MIDI

MANOEL ISLAND & TIGNÉ POINT DEVELOPMENT

MIDI P.L.C.

ANNUAL REPORT
2021

MIDI

MANOEL ISLAND & TIGNÉ POINT DEVELOPMENT

CONTENTS

Readers are reminded that the official statutory Annual Financial Report 2021, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on www.midimalta.com. A copy of the Independent auditor's report issued on the official statutory Annual Financial Report 2021, is included within this printed document and comprises the auditor's report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

CHAIRMAN'S MESSAGE

The forthcoming Annual General Meeting of MIDI p.l.c. will be the twelfth one since the Company was listed. During these twelve years, the Group has encountered new and sometimes unexpected challenges and it has had to adapt to changing realities to remain relevant in the business environment it operates in. Following the extraordinary year of 2020, 2021 was also a challenging year as trading conditions remained somewhat disrupted as the effect of the COVID-19 pandemic lingered on both on a human and on an economic level.

The Group has shown resilience in navigating these unchartered waters and to an extent this is evidenced from the improvement of the 2021 financial results when compared to 2020. The operating performance by the Group was closely monitored by management throughout the year as they sought to mitigate ongoing risks and challenges and make the most of any opportunities that arose.

The Group has registered a profit after tax for the year amounting to €0.6 million compared to a loss after tax of €2.1 million registered in 2020. This improvement is principally the result of the delivery of the last remaining apartments, pertaining to the Q2 residential development at Tigné Point, to their owners. In fact, revenues generated from the development and property sale segment amounted to €6.6 million (2020: €0.2 million) whilst the resultant operating profit amounted to €0.7 million compared to an operating loss of €2.2 million registered in 2020.

There was also a marginal improvement in the performance of the rental and management segment as revenues registered in 2021 amounted to €2.8 million compared to €2.6 million generated in 2020. Revenues have not yet returned to pre-pandemic levels as during 2021, the Group continued supporting the tenants of its commercial properties and its car park operator by granting rent concessions to assist in their cashflow challenges brought about by the pandemic. As the Maltese economy started to return to a sense of normality during the second half of 2021, these rent concessions were scaled back and we expect that in 2022, revenues from this segment will be largely in line with contracted lease agreements.

Mid Knight Holdings Limited ("MKH"), a joint venture company owning The Centre office block situated at the heart of the Tigné Point development, continued to register a consistent performance. The Group's 50% share of MKH's profits for 2021 amounted to €2.0 million compared to €1.9 million recorded in 2020. More importantly, the office block continued to be fully tenanted notwithstanding the challenges created by the pandemic.

As in previous years, the Company's principal focus has continued to be on the Manoel Island project. In last year's Annual Report, I had reported that the Company had carried additional site investigations on the Manoel Island site under the supervision of an independent archaeologist approved by the Superintendence of Cultural Heritage, and that these had revealed archaeological finds on part of the site which was previously earmarked for development. This necessitated a revision of the Masterplan which took these findings into consideration. On the 18 February 2021, the Company submitted a revised Masterplan to the Planning Authority ("PA") for its consideration together with a fresh Environmental Impact Assessment ("EIA") to be considered by the Environment Resources Authority ("ERA").

The PA approved the Outline Permit for the revised Masterplan on 16 September 2021. This followed the approval of the updated EIA by ERA on 4 June 2021. Although the Outline Permit is not subject to appeal, the decision by ERA to approve the EIA was appealed by a third party.

> **WE REMAIN FOCUSED ON OUR PRINCIPAL TARGET WHICH IS TO CREATE SHAREHOLDER VALUE FROM THE Q3 RESIDENTIAL DEVELOPMENT AND THE MANOEL ISLAND PROJECT**

The revised Masterplan has been designed to achieve a balance between the landscape and heritage landmarks on Manoel Island, whilst proposing an economically sustainable development that seeks to establish an attractive destination for residents and visitors alike. The Masterplan envisages a reduction in development volumes from the previously approved 127,000sqm. Consequently, the footprint of the new development accounts for 10% of the total footprint of Manoel Island when compared to 26% of the total footprint envisaged in the 1999 Masterplan. This reduction in development complements an increase in open spaces which will total 192,000sqm, of which 175,000sqm will be public open space. We truly believe that the 2021 Masterplan will meet the different and contrasting expectations of the project's stakeholders, be it the Company's shareholders, the Gżira Community, future residents and tenants at Manoel Island and the wider community in general.

As announced by the Company on 20 December 2021, the Company had entered into a non-binding memorandum of understanding with AC Enterprises Limited to explore the possibility of establishing a joint venture for the development of Manoel Island. We have proceeded with ongoing intensive negotiations and discussions. Should an agreement be reached, this will ensure the required funding will be in place to undertake the Manoel Island project. We sincerely believe that this project will be a success story in its own right and will unlock value for shareholders.

In a recent decision, the Environmental and Planning Review Tribunal has confirmed as valid the permit of the Q3 residential development and consequently did not uphold the appeal submitted by a third party. Notwithstanding the appeal, the Company had continued with the design and procurement processes and is now in a position to commence works in the shortest possible time. This will bring to a close all development works at Tigné Point and we are looking forward to delivering another high-quality residential offering as we have done with the previous residential developments.

The Company continues to take a prudent approach to financial management as it has done throughout the course of the pandemic. It is also cognizant of the fact that both the Q3 development and the Manoel Island project are still some way off from delivering their financial returns. Certainly, in the short term the Company will have to rely on its property rental and management segment together with the funding it has secured to provide sufficient funding for its ongoing operations. It is also monitoring the effect of the current geopolitical tensions on commodity pricing including that of building materials which the Company requires for its upcoming developments. Given the status of the Company's projects, current market conditions and continuing uncertainties, the Board of Directors has taken the decision not to declare a dividend for 2021.

Together with my fellow directors, I would like to express our appreciation to our CEO, Mark Portelli, and his management team, as well as to all staff for their commitment and loyalty during the past year. I would also like to take this opportunity to thank my fellow Board members for their continued support and valuable contributions. We remain focused on our principal target which is to create shareholder value from the Q3 residential development and the Manoel Island project. The Board will continue to respond to changes in the market and the wider economy, but we firmly believe that the Company's financial position provides us with the resilience and flexibility to react to changes in the operating environment in 2022 and beyond.

Finally, I would like to thank all MIDI's shareholders, bondholders, clients and other stakeholders for their continued support and confidence in the MIDI Group of Companies.

ALEC A. MIZZI
CHAIRMAN, MIDI P.L.C.

CEO'S REVIEW OF OPERATIONS

The financial year ending 2021 has not been without its challenges. The continuing presence of the COVID-19 pandemic with its effect on both the economic and social aspects of life in general has had an impact on the Company's operations and ultimately financial results, albeit not on the same scale as that of 2020.

In fact, the MIDI Group has posted a profit after tax of €0.6 million for the year ended 31 December 2021. This is a welcome improvement on the financial results for the 2020 financial year when the Group had recorded a loss of €2.1 million.

This marked improvement is in the most part due to the revenues generated from the delivery of the remaining apartments pertaining to the Q2 residential development to their new owners. This is reflected by the fact that revenues generated from the development and sale of property segment of the Company's operation amounted to €6.6 million in 2021 compared to €0.2 million in 2020. This revenue increase cascades down to an overall improved contribution for this segment (2021: profit of €0.7 million vs 2020: loss of €2.2 million). This reflects the significant contribution generated by the sale of the last three remaining apartments which formed part of the Q2 residential block at Tigné Point.

The property rental and management segment of the Group's operations has also recorded a marginal improvement in performance, with revenues increasing from €2.6 million in 2020 to €2.8 million in 2021 and a similar marginal increase in contribution from €1.0 million to €1.2 million. However, these operations were still impacted by the lingering effect of the pandemic and consequently have not yet returned to pre-pandemic levels. During the first half of 2021, the Company continued to provide the tenants of its rental properties and the car park operator with rent concessions in order to mitigate the tenants' cashflow challenges created by the pandemic. During the second half of 2021, such rent concessions were phased out.

As in previous years the Group's results continue to be positively impacted by the financial results of Mid Knight Holdings Limited ("MKH"), a jointly controlled entity which owns and operates The Centre office block at Tigné Point. The Company's share of its 2021 profits amounted to €2.0 million compared to its share of €1.9 million in 2020. It is heartening to record that The Centre has remained fully tenanted even in the face of the challenges brought about by the pandemic. I am also pleased to announce that MKH's development plans for the ground floor have been approved by the Planning Authority ("PA") and a permit has been issued for this development. The ground floor development will comprise of circa 1,300 sqm of new office space and it is envisaged that this new office space will be available for rental by the beginning of 2023.

As in previous years, with most of the development on Tigné Point now concluded, the Company has continued with its efforts to get the development of Manoel Island off the ground. We have certainly encountered challenges along the way. In fact, additional site investigations, carried out by the Company under the supervision of an independent archaeologist approved by the Superintendence of Cultural Heritage, uncovered archaeological findings on part of the Manoel Island site which was previously earmarked for development. This discovery necessitated the redesign of the Manoel Island Masterplan which resulted in a reduction from the previously approved volumes of 127,000sqm and an increase in the open spaces which will total 192,000sqm, of which 175,000sqm will be public open space.

> **THIS IMPORTANT DEVELOPMENT IS IN LINE WITH THE COMPANY'S ASPIRATION AND VISION FOR THE MANOEL ISLAND PROJECT TO UNDERTAKE THE DEVELOPMENT JOINTLY WITH A STRATEGIC PARTNER**

The Company announced on the 18 February 2021 that the revised Masterplan was submitted to the PA for its consideration and a fresh Environment Impact Assessment ("EIA") was submitted to the Environment and Resources Authority ("ERA"). The Outline Permit for the revised Masterplan was unanimously approved by the PA on 16 September 2021 as announced by the Company. This followed the approval of the EIA by the ERA on 4 June 2021. Although the Outline Permit is not subject to appeal, the decision by ERA to approve the EIA is subject to an appeal filed by a third party. This appeal will undoubtedly delay the planning process of this development; but as has been reiterated time and time again, the Company continues to be committed to the project.

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

The Company announced on 20 December 2021 that it had entered into a non-binding memorandum of understanding with AC Enterprises Limited (C49755) to explore the possibility of establishing a joint venture for the development of Manoel Island. AC Enterprises is owned by Mr. Anton Camilleri and his family who have a well-established track record in the development of residential and commercial properties. This important development is in line with the Company's aspiration and vision for the Manoel Island project to undertake the development jointly with a strategic partner. Discussions are progressing with AC Enterprises, however, to date no transaction has been concluded. The Company will communicate material updates on these discussions in accordance with regulatory requirements. Any eventual agreement will be subject to the Company's contractual obligations and any necessary shareholder approvals in terms of law.

Notwithstanding the current appeal, the detailed design process for Manoel Island is progressing in earnest and it is expected that the full development application for this development will be submitted to the PA towards the latter part of 2022.

In addition to the Manoel Island project, the Company has also been working on the final development at Tigné Point known as the Q3 residential block. The Q3 residential block will consist of 63 apartments and an underground car park. Included in this development is the landscaping, paving and embellishment of the Garden Battery and adjoining areas. Although the full development permit was granted by the PA on 16 April 2020, this permit was subject to an appeal filed by a third party. On 5 April 2022, the Environmental and Planning Review Tribunal did not uphold the appeal and confirmed as valid the permit granted by the PA. In the intervening period of the appeal, the Company had continued with both the design and procurement processes for this development. This has enabled the Company to be in a position to commence civil works immediately and in fact the selected civil works contractor is currently mobilizing on the Q3 site. It is envisaged that this development will take the best part of four years to be completed. The launch of these apartments is expected to happen during 2023 in a phased manner and profits generated from the sale of these apartments will be recorded in the Group's Financial Statements once these are delivered to their new owners.

REVENUES & OPERATING RESULTS

The Group generated €9.4 million in revenues during 2021 compared to €2.8 million generated in the previous year. The principal reason for the significant increase in revenues is due to the delivery of the final apartments of the Q2 residential block to their new owners as aforementioned. The effect of this increase in revenues is reflected throughout the Group's Income Statement. In fact, the Group's gross profit for the year amounted to €4.4 million, compared to €1.1 million in 2020. After deducting administrative expenses, the Group has posted an operating profit amounting to €1.9 million compared to an operating loss of €1.2 million recorded in 2020.

INCOME STATEMENT

The Income Statement for the Group is summarised below:

	2021	2020
	€	€
Revenue	**9,417,263**	2,816,048
Cost of sales	**(5,052,238)**	(1,727,374)
Gross profit	**4,365,025**	1,088,674
Other operating income	**46,382**	60,009
Administrative expenses	**(2,547,036)**	(2,371,816)
Operating Profit/(loss)	**1,864,371**	(1,223,133)
Finance income	**31,725**	25,530
Finance costs	**(2,478,066)**	(2,336,358)
Other income	**50,000**	50,000
Share of profit of joint venture	**2,031,297**	1,893,129
Profit/(loss) before tax	**1,499,327**	(1,590,832)
Tax expense	**(941,707)**	(524,893)
Profit/(loss) for the year	**557,620**	(2,115,725)

ADMINISTRATIVE EXPENSES AND FINANCE COSTS

Group administrative expenses for the year have marginally increased from €2.4 million to €2.5 million. The cost incurred in 2021 of the majority of the individual administrative expenses is in line with that of 2020. In fact, the marginal increase is mostly due to the fact that, in 2020, there was a reversal of a provision of doubtful debt in the financials of MIDI's subsidiary, Solutions and Infrastructure Services Limited ("SIS") which was not repeated in this year's financials. The 2020 reversal amounted to €106k.

Finance costs were higher in 2021 when compared to 2020 (€2.5 million vs €2.3 million) with the main finance cost being the interest payable on the 4% bond issued by the Company in 2016, which amounts to €2.0 million per year.

BALANCE SHEET REVIEW

The Group's total assets have decreased from €227.6 million to €225.7 million as at 31 December 2021. The major asset remains inventory, which consists of land held for development and work in progress, which has increased marginally from €130.3 million to €130.7 million. This increase is attributable to the expenditure incurred on the ongoing work on the revised Masterplan for Manoel Island and to a lesser extent to the design works ongoing on the Q3 residential block. This increase is partly offset by the transfer of the cost of inventory pertaining to the Q2 apartments sold during 2021 to cost of sales in the Income Statement. Group assets also include investment properties valued at €37.3 million, the Group's investment in MKH (2021: €30.3 million vs 2020: €29.9 million) and cash equivalents amounting to €9.8 million (2020: €11.5 million).

The Group's Net Asset Value ("NAV") has increased marginally from €101.8 million to €102.4 million, equivalent to a NAV per share of €0.478 (2020: €0.476). There was no change in the level of Group borrowings, although total liabilities have decreased from €125.8 million to €123.3 million, principally due to a reduction in non-current trade and other payables. The gearing ratio as at 31 December 2021 stood at 32.6% compared to 31.9% as at 31 December 2020.

LOOKING FORWARD

We expect that 2022 will have its own challenges. Although the disruption caused by the pandemic has somewhat abated, the economy has not yet returned to pre-pandemic levels. In addition, the geopolitical tensions that have erupted over the past few months could potentially hold back the recovery of the economy in general. In fact, we have already seen an increase in prices of commodities including building materials which the Company will need to procure to continue with its developments. We expect that the longer these geopolitical tensions continue, the more pronounced such price increases will become.

In addition, we are cognizant of the fact that MIDI is at a stage where it has no inventory of properties for sale. As explained earlier, the Company is about to embark on the Q3 residential development which will take around four years to complete. Although the plan is to launch these apartments for sale sometime during 2023, MIDI will only be able to record the revenue from the sale of these apartments together with the generated contribution once these apartments are delivered to their future owners.

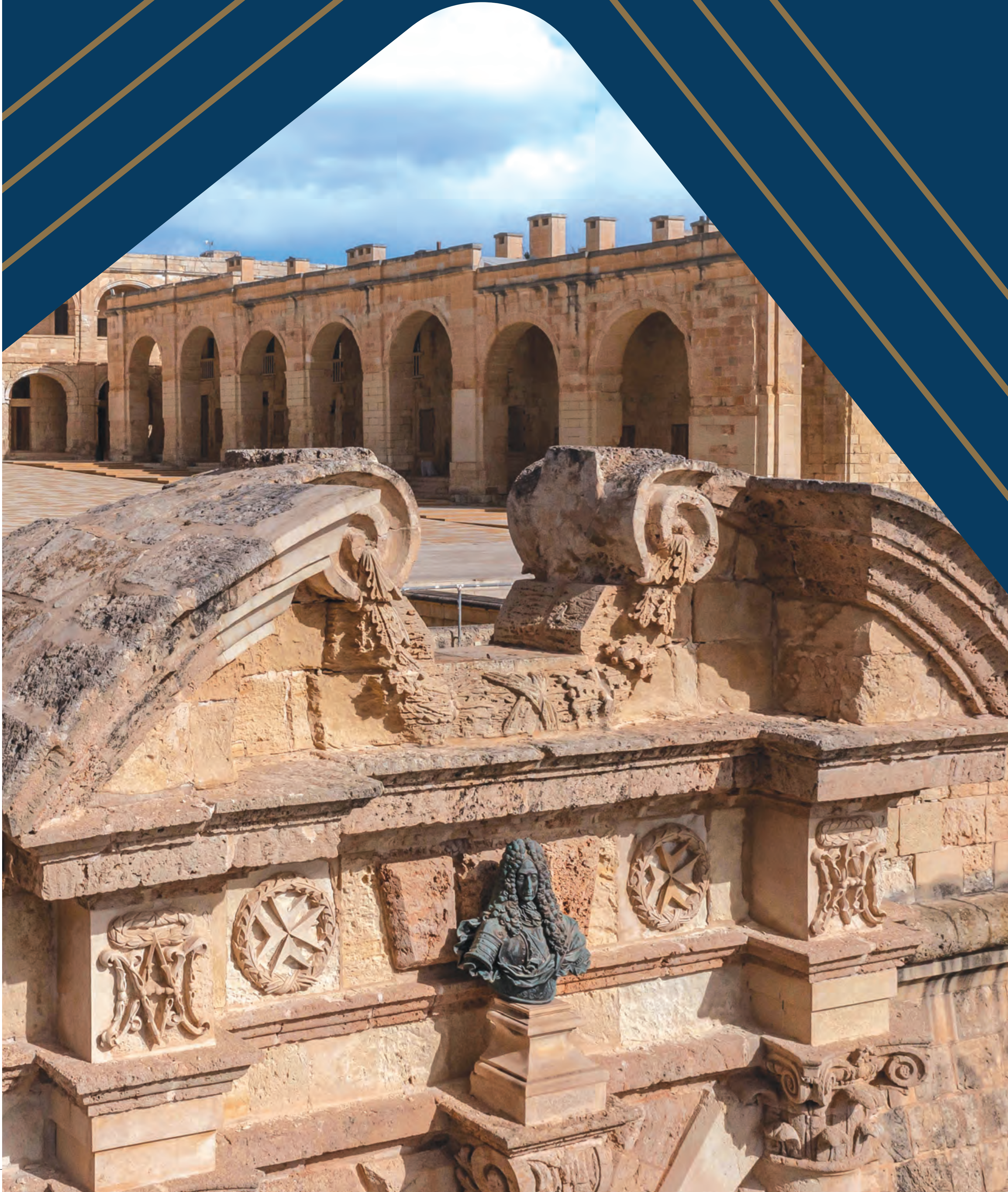
Similarly, the Manoel Island project is not expected to commence prior to the end of 2023 and as the plan is to undertake this project through a joint venture company, the projected returns are not expected to accrue in the short term.

In view of the above, the Group continues to adopt a prudent approach in its projected cash flow assessments. Based on these assessments the Group expects to have sufficient liquidity and financial resources to meet all its obligations and expected cash outflows over the coming years after taking into account arrangements with its bankers in respect of sanctioned bank facilities.

