,147 (period ended 30 June 2020: €309,087).

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 €1,207,910 (31 December 2020: €1,937,998).

ii) Operating lease arrangements
The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2021 amounted to €25,375 (period ended 30 June 2020: €31,496).

iii) Sale of Services
Income from sale of services to related parties during the six-month period ended 30 June 2021 amounted to €135,738 (period ended 30 June 2020: €127,561).

iv) Bank loans
As at 30 June 2021 the Group has banking facilities of €9,999,971 (31 December 2020: €9,999,971) owed to related parties. The Group has a further sanctioned facility of €16 million which will be utilized to restructure and refinance the Group's lending facilities as well as to finance in part ongoing operational expenditure. The interest charged on loans from related parties during the six-month period ended 30 June 2021 amounted to €94,882 (period ended 30 June 2020: €51,529).

v) Deposits with banks
Outstanding bank deposits placed with related parties as at 30 June 2021 amounted to €10,321,799 (31 December 2020: €7,387,419). The interest income earned on deposits with related parties during the six-month period ended 30 June 2021 amounted to €10,202 (period ended 30 June 2020: €12,639).

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

6. 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 2021	31 December 2020	**30 June 2021**	30 June 2020
	€	€	**€**	€
Held by related parties in own name	**261,500**	261,500	**5,230**	5,216

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 2021	As at 31 December 2020
	€	€
Amounts owed to related parties	**337,916**	380,024
Amounts owed to joint venture	**-**	11,377
Outstanding deposits effected under operating lease arrangements	**35,000**	35,000
Amounts owed by related parties	**29,712**	67,224
Amounts owed by joint venture	**538,953**	1,445,014

The directors are the Group's key management personnel and transactions with these related parties consist solely of directors' remuneration which amounted to €30,365.

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.

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

7. Fair values of financial instruments

At 30 June 2021 and 31 December 2020 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.

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 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 2021 of the amount due to Government with respect to the purchase of land amounted to €41.0 million (31 December 2020: €40.6 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 carrying amount of the 4% Secured Euro Bonds 2026 as at 30 June 2021 was €49.45 million (31 December 2020: €49.50 million). The quoted market price for the euro bond as at 30 June 2021 was 102.00 (31 December 20: 102.50), 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.

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 2021, 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 2021