Finally, I would like to thank the Senior Management team and Group employees for all their continued hard work and support. I would also like to take this opportunity to thank my Chairman, Dr. Alec A. Mizzi, and the Board of Directors, for their unreserved support.

MARK PORTELLI
CHIEF EXECUTIVE OFFICER, MIDI P.L.C.

DIRECTORS' REPORT



DIRECTORS' REPORT

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The MIDI Group (the "Group") comprises MIDI p.l.c. ("MIDI" or the "Company") and three subsidiaries, Tigné Contracting Limited, T14 Investments Limited and Solutions & Infrastructure Services Limited. The Company also holds a 50% share in Mid Knight Holdings Limited through its subsidiary T14 Investments Limited.

The principal activity of the Group and the Company is the development of the Manoel Island and the Tigné Point project.

REVIEW OF THE BUSINESS

The Group has registered a profit after tax of €0.6 million for the financial year ended 31 December 2021 compared to a loss after tax of €2.1 million registered during the financial year ended 31 December 2020.

Notwithstanding the profit before tax and the overall improvement in performance, the 2021 results continued to be impacted by the COVID-19 pandemic as the Company continued supporting the tenants of its commercial properties and its car park operator by way of concessions, albeit not to the same extent as in 2020.

The improvement in results is mainly driven by the sale of the remaining three apartments in the Q2 residential development which were still in inventory as at 1 January 2021. In fact, revenues from the development and sale of property segment amounted to €6.6 million (2020: €0.2 million) resulting in an operating profit of €0.7 million compared to an operating loss in 2020 amounting to €2.2 million, thus indicating the positive contribution generated from the delivery of these apartments.

Although revenues from the property rental and management segment have increased from €2.6 million in 2020 to €2.8 million in 2021 these remain impacted by the pandemic and have yet not returned to pre-pandemic levels. This uptick in revenues has resulted in an improved operating profit for this segment increasing from €1.0 million in 2020 to €1.2 million in 2021. 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 & Infrastructure Services Limited ("SIS").

Total assets have decreased from €227.6 million as at 31 December 2020 to €225.7 million as at 31 December 2021, while the Net Asset Value has marginally increased from €101.8 million to €102.4 million as at 31 December 2021. Hence the Net Asset Value per share as at year end amounts to €0.478 compared to €0.476 as at 31 December 2020.

The Group's financial results are positively impacted by the financial results of Mid Knight Holdings Limited ("MKH"), a jointly controlled entity accounted for on the basis of the equity method of accounting. The Group's 50% share of MKH profits for 2021 amounts to €2.0 million compared to €1.9 million recorded in the 2020 financial statements. The profits are wholly generated from the rental operations of 'The Centre', an office block situated at Tigné Point.

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 of Manoel Island to the Planning Authority ("PA") 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 127,000sqm to 95,000sqm.

DIRECTORS' REPORT – CONTINUED

REVIEW OF THE BUSINESS - CONTINUED

Although the reduction of development volumes impacts the overall profitability of the project, this impact is mitigated 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.

As announced via company announcement MDI166, the PA approved the Outline Permit for the revised Masterplan for the development of Manoel Island on 16 September 2021. This followed the approval of the updated EIA for the revised Masterplan by ERA on 4 June 2021. Although the Outline Permit is not subject to appeal the decision by ERA to approve the EIA has been appealed by third parties.

On 20 December 2021, MIDI further announced via company announcement MDI167, that it had entered into a non-binding memorandum of understanding with AC Enterprises Limited (C49755) to explore the possibility of establishing a joint venture with respect to the development of Manoel Island. Discussions are progressing, however, to date no transaction has been concluded.

The detailed design process for Manoel Island has commenced in earnest and it is expected that the full development permit for Manoel Island will be submitted to the PA towards the latter part of 2022.

In addition to the Manoel Island project, the Company has also been working on the 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 16 April 2020 which also includes the landscaping, paving and embellishment of the Garden Battery and adjoining areas. This permit was subject to an appeal which was lodged by third parties, which appeal has not been upheld by the Environmental and Planning Review Tribunal in a decision published on 5 April 2022. Notwithstanding the appeal, the Company had continued with both the design and procurement processes of the development and is now in a position to commence the civil works.

As the Maltese economy returns to a greater state of normality following the impact of the COVID-19 pandemic, the Group continues to monitor its cash flow projections to assess the pandemic's lingering effect on its operations. In addition, the Company is cognizant of the fact that the delivery of its next development, i.e. the afore-mentioned Q3 residential block, is still sometime away and hence resultant cashflows are projected for in the medium term as opposed to the short term. Furthermore, the current geopolitical tensions have resulted in price hikes of a number of commodities including building material which will need to be procured by the Company to continue with its development works, which in turn is expected to impact the profitability margins on the development and sale of property. Nonetheless, 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 sanctioned bank facilities. Given the circumstances, the Board of Directors has decided to continue adopting a cautious approach and is not recommending to pay a dividend during 2022 in respect of the 2021 financial year.

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64

Structure of Capital

The Company has an authorised share capital of ninety million euro (€90,000,000) divided into four hundred and fifty million (450,000,000) Ordinary Shares having a nominal value of €0.20 each.

The Company's issued share capital is forty-two million eight hundred and thirty-one thousand nine hundred eight four euro (€42,831,984) divided into two hundred and fourteen million one hundred fifty-nine thousand nine hundred and twenty-two (214,159,922) Ordinary Shares of €0.20 each fully paid up and forming part of one class of Ordinary Shares.

Any increase in the issued share capital of the Company shall be decided upon by an Ordinary Resolution of the Company: provided that, notwithstanding the foregoing, the Company may by Ordinary Resolution authorise the Directors to issue shares up to the amount specified as the authorised share capital of the Company, which authorisation shall be for a maximum period of five years and is renewable for further periods of five years each.

Since there are currently no different classes of ordinary shares in the Company, all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise). There are no shares in issue that have any preferred or deferred rights.

Every Ordinary Share carries the right to participate in any distribution of dividend declared by the Company *pari passu* with all other Ordinary Shares. Each Ordinary Share shall be entitled to one vote at meetings of Shareholders. Every Ordinary Share carries the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, *pari passu* with all other Ordinary Shares. The Ordinary Shares are freely transferable and pursuant to admission to the Official List of the Malta Stock Exchange, the shares are transferable in accordance with the rules and regulations of the Malta Stock Exchange as applicable from time to time.

Subject to the provisions of the Companies Act (Chapter 386 of the Laws of Malta) (the "Companies Act"), the Company may purchase its own shares.

Appointment and Removal of Directors

Article 98 of the Company's Memorandum and Articles of Association states that at each Annual General Meeting of the Company all the Directors shall retire from office. A Director retiring from office shall retain office until the dissolution of such Meeting and a retiring director shall be eligible for re-election or re-appointment.

The Directors of the Company shall be elected as provided in Article 102 of the Company's Memorandum and Articles of Association that is a maximum of eight (8) directors shall be elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors). Voting shall take place on the basis that every member shall have one (1) vote in respect of each ordinary share held by him. A member may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates. The Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis.

The Directors of the Company may appoint two (2) additional directors to the Board of the Company without the requirement that the appointment of such director or directors be ratified by a members' resolution taken at a General Meeting of the Company. A director so appointed by the Board of the Company shall hold office until the end of the Annual General Meeting following his appointment. The director so appointed may be withdrawn or replaced by the Board at any time.

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64 - CONTINUED

Powers of Directors

The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Companies Act or by the Articles of Association, required to be exercised by the Company in General Meeting, subject, nevertheless, to the provisions of the Articles of Association and of the Companies Act and to such directions, being not inconsistent with any provisions of the Articles of Association and of the Companies Act, as may be given by the Company in General Meeting: provided that no direction given by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such direction had not been given. The general powers conferred upon the Directors by Article 87 of the Articles of Association shall not be deemed to be abridged or restricted by any specific power conferred upon the Directors by any other Article.

Subject to the provisions of the Articles of Association, the Board of Directors may exercise all the powers of the Company to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Voting Rights in respect of Ordinary Shares

As outlined previously, each ordinary share shall be entitled to one vote. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one (1) vote, and on a poll every member present in person or by proxy shall have one (1) vote for each share of which he is the holder.

On a poll votes may be given personally or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

No member shall be entitled, in respect of any share in the capital of the Company held by him, to be present or to vote on any question, either in person or by proxy, at any General Meeting, or upon any poll, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such share remains unpaid.

Restrictions on Ordinary Shares

During such time as any part of the call or installment together with interests and expenses remains unpaid, the entitlement of the person from whom the sum is due to the rights and advantages conferred by membership of the Company including the right to receive dividends and the right to attend and vote at meetings of the Company, shall be suspended. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to Meetings of the Company.

Provided always that the Directors may at any time give notice requiring any such person to elect either be registered himself or to transfer the share, and if the notice is not complied with within ninety (90) days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64 - CONTINUED

Transfer of Ordinary Shares

Subject to the provisions of law and of the Company's Articles of Association, the shares of the Company are freely transferable provided that in no case may a part of a share constitute the object of a transfer.

All transfers of shares in the Company, which are listed on the Malta Stock Exchange, shall be regulated by law and accordingly Articles 34 to 36 of the Company's Articles of Association shall be applicable to such transfers only in so far as the said Articles are not inconsistent therewith.

General Meetings

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year, and not more than fifteen (15) months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Furthermore, Article 182(1) of the Companies Act, sets out a period of seven (7) months from the end of the accounting period, within which period, a public Company is to call a general meeting for the approval of the annual accounts for the applicable accounting period.

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists as provided by the Act. If at any time there are not in Malta sufficient directors capable of acting to form a quorum, the Directors in Malta capable of acting, or if there are no directors capable and willing so to act, any two (2) members of the Company, may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

A General Meeting of the Company shall be called by not less than twenty-one (21) days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting, the proposed agenda for the Meeting and, in case of special business, the general nature of the business to be considered as well as other information which is specified in Article 56(2) of the Company's Articles of Association.

Subject to such restrictions for the time being, affecting the right to receive notice to the holders of any class of shares, notice of every General Meeting shall be given in any manner hereinbefore authorised to: - (a) every member except those members who have not supplied to the Company an address for the giving of notices to them; and (b) the Auditor for the time being of the Company; and (c) the Directors for the time being of the Company. No other person shall be entitled to receive notices of General Meetings.

A notice calling an Annual General Meeting shall specify the meeting as such and a notice convening a meeting to pass an Extraordinary Resolution shall specify the intention to propose the resolution as such and the principal purpose thereof. A notice of a General Meeting called to consider extraordinary business shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such extraordinary business.

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64 - CONTINUED

General Meetings – continued

In every notice calling a meeting, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member and such statement shall comply with the provisions of the Act as to informing members of their right to appoint proxies.

Any member or members holding not less than five per cent (5%) in nominal value of all the shares entitled to vote at the meeting may: (a) request the Company to include items on the agenda of the General Meeting, provided that each item is accompanied by a justification or a draft resolution to be adopted at the Annual General Meeting; and (b) table draft resolutions for items included in the agenda of a general meeting.

The request to put items on the agenda of the General Meeting or the tabling of draft resolutions to be adopted at the General Meeting shall be submitted to the Company (in hard copy or in electronic form to an email address provided by the Company for the purpose) at least forty-six (46) days before the date set for the General Meeting to which it relates and shall be authenticated by the person or persons making it. Furthermore, where the right to request items to be put on the agenda of the General Meeting or to table draft resolutions to be adopted at the General Meeting requires a modification of the agenda for the General Meeting that has already been communicated to Shareholders, there shall be made available a revised agenda in the same manner as the previous agenda in advance of the applicable record date or, if no such record date applies, sufficiently in advance of the date of the General Meeting so as to enable other Shareholders to appoint a proxy, or where applicable, to vote by correspondence.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

An "Ordinary Resolution" means a resolution taken at a General Meeting of the Company passed by a member or members having the right to attend and vote at such meeting holding in the aggregate more than fifty per cent (50%) in nominal value of the shares represented and entitled to vote at the meeting. An "Extraordinary Resolution" means a resolution taken at a General Meeting of the Company of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given and passed by a number of members having the right to attend and vote at such meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting and at least fifty-one per cent (51%) in nominal value of all the shares entitled to vote at the meeting. Provided that, if one of the aforesaid majorities is obtained, but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a member or members having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64 - CONTINUED

Changes to the Company's Memorandum and Articles of Association

The Company may by extraordinary resolution approved by the shareholders in general meeting alter or add to its Memorandum and Articles of Association.

Other matters

The Company has nothing to report in relation to the requirements of Capital Markets Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10, since these do not apply to the Company. Information relating to the requirements of Capital Markets Rule 5.64.11 is reflected in the Remuneration Report and Statement on pages 39 to 45.

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.70.1

In 2019, the Company entered into a contract with Polidano Brothers Limited in connection with site clearance and demolition works at Manoel Island. Polidano Brothers Limited was awarded the contract following a tender process. Mr. Gordon Polidano, the General Manager of Polidano Brothers Limited was appointed to the Board of the Company on the 17 June 2021. Works in relation to this contract are currently suspended.

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AS AT 20 APRIL 2022

Dr. Alec A. Mizzi and Mr. Alan Mizzi have a beneficial interest in 37,206,701 (2021: 37,206,701) ordinary shares issued by the Company which are held by Alf. Mizzi & Sons Ltd.

In addition, Dr. Alec A. Mizzi and Mr. Alan Mizzi, through Alf. Mizzi & Sons Ltd., have a beneficial interest in 2,012,050 (2021: 2,012,050) ordinary shares in the Company which are held by First Gemini p.l.c..

Mr. Joseph Bonello has a direct interest in 2,405,321 (2021: 2,405,321) ordinary shares in the Company held in his own name. Mr. Bonello also has a further 288,889 (2021: 288,889) ordinary shares in the Company which are held on his behalf by Finco Treasury Management Limited.

Mr. Joseph A. Gasan has a beneficial interest in 23,741,461 (2021: 23,741,461) ordinary shares in the Company held by Gasan Enterprises Limited.

REGISTERED SHAREHOLDERS WITH 5% OR MORE OF THE SHARE CAPITAL OF THE COMPANY

		31 December	
	20 APRIL 2022	**2021**	2020
Alf. Mizzi & Sons Ltd.	**17.37%**	**17.37%**	17.37%
MAPFRE MSV Life p.l.c.	**12.55%**	**12.55%**	12.55%
Gasan Enterprises Limited	**11.09%**	**11.09%**	11.09%
Mr. Mark Andrew Weingard	**8.91%**	**8.91%**	8.91%
Rizzo Farrugia & Co. Ltd.	**6.01%**	**5.95%**	6.05%

RESULTS AND DIVIDENDS

The consolidated income statement is set out on page 50. The Board of Directors continues to adopt a cautious approach in not recommending a dividend payment in respect of the year ended 31 December 2021. This decision has been taken in light of the perceived current uncertainties in order to preserve the Group's cash resources enabling it to manage liquidity demands over the coming months.

DIRECTORS' REPORT - CONTINUED

DIRECTORS

The Directors of the Company who held office during the year were:

Alec A. Mizzi - Chairman	
Joseph A. Gasan	
David Demarco	
Joseph Bonello	
Alfredo Muñoz Perez	(appointed on the 17 June 2021)
Gordon Polidano	(appointed on the 17 June 2021)
Alan Mizzi	
Joseph Said	
Mark Portelli	
John Mary *sive* Jimmy Gatt	(resigned on the 17 June 2021)
David G. Curmi	(resigned on the 17 June 2021)

All the Directors shall retire from office at the Annual General Meeting of the Company in accordance with articles 98 and 99 of the Company's Articles of Association and those eligible can be re-elected or re-appointed.









DIRECTORS' REPORT – CONTINUED

SENIOR MANAGEMENT, COMPANY SECRETARY AND INTERNAL AUDIT

As at 31 December 2021, the senior management of the Group was composed as follows:

Mark Portelli	Chief Executive Officer
Jesmond Micallef	Chief Financial Officer
Ivan Piccinino	Senior Project Manager
Catherine Formosa	Company Secretary

The Company's Board of Directors engaged the services of EY Malta to provide internal audit related services to the Company.

DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Parent Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Financial Statements of MIDI p.l.c. for the year ended 31 December 2021 are included in the Annual Report 2021, which is published in hard-copy printed form and made available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of Financial Statements may differ from requirements or practice in Malta.

STATEMENT BY DIRECTORS IN TERMS OF CAPITAL MARKETS RULE 5.68

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2021, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

DIRECTORS' REPORT – CONTINUED

GOING CONCERN BASIS – CAPITAL MARKETS RULE 5.62

Taking cognisance of the short-term funding arrangements together with the Group's long-term liquidity and capital management programmes, the Directors have a reasonable expectation, at the time of approving the Financial Statements, that the Group and the Parent Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

FINANCIAL KEY PERFORMANCE INDICATORS

The Directors consistently monitor the Group's financial performance by assessing a range of financial indicators which illustrate the financial strength and performance of the Group.

The main financial key performance indicators which are monitored by the Board include the following:

	2021	2020
Working capital ratio	**2.79**	2.93
Debt to asset ratio	**0.26**	0.26
Debt to equity ratio	**1.20**	1.24

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Human Resources

The Group seeks to employ high quality people in order to have talented and multi-skilled human resources to take forward the development project. It seeks to ensure that it provides the necessary environment in which its employees can develop their capabilities and contribute towards the achievements of the Group's ambitious goals. Further disclosures are made in the Statement of Compliance with the Principles of Good Corporate Governance and in the Remuneration Report and Statement.

Corporate Social Responsibility

The Group has always recognised the importance of its corporate social responsibility, most notably during the restoration works undertaken on Fort Manoel and Fort Tigné and other historical assets at Manoel Island and Tigné Point.

The restoration of these important heritage sites is an on-going process and to-date more than €20 million has been invested by MIDI for their restoration, including the majestic Fort Manoel. MIDI's sustainability values are the guiding principles for the development of Manoel Island and Tigné Point development projects. From the initial concept, right through the design, construction, and operational procedures, the Company is deploying green and eco-friendly strategies aimed at creating a sustainable environment.

Furthermore, in its drive to ensure that the guidelines of the Guardianship Deed with the Manoel Island Foundation are respected, the Company regularly meets with the members of the Foundation to discuss issues related to the Manoel Island project. On the initiative of the Foundation earlier this year the Company embarked on an embellishment programme of the Manoel Island foreshore for the benefit of the general public frequenting Manoel Island. The works included the installation of railings along the pathways leading down to the foreshore and site clearing works in various areas of the coastline. Additionally, a winding staircase leading down to the beach under the Couvre Porte was discovered and exposed following extensive clearance works enabling it to be used. In the summer months, MIDI also provides a free shuttle service for bathers on Manoel Island over the weekends and public holidays.

The Company has also reached out to the neighbouring communities of Gżira and Sliema by supporting various initiatives organized at community level. Since 2019, the Company has supported Gżira United Football Club in the organization of sporting events for the benefit of the children of this community.

DIRECTORS' REPORT – CONTINUED

NON-FINANCIAL KEY PERFORMANCE INDICATORS - CONTINUED

Corporate Social Responsibility - Continued

In collaboration with the Sliema Local Council, MIDI has also embarked on a project to refurbish the playground located within the George Bonello Du Puis gardens at Qui-Si-Sana. The first phase of the refurbishment project commenced in September 2020 and was completed in November of the same year. The second phase consisting of the installation of an infants' swings area and fencing was completed in November 2021. The third and final stage of this project is expected to be completed by the end of 2022.

In line with its community reach out programme, during 2021, MIDI also supported part of the internal restoration works of the Gżira parish church which is dedicated to our Lady of Mount Carmel. The renovation project consisted of cleaning of the paintings and sculptures in the church followed by an extensive painting job of the two side aisles, the church nave and the area around the altar.

MIDI also continues to offer various premises which form part of the Group's assets free of charge to non-profit organisations and other third parties to carry out activities and events which benefit philanthropic and community causes.

As part of an ongoing sponsorship to Żibel, an NGO focusing on environmental clean-ups and a healthier livelihood, MIDI has once again sponsored the berthing costs of the NGO's boat, as well as the supply of all services for the operation of a Seabin at the Manoel Island Yacht Marina. This Seabin is contributing to keep a cleaner water environment in the Marina, as this device collects floating plastics and debris from the sea surface. Last year MIDI together with Żibel also organized a marine clean-up in the Marina, where a total of 9,200 kgs of material were collected from the sea-bed. These consisted of plastic, ropes and fishing gear, glass, metal, mixed waste and vehicle tyres.

Further reference to the Group's Corporate Social Responsibility is made in the Statement of Compliance with the Principles of Good Corporate Governance.

FINANCIAL RISK MANAGEMENT

The Financial risk management note in the Financial Statements (Note 2) describes the process of how the Group identifies, measures and manages its financial risks. The main categories of risk described in this section are market, credit and liquidity risks.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Signed on behalf of the entity's Board of Directors on 26 April 2022 by Alec A. Mizzi (Chairman) and Joseph A. Gasan (Director) as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the 2021 Annual Report and Consolidated Financial Statements.

Company Secretary: Catherine Formosa

Registered office:
North Shore
Manoel Island
Gzira
Malta

Telephone number: (+356) 2065 5500

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

A. INTRODUCTION

Pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority, MIDI p.l.c. (the "Company") is hereby reporting on the extent of its adoption of the Code of Principles of Good Corporate Governance (the "Code") as well as on the measures adopted to ensure compliance with this same Code. For this reporting period, the Company is adhering to the Code as set out in Appendix 5.1 of Chapter 5 – Continuing Obligations of the said Capital Markets Rules. The Directors are committed to the values of transparency, honesty, and integrity in all their actions and strongly believe that such practices are in the best interests of the Company, its Shareholders and other stakeholders. The Directors believe that the Company benefits from having in place more transparent governance structures and from improved relations with the market which enhance market integrity and confidence.

Good corporate governance is the responsibility of the Board of Directors of the Company (the "Board"), and in this regard the Board has carried out a review of the Company's compliance with the Code during the period under review. Notwithstanding that the Principles of Good Corporate Governance are not mandatory, the Board has ensured their adoption, save as indicated herein within the section entitled Non-Compliance with Code. In the latter section the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

The Board takes such measures as are necessary in order for the Company to comply with the requirements of the Code to the extent that this is considered appropriate and complementary to the size, nature and operations of the Company.

B. COMPLIANCE WITH THE CODE

PRINCIPLE 1: THE BOARD

The overall management and policy setting of the Company is vested in a Board of Directors consisting of a Chairman and eight (8) Directors.

While the Board provides the necessary leadership in the overall direction of the Company, its key role with respect to the Company's principal activities is to establish the Company's strategy and to appoint all members of Senior Management and other key members of management.

All the Directors, individually and collectively, are of the appropriate calibre, and have the necessary skills and experience to contribute effectively to the decision-making process. The Board delegates specific responsibilities to a number of committees, notably the Supervisory Board, the Audit Committee and the Remuneration and Nomination Committee, each of which operates under formal terms of reference approved by the Board. The Project Management Advisory Committee reports to the Supervisory Board.

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE

The positions of the Chairman of the Board and that of the Chief Executive Officer (the "CEO") are vested in separate individuals. The positions have been defined with specific roles rendering these positions completely separate from one another.

Dr. Alec A. Mizzi serves as Chairman of the Board. The Chairman, who continues to meet the independence criteria (see principle 3 below), is responsible to lead the Board and to set its agenda. The Chairman ensures that the Board's discussions on any issue put before it goes into adequate depth, encourages the involvement of all Directors, and ensures that all the Board's decisions are supported by adequate and timely information. The Chairman, together with the Supervisory Board, ensures that the CEO develops a strategy that is agreed to by the Board.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE - CONTINUED

The role of CEO is vested in Mr. Mark Portelli. The Board has delegated specific authority to the CEO to manage specific activities within the Company which include, amongst others:

- implementation of policies as set by the Board;
- working towards objectives established by the Board;
- representing the Company with third parties;
- putting into effect plans to organise, direct and manage the human resources available to attain the highest possible profitability or results in the interest of the Company's shareholders and all other stakeholders.

The role of the CEO is to plan, co-ordinate and control the daily operations of the Company through the leadership and direction of MIDI's management team. For this purpose, the CEO communicates on a continuous basis with Senior Managers to direct business activities against plans, to decide on emerging matters, to allocate responsibilities of work and to monitor performance.

On the 17 June 2021, the CEO Mr. Mark Portelli was re-appointed by the Board of Directors as a Director in terms of Article 102(3) of the Articles of Association of the Company which permits the Board to appoint up to a maximum of two additional directors without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company. In terms of Article 117(3) of the Articles of Association of the Company, if the person appointed to the office of CEO is a director of the Company the said person shall be designated as Managing Director*.

PRINCIPLE 3: COMPOSITION OF THE BOARD

The Board is composed of 8 independent non-executive Directors (including the Chairman) and 1 executive Director.

The following Directors served on the Board during the period under review:

Chairman
Alec A. Mizzi

Independent non-executive Directors

Joseph A. Gasan	
David Demarco	
Joseph Bonello	
Alfredo Muñoz Perez	(appointed on the 17 June 2021)
Gordon Polidano	(appointed on the 17 June 2021)
Alan Mizzi	
Joseph Said	
John Mary *sive* Jimmy Gatt	(resigned on the 17 June 2021)
David G. Curmi	(resigned on the 17 June 2021)

Executive Director (Managing Director)*
Mark Portelli

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 3: COMPOSITION OF THE BOARD - CONTINUED

The Board determines whether a director is independent by considering primarily the following principles relating to independence contained in the Code:

i. whether the director has been an executive officer or employee of the Company or a subsidiary of the Company as the case may be within the last three years;
ii. whether the director has or has had within the last three years, a significant business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has a such a relationship with the Company;
iii. whether the director has received or receives significant additional remuneration from the Company or any member of the Group of which the Company forms part in addition to a director's fee;
iv. whether the director has close family ties with any of the Company's executive Directors or senior employees;
v. whether the director has served on the Board for more than twelve consecutive years; or
vi. whether the director is or has been within the last three years an engagement partner or a member of the audit team of the present or former external auditor of the Company or any member of the Group of which the Company forms part.

Following an assessment of the criteria above and after having considered whether other situations exist which may possibly impinge on the independence of the current non-executive Directors, the Board considers all current non-executive Directors to be independent. It is the Board's view that despite the fact that Dr. Alec A. Mizzi, Mr. Joseph A. Gasan and Mr. Joseph Said have served on the Board for more than twelve consecutive years, the Directors in question continue to provide valuable contribution and insight to the Board as well as a deep understanding of the Company's operations and market in which it operates and in the carrying out of their role, their ability to exercise objective and unbiased judgement has not been impaired by length of service. Furthermore, Mr. Joseph Said is also the CEO and Executive Director of Lombard Bank Malta p.l.c. ("Lombard") which provides credit facilities to the Company. It is the Board's view that the fact that Mr. Joseph Said is a director of a company that has a significant relationship with the Group does not impinge on Mr. Said's independence and his ability to take objective and unbiased judgements. In any case, the relationship between Lombard and the Company is conducted on a commercial and arms' length basis and Mr. Joseph Said has informed the Board of Directors that he is not involved in any decisions taken by Lombard in relation to the Company. Likewise, as a director of the Company, Mr. Joseph Said is not involved in any decisions concerning or which have a bearing on the Lombard relationship.

In terms of Principle 3.4, each non-executive Director has confirmed in writing to the Board that the Director undertook:

- to maintain in all circumstances his independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- to clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

The composition of the Board is determined by the Articles of Association of the Company. The appointment of directors to the Board is reserved exclusively to the Company's shareholders, except in so far as (i) the situation contemplated in Article 102(3) of the Articles of Association where the Directors may appoint two additional directors to the Board without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company; and (ii) an appointment which may be made by the Board to fill a casual vacancy on the Board in terms of Article 103(3).

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 3: COMPOSITION OF THE BOARD - CONTINUED

The Board is composed of a minimum of five (5) and a maximum of ten (10) directors. A maximum of eight (8) directors are elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors) while the Board of Directors may appoint two (2) additional directors to the Board without the requirement that the appointments be ratified by a members' resolution taken at a General Meeting of the Company in terms of Article 102(3). On the 17 June 2021, Mr. Mark Portelli was re-appointed as a director by the Board of Directors in terms of the provisions of Article 102(3).

No election will take place where there are as many nominations for the Board of Directors as there are vacancies, in which case the candidates so nominated will be automatically appointed directors.

Unless appointed for a shorter period, a director shall hold office from the end of one Annual General Meeting to the end of the next. A retiring director shall be eligible for re-election or re-appointment. The Director appointed by the Board in terms of Article 102(3) shall likewise hold office until the end of the Annual General Meeting following his appointment.

Shareholders are entitled to participate in the election of the directors on the basis that each shareholder shall have one (1) vote in respect of each ordinary share held. A shareholder may use all his votes in favour of one candidate or may split his votes in any manner he chooses amounts two or more candidates. The candidates elected are those candidates who obtain the greater number of votes on that basis.

The Chairman shall be elected by a simple majority from amongst the Directors of the Company.

The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate for the requirements of the Company's business. Apart from being clearly equally conducive to good corporate governance, the composition of the Board provides, in the Board's view, the added benefits of control and management of the Company's affairs and an efficient decision-making process. The Board considers that the balance of skills and experience is appropriate for the requirements of the business and that changes to the Board's composition can be managed without undue disruption. The Board is also of the view that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to properly complete their tasks. As from the 5 October 2020, in addition to the eight independent non-executive Directors, the Board's composition also includes one executive Director.

PRINCIPLE 4: THE RESPONSIBILITIES OF THE BOARD

The Board of Directors is charged with the supervision of Board Committees and of management and the general course of affairs of the Company and the business connected with it (including its financial policies and corporate structure). The Board of Directors periodically evaluates the main organisational structure and the operation of the internal risk-management and control systems established as well as agree on any necessary changes or corrective actions regarding such systems.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 4: THE RESPONSIBILITIES OF THE BOARD – CONTINUED

In fulfilling its mandate, the Board of Directors assumes responsibility to:

a) establish corporate governance standards;
b) review, evaluate and approve, on a regular basis, long-term plans for the Company;
c) review, evaluate and approve the Company's budgets and forecasts;
d) review, evaluate and approve major resource allocations and capital investments;
e) review the financial and operating results of the Company;
f) ensure appropriate policies and procedures are in place to manage risks and internal control;
g) review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development including succession;
h) review, evaluate and approve compensation strategy for senior management; and
i) review periodically the Company's objectives and policies relating to social, health and safety and environmental responsibilities.

The Board supervises compliance with the Capital Markets Rules, including those pertaining to the preparation and publication of the Annual Report and Financial Statements, and approves the Financial Statements for submission to the General Meeting of the Shareholders. The Board retains direct responsibility for approving and monitoring:

i. the Business Plan for the Group;
ii. the Annual Budget;
iii. the Annual Financial Statements;
iv. termination of the employment or engagement of a substantial number of employees of the Company simultaneously or within a short period of time;
v. termination of employment or engagement of the Chief Executive Officer and other positions of strategic importance at Senior Management level;
vi. proposals to increase the issued capital and to materially increase or decrease the Company's funding; and
vii. other resolutions which the Board of Directors may determine to be subject to its approval.

Any meeting that a director wishes to initiate may be arranged through the Company Secretary. A director of the Company has access to advice from internal and external sources, which are deemed necessary for carrying out the respective roles and responsibilities and the Company will bear the related expenses. A newly appointed director is given a thorough induction course in the operations, activities and procedures of the Company to be able to carry out the function of a director in an effective manner.

PRINCIPLE 5: BOARD MEETINGS

The Board endeavours to meet on a monthly basis, with additional meetings held as necessary. Board meetings are presided over by the Chairman and all Directors are allowed equal opportunity to voice and express their views on matters relating to the Company and its business.

After each Board meeting, minutes that faithfully record attendance, matters discussed and decisions taken, are prepared, and circulated to all Directors as soon as practicable after the meeting.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 5: BOARD MEETINGS - CONTINUED

A total of thirteen (13) Board of Directors meetings were held during 2021 and attendance was as follows:

Board member	***Attended***
Alec A. Mizzi	13
Joseph Bonello	13
David Demarco	13
Joseph A. Gasan	12
Alan Mizzi	12
Mark Portelli	13
Joseph Said	13
Alfredo Muñoz Perez (appointed on the 17 June 2021)	7 (out of 7)
Gordon Polidano (appointed on the 17 June 2021)	7 (out of 7)
David G. Curmi (resigned on the 17 June 2021)	5 (out of 6)
John Mary *sive* Jimmy Gatt (resigned on the 17 June 2021)	6 (out of 6)

PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT

The Chief Executive Officer is appointed by the Board of Directors in accordance with the Articles of Association.

The recruitment and selection of Senior Management is the responsibility of the Remuneration and Nomination Committee (as described under Principle 8 below) in consultation with the CEO.

Newly appointed directors are provided with briefings by the Chief Executive Officer and also by other members of Senior Management in respect to the operations of the Group. An information pack is handed to a new director following his appointment which incorporates Memoranda and Articles of Group companies, terms of reference of any relevant committees, any Company policies as well as relevant legislation and rules. The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are adhered to. Additionally, Directors may seek independent professional advice on any matter at the Company's expense.

The Company ensures the personal development of Directors, management, and employees by recommending attendance to seminars, conferences as well as training programmes that are designed to help improve the potential of its staff members whilst boosting the Company's competitiveness. The Company provides the necessary training to the individual Directors on a requirements basis by formally identifying and addressing any such requirements.

PRINCIPLE 7: EVALUATION OF BOARD'S PERFORMANCE

During March 2022, the Board carried out an evaluation of its own performance together with that of the Committees and the Chairman. The Board delegated the carrying out of the evaluation exercise to the Remuneration and Nomination Committee. The exercise was conducted through a comprehensive Board Effectiveness Questionnaire, the results of which were analysed by the Remuneration and Nomination Committee and then discussed by the Board. The review has not resulted in any material changes in the Company's internal organisation or in its governance structures. However, some best practice recommendations which emerged from the analysis of the results will be implemented by the Board.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES

The Board has appointed the following Committees:

Audit Committee

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. The Audit Committee's primary purpose is to:

a) protect the interests of the Company's shareholders; and
b) assist the Directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Board has set formal terms of reference of the Audit Committee that establish its composition, role and function and responsibilities.

The main role and responsibilities of the Audit Committee include:

a) to inform the Board of Directors of the outcome of the statutory audit and to explain how the statutory audit contributed to the integrity of the Financial Statements and what the role of the Audit Committee was in this process;
b) to monitor the financial reporting process and to submit recommendations of proposals to ensure its integrity;
c) to monitor the effectiveness of the Company's internal quality control and risk managements system and, where applicable, its internal audit regarding the financial reporting without breaching its independence;
d) to monitor the audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26 (6) of the Statutory Audit Regulation;
e) to review the additional report prepared by the statutory auditors or audit firm submitted to the Audit Committee in terms of Article 11 of the Statutory Audit Regulation;
f) to review and monitor the independence of the statutory auditors or audit firms in accordance with Articles 22, 22a, 22b, 24a and 24b of the Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directive 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC and Article 6 of the Statutory Audit Regulation and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of the Statutory Audit Regulation;
g) the responsibility for the procedure for the selection of statutory auditors or audit firms in accordance with Articles 16 and 17 of the Statutory Audit Regulation, and also the consideration of the appointment of the external auditors and the making of recommendations to the Board of Directors and additionally the consideration of any questions of auditor resignation or dismissal.

Other responsibilities of the Audit Committee are set out in its Terms of Reference and these include, amongst others, the review, appointment or replacement of the internal auditor and the making of recommendations accordingly to the Board, the development and implementation of a policy on the engagement of the external auditor to supply non-audit services, if and where applicable, the consideration of the respective scope of work and audit plans of the internal auditor, if any, and the external auditors, the coordination of the audit, the review of the adequacy of the Company's internal controls, including computerised information system controls and security, management letters and any related significant findings and recommendations of the external auditors and internal audit together with Management's responses thereto, to enquire with Management about significant risks or exposures and assess the steps Management has taken to minimise such risks to the Company, to consider and review with Management significant internal audit findings during the year and management's responses thereto, to review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and any reports arising from examinations or inspections performed by the regulators and review and evaluate any proposed transaction that the Company intends to carry out with a Related Party in accordance with the Capital Markets Rules.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES – CONTINUED

Audit Committee - Continued

For the year under review, the Audit Committee was composed of three independent non-executive Directors. Mr. Joseph Bonello was appointed Chairman of the Audit Committee on the 18 June 2021. The other two members of the Audit Committee are Mr. Alan Mizzi and Mr. Alfredo Muñoz Perez (who was appointed on the 18 June 2021). Mr. Joseph Said and Mr. David Demarco held the roles of Chairman and member of the Audit Committee respectively until the 18 June 2021.

In terms of Capital Markets Rules 5.117 and 5.118, Mr. Alan Mizzi, ACA and Mr. Alfredo Muñoz Perez are the Directors who the Board considers as competent in accounting and/or auditing. The two members, as also the Chairman Mr. Joseph Bonello, are considered independent because they are free from any business, family or other relationship with the Company or its management that may create a conflict of interest such as to impair their judgement.

The Audit Committee is required by the Capital Markets Rules to meet a minimum of four (4) times a year. During the year under review the Audit Committee met four (4) times.

When the Audit Committee's monitoring and review activities reveal cause for concern or identify the need for improvement, it shall make recommendations to the Board on the action needed to address the issue or make such improvements.

The Audit Committee oversees the Internal Audit process. This independent appraisal function was established within the Group to carry out business process risk-based audits aimed at ensuring adequate controls and efficient business processes. Such a process is undertaken by EY Malta, with representatives of the firm attending the meetings of the Audit Committee and thereby reporting directly to the Audit Committee.

Supervisory Board

The Board delegates some of its responsibilities to the Supervisory Board, which is composed of Dr. Alec A. Mizzi (Chairman of the Committee), Mr. David Demarco (Director) (appointed as member on the 18 June 2021), Mr. Joseph A. Gasan (Director), Mr. Mark Portelli (CEO of the Company and Managing Director), Mr. Jesmond Micallef (CFO of the Company), and Perit Ivan Piccinino (Senior Project Manager of the Company). Mr. David G. Curmi (Director) held the role of member of the Supervisory Board until his resignation from the Board on the 17 June 2021.

The Supervisory Board, which reports to the Board, is charged with oversight of Management in the attainment of MIDI's objectives and strategies.

Some of the more important functions carried out by the Supervisory Board include:

a) to oversee strategic, business and similar plans in a manner which ensures that appropriate risks and rewards are identified and properly evaluated;
b) to oversee status, progress, developments of any ongoing projects or commercial operations of the Company and its subsidiaries;
c) to oversee the annual budgeting process for the Company and ensure that the Company's plans are based on adequate and realistic funding budgets;
d) the supervision of the Project Management Advisory Committee on all development related matters, including the making of recommendations to the Board of Directors with regards to the awarding of contract of works; and
e) the consideration of all new business opportunities, including partnering with third parties on existing or new projects.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES – CONTINUED

Project Management Advisory Committee

In view of the inherent operations of the Company as a property developer, the Supervisory Board set-up a sub-committee in the form of an advisory committee to assist it with project management related matters pertaining to the Tigné Point and the Manoel Island developments.

In furtherance of such an advisory role, the Project Management Advisory Committee's ("PMAC") involvement extends to the three main stages of project management: (i) the preparatory stages of the development including the procurement phase; (ii) the performance stage when works are undertaken on site; and (iii) the handover stage when following completion, the end product is either transferred to a third party purchaser or alternatively is prepared for the Company to itself operate as part of its overall operations.

Some of the more specific functions undertaken by the PMAC include the following:

a) to make recommendations on the appropriate procurement procedure to be adopted in particular phases of a planned or ongoing project;
b) to act as an interface between the Company and the project management consultants, advisors, contractors, suppliers or service providers engaged by the Company;
c) subject to the supervision of the Supervisory Board, to carry out the tendering process including the preparation of tender documents, to approach potential bidders and/or to publish tenders, to receive offers and to prepare and/or to oversee the preparation of reports on the short-listed bidders and to make recommendations on the selection of a preferred bidder to the Supervisory Board;
d) to oversee the negotiation and the execution of any contracts of works, services or supplies being entered into by the Company;
e) to provide regular updates to the Supervisory Board on the status and progress of planned or ongoing projects, both from a timing and cost point of view; and
f) to advise the Supervisory Board on any action that may be required on project management matters.

The PMAC is composed of Mr. David Demarco (Director) who chairs the Committee, Mr. Joseph Bonello (Director) and members of Senior Management. Mr. John Mary *sive* Jimmy Gatt (Director) held the role of member of the Committee until his resignation from the Board on the 17 June 2021. A number of consultants may also be invited to attend the meetings of the PMAC as may be necessary from time to time.

Remuneration and Nomination Committee

As Nomination Committee, the Committee periodically or as may be necessary is to review the structure, size and composition of the Board with a view to making any recommendations to the Board with regard to its composition and any skills, knowledge, diversity and experience suited to the Board. The Committee is responsible for identifying, nominating and proposing to the Board, for its approval, candidates for the position of Director to be appointed by the Board without the requirement that the appointment of such director or directors be ratified by a members' resolution taken at a General Meeting of the Company in terms of Article 102(3) of the Articles of Association of the Company: provided that for the sake of clarity, the decision whether to appoint an additional or additional directors to the Board in terms of the said Article shall always remain with the Board. The Committee is to keep under review the leadership needs of the Company and it is to consider succession planning issues in relation to and the policy for the selection of CEO and other Senior Executives, making any necessary recommendations to the Board. The Committee shall also be responsible for selecting, nominating and proposing to the Board, for its approval, candidates for the position of CEO and other Senior Executives.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 8: COMMITTEES – CONTINUED

Remuneration and Nomination Committee - Continued

The Committee is responsible for the process relating to the annual evaluation of the performance of the Board and that of its committees, including that of the Committee itself, as recommended to be carried out by the Code of Corporate Governance. The Committee shall then report to the Board on the results of the performance evaluation process in order to ascertain the strengths and to address the weaknesses of the Board.

Information regarding the Remuneration and Nomination Committee in relation to its remuneration function is found as part of the section in the Annual Report entitled “Remuneration Report and Statement”.

PRINCIPLE 9 & 10: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET, AND INSTITUTIONAL INVESTORS

Pursuant to the Company’s statutory obligations in terms of the Maltese Companies Act (Cap. 386) and the Capital Markets Rules, the Annual Report and Financial Statements, declaration of dividends, election of directors, and appointment of auditors and authorisation of the directors to set the auditors’ fees are proposed and approved at the Company’s Annual General Meeting.

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood.

The Board is of the view that during the period under review, the Company communicated effectively with shareholders through periodical Company Announcements and through press releases and other material addressed to the market in general using both the traditional media as well as social media.

The Company also communicates with its shareholders through the Company’s Annual General Meeting (“AGM”). Apart from the AGM, the Company communicates with its shareholders by way of the Annual Report and Financial Statements. The Company’s website also contains information about the Company and its business, including an Investor Relations Section.

The Directors consider that the Board properly serves the legitimate interests of all Shareholders and is accountable to all Shareholders.

The Chairman arranges for all Directors to attend the AGM. Information on the Company’s General Meetings is found in the Directors’ Report.

Individual shareholders can raise matters relating to their shareholding and the business of the Group at any time throughout the year and are given the opportunity to submit written questions in advance to be answered at the AGM or to ask questions in person at the AGM (subject to the AGM being held physically). In terms of Article 129 of the Companies Act, the Board may call an extraordinary general meeting on the request of shareholders holding not less than one-tenth of the paid-up share capital of the Company.

The Company holds meetings with stockbrokers and financial intermediaries at least once a year, which meeting usually coincides with the publication of the annual financial statements.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 11: CONFLICTS OF INTEREST

By way of internal practice, some of the Company's Directors also act as Directors on fully owned subsidiaries within the Group, namely: Tigné Contracting Limited, Solutions & Infrastructure Services Limited and T14 Investments Limited. Mr. Joseph A. Gasan is also a director on Mid Knight Holdings Limited, a joint venture Company and its subsidiary Mid Knight Operations Limited.

During the period under review the CEO acted as a director of Tigné Contracting Limited, Mid Knight Holdings Limited and its subsidiary Mid Knight Operations Limited.

The Directors are strongly aware of their responsibility to act at all times in the interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest.

The Directors and the CEO, acting as directors of other companies of the Group and other third companies, may be subject to conflicts between the potentially divergent interests of the Company, the Group or such other third companies. The Company is not aware of any private interest or duties unrelated to the Group which may or are likely to place the Directors or the CEO in conflict with any interest in, or duties towards the Company.

Given the current shareholding of MIDI p.l.c., and in line with expectations upon the commencement of the Company, conflicts of interest affecting Board members may arise from time to time with regards to:

1. contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works which have been/may be entered into between MIDI p.l.c., Tigné Contracting Limited, Solutions & Infrastructure Services Limited, Mid Knight Holdings Limited and companies related to Board members;
2. financing and insurance related services which have been/may be provided to MIDI p.l.c. by companies related to Board members;
3. activities, including retail projects carried on by MIDI p.l.c. which may compete with similar activities carried on, in the close proximity of the MIDI's retail projects by companies related to Board members;
4. purchases of apartments by Directors or by companies related to Board members;
5. rental agreements by Directors or by companies related to Board members in relation to any of MIDI's commercial premises.

All contracts for goods and services, including the provision of construction services, civil and mechanical and engineering works, and any other purchases are based upon the principle of competitive bidding. The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by MIDI at the least possible price. With regard to construction services, the Supervisory Board is responsible, with assistance from the Project Management Advisory Committee, to supervise the tendering process. In particular, the Supervisory Board is responsible for assisting and directing the CEO in negotiations with contractors, suppliers and service providers and is responsible for the award of tenders not exceeding the value of €2 million. Any tenders exceeding such a value are awarded by the Board.

In terms of Article 90 of the Articles of Association of the Company, a director who is in any way, whether directly or indirectly, interested (even if such direct or indirect interest relates to the Member or Members who appointed him to office) in any contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors. In the case of a proposed contract or arrangement, the declaration of interest to be made by such director shall be made at the meeting of the directors at which the question of entering into the contract or arrangement is first taken into consideration, or if such director was not at the date of that meeting interested in the proposed contract or arrangement, at the next meeting of the Directors held after he became so interested; and in a case where such Director becomes interested in a contract or arrangement after it is made, the said declaration shall be made at the first meeting of the Directors held after such director becomes so interested.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 11: CONFLICTS OF INTEREST - CONTINUED

In line with Code Provision 11.1, a director does not participate in a discussion concerning matters in which he has a conflict of interest unless the Board finds no objection to the presence of such director. In addition, in accordance with the said Article 90, a director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association, whether direct or indirect, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Article 91 of the Articles of Association also states that if any question arises at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the auditors and their ruling shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

Dealing in Company Securities

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of the law, including the Capital Markets Rules and the Market Abuse Regulations ("MAR"), as well as within the Company's policy in respect of dealings by directors in the Company's securities, which policy is based on timely and comprehensive disclosures and notifications, as applicable in terms of the law.

Directors' interests in the share capital of the Company are contained in the Directors' report.

PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY

The Group has always recognised the importance of its corporate social responsibility, most notably during the restoration works undertaken on Fort Manoel and Fort Tigné and other historical assets at Manoel Island and Tigné Point.

The restoration of these important heritage sites is an on-going process and to-date more than €20 million has been invested by MIDI for their restoration, including the majestic Fort Manoel.

MIDI's sustainability values are the guiding principles for the development of Manoel Island and Tigné Point development projects. From the initial concept, right through the design, construction, and operational procedures, the Company is deploying green and eco-friendly strategies aimed at creating a sustainable environment.

Furthermore, in its drive to ensure that the guidelines of Guardianship Deed with the Manoel Island Foundation are respected, the Company regularly meets with the members of the Foundation to discuss issues related to the Manoel Island project. On the initiative of the Foundation earlier this year the Company embarked on an embellishment programme of the Manoel Island foreshore for the benefit of the general public frequenting Manoel Island. The works included the installation of railings along the pathways leading down to the foreshore and site clearing works in various areas of the coastline. Additionally, a winding staircase leading down to the beach under the Couvre Porte was discovered and exposed following extensive clearance works enabling it to be used. In the summer months, MIDI also provides a free shuttle service for bathers on Manoel Island over the weekends and public holidays.

The Company has also reached out to the neighbouring communities of Gżira and Sliema by supporting various initiatives organized at community level. Since 2019, the Company has supported Gżira United Football Nursery in the organization of sporting events for the benefit of the children of this community.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY - CONTINUED

In collaboration with the Sliema Local Council, MIDI has also embarked on a project to refurbish the playground located within the George Bonello Du Puis gardens at Qui-Si-Sana. The first phase of the refurbishment project commenced in September 2020 and was completed in November of the same year.

The second phase consisting of the installation of an infants' swings area and fencing was completed in November 2021. The third and final stage of the project is expected to be completed towards the end of 2022.

In line with its community reach out programme, during 2021, MIDI also supported part of the internal restoration works of the Gżira parish church which is dedicated to our Lady of Mount Carmel. The renovation project consisted of cleaning of the paintings and sculptures in the church followed by an extensive painting job of the two side aisles, the church nave and the area around the altar.

MIDI also continues to offer various premises which form part of the Group's assets free of charge to non-profit organisations and other third parties to carry out activities and events which benefit philanthropic and community causes.

As part of an ongoing sponsorship to Żibel, an NGO focusing on environmental clean-ups and a healthier livelihood, MIDI has once again sponsored the berthing costs of the NGO's boat, as well as the supply of all services for the operation of a Seabin at the Manoel Island Yacht Marina. This Seabin is contributing to keep a cleaner water environment in the Marina, as this device collects floating plastics and debris from the sea surface. Last year MIDI together with Żibel also organized a marine clean-up in the Marina, where a total of 9,200 kgs of material were collected from the sea bed. These consisted of plastic, ropes and fishing gear, glass, metal, mixed waste and vehicle tyres.

C. NON-COMPLIANCE WITH THE CODE

PRINCIPLE 4: CODE PROVISION 4.2.7 SUCCESSION POLICY FOR THE FUTURE COMPOSITION OF THE BOARD

The Board notes that pursuant to the Company's Memorandum and Articles of Association of the Company, the appointment of directors to serve on the Board of Directors is a matter which is entirely reserved to the shareholders of the Company (other than in the case of the ninth and tenth directors who may be appointed by the Board or where the need arises to fill a casual vacancy). Accordingly, shareholders are afforded the power to nominate and elect a new board of directors on an annual basis. Thus, the Board does not consider it practical to develop a succession policy for the future composition of the Board since every Director is required to retire from office at the Annual General Meeting. However, as indicated in the statement of compliance, all newly appointed non-executive Directors are given a thorough induction course in the operations, activities and procedures of the Company by Senior Management to be able to carry out the function of a Director in an effective manner.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

C. NON-COMPLIANCE WITH THE CODE - CONTINUED

PRINCIPLE 9: CODE PROVISION 9.3 RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET

There are no procedures disclosed in the Company's Memorandum or Articles as recommended in Code Provision 9.3, to resolve conflicts between minority shareholders and controlling shareholders. It is the Board's view that this Code Provision is not applicable to the Company since the Company has no controlling shareholders.

This notwithstanding, the Company ensures that sufficient contact is maintained with shareholders to understand issues and concerns. The Office of the Company Secretary maintains regular communication with investors and provides individual shareholders with the opportunity to raise matters at any time throughout the year. Shareholders are also given the opportunity to ask questions physically at the AGM (subject to the AGM being held physically) or to submit written questions in advance. Furthermore, as provided by the Companies Act, the Board may call an extraordinary general meeting on the requisition of shareholders holding not less than one-tenth of the paid up share capital of the Company.

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board is ultimately responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable, as opposed to absolute assurance against material misstatement or loss.

The Company operates through the Board of Directors and the Supervisory Board with clear reporting lines and delegation of powers. The Board of Directors has adopted and implemented appropriate policies and procedures to manage risks and internal control. The Supervisory Board plans, executes, controls and monitors business operations in order to achieve the set objectives.

The Directors, with the assistance of Senior Management, are responsible for the identification, evaluation and management of the key risks to which the Company may be exposed. The Company has in place clear and consistent procedures in place for monitoring the system of internal financial controls. The Directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the Group's set targets.

This process is applicable specifically in relation to the Company's financial reporting framework.

The Audit Committee reviews and assesses the effectiveness of the internal control systems, including financial reporting, and determines whether significant internal control recommendations made by internal and external auditors have been implemented. The Committee plays an important role in initiating discussions with the Board with respect to risk assessment and risk management and reviews contingent liabilities and risks that may be material to the Group.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - CONTINUED

E. CAPITAL MARKETS RULE 5.97.5

The information required by this Capital Markets Rule is found in the Directors' Report.

F. GENERAL MEETINGS

General meetings are called and conducted in accordance with the provisions contained in the Company's Articles of Association and in accordance with any applicable laws or regulations as may be applicable from time to time. As outlined previously, information on General Meetings is found in the Directors' Report.

The report above is a summary of the views of the Board on the Company's compliance with the Code. Generally, the Board is of the opinion that, in the context of the applicability of the various principles of the Code to the Company and in the context of the Company's business operations and save as indicated herein in the section entitled "Non-Compliance" the Company has applied the principles and has complied with the Code throughout the financial year under review. The Board shall keep these principles under review and shall monitor any developments in the Company's business to evaluate the need to introduce new corporate governance structures or mechanisms as and when the need arises.

Signed on behalf of the entity's Board of Directors on 26 April 2022 by Alec A. Mizzi (Chairman) and Joseph A. Gasan (Director) as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the 2021 Annual Report and Consolidated Financial Statements.

REMUNERATION REPORT AND STATEMENT

Remuneration Report and Statement was drawn up by the Remuneration and Nomination Committee and approved by the Board on the 26 April 2022. It is drawn up in terms of Code Provisions 8.A.3 to 8.A.6 of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Markets Rules) and in accordance with the Capital Markets Rule 12.26K and the requirements of Appendix 12.1 of the Capital Markets Rules.

Membership and activities of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of Joseph Said (Chairman), Alan Mizzi and Alfredo Muñoz Perez as members, all of whom are independent non-executive directors.

Alan Mizzi and Alfredo Muñoz Perez were appointed members on the 18 June 2021. Joseph Bonello was a member of the Remuneration and Nomination Committee until the 18 June 2021 and David G. Curmi served as a member up to his resignation from the Board of the Company on the 17 June 2021.

In its function the Remuneration and Nomination Committee is charged with oversight of the remuneration policies implemented by the Company with respect to its Directors, Senior Management and employees. It assists the Board in meeting its responsibilities regarding the determination, implementation and oversight of Directors, CEO and Senior Executive remuneration arrangements to enable the recruitment, motivation and retention of individuals with right skills and qualities. Its functions as a Nomination Committee are described in the Corporate Governance Statement under Principle 8.

Decisions of the Remuneration and Nomination Committee during the financial year under review were taken by virtue of resolutions approved by all the members.

Directors' Remuneration Policy approved by the Annual General Meeting

A Directors' Remuneration Policy was approved by the shareholders at the Annual General Meeting of the Company held on 1 October 2020.

The Directors' Remuneration Policy is available in full on https://www.midimalta.com/en/corporate-governance. The Directors' Remuneration Policy applies to "directors" as such term is defined in Chapter 12 of the Capital Markets Rules and therefore in the case of the Company it applies to any member of the Board of Directors of the Company and to the Chief Executive Officer ("CEO"). The Board is currently composed of 8 non-executive Directors and 1 executive Director who is also the CEO of the Company and whose remuneration is also addressed in the Directors' Remuneration Policy in the part entitled "Remuneration of the CEO".

Any material amendments to the Policy shall be submitted to a vote by the General Meeting before their adoption and in any case at least every four years. No changes to the Policy are being proposed for approval at the next General Meeting.

REMUNERATION REPORT AND STATEMENT - CONTINUED

Remuneration Policy – Non-Executive Directors

In proposing the overall remuneration for non-executive Directors and any reviews to remuneration, the Company takes into account the Company's need to attract, and motivate directors who possess the necessary experience, qualities and attributes to enable them to discharge their duties with integrity and highest professional standards, market realities, trends or standards for similar positions, the time commitment required to be devoted to the Company, group financial performance, salary increases for all employees, as well as the overall interests of shareholders and the overall costs to shareholders.

In terms of Article 84(1) of the Articles of Association of the Company, the maximum aggregate remuneration of all directors in any one financial year and any increases to such aggregate amount are approved by the Company in General Meeting. Since 2017, the maximum annual aggregate remuneration for the Directors of the Company had been capped at seventy-five thousand euro (€75,000). Following a recommendation by the Remuneration & Nomination Committee, the Board has resolved to propose for the approval by the shareholders at the forthcoming Annual General Meeting of the Company that the said maximum annual aggregate remuneration for the Directors of the Company is increased from seventy-five thousand euro (€75,000) to one hundred twenty-five thousand euro (€125,000).

There are no service contracts between the non-executive Directors and the Company or its subsidiaries. The remuneration of non-executive Directors consists of a fixed fee for their duties as directors. These fixed fees have been determined in line with information available from the current market. Each of the non-executive directors receive the same amount in terms of fixed fees for his or her respective duties as directors other than in the case of the Chairman of the Company who receives a different fixed fee commensurate with the added responsibilities of the role of chairman and in the case of directors who have an additional responsibility by way of chairmanship or membership of a Board committee or where the non-executive director is appointed by the Board to sit on the Board of Directors of a subsidiary company, a joint venture company or another company forming part of the same Group as the Company.

The remuneration of non-executive Directors does not include any variable component, such as bonuses, incentives or other benefits in whatever form, nor does the Company award share-based remuneration or any share options. Non-executive Directors do not participate in any long-term incentive plans, neither do they receive any retirement or pension benefits or any payment related to their resignation or removal from office.

Any reasonable travel and business expenses incurred by non-executive Directors in connection with the business of the Company are met by the Company.

A non-executive director is appointed and holds office for a term of one year from the end of one Annual General Meeting to the end of the next. In terms of Article 98 of the Articles of Association, all directors therefore retire from office at each Annual General Meeting. Directors appointed by the Board in terms of Article 102(3) of the Articles, that is, directors who are appointed without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company are likewise appointed until the Annual General Meeting following their appointment and also retire at such Annual General Meeting, unless he or she are appointed for a shorter term. As stated earlier, there are no provisions for the payment of any benefits linked to termination of their office of directors.

REMUNERATION REPORT AND STATEMENT - CONTINUED

Remuneration Policy – Non-Executive Directors - continued

The current Directors' fees as applicable and as approved by the Board are as follows:

Directors' Fees	
Chairman	€6,000 per annum (2020: €6,000)
Other Directors (per Director)	€3,000 per annum (2020: €3,000)
Audit Committee Fees	
Chairman	€2,000 per annum (2020: €2,000)
Member (per member)	€1,500 per annum (2020: €1,500)
Remuneration Committee Fees	
Chairman	€1,500 per annum (2020: €1,500)
Member (per member)	€1,000 per annum (2020: €1,000)
Supervisory Board Fees	
Chairman	€5,000 per annum (2020: €5,000)
Member (per member)	€4,000 per annum (2020: €4,000)
Project Management Advisory Committee Fees	
Chairman	€4,000 per annum (2020: €4,000)
Member (per member)	€3,000 per annum (2020: €3,000)
Subsidiary/Group Company Fees (as may be applicable)	
Chairman of Joint Venture Company	€4,000 per annum (2020: €4,000)
Member of Joint Venture Company (per member)	€3,000 per annum (2020: €3,000)
Chairman of Subsidiary	€4,000 per annum (2020: €4,000)
Member of Subsidiary (per member)	€3,000 per annum (2020: €3,000)

In accordance with Code Provision 8.A.5, total Directors' remuneration for the financial year ended 31 December 2021 in respect of their office as Directors is as detailed below:

Fixed Remuneration	Variable Remuneration	Share Options	Others
€66,500	None	None	None

The amount disclosed above reflects the total Directors' emoluments paid during the period under review (2020: €69,577).

REMUNERATION REPORT AND STATEMENT - CONTINUED

Remuneration Policy – Non-Executive Directors - continued

- Code Provision 12.26K and Appendix 12.1 of the Capital Markets Rules

In addition to the information provided above and with reference to Appendix 12.1 of the Capital Markets Rules, it is noted that the amount paid to each non-executive Director by the Company for attendance at meetings of the Board, meetings of Board Committees and directorships on the Company's subsidiaries and joint venture company (where applicable) during the period under review is indicated below. The table hereunder also represents the annual change of remuneration of the non-executive Directors, of the Company's performance, and of average remuneration on a full-time equivalent basis of the Company's employees over the two most recent financial years:

	Board and Committee fees FY 2021	Group Company fees FY 2021	Total FY 2021	Total FY 2020	% Annual change of remuneration (2020-2021)	% Annual change of the Company's consolidated performance (2020-2021) based on net profit after tax	% Annual change of the average remuneration of the Company's employees on a full-time basis (2020-2021)
	€	€	€	€			
Dr Alec A. Mizzi (Chairman)	11,000	-	11,000	11,136	-1.2%	+126.0%	+2.40%
Joseph Bonello	6,159	1,841	8,000	7,348	+8.9%		
David G. Curmi*	3,682	-	3,682	8,099	n/a		
David Demarco	9,849	-	9,849	8,605	+14.5%		
Joseph A. Gasan	7,000	4,000	11,000	11,136	-1.2%		
John Mary *sive* Jimmy Gatt*	2,762	-	2,762	6,075	n/a		
Alan Mizzi	5,040	1,381	6,421	7,593	-15.4%		
Alfredo Muñoz Perez**	2,968	-	2,968	-	n/a		
Gordon Polidano**	1,619	1,619	3,238	-	n/a		
Joseph Said	5,421	2,159	7,579	6,580	+15.2%		

* resigned on the 17 June 2021
** appointed on the 17 June 2021

The % changes in individual remuneration reflected in the table above with respect to the non-executive directors are principally attributable to changes in the composition of committees during 2021, with positions in different committees linked to differing remuneration amounts.

As stated above, there are no service contracts between the non-executive Directors and the Company or its subsidiaries. The remuneration of non-executive Directors does not include any variable component, such as bonuses, incentives or other benefits in whatever form, nor does the Company award share-based remuneration or any share options. Non-executive directors do not participate in any long-term incentive plans, neither do they receive any retirement or pension benefits or any payment related to their resignation or removal from office.

No other fees were payable or paid to any of the non-executive Directors during the financial year under review.

REMUNERATION REPORT AND STATEMENT - CONTINUED

Remuneration Policy – CEO

In proposing the overall remuneration for the CEO and any reviews thereto, the Company takes into account the Company's need to attract, retain and motivate an individual who possesses the necessary experience, qualities and attributes for this key executive role within the Company by offering a base salary and other employment terms that are competitive within the market. The Company also considers the size and scope of the role, the experience of the individual, market realities, trends or standards for similar positions, group financial performance, salary levels, increases and general conditions applicable to the Company's employees, as well as the overall interests of shareholders and the overall costs to shareholders.

It is the Company's policy to engage the CEO on an indefinite contract of employment after a period of probation, rather than on a fixed term contract. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation. The CEO's terms of employment do not contain provision for any form of payment on resignation or termination of employment and therefore the only payments on termination are those which may be applicable in accordance with legal requirements. No retirement or pension benefits in whatever form are payable to the CEO.

The CEO is entitled to a base or fixed salary as well as to an annual performance bonus which is established by reference to the attainment of pre-established annual financial and non-financial targets and/or performance criteria or key performance indicators. The annual performance bonus is the only variable component of the CEO's remuneration. These targets or performance criteria are set annually by the Remuneration and Nomination Committee in consultation with the Chairman of the Company. These targets or performance criteria are selected to incentivise the delivery of the Company's business plans, goals and financial objectives. These targets or performance criteria include a mix of company corporate objectives to be met and an assessment of the individuals' performance and attainment of personal objectives. Neither the reviews of the base or fixed salary nor the performance bonus is linked directly or indirectly to the performance of the share price of the Company.

The Remuneration and Nomination Committee, in consultation with the Chairman of the Company, will decide on the payment of or otherwise of the annual performance bonus after assessing the attainment of the relative targets and/or performance criteria. It may also decide to defer the payment of the annual performance bonus or part thereof for a definite period. No such deferment has taken place in relation to the performance bonus paid for the financial year ending 31 December 2021. The link between the fixed salary and the performance annual bonus shall be appropriate and reasonable. The performance bonus of the CEO shall never exceed 40% of the fixed salary. The Company does not have the possibility to reclaim any variable remuneration.

The CEO is not otherwise awarded any other incentives or benefits in whatever form, nor does the Company award share-based remuneration or share options. The CEO does not participate in any profit-sharing arrangement.

Any reasonable travel and business expenses incurred by the CEO in connection with the business of the Company is met by the Company. The CEO is also entitled to a mobile telephone allowance.

On the 17 June 2021, the CEO Mark Portelli was re-appointed by the Board of Directors as an (executive) Director in terms of Article 102(3) of the Articles of Association of the Company which permits the Board to appoint up to a maximum of two additional directors without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company. In terms of Article 117(3) of the Articles of Association of the Company, if the person appointed to the office of CEO is a director of the Company the said person shall be designated as Managing Director.

No additional remuneration is paid by the Company to the CEO in respect of his role as an executive director of the Company and member of the Supervisory Board and the Project Management Advisory Committee. Neither does the CEO receive any remuneration in respect of his directorship on the subsidiary companies Tigné Contracting Limited and Solutions and Infrastructures Services Limited and on the joint venture company Mid Knight Holdings Limited and its subsidiary Mid Knight Operations Limited.

REMUNERATION REPORT AND STATEMENT - CONTINUED

Remuneration Policy – CEO - continued

- Code Provision 12.26K and Appendix 12.1 of the Capital Markets Rules

In addition to the information provided above and with reference to Appendix 12.1 of the Capital Markets Rules, it is noted that the total remuneration paid to the CEO, Mark Portelli, for the period under review was as indicated below. The table hereunder also represents the annual change of the Company's performance, and of average remuneration on a full-time equivalent basis of the Company's employees over the two most recent financial years:

Fixed remuneration FY 2021 €	Variable remuneration FY 2021 €	Total remuneration FY 2021 €	Total remuneration FY 2020 €	% Annual change of remuneration (2020-2021)	% Annual change of the Company's consolidated performance (2020-2021) based on net profit after tax	% Annual change of the average remuneration of the Company's employees on a full-time basis (2020-2021)
135,731	50,000	185,731	175,144	+6.0%	+126.0%	+2.40%

The variable remuneration was arrived at after an assessment of the level of attainment of targets set as explained earlier on in this report. No other fees were payable or paid to the CEO during the financial year under review.

Remuneration Policy - Senior Management

The term 'Senior Management' shall refer to the list of officers as set out within the Directors' report and except where otherwise expressly stated includes the CEO.

In proposing the overall remuneration for Senior Management and any reviews thereto, the Company takes into account the Company's need to attract, retain and motivate individuals who possesses the necessary experience, qualities and attributes for this key executive role within the Company by offering a base salary and other employment terms that are competitive within the market. The Company generally engages its Senior Management on the basis of indefinite contracts of employment after a period of probation, rather than on fixed term contracts. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation.

The terms and conditions of employment of Senior Management are specified in their respective indefinite contracts of employment. Senior Management are entitled to a base or fixed salary as well as to an annual performance bonus which is established by reference to the attainment of pre-established annual financial and non-financial targets and/or performance criteria or key performance indicators. Neither the reviews of the base or fixed salary nor the performance bonus is linked directly or indirectly to the performance of the share price of the Company.

The annual performance bonus is the only variable component of the remuneration of Senior Management. The link between the fixed salary and the performance annual bonus shall be appropriate and reasonable. The annual performance bonus of Senior Management (to the exclusion of the CEO) is approved by the Remuneration and Nomination Committee in consultation with the CEO.

None of the Company's Senior Management, through their employment with the Company, is entitled to any share options and/or profit-sharing arrangements or pension benefits.

REMUNERATION REPORT AND STATEMENT - CONTINUED

Remuneration Policy - Senior Management - continued

The individual contracts of employment of all Senior Management, excluding the contract of employment of the CEO, contain provisions for severance payments in certain defined circumstances. These payments would be in addition to payments that may be applicable in accordance with legal requirements.

All employees of the Company are entitled to health and life insurance, whilst Senior Management and some other executives of the Company are entitled to reimbursement of telephone expenses. Any reasonable travel and business expenses incurred by Senior Management in connection with the business of the Company is met by the Company.

Total emoluments received by Senior Management during the period under review are as detailed below, in terms of Code Provision 8.A.5 of the Capital Markets Rules.

Fixed remuneration	Variable remuneration	Share Options	Others
€342,301	€130,000	None	Non-cash benefits referred to above

This Directors' Remuneration Report in terms of Chapter 12 of the Capital Markets Rules is being put forward to an advisory vote of the 2022 Annual General Meeting in accordance with the requirements of the Capital Markets Rule 12.26 L.

In accordance with the requirements emanating from Appendix 12.1 of the Capital Markets Rules, the contents of the Directors' Remuneration Report within this Remuneration Report have been reviewed by the external auditor to ensure compliance with such requirements.

FINANCIAL STATEMENTS
31 DECEMBER 2021

STATEMENTS OF FINANCIAL POSITION

		AS AT 31 DECEMBER			
		GROUP		COMPANY	
	Notes	**2021**	2020	**2021**	2020
		€	€	**€**	€
ASSETS					
Non-current assets					
Property, plant and equipment	5	**2,215,231**	2,428,964	**744,708**	753,619
Right-of-use assets	6	**12,628,300**	12,963,948	**12,628,300**	12,963,948
Investment property	7	**37,281,697**	37,077,612	**37,281,697**	37,077,612
Investments in subsidiaries	8	**-**	-	**11,709,316**	11,709,316
Investments in joint venture	9	**30,325,824**	29,903,027	**-**	-
Financial investments	10	**512,284**	524,622	**512,284**	524,622
Deferred tax assets	21	**58,710**	92,320	**58,710**	92,320
Total non-current assets		**83,022,046**	82,990,493	**62,935,015**	63,121,437
Current assets					
Inventories - Development project	11	**130,670,799**	130,286,794	**130,862,110**	130,471,394
Trade and other receivables	12	**2,253,050**	2,781,750	**1,236,024**	1,825,986
Current tax assets		**-**	61,590	**-**	61,590
Cash and cash equivalents	13	**9,750,233**	11,528,748	**9,133,735**	10,526,664
Total current assets		**142,674,082**	144,658,882	**141,231,869**	142,885,634
Total assets		**225,696,128**	227,649,375	**204,166,884**	206,007,071

STATEMENTS OF FINANCIAL POSITION

CONTINUED

		AS AT 31 DECEMBER			
		GROUP		COMPANY	
	Notes	**2021**	2020	**2021**	2020
		€	€	**€**	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**42,831,984**	42,831,984	**42,831,984**	42,831,984
Share premium	14	**15,878,784**	15,878,784	**15,878,784**	15,878,784
Property revaluation reserve	15	**1,211,132**	1,211,132	**-**	-
Investment fair value reserve	16	**80,244**	92,582	**80,244**	92,582
Other reserve	17	**-**	-	**23,060**	23,060
Retained earnings		**42,385,388**	41,827,768	**9,529,042**	10,863,316
Total equity		**102,387,532**	101,842,250	**68,343,114**	69,689,726
Non-current liabilities					
Trade and other payables	18	**5,226,955**	10,091,942	**5,226,955**	10,091,942
Borrowings	19	**49,578,577**	49,486,630	**49,578,577**	49,486,630
Lease liabilities	20	**13,784,206**	13,383,383	**13,784,206**	13,383,383
Deferred tax liabilities	21	**3,506,718**	3,506,718	**3,506,718**	3,506,718
Total non-current liabilities		**72,096,456**	76,468,673	**72,096,456**	76,468,673
Current liabilities					
Trade and other payables	18	**40,281,692**	38,705,850	**52,796,866**	49,216,070
Borrowings	19	**9,999,971**	9,999,971	**9,999,971**	9,999,971
Lease liabilities	20	**632,631**	632,631	**632,631**	632,631
Current tax liabilities		**297,846**	-	**297,846**	-
Total current liabilities		**51,212,140**	49,338,452	**63,727,314**	59,848,672
Total liabilities		**123,308,596**	125,807,125	**135,823,770**	136,317,345
Total equity and liabilities		**225,696,128**	227,649,375	**204,166,884**	206,007,071

The notes on pages 57 to 111 are an integral part of these financial statements.

The Financial Statements on pages 47 to 111 were authorised for issue by the Board on 26 April 2022. The Financial Statements were signed on behalf of the entity's Board of Directors by Alec A. Mizzi (Chairman) and Joseph A. Gasan (Director) as per the Directors' Declaration on the ESEF Annual Financial Report submitted in conjunction with the 2021 Annual Report and Consolidated Financial Statements.

INCOME STATEMENTS

		YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
	Notes	2021	2020	2021	2020
		€	€	€	€
Revenue	22	**9,417,263**	2,816,048	**8,618,652**	2,066,880
Cost of sales	23	**(5,052,238)**	(1,727,374)	**(4,191,613)**	(767,291)
Gross profit		**4,365,025**	1,088,674	**4,427,039**	1,299,589
Other operating income	28	**46,382**	60,009	**47,082**	56,635
Administrative expenses	23	**(2,547,036)**	(2,371,816)	**(2,471,990)**	(2,422,928)
Operating profit/(loss)		**1,864,371**	(1,223,133)	**2,002,131**	(1,066,704)
Finance income	26	**31,725**	25,530	**31,725**	25,530
Finance costs	27	**(2,478,066)**	(2,336,358)	**(2,476,423)**	(2,334,508)
Other income	29	**50,000**	50,000	**50,000**	50,000
Share of profit of investment accounted for using the equity method of accounting	9	**2,031,297**	1,893,129	**-**	-
Profit/(loss) before tax		**1,499,327**	(1,590,832)	**(392,567)**	(3,325,682)
Tax expense	30	**(941,707)**	(524,893)	**(941,707)**	(529,134)
Profit/(loss) for the year		**557,620**	(2,115,725)	**(1,334,274)**	(3,854,816)
Earnings per share	31	**0.003**	**(0.010)**		

The notes on pages 57 to 111 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

		YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
	Note	**2021**	2020	**2021**	2020
		€	€	**€**	€
Profit/(loss) for the year		**557,620**	(2,115,725)	**(1,334,274)**	(3,854,816)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
(Losses)/gains from changes in fair value of financial investments measured at fair value through other comprehensive income	16	**(12,338)**	(7,758)	**(12,338)**	(7,758)
Total other comprehensive income		**(12,338)**	(7,758)	**(12,338)**	(7,758)
Total comprehensive income for the year		**545,282**	(2,123,483)	**(1,346,612)**	(3,862,574)

The notes on pages 57 to 111 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

GROUP	NOTE	SHARE CAPITAL €	SHARE PREMIUM €	PROPERTY REVALUATION RESERVE €	INVESTMENT FAIR VALUE RESERVE €	RETAINED EARNINGS €	TOTAL €
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 year		-	-	-	-	(2,115,725)	(2,115,725)
Other comprehensive income							
Items that may be 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	16	-	-	-	(7,758)	-	(7,758)
Total other comprehensive income		-	-	-	(7,758)	-	(7,758)
Total comprehensive income		-	-	-	(7,758)	(2,115,725)	(2,123,483)
Balance at 31 December 2020		**42,831,984**	**15,878,784**	**1,211,132**	**92,582**	**41,827,768**	**101,842,250**

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

GROUP

	NOTE	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 year		-	-	-	-	557,620	557,620
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	16	-	-	-	(12,338)	-	(12,338)
Total other comprehensive income		-	-	-	(12,338)	-	(12,338)
Total comprehensive income		-	-	-	(12,338)	557,620	545,282
Balance at 31 December 2021		**42,831,984**	**15,878,784**	**1,211,132**	**80,244**	**42,385,388**	**102,387,532**

STATEMENTS OF CHANGES IN EQUITY

CONTINUED

COMPANY

	NOTES	SHARE CAPITAL €	SHARE PREMIUM €	INVESTMENT FAIR VALUE RESERVE €	OTHER RESERVE €	RETAINED EARNINGS €	TOTAL €
Balance at 1 January 2020		**42,831,984**	**15,878,784**	**100,340**	**-**	**14,718,132**	**73,529,240**
Comprehensive income							
Loss for the year		-	-	-	-	(3,854,816)	(3,854,816)
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	16	-	-	(7,758)	-	-	(7,758)
Total other comprehensive income		-	-	(7,758)	-	-	(7,758)
Total comprehensive income		-	-	(7,758)	-	(3,854,816)	(3,862,574)
Other movements							
Impacts of restructuring through merger of two subsidiaries	17	-	-	-	23,060	-	23,060
Total other movements		-	-	-	23,060	-	23,060
Balance at 31 December 2020		**42,831,984**	**15,878,784**	**92,582**	**23,060**	**10,863,316**	**69,689,726**

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

COMPANY

	NOTE	SHARE CAPITAL €	SHARE PREMIUM €	INVESTMENT FAIR VALUE RESERVE €	OTHER RESERVE €	RETAINED EARNINGS €	TOTAL €
Balance at 1 January 2021		**42,831,984**	**15,878,784**	**92,582**	**23,060**	**10,863,316**	**69,689,726**
Comprehensive income							
Loss for the year		-	-	-	-	(1,334,274)	(1,334,274)
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	16	-	-	(12,338)	-	-	(12,338)
Total other comprehensive income		-	-	(12,338)	-	-	(12,338)
Total comprehensive income		-	-	(12,338)	-	(1,334,274)	(1,346,612)
Balance at 31 December 2021		**42,831,984**	**15,878,784**	**80,244**	**23,060**	**9,529,042**	**68,343,114**

The notes on pages 57 to 111 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

		YEAR ENDED 31 DECEMBER			
		GROUP		COMPANY	
	Notes	2021	2020	2021	2020
		€	€	€	€
Cash flows from operating activities					
Cash generated from/(used in) operations	33	**99,186**	(9,419,664)	**1,826,007**	(6,938,193)
Net interest paid		**(2,254,359)**	(2,121,591)	**(2,252,716)**	(2,119,741)
Net income tax paid		**(548,661)**	(10,262)	**(548,661)**	(14,503)
Net cash used in operating activities		**(2,703,834)**	(11,551,517)	**(975,370)**	(9,072,437)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	**(32,122)**	(71,835)	**-**	-
Dividends received	9	**1,425,000**	1,883,500	**50,000**	50,000
Net cash generated from investing activities		**1,392,878**	1,811,665	**50,000**	50,000
Cash flows from financing activities					
Principal elements of lease payments	6	**(467,559)**	(632,631)	**(467,559)**	(632,631)
Net cash used in financing activities		**(467,559)**	(632,631)	**(467,559)**	(682,631)
Net movement in cash and cash equivalents		**(1,778,515)**	(10,372,483)	**(1,392,929)**	(9,655,068)
Cash and cash equivalents at beginning of year		**11,528,748**	21,901,231	**10,526,664**	20,181,732
Cash and cash equivalents at end of year	13	**9,750,233**	11,528,748	**9,133,735**	10,526,664

The notes on pages 57 to 111 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 BASIS OF PREPARATION

These consolidated Financial Statements include the Financial Statements of MIDI p.l.c. and its subsidiaries. These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention as modified by the fair valuations of the land and buildings class of property, plant and equipment, investment property and specific financial assets. The preparation of Financial Statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 3 – Critical accounting estimates and judgements).

1.1.1 Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated profit before tax amounting to €1,499,327 during the financial year ended 31 December 2021 (2020: loss of €1,590,832). The Group's total assets exceeded its total liabilities by €102,387,532 as at 31 December 2021 (2020: €101,842,250). 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 31 December 2021. In this regard it has secured new banking facilities with local banks which will be utilised (i) to finance in part ongoing operational expenditure and (ii) to finance the development of the Q3 residential block.

Notwithstanding the profit before tax and the overall improvement in financial performance, the 2021 results have been in part impacted by the COVID-19 pandemic as MIDI continued supporting the tenants of its commercial properties and its car park operator by way of concessions albeit not to the same extent as in 2020.

The improvement in results is mainly driven by the sale of the remaining three apartments in the Q2 residential development which were still in inventory as at 1 January 2021. In fact, revenues from the development and sale of property segment amounted to €6.6 million (2020: €0.2 million) resulting in an operating profit of €0.7 million compared to an operating loss in 2020 amounting to €2.2 million, thus indicating the positive contribution generated from the delivery of these final apartments.

Although revenues from the property rental and management segment have increased from €2.6 million in 2020 to €2.8 million in 2021, these remain impacted by the COVID-19 pandemic and have yet not returned to pre-COVID levels. This uptick in revenues has resulted in improved operating profit for this segment increasing from €1.0 million in 2020 to €1.2 million in 2021.

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 127,000sqm to 95,000sqm.

Although the reduction of development volumes impacts the overall profitability of the project, this impact is mitigated 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 Company is actively seeking confirmation from Government in connection with the application of the specific clauses in the deed, which cater for such eventuality

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.1 BASIS OF PREPARATION – CONTINUED

1.1.1 Assessment of going concern assumption – continued

As announced via company announcement MDI166, the Planning Authority approved the Outline Permit for the revised Masterplan for the development of Manoel Island on 16 September 2021. This followed the approval of the updated EIA for the revised Masterplan by ERA on 4 June 2021. Although the Outline Permit is not subject to appeal the decision by ERA to approve the EIA has been appealed by third parties.

On 20 December 2021, MIDI further announced via company announcement MDI167, that it had entered into a non-binding memorandum of understanding with AC Enterprises Limited company registered in Malta with registration number (C49755) to explore the possibility of establishing a joint venture with respect to the development of Manoel Island. Discussions are progressing, however, to date no transaction has been concluded.

The detailed design process for Manoel Island has commenced in earnest and it is expected that the full development permit for Manoel Island will be submitted to the Planning Authority towards the latter part of 2022.

In addition to the Manoel Island project, the Company has also been working on the 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 Planning Authority on 16 April 2020 which also includes the landscaping, paving and embellishment of the Garden Battery and adjoining areas. This permit was subject to an appeal which was lodged by third parties, which appeal has not been upheld by the Environmental and Planning Review Tribunal in a decision published on 5 April 2022. Notwithstanding the appeal, the Company had continued with both the design and procurement processes of the development and is now in a position to commence the civil works.

As the Maltese economy returns to a greater state of normality following the impact of the COVID-19 pandemic, the Group continues to monitor its cash flow projections to assess the pandemic's lingering effect on its operations. In addition, the Company is cognisant of the fact that the delivery of its next development, i.e. the afore-mentioned Q3 residential block, is still sometime away and hence resultant cashflows are projected for in the medium term as opposed to the short term. Furthermore, the current COVID-19 circumstances have resulted in price hikes of a number of commodities including building material, which will need to be procured by the Company to continue with its development works. This factor might in turn be expected to impact the profitability margins on the development and sale of property going forward. This might be further exacerbated by the geopolitical tensions experienced subsequent to the end of the reporting period in view of the conflict in Ukraine, although it is quite premature to estimate any potential impacts in this respect. The resultant uncertainty requires the Group to continue adopting a prudent approach in its projected cash flow assessments. Nonetheless, 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 sanctioned bank facilities.

In view of the above developments with regards to the Q3 residential block (the final phase to be developed on Tigné Point) and the potential transaction vis a vis the Manoel Island project, MIDI continues to assess its liquidity and capital management programmes by: 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 phase and to the Manoel Island project. No heightened risk factors have been identified in respect of the latter notwithstanding the judgemental nature of the review process.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.1 BASIS OF PREPARATION – CONTINUED

1.1.1 Assessment of going concern assumption – continued

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 2021 financial statements. In the opinion of the Directors, taking cognisance of the short-term funding arrangements together with the Group's long-term liquidity and capital management programmes, there is no material uncertainty which may cast significant doubt on the Group's ability to continue operating as a going concern.

1.1.2 Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Group adopted 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 substantial changes to the Group's accounting policies impacting the Group's financial performance and position.

1.1.3 Standards, interpretations and amendments to published standards that are not yet effective

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 Company's accounting periods beginning after 1 January 2021. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the 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.

1.2 CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.2 CONSOLIDATION – CONTINUED

Subsidiaries – continued

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-Company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate Financial Statements, investments in subsidiaries are accounted for by the cost method of accounting. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the subsidiaries are reflected in the Company's separate Financial Statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.3 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Financial Statements are presented in euro, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.4 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at historical cost. Land and buildings, are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.4 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is depreciated over the remaining term of property interest. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1
Plant and integral assets:	
Electrical and plumbing installations	3-8
Machinery and operational equipment	2-15
Plant and equipment	5-25
Other integral assets	2
Office equipment, furniture, fittings and other assets	10-33.33
Motor vehicles	20

Assets in course of construction are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.6).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.5 INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made. Investment property principally comprises land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.5 INVESTMENT PROPERTY – CONTINUED

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

For a transfer from inventories to investment property, arising on changes in intended use as evidenced by commencement of an operating lease arrangement rather than sale, any difference between the fair value at the transfer date and its previous carrying amount within inventories shall be recognised in profit or loss.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.7 INVESTMENT IN JOINT VENTURE

The Group's interest in jointly controlled entities is accounted for using the equity method and is initially recorded at cost. The Group's share of the joint venture post-formation profits and losses is recognised in profit or loss and its share of post-formation movements in reserves is recognised in equity. The cumulative movements are adjusted against the carrying amount of the investment. When the Group's share of losses in the joint venture equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Investments in jointly controlled entities are accounted for at cost less impairment losses in the Company's separate Financial Statements. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the joint venture are reflected in the Company's separate Financial Statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.8 FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI"). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The Group recognises a financial asset in statement of financial position when it becomes a party to the contractual provisions of the instrument.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories prescribed by IFRS 9 into which the Group can classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and adjusted for any credit loss allowance. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.8 FINANCIAL ASSETS – CONTINUED

(iii) Measurement - continued

Debt instruments - continued

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group has classified its debt investments in the FVOCI category.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in OCI and therefore there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. IFRS 9 requires the measurement of credit loss allowances on financial instruments using the expected credit loss ("ECL") impairment model utilising a forward-looking approach that emphasises shifts in the credit risk attached to a financial instrument, and consequently the probability of future credit losses, even if no loss events have yet occurred. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The key driver of the measurement of ECLs therefore relates to the level of credit risk for each exposure and, as a result, an assessment of the change in credit risk over the expected life of an asset is a core element in determining the staging criteria under IFRS 9. The three stages under IFRS 9 are as follows:

Stage 1 - Financial instruments that have not had a significant increase in credit risk ("SICR") since initial recognition, or that have 'low credit risk' at the reporting date are classified in Stage 1. Twelve-month ECLs are recorded to measure the expected losses that result from default events that are possible within 12 months after the reporting date;

Stage 2 - Financial instruments that have experienced a SICR since initial recognition are classified in Stage 2. Lifetime ECLs are recorded to measure the expected losses that result from all possible default events over the expected life of the financial instrument; and

Stage 3 - Financial instruments that demonstrate objective evidence of impairment, and which are considered to be in default or credit-impaired, are classified in Stage 3, also requiring the measurement of lifetime ECLs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.8 FINANCIAL ASSETS – CONTINUED

(iv) Impairment - continued

The Group has two types of financial assets that are subject to the expected credit loss model:

- debt securities carried at FVOCI; and
- trade and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment losses are insignificant.

Debt investments

All of the entity's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency.

Trade and other receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses of the Group. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1.9 INVENTORIES – DEVELOPMENT PROJECT

The main object of the Group is the development of a large area of land acquired; this development is intended principally for resale purposes and is accordingly classified in the Financial Statements as inventories. Any elements of the project which are identified for business operation within the Group's activities or long-term investment purposes are transferred at their carrying amount to property, plant and equipment or investment property when such identification is made, and the cost thereof can be reliably segregated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.9 INVENTORIES – DEVELOPMENT PROJECT – CONTINUED

The development is carried at the lower of cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during its subsequent development, including:

i) The costs incurred on development works, including demolition, site clearance, excavation, construction and other activities, together with the costs of ancillary activities such as site security.

ii) The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.

iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

The purchase cost of acquiring the land represents the cash equivalent value of the contracted price. This was determined at date of purchase by discounting to present value the future cash outflows comprising the purchase consideration.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.10 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 1.8.

1.11 CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Accordingly, cash and cash equivalents comprise cash in hand, deposits held at call with banks and term placements with banks having an original term of three months or less.

1.12 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.13 FINANCIAL LIABILITIES

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are classified as financial liabilities measured at amortised cost which are not at fair value through profit or loss. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.14 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.15 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as part of borrowing costs over the period of the borrowings and accounted for as follows:

i) Borrowing costs that are directly attributable to the development project are capitalised as part of the cost of the project and are included in its carrying amount. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare any distinct part of the project for its sale or intended use are completed. Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and capitalisation ceases once the asset is substantially complete or suspended if the development of the asset is suspended.

ii) All other borrowing costs are recognised in profit or loss as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.16 DEFERRED GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight line basis over the expected lives of the related assets, presented within 'Other operating income'.

Grants related to income are presented as a deduction in reporting the related expense.

1.17 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.18 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.19 REVENUE RECOGNITION

Revenue includes rental income, service charges and property management charges, and sale of redeveloped units.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue on sale of redeveloped units is recognised when control over the unit has been transferred to the customer, which is considered to be at a point in time, when the customer has taken possession of the unit.

Revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Some property management contracts may include multiple elements of service, which are provided to tenants. The Group assesses whether individual elements of service in contract are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services. This consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. For arrangements that include deferred payment terms that exceed twelve months, the Group adjusts the transaction price for the financing component, with the impact recognised as interest income using the effective interest rate method over the period of the financing.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.20 LEASES

1.20.1 Group is the lessee

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. 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 a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group using residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lessees, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, term and security.

Lease payments are allocated between principal and finance cost. The finance cost is computed so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance costs are recognised in profit or loss over the lease period, unless they are capitalised as part of the carrying amount of inventories if the right-of-use assets are attributable to inventories.

Right-of-use assets are initially measured at 'cost' which, where applicable, comprises the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses, except as highlighted below. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is recognised in profit or loss unless it is capitalised as part of the carrying amount of inventories if the right-of-use assets are attributable to inventories. Since the Group applies the fair value model to its investment property, it also applies that fair value model to right-of-use assets that meet the definition of investment property.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1.20 LEASES - CONTINUED

1.20.2 Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

1.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. FINANCIAL RISK MANAGEMENT

2.1 FINANCIAL RISK FACTORS

The activities of the Group, of which the Company forms part, potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management, covering risk exposures for all group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. The parent Company's Board of Directors provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments during the year.

The outbreak of the COVID-19 pandemic impacted the Group and Company's operations and business, especially during 2020, and the subdued economic conditions experienced by the tenants led to management actions comprising rent relief granted to tenants and a more focused credit management policy. Rent relief and similar concessions accorded by management were less intense during 2021 as uncertainty connected to the COVID-19 pandemic was partially managed and more stability was achieved in the level of business.

(a) *Market risk*

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency. The Group's revenues, operating and development expenditure and financial assets and liabilities, including financing, are denominated in euro. Accordingly, the Group is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS – CONTINUED

(a) *Market risk - continued*

(ii) Cash flow and fair value interest rate risk

The Group's significant instruments which are subject to fixed interest rates comprise bonds issued to the general public (Note 19). In this respect, the Group is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost. The Group's interest rate risk principally arises from bank borrowings issued at variable rates (Note 19) which expose the Group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on borrowing costs in respect of these liabilities. Based on this analysis, management considers the potential impact of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Group's operating cash flows are substantially independent of changes in market interest rates.

(b) *Credit risk*

The Group is not significantly exposed to credit risk arising in the course of its principal activity relating to sale of residential units in view of the manner in which promise of sale agreements are handled through receipt of payments on account at established milestones up to delivery (see Note 18). The Group monitors the performance of the purchasers throughout the term of the related agreement in relation to meeting contractual obligations and ensures that contract amounts are fully settled prior to delivery.

Credit risk arises from cash and cash equivalents, other deposits with bank, investment in debt securities and receivables, which constitute the Group's major financial assets, and which are subject to the expected credit loss model. The Group's significant exposures to credit risk as at the end of the reporting periods are analysed as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Financial assets measured at amortised cost:				
Trade and other receivables (Note 12)	**2,366,844**	2,981,942	**904,241**	1,596,101
Cash and cash equivalents (Note 13)	**9,750,233**	11,528,748	**9,133,735**	10,526,664
	12,117,077	14,510,690	**10,037,976**	12,122,765

The Group is not exposed to significant credit risk in respect of debt securities which comprise Malta Government Securities listed on the Malta Stock Exchange (Note 10) taking into account the level of such investments. Accordingly the expected credit loss is deemed to be insignificant.

The Group's exposures to credit risk are analysed in the statement of financial position and in the respective notes to the Financial Statements. The maximum exposure to credit risk at the end of the reporting period in respect of these financial assets is equivalent to their carrying amount. The Group does not hold any collateral as security in this respect except as outlined below.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS – CONTINUED

(b) *Credit risk* - continued

The Group's receivables mainly comprise receivables in respect of rental operations and the provision of HVAC related services. With respect to rental operations, the Group invoices its customers quarterly in advance and assesses the credit quality of its customers taking into account financial position, past experience and other factors. With respect to HVAC related services, customers are invoiced on a bi-monthly basis. The Group has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The Group monitors the performance of these assets on a regular basis. These receivables are principally in respect of transactions with entities for which there is no recent history of default. Management does not expect any material losses from non-performance by these debtors.

The expected loss rates are based on the payment profiles of sales over the historical period available to the Group. Management considers also any adjustment to the historical loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

In line with the directives of the National Health Authorities in 2021, all non-essential outlets were again closed for business (retail outlets between 11 March 2021 and 26 April 2021 and catering outlets between 11 March 2021 and 10 May 2021), in order to mitigate the spread of COVID-19. In view of this, the Group continued to support its tenants involved in the retail and catering business as well as the car park operator with rent concessions during the first half of 2021. During 2020 the Group's leased units were closed for business between 23 March and 31 May, in line with the directives of the National Health Authorities which were in force at the time. To this effect, the Company has granted concessions equivalent to 22% (2020: 48%) of the annual rental charge amounting to an aggregate of €0.3 million (2020: €0.6 million) in terms of rent abatement and discounts. During the year under review, management has actively reviewed its exposure to tenants and monitored the extent of past due debtors ensuring that it did not carry any material past due exposure at any point during the year.

The closing credit loss allowances for trade and other receivables as at 31 December 2021 were €72,000 (2020: €76,000).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was also insignificant.

The Company's receivables include significant amounts due from subsidiaries arising from transactions with these entities. The Company monitors intra-group credit exposures at individual entity level and ensures timely performance in the context of overall group liquidity management.

As at the end of the financial reporting period, the Group had no significant past due or credit impaired financial assets.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables, borrowings and lease liabilities (refer to Notes 18, 19 and 20). One of the Group's principal liabilities consists of the liability towards the Government in respect of the temporary emphyteusis, which comprises cash payments and obligations through the performance of restoration and infrastructural works at Manoel Island and Tigné Point.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS – CONTINUED

(c) Liquidity risk - continued

Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations. The Group's liquidity risk is managed actively by management. Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows from development and operation of the different phases of the project at Tigné Point and Manoel Island. This includes reviewing the matching or otherwise of expected cash inflows and outflows arising from expected maturities of financial instruments in relation to the distinct project phases, taking cognisance of any lingering impacts of the COVID-19 pandemic.

During the current year, the Group has been reviewing its financing arrangements to ensure that it is in a position to meet its operational and cash flow commitments, also taking cognisance of the prevailing circumstances. Liquidity risk is not deemed significant in the opinion of the Directors, taking cognisance of the short-term funding arrangements together with the Group's long-term liquidity management programme. More details are disclosed in Note 1.1.1 in this respect.

The Group's trade and other payables (Note 18), other than the liability towards the Government and certain other payables, are principally repayable within one year from the end of the reporting period. Payments received on account under promise of sale agreements do not give rise to cash outflows but would be utilised upon delivery of the related apartments in the expected time bands as disclosed in the related note.

As disclosed in the Note 1.1.1, Assessment of going concern assumption, the Group has entered into a non-binding Memorandum of Understanding with AC Enterprises Limited to explore the possibility of establishing a joint venture with respect to the development of Manoel Island. The Group is confident that if an agreement is reached, this will secure the required funding for the realisation of the project which in turn will unlock the underlying value of the project resulting ultimately in a positive material effect on the Group's cash flows.

The table below analyses the Group's other principal financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. In relation to the amounts payable to Government, amounts which will be satisfied through the performance of restoration works on major historical sites and the construction of public infrastructure works have been included in the table below since cash outflows would occur in the performance of these obligations. These cash flows have been reflected in the bands below on the basis of the contractual terms of the arrangements (refer to Note 18).

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS – CONTINUED

(c) *Liquidity risk* - continued

GROUP AND COMPANY

	LESSTHAN ONE YEAR €	BETWEEN 1 AND 2 YEARS €	BETWEEN 2 AND 5 YEARS €	OVER 5 YEARS €	TOTAL €
At 31 December 2021					
Bank borrowings	**10,189,471**	**-**	**-**	**-**	**10,189,471**
4% Secured Euro Bonds 2026	**2,000,000**	**2,000,000**	**55,139,726**	**-**	**59,139,726**
Due to Government in					
relation to purchase of land	**35,317,460**	**5,050,480**	**-**	**-**	**40,367,940**
Lease liabilities	**1,086,382**	**1,119,853**	**2,322,165**	**74,534,423**	**79,062,823**
Other non-current liabilities	**19,009**	**33,461**	**46,773**	**69,244**	**168,487**
At 31 December 2020					
Bank borrowings	10,123,808	-	-	-	10,123,808
4% Secured Euro Bonds 2026	2,000,000	2,000,000	4,000,000	53,139,726	61,139,726
Due to Government in					
relation to purchase of land	30,608,691	5,823,433	4,059,175	-	40,491,299
Lease liabilities	1,055,318	1,086,382	2,275,771	75,700,669	80,118,140
Other non-current liabilities	25,035	19,044	87,556	60,585	192,220

2.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. In view of the prevailing circumstances, the Company will not be paying any dividends subsequent to the end of the reporting period.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents, other term placements with banks and debt investments. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.2 CAPITAL RISK MANAGEMENT - CONTINUED

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Total borrowings (Note 19)	**59,578,548**	59,486,601	**59,578,548**	59,486,601
Less:				
- cash and cash equivalents (Note 13)	**(9,750,233)**	(11,528,748)	**(9,133,735)**	(10,526,664)
- financial investments (Note 10)	**(312,284)**	(324,622)	**(312,284)**	(324,622)
Net debt	**49,516,031**	47,633,231	**50,132,529**	48,635,315
Total equity	**102,387,532**	101,842,250	**68,343,114**	69,689,726
Total capital	**151,903,563**	149,475,481	**118,475,643**	118,325,041
Gearing ratio	**32.6%**	31.9%	**42.3%**	41.1%

The Group manages the relationship between equity injections from shareholders and borrowings, being the constituent elements of capital, as reflected above with a view to managing the cost of capital. The Group maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements in relation to the different phases of the development project.

The Group's projected equity levels are being assessed in the context of the future project phases, focusing on the relationship between the amount of borrowings and shareholders' equity. As outlined previously within Note 1.1.1, MIDI Group is reviewing its funding strategy in the context of the timing of the remaining phase of Tigné Point and the overall Manoel Island project to sustain its long-term prospects. In view of the Group's activities comprised within its liquidity and capital management programmes, the development stage of the distinct phases and the extent of projected borrowings or financing, the capital level as at the end of the financial reporting period is currently deemed adequate by the Directors. During 2022, the Group announced that it had entered into a non-binding memorandum of understanding with AC Enterprises Limited to explore the possibility of establishing a joint venture with respect to the development of Manoel Island. It is anticipated that the outcome of any transaction concluded will have a positive effect on the Group's total equity.

2.3 FAIR VALUES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

At 31 December 2021 and 2020 the carrying amounts of 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 fair value of the Group's bank borrowings (Note 19) 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 within the fair value measurement hierarchy required by IFRS 7, 'Financial Instruments: Disclosures'.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.3 FAIR VALUES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE - CONTINUED

The Directors have assessed the fair value of the amount due to Government in relation to purchase of land (see Note 18) by reference to the original discount rate applied upon completion of the deed (see Note 11) adjusted by changes recorded since then at end of the reporting period in the yields to maturity of long term Malta Government Securities with tenor similar to the repayment terms of the liability towards the Government. On this basis, the fair value at 31 December 2021 of the amount due to Government with respect to the purchase of land amounted to €41 million (2020: €41 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.

Information on the fair value of the bonds issued to the public is disclosed in Note 19 to the Financial Statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Directors the accounting estimates and judgements made in the course of preparing these Financial Statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

As referred to in Note 7 to the Financial Statements, the Group's and Company's land and buildings component of its investment property is fair valued on the basis of valuation techniques. The Group's inventories – development project (Note 11) are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The outbreak of the COVID-19 pandemic and recent economic developments, have created pressure on the Group's projected earnings and on its tenants' business, which implicitly gives rise to a heightened level of estimation uncertainty with respect to key assumptions underlying the valuation of the Group investment property and the impairment assessment of inventories. In this regard, a higher level of judgement was required in the determination of the growth of projected earnings and applicable discount rate, given the current difficult economic conditions and the uncertainty around the shape of economic recovery.

4. ACTIVITIES OF THE GROUP – SEGMENT INFORMATION

The MIDI Consortium was granted a letter of intent by the Government of Malta in December 1992 for the development of the Manoel Island and Tigné Point project. Project negotiations were successfully concluded and a 99-year emphyteutical grant was entered into with Government on 15 June 2000. Works at Tigné Point commenced in 2000 and by the end of 2021, most of the Tigné Point phases have been completed.

The Group has two operating segments:

- development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point and Manoel Island project; and
- property rental and management, which involves the leasing and management of 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, Solutions & Infrastructure Services Limited, services pertaining to HVAC and building technology service 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 years ended 31 December 2021 and 2020, is as follows:

	DEVELOPMENT AND SALE OF PROPERTY		PROPERTY RENTAL AND MANAGEMENT		GROUP	
	2021	2020	**2021**	2020	**2021**	2020
	€	€	**€**	€	**€**	€
Segment revenue	**6,611,500**	213,450	**2,805,763**	2,602,598	**9,417,263**	2,816,048
Segment results - operating profit/ (loss)	**686,329**	(2,189,263)	**1,178,042**	966,130	**1,864,371**	(1,223,133)

Other disclosures in terms of the requirement of IFRS 8, 'Operating Segments' were not deemed necessary in the context of the amounts disclosed in the table above and the nature of such measures, taking into account the business of the respective segment.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

	LAND AND BUILDINGS €	PLANT AND INTEGRAL ASSETS €	OFFICE EQUIPMENT, FURNITURE AND FITTINGS €	TOTAL €
At 1 January 2020				
Cost	1,376,582	7,874,464	2,049,502	11,300,548
Accumulated depreciation and impairment losses	(616,385)	(6,136,204)	(1,929,007)	(8,681,596)
Net book amount	**760,197**	**1,738,260**	**120,495**	**2,618,952**
Year ended 31 December 2020				
Opening net book amount	760,197	1,738,260	120,495	2,618,952
Additions	-	52,025	19,810	71,835
Depreciation charge	(8,879)	(202,824)	(50,120)	(261,823)
Closing net book amount	**751,318**	**1,587,461**	**90,185**	**2,428,964**
At 1 January 2021				
Cost	1,376,582	7,926,489	2,069,312	11,372,383
Accumulated depreciation and impairment losses	(625,264)	(6,339,028)	(1,979,127)	(8,943,419)
Net book amount	**751,318**	**1,587,461**	**90,185**	**2,428,964**
Year ended 31 December 2021				
Opening net book amount	751,318	1,587,461	90,185	2,428,964
Additions	-	15,132	16,990	32,122
Depreciation charge	(8,879)	(202,665)	(34,311)	(245,855)
Closing net book amount	**742,439**	**1,399,928**	**72,864**	**2,215,231**
At 31 December 2021				
Cost	1,376,582	7,941,621	2,086,302	11,404,505
Accumulated depreciation and impairment losses	(634,143)	(6,541,693)	(2,013,438)	(9,189,274)
Net book amount	**742,439**	**1,399,928**	**72,864**	**2,215,231**

Plant and integral assets represent the investment by Solutions & Infrastructure Services Limited, a subsidiary, in an HVAC plant. As at 31 December 2021, the value in use is estimated on the basis of average annual net operating cash inflows of €214,000 and a discount rate of 8%.

5. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

The Directors have assessed the fair values of land and buildings at 31 December 2021 and 2020, which fair values were deemed to fairly approximate the carrying amounts. No adjustments to carrying amounts have been recognised in respect of the property since initial recognition, taking cognisance of the nature and existing use of the property.

Hence the Group's land and buildings are stated at amounts which are equivalent to those presented on the historical cost basis, as follows:

	2021	2020
	€	€
Cost	**1,376,582**	1,376,582
Accumulated depreciation	**(634,143)**	(625,264)
Net book amount	**742,439**	751,318

Group borrowings are secured on the Group's property, plant and equipment (Note 19).

COMPANY

	LAND AND BUILDINGS €	**OFFICE EQUIMENT, FURNITURE AND FITTINGS €**	**TOTAL €**
At 1 January 2020			
Cost	1,376,582	353,346	1,729,928
Accumulated depreciation	(616,384)	(350,944)	(967,328)
Net book amount	**760,198**	**2,402**	**762,600**
Year ended 31 December 2020			
Opening net book amount	760,198	2,402	762,600
Depreciation charge	(8,880)	(101)	(8,981)
Closing net book amount	**751,318**	**2,301**	**753,619**
At 1 January 2021			
Cost	1,376,582	353,346	1,729,928
Accumulated depreciation	(625,264)	(351,045)	(976,309)
Net book amount	**751,318**	**2,301**	**753,619**
Year ended 31 December 2021			
Opening net book amount	751,318	2,301	753,619
Depreciation charge	(8,879)	(32)	(8,911)
Closing net book amount	**742,439**	**2,269**	**744,708**
At 31 December 2021			
Cost	1,376,582	353,346	1,729,928
Accumulated depreciation	(634,143)	(351,077)	(985,220)
Net book amount	**742,439**	**2,269**	**744,708**

6. RIGHT-OF-USE ASSETS

IFRS 16, 'Leases' establishes the principles for the recognition, measurement, presentation and disclosure of leases. The model requires the lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. IFRS 16 also influences the income statement as a result of the replacement of operating lease rental expenditure by an interest cost on the lease liability and, unless an alternative measurement model is applied to subsequently measure the right-of-use asset, by amortisation of the right-of-use asset.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to ground rent payable to the Government of Malta under the terms of the emphyteutical deed attributable to land at Manoel Island and Tigné Point, acquired from the Government for the purposes of the development project by virtue of a 99-year emphyteutical grant entered into on 15 June 2000 (Note 11), which ground rent is deemed to be within scope of IFRS 16. These liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease arrangement as of 1 January 2019. The discount rate applied to the lease liabilities on 1 January 2019 was 7.75%, which is the rate emanating from the deed for the acquisition of the land on title of temporary emphyteusis, entered into with the Government.

Ground rent payable in respect of portions of property which are classified as investment property gives rise to right-of-use assets attributable to investment property, which meet the definition of investment property. Ground rent payable in respect of portions of property which are categorised as inventories gives rise to right-of-use assets attributable to inventories.

GROUP AND COMPANY

	INVESTMENT PROPERTY €	INVENTORIES - DEVELOPMENT PROJECT €	TOTAL €
At 1 January 2020			
Cost	1,245,056	12,038,275	13,283,331
Accumulated depreciation	-	(148,520)	(148,520)
Carrying amount	1,245,056	11,889,755	13,134,811
Year ended 31 December 2020			
Opening carrying amount	1,245,056	11,889,755	13,134,811
Derecognition upon sale	-	(22,936)	(22,936)
Depreciation charge	-	(147,927)	(147,927)
Closing carrying amount	**1,245,056**	**11,718,892**	**12,963,948**
At 31 December 2020			
Cost	1,245,056	12,015,339	13,260,395
Accumulated depreciation	-	(296,447)	(296,447)
Carrying amount	**1,245,056**	**11,718,892**	**12,963,948**
Year ended 31 December 2021			
Opening carrying amount	1,245,056	11,718,892	12,963,948
Derecognition upon sale	-	(192,050)	(192,050)
Depreciation charge	-	(143,598)	(143,598)
Closing carrying amount	**1,245,056**	**11,383,244**	**12,628,300**
At 31 December 2021			
Cost	1,245,056	11,823,289	13,068,345
Accumulated depreciation	-	(440,045)	(440,045)
Carrying amount	**1,245,056**	**11,383,244**	**12,628,300**

6. RIGHT-OF-USE ASSETS - CONTINUED

Ground rent payable by the Group in respect of which right-of-use assets and lease liabilities have been recognised, cover land and property which is classified as Investment Property or Inventories – Development project. Since entering into the deed with the Government of Malta in 2000, the Group has capitalised the ground rent attributable to inventories within the carrying amount of these assets. Subsequent to the adoption of IFRS 16 – Leases, the Group reflects the depreciation charge on the right-of-use assets arising on property elements categorised as inventories and the finance costs on the related lease liabilities within the carrying amount of inventories through capitalisation of such amounts. As disclosed within Note 11, the depreciation charge on the right-of-use assets attributable to inventories, which is capitalised within inventories, amounted to €143,598 for the year ended 31 December 2021 (2020: €147,927) and the interest expense on the related lease liabilities, capitalised within inventories too, amounted to €960,397 (2020: €930,052).

The fair value of the right-of-use assets attributable to investment property as at 31 December 2021 is fairly close to the carrying amount of the assets.

There were no additions to the right-of-use assets during the financial year ended 31 December 2021.
Upon the sale of property elements within Inventories to third parties, in line with the respective deed of sale, the ground rent attributable to the respective portion of the sold property becomes the burden of the new owner. Consequently, this gives rise to the derecognition of the related portion of the right-of-use asset recognised by the Company in respect of Inventories – Development project.

The total cash payments for leases in 2021 were €467,559 (2020: €632,631).

7. INVESTMENT PROPERTY

	GROUP AND COMPANY	
	2021	2020
	€	€
At 1 January		
Cost	**32,226,473**	32,226,473
Fair value gains	**4,851,139**	4,851,139
Carrying amount	**37,077,612**	37,077,612
Year ended 31 December		
Opening carrying amount	**37,077,612**	37,077,612
Additions	**204,085**	-
Closing carrying amount	**37,281,697**	37,077,612
At 31 December		
Cost	**32,430,558**	32,226,473
Fair value gains	**4,851,139**	4,851,139
Carrying amount	**37,281,697**	37,077,612

Rental income from investment property is disclosed in Note 4, presented as segment revenue attributable to the property rental and management segment.

Fair valuation of property

The Group's investment properties are held for long-term rental yields or for capital appreciation purposes. The Group utilises comparable sales values and discounted cash flow projections as valuation methods to determine the fair value of investment property at 31 December.

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- quoted prices (unadjusted) in active markets for identical assets (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

All the recurring property fair value measurements at 31 December 2021 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2021.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above.

7. INVESTMENT PROPERTY - CONTINUED

Valuation processes

The Company's property is valued by the Directors, generally taking cognisance of professional advice from independent professionally qualified valuers who hold a recognised relevant professional qualification and have the necessary experience in the location and segments of the property being valued. When external valuations are carried out in accordance with this process, the valuer reports directly to the Board of Directors and discussions on the valuation technique, the model utilised and its results, including an evaluation of the inputs to the valuation model, are held at Board level. A new valuation is typically commissioned to an external valuer, whenever, in the opinion of the Board of Directors, new circumstances arise which may suggest that a material change in value in the underlying property has occurred.

At the end of every reporting period, when an external valuation is not carried out, the Directors assess whether any significant changes in actual circumstances and developments have been experienced since the last external valuation. On an annual basis, management updates internally developed valuation models which are based on the discounted cash flow and comparable sales value approaches, for the purpose of ascertaining whether the carrying amount of the key components within the Group's property portfolio are significantly different from estimated fair values. An adjustment to the carrying amount of the property is only reflected if it has been determined that there has been significant change.

Valuation techniques

In view of a limited number of similar sales and other property transactions, including rentals in the local market, the valuations have been performed using unobservable inputs.

The valuation of the public car parking is performed using the sales comparison approach. The significant input to this approach is a sales price per car space related to transactions in comparable properties located in proximity to the Company's property.

The valuation of the property elements rented out for retail and other commercial business purposes, is based on the utilisation of a discounted cash flow approach focusing on contracted rental income streams and projected rentals covering the period subsequent to contract terms.

The fair value of the other investment properties is determined on the basis of a sales price per square metre, by reference to the sales value of comparable properties within close proximity. This value is adjusted taking into consideration the permits, ancillary facilities in the close proximity of the property and existing commitments.

The Company's internally developed valuation models, updated annually by management, reflect the valuation techniques referred to above. As at 31 December 2021, the Group refreshed its internal valuation models, such that the Company reassessed the allocation of specific amounts to the different elements of the property portfolio. The internal models at 31 December 2021 take cognisance of the developments in respect of the different investment property elements that occurred during the current year. No adjustments to the overall carrying amount of the investment property portfolio were deemed necessary at the end of the current and preceding reporting periods.

7. INVESTMENT PROPERTY – CONTINUED

Valuation techniques - continued

The information on the significant unobservable inputs (Level 3) utilised within the Company's internal valuation models as at 31 December 2021 is included below.

DESCRIPTION BY CLASS OF PROPERTY	FAIR VALUE AS AT 31 DECEMBER 2021 €	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT
Public car park	18,204,518	sales comparison approach	sales price per car space of €30,000
Property used for retail and other commercial business	16,073,137	discounted cash flows	aggregate average rental income of €1.1 million, growth rate of 3% and discount rate of 7%
Other property	3,031,000	sales comparison approach	average sales price per square metre of €3,000

The higher the sales price per car space/sales price per square metre, the higher the resultant fair valuation. The higher the projected rental income streams and the growth rate, the higher the valuation. The inverse applies for changes in the discount rate.

Group borrowings are secured on the Group's investment property (Note 19).

The highest and best use of the investment properties referred to above is equivalent to their current use.

8. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2021	2020
	€	€
Year ended 31 December		
Opening carrying amount	**11,709,316**	11,709,316
Transfer of investment in subsidiary to another subsidiary (see Note 14)	**-**	4,658
Reclassification upon merger of entities referred to above	**-**	(4,658)
Closing carrying amount	**11,709,316**	11,709,316
At 31 December		
Opening and closing cost and carrying amounts	**11,709,316**	11,709,316

8. INVESTMENTS IN SUBSIDIARIES - CONTINUED

The subsidiaries at 31 December, whose results and financial position affected the figures of the Group, are shown below:

GROUP UNDERTAKING	REGISTERED OFFICE	CLASS OF SHARES HELD	PERCENTAGE OF SHARES (AND VOTING RIGHTS HELD)	
			2021	2020
Tigné Contracting Limited	North Shore Manoel Island, Gżira, Malta	Ordinary shares	**99.9%**	99.9%
T14 Investments Limited	North Shore Manoel Island, Gżira, Malta	Ordinary shares	**99.9%**	99.9%
Solutions & Infrastructure Services Limited ("SIS")	North Shore Manoel Island, Gżira, Malta	Ordinary shares	**99.9%**	99.9%

All shareholdings are held directly by MIDI p.l.c., to execute its group business as outlined in Note 4 also through these entites.

9. INVESTMENTS IN JOINT VENTURE

	GROUP	
	2021	2020
	€	€
Year ended 31 December		
Opening carrying amount	**29,903,027**	29,843,398
Share of profit for the year	**2,031,297**	1,893,129
Dividends receivable	**(1,608,500)**	(1,833,500)
Closing carrying amount	**30,325,824**	29,903,027
At 31 December		
Cost	**2,000,000**	2,000,000
Share of profits and reserves	**28,325,824**	27,903,027
Carrying amount	**30,325,824**	29,903,027

The dividends declared by Mid Knight Holdings Limited are payable to T14 Investments Limited, a fully owned subsidiary of the Company.

9. INVESTMENTS IN JOINT VENTURE - CONTINUED

The Group's shares in the joint venture represent:

JOINTLY-CONTROLLED ENTITY	REGISTERED OFFICE	CLASS OF SHARES HELD	PERCENTAGE OF SHARES (AND VOTING RIGHTS HELD)	
			2021	2020
Mid Knight Holdings Limited	North Shore Manoel Island, Gżira, Malta	Ordinary Shares	**50%**	50%

During 2014, the Group entered into a joint venture through T14 Investments Limited (a fully-owned subsidiary of MIDI p.l.c.) in Mid Knight Holdings Limited (the joint venture), which it jointly controls with Benny Holdings Limited. Mid Knight Operations Limited is a fully-owned subsidiary of Mid Knight Holdings Limited. The principal business objective of Mid Knight Holdings Limited, which is not listed, was the development, management and administration of a business centre on the T14 site located at Tigné Point in Sliema.

The Board of Mid Knight Holdings Limited commissioned an independent architect and civil engineer, Mark Montebello, to prepare an open market valuation of its main asset, 'The Centre' as at 31 December 2021. The valuation is based on the definition of the market value of a property, by both the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, and that of the European Council Directive. The fair value of the property has been established by using a comparative approach, focusing on current selling prices and rental values of similar commercial properties in similar localities.

In addition to the comparative approach, the value of the property was also assessed by reference to a Discounted Cash Flow approach, by considering the projected annual rental revenues and operating costs, applying a long term growth rate and a discount rate to compute net present value. The value of the Temporary Utile Dominium of this property emanating from the valuation report does not give rise to adjustments to the carrying amount of the property of Mid Knight Holdings Limited as at 31 December 2021.

The share of results accounted for in the Company's consolidated financial statements on the basis of the equity method of accounting, represents the share of profit of Mid Knight Holdings Limited principally arising from its rental operations.

As at 31 December 2021, the Directors reviewed the estimated recoverable amount of the investment and no impairment indicators were identified.

9. INVESTMENTS IN JOINT VENTURE - CONTINUED

Summarised financial information in respect of Mid Knight Holdings Limited is set out below:

SUMMARISED BALANCE SHEET		
	2021	2020
	€	€
Current assets		
Cash and cash equivalents	**1,677,828**	3,184,259
Other current assets	**3,729,243**	2,524,581
Total current assets	**5,407,071**	5,708,840
Non-current assets	**100,601,997**	100,653,805
Current liabilities		
Financial liabilities (excluding trade payables)	**2,139,839**	2,098,632
Other current liabilities	**9,256,458**	9,109,975
Total current liabilities	**11,396,297**	11,208,607
Non-current liabilities		
Financial liabilities (excluding trade payables)	**26,361,124**	27,747,986
Other non-current liabilities	**7,600,000**	7,600,000
Total non-current liabilities	**33,961,124**	35,347,986
Net assets	**60,651,647**	59,806,052

RECONCILIATION TO CARRYING AMOUNTS		
	2021	2020
	€	€
Operating net assets 1 January	**59,806,052**	59,686,794
Profit for period	**4,062,595**	3,786,258
Dividends paid	**(3,217,000)**	(3,667,000)
Closing net assets	**60,651,647**	59,806,052
Group's share in %	**50%**	50%
Group's share in €	**30,325,824**	29,903,026
Carrying amount	**30,325,824**	29,903,026

9. INVESTMENTS IN JOINT VENTURE - CONTINUED

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME	2021	2020
	€	€
Revenue	**6,252,272**	5,688,645
Depreciation and amortisation	**36,650**	47,244
Interest expense	**725,672**	766,611
Income tax expense	**1,173,197**	878,721
Profit for the year	**4,062,595**	3,786,258
Total comprehensive income	**4,062,595**	3,786,258

10. FINANCIAL INVESTMENTS

	GROUP AND COMPANY	
	2021	2020
	€	€
Year ended 31 December		
Opening carrying amount	**524,622**	532,380
Losses from changes in fair value	**(12,338)**	(7,758)
Closing carrying amount	**512,284**	524,622
At 31 December		
Cost	**432,040**	432,040
Fair value gains (Note 16)	**80,244**	92,582
Carrying amount	**512,284**	524,622

The Group's financial investments which are measured at fair value through other comprehensive income, consist of equity investments and debt securities.

a. Equity investments amounting to €200,000 (2020: €200,000) represent an interest in an unlisted local private company, Manoel Island Yacht Yard Limited. This equity investment is not held for trading and the Group has irrevocably elected at initial recognition to recognise such investment in the category of financial assets measured at fair value through other comprehensive income.

The fair value of the equity investments is estimated by reference to the net asset backing of the investee. At the end of the reporting period, the cost of these investments approximates fair value and no movements have been reflected directly in equity in other comprehensive income.

10. FINANCIAL INVESTMENTS - CONTINUED

b. Debt securities have a cost amounting to €232,040 (2020: €232,040), and comprise Malta Government Securities, listed on the Malta Stock Exchange which are subject to fixed rates of interest ranging from 4.50% to 5.20% and have maturity dates between 2028 and 2031. These investments have been classified at fair value through other comprehensive income, in view of the fact that the assets are held to collect contractual cash flows and to sell such assets. The fair value of the debt securities at the end of the reporting period, amounting to €312,284 (2020: €324,622), is based on the market value of the instruments as quoted on the Malta Stock Exchange. Accordingly the fair value of these financial assets, based on quoted prices in an active market, is categorised as Level 1 within the fair value measurement hierarchy required by IFRS 7.

Considering the nature and amount of such investments, sufficient information on fair values has been provided in this note.

The expected credit loss on the debt securities is considered to be insignificant.

11. INVENTORIES – DEVELOPMENT PROJECT

The main object of the Group is the development of a large area of land at Manoel Island and Tigné Point, acquired from the Government of Malta for this purpose by virtue of a 99-year emphyteutical grant entered into on 15 June 2000. This development is intended in the main for resale purposes. Development works during the year ended 31 December 2021, reflected within the table below, were mainly focused on the Manoel Island phase of the project. In terms of the emphyteutical grant, the entire development should be substantially completed by 31 March 2023. Given the recent developments, and the respective contractual obligations emanating from the emphyteutical deed, the Group is currently actively engaged in discussions on the status of the project with the Government of Malta.

During the year ended 31 December 2021, the Group completed and transferred to the purchasers, residential units constructed on Tigné Point. The cost allocated to these apartments are recognised within cost of sales in profit or loss. During the year ended 31 December 2020 no such residential units were transferred to purchasers.

As announced on 18 February 2021 via company announcement MDI157, MIDI submitted a revised Masterplan for the Restoration and Redevelopment of the Manoel Island phase to the Planning Authority ("PA") 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 127,000sqm to 95,000sqm.

As announced via company announcement MDI166, the PA approved the Outline Permit for the revised Masterplan for the development of Manoel Island on 16 September 2021. This followed the approval of the updated EIA for the revised Masterplan by ERA on 4 June 2021. Although the Outline Permit is not subject to appeal the decision by ERA to approve the EIA is subject to an appeal filed by third parties.

Further information is disclosed in Note 1.1.1 to the financial statements.

In addition to the Manoel Island project, the Group has also been working on its final development at Tigné Point known as the Q3 residential block. A full development permit was granted by the PA on 16 April 2020. This permit was subject to an appeal which was lodged by third parties, which appeal has not been upheld by the Environmental and Planning Review Tribunal.

11. INVENTORIES – DEVELOPMENT PROJECT – CONTINUED

The carrying amount of works on the project are also presented as inventories at Company level, notwithstanding the fact that certain expenditure was carried out by another group undertaking, to reflect the substance of the arrangement in place between MIDI p.l.c. and this other group undertaking.

Costs incurred on the project up to 31 December 2021 and 2020 comprised:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Purchase cost of land (see note below):				
- At 1 January	**19,619,171**	19,619,171	**19,619,171**	19,619,171
- Transferred to cost of sales	**(265,912)**	-	**(265,912)**	-
- At 31 December	**19,353,259**	19,619,171	**19,353,259**	19,619,171
Cost of design works and other studies, demolition, excavation, construction and restoration works and other expenses incurred:				
- At 1 January	**62,109,720**	59,512,167	**62,294,320**	59,653,545
- Additions for the year	**1,906,727**	2,706,757	**1,906,727**	2,706,757
- Depreciation of right-of-use assets (Note 6)	**143,598**	147,927	**143,598**	147,927
- Transferred to cost of sales	**(2,916,748)**	(257,131)	**(2,910,037)**	(213,909)
- Transferred to investment property (Note 7)	**(145,083)**	-	**(145,083)**	-
- At 31 December	**61,098,214**	62,109,720	**61,289,525**	62,294,320
Borrowing costs attributable to the project:				
- At 1 January	**48,557,903**	46,291,776	**48,557,903**	46,291,776
- Imputed interest (see note below)	**982,670**	1,336,075	**982,670**	1,336,075
- Interest on lease liabilities (Note 20)	**960,397**	930,052	**960,397**	930,052
- Transferred to cost of sales	**(222,642)**	-	**(222,642)**	-
- Transferred to investment property (Note 7)	**(59,002)**	-	**(59,002)**	-
- At 31 December	**50,219,326**	48,557,903	**50,219,326**	48,557,903
	130,670,799	130,286,794	**130,862,110**	130,471,394

The contract of acquisition of the land provided for a premium of €92.17 million payable over an extended period of time, which was discounted to its present value amount of €42.62 million at date of purchase. The rate applied in discounting to present value the future outflows comprising the purchase consideration was 7.75% based upon the effective pre-tax return rate provided for in the deed of acquisition (refer to Note 18).

11. INVENTORIES – DEVELOPMENT PROJECT – CONTINUED

As explained in Note 6, ground rent payable by the Group in respect of which right-of-use assets and lease liabilities have been recognised, cover land and property which is classified as Investment Property or Inventories – Development project. Since entering into the deed with the Government of Malta in 2000, the Group has capitalised the ground rent attributable to inventories within the carrying amount of these assets. Subsequent to the adoption of IFRS 16 – Leases, the Group reflects the depreciation charge on the right-of-use assets arising on property elements categorised as inventories and the finance costs on the related lease liabilities within the carrying amount of inventories through capitalisation of such amounts. The depreciation charge on the right-of-use assets attributable to inventories, which is capitalised within inventories, amounted to €143,598 for the year ended 31 December 2021 (2020: €147,927) and the interest expense on the related lease liabilities, capitalised within inventories too, amounted to €960,397 (2020: €930,052).

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Current				
Receivables in respect of rental operations	**190,763**	232,804	**190,763**	232,804
Amounts owed by subsidiaries	**-**	-	**404,769**	656,701
Amounts owed by joint venture	**1,682,667**	1,445,014	**14,438**	27,843
Amounts owed by other related parties	**97,379**	67,224	**87,645**	67,076
Amounts owed by contractors	**74,622**	383,513	**58,427**	160,251
Indirect taxation	**31,657**	220,538	**-**	-
Prepayments and other receivables	**175,962**	432,657	**479,982**	681,311
	2,253,050	2,781,750	**1,236,024**	1,825,986

Amounts owed by subsidiaries, joint venture and other related parties are unsecured, interest free, and repayable on demand.

Receivables in respect of rental operations include an amount of €31,716 (2020: €21,950) which is due from related parties.

13. CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Cash at bank and in hand	**9,750,233**	11,528,748	**9,133,735**	10,526,664
Cash and cash equivalents	**9,750,233**	11,528,748	**9,133,735**	10,526,664

The cash and cash equivalents include amounts of €94,770 (2020: €120,721) which represent amounts held in trust arrangement earmarked for repayment of the matured bonds. The balance represents funds earmarked for the eventual repayment of the 7% EURO bonds 2016-2018 and 7% GBP bonds 2016-2018 which were redeemed by the Company on 15 December 2016 but to date remain unpaid to the bondholders or their heirs due to *causa mortis* and court orders.

14. SHARE CAPITAL

	COMPANY	
	2021	2020
	€	€
Authorised		
450,000,000 Ordinary shares of €0.20 each	**90,000,000**	90,000,000
Issued and fully paid		
214,159,922 Ordinary shares of €0.20 each	**42,831,984**	42,831,984

On 1 November 2010 an offer of shares having a nominal value of €0.20 each and offered at an Issue Price of €0.45 each was made to the public pursuant to the Prospectus dated 1 November 2010.

As at the closing of this offer on 2 December 2010 the Company issued and allotted 67,369,922 ordinary shares with a nominal value of €0.20 each, fully paid up.

The share premium attributable to these Issued shares, reflecting the difference of €0.25 between the Issue Price and the nominal value, amounting to €16,842,481, is presented separately in the statement of financial position.

Share issue costs, amounting to €963,697, have been deducted from the share premium.

15. PROPERTY REVALUATION RESERVE

	GROUP	
	2021	2020
	€	€
Revaluation of land and buildings		
At 1 January and at 31 December	**1,211,132**	1,211,132

The property revaluation reserve, which arose on property elements previously classified as property, plant and equipment, is non-distributable.

16. INVESTMENT FAIR VALUE RESERVE

	GROUP AND COMPANY	
	2021	2020
	€	€
At 1 January	**92,582**	100,340
Losses from changes in fair value of financial investments	**(12,338)**	(7,758)
At 31 December	**80,244**	92,582

The fair value reserve reflects the cumulative net changes in fair value of financial investments measured at fair value through other comprehensive income held by the Group and Company, which changes are recognised directly in equity in other comprehensive income.

The reserve is non-distributable.

17. OTHER RESERVE

By virtue of an agreement dated 17 December 2020, MIDI p.l.c. transferred the 9,900 shares it held in its subsidiary Tigné Point Marketing Limited of €2.329373 each to Tigné Contracting Limited, another subsidiary, for a consideration of €23,060. Pursuant to the said transfer of shares, the entirety of the issued share capital of Tigné Point Marketing Limited was held by Tigné Contracting Limited. MIDI p.l.c. holds 99.99% of the issued share capital in Tigné Contracting Limited. Subsequently, Tigné Point Marketing Limited and Tigné Contracting Limited have been amalgamated by a merger by acquisition in terms of the Companies Act (Cap. 386 of the Laws of Malta). Upon the merger by acquisition taking effect, Tigné Contracting Limited as the acquiring company succeeded to all the assets, right, liabilities and obligations of Tigné Point Marketing Limited which in turn ceased to exist.

The consideration receivable by the Company from Tigné Contracting Limited had been recognised directly in equity as 'Other reserve' upon the merger of the two entities.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Current				
Payments received on account	**21,750**	1,570,500	**21,750**	1,570,500
Due to Government in relation to				
purchase of land (Note 11)	**35,317,460**	30,608,691	**35,317,460**	30,608,691
Amounts owed to subsidiaries	**-**	-	**13,616,181**	12,451,234
Amounts owed to other related parties	**12,081**	391,401	**11,758**	15,026
Indirect taxation	**82,911**	188,876	**55,475**	170,622
Other payables	**1,000,436**	1,316,388	**687,539**	841,348
Accruals and deferred income	**3,847,054**	4,629,994	**3,086,703**	3,558,649
	40,281,692	38,705,850	**52,796,866**	49,216,070

	GROUP AND COMPANY	
	2021	2020
	€	€
Non-current		
Due to Government in relation to		
purchase of land (Note 11)	**5,050,480**	9,882,608
Other payables	**176,475**	209,334
	5,226,955	10,091,942

Amounts owed to subsidiaries and other related parties are unsecured, interest free, and repayable on demand.

Payments received on account represent deposits and amounts received from prospective purchasers on account of the purchase price of residential property pursuant to the signing of a promise of sale agreement, together with other intermediate payments pending the completion of the residential property and ensuing signing of the final deed of sale pertaining thereto. The Company offers prospective purchasers (or their bankers) a special hypothec on the relative residential property (with a carrying amount of €21,750 (2020: €1,570,500) covering the equivalent amount of payments received on account) as security for any part out of such payments received on account, which are deemed to be refundable in terms of the relative promise of sale agreement. The Company's bankers have undertaken to postpone their hypothecary and privileged rights in favour of the aforementioned security provided to prospective purchasers (or their bankers).

The current portion of the amounts due to Government in relation to the purchase of land was 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 €5,823,433 is expected during the financial year ending 31 December 2022 (2021: €5,823,433) in line with the contracted repayment schedule, taking cognisance of the potential implications of the developments referred to in Note 11 to the financial statements.

18. TRADE AND OTHER PAYABLES – CONTINUED

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; and
c) the balance which is being settled in cash.

Various costs incurred in respect of (a) and (b) above up to 31 December 2021 are included in Inventories – Development project and the amounts referred to will be deducted from the amount due to Government when the completion stages stipulated in the relative lease agreement are attained. The Company has also carried out substantial works pertaining to (a) and (b) and which have already been deducted from amounts due to Government.

The amounts due to Government with respect to the acquisition of land are secured by a first ranking special privilege on the emphyteutical concession at Tigné Point and Manoel Island, and a general hypothec over the Company's property (see also Note 19).

Maturity of the Group's and Company's non-current liability towards Government:

	2021	2020
	€	€
Between 1 and 2 years	**5,823,433**	5,823,433
Between 2 and 5 years	**-**	5,823,433
	5,823,433	11,646,866
Less: imputed interest component	**(772,953)**	(1,764,258)
	5,050,480	9,882,608

Non-current other payables at 31 December mainly represent deposits effected under operating lease arrangements by a number of tenants. These amounts are refundable at the end of the lease term and are subject to interest at 3% per annum. Amounts owed to related parties in this respect are disclosed in Note 36.

19. BORROWINGS

	GROUP AND COMPANY	
	2021	2020
	€	€
Current		
Bank loans	**9,999,971**	9,999,971
Non-current		
500,000 4% Secured Euro Bonds 2026	**49,578,577**	49,486,630
Total borrowings	**59,578,548**	59,486,601

On 28 June 2016, the Company issued €50,000,000 4% Secured Euro Bonds redeemable in 2026, which bonds were oversubscribed and admitted to listing on 3 August 2016 ("New Bond Issue"). The bond issue's payment and interest are secured by a number of the Company's immovable properties as well as the Company's investment in Mid Knight Holdings Limited via its subsidiary T14 Investments Limited.

19. BORROWINGS – CONTINUED

The quoted market price for the 4% Secured Euro Bonds 2026 as at 31 December 2021 was €103.25 (31 December 2020: €102.50).

The bonds are measured at the amount of net proceeds adjusted for the amortisation of directly attributable and incremental transaction costs, consisting of bond issue costs incurred in the preparation and implementation of the bond issue, using the effective interest method as follows:

	GROUP AND COMPANY	
	2021	2020
	€	€
Face value of bonds		
500,000 4% Secured Euro Bonds 2026	**50,000,000**	50,000,000
Gross amount of bond issue costs	**(1,709,201)**	(1,709,201)
Amortisation up to end of year (refer to table below)	**1,287,778**	1,195,831
Unamortised bond issue costs	**(421,423)**	(513,370)
Amortised cost and closing carrying amount of bonds	**49,578,577**	49,486,630

	GROUP AND COMPANY	
	2021	2020
	€	€
Accumulated amortisation of bond issue cost:		
At beginning of year	**1,195,831**	1,103,884
Amortisation charge for the year	**91,947**	91,947
At end of year	**1,287,778**	1,195,831

Company bank borrowings as at 31 December 2021 for an amount of €9,999,971 (2020: €9,999,971) are secured by a general hypothec over the Company's assets and by a special hypothec over portions of land at Manoel Island. These general and special hypothecs rank after prior charges in favour of Government.

Bank borrowings are subject to floating rates of interest. The weighted average effective interest rates applied to borrowings as at the end of the reporting period were as follows:

	GROUP AND COMPANY	
	2021	2020
Bank loans	**1.9%**	1.2%

19. BORROWINGS – CONTINUED

Maturity of total borrowings as at 31 December:

	GROUP AND COMPANY	
	2021	2020
	€	€
Within one year	**9,999,971**	9,999,971
Between two and five years	**49,578,577**	-
Over five years	**-**	49,486,630
	59,578,548	59,486,601

20. LEASE LIABILITIES

The lease liabilities associated with the recognised right-of-use assets are analysed below:

	GROUP AND COMPANY	
	2021	2020
	€	€
Lease liabilities		
Current	**632,631**	632,631
Non-current	**13,784,206**	13,383,383
	14,416,837	14,016,014

The movement in the carrying amount of the lease liabilities is analysed in the following table:

GROUP AND COMPANY	INVESTMENT PROPERTY €	INVENTORIES - DEVELOPMENT PROJECT €	TOTAL €
At 1 January 2020	1,293,346	12,350,893	13,644,239
Derecognition upon sale (Note 6)	-	(22,936)	(22,936)
Payments effected	(62,040)	(570,591)	(632,631)
Interest charge	97,290	930,052	1,027,342
At 31 December 2020	**1,328,596**	**12,687,418**	**14,016,014**
At 1 January 2021	1,328,596	12,687,418	14,016,014
Derecognition upon sale (Note 6)	-	(192,050)	(192,050)
Payments effected	(62,040)	(405,519)	(467,559)
Interest charge	100,035	960,397	1,060,432
At 31 December 2021	**1,366,591**	**13,050,246**	**14,416,837**

20. LEASE LIABILITIES – CONTINUED

The income statements reflect the following amounts relating to leases:

	GROUP AND COMPANY	
	2021	2020
	€	€
Interest expense included in finance costs - investment property (Note 27)	**100,035**	97,290

Ground rent payable by the Group in respect of which right-of-use assets and lease liabilities have been recognised, cover land and property which is classified as Investment Property or Inventories – Development project. Since entering into the deed with the Government of Malta in 2000, the Group has capitalised the ground rent attributable to inventories within the carrying amount of these assets. Subsequent to the adoption of IFRS 16 – Leases, the Group reflects the depreciation charge on the right-of-use assets arising on property elements categorised as inventories and the finance costs on the related lease liabilities within the carrying amount of inventories through capitalisation of such amounts. As disclosed within Note 11, the depreciation charge on the right-of-use assets attributable to inventories, which is capitalised within inventories, amounted to €143,598 for the year ended 31 December 2021 (2020: €147,927) and the interest expense on the related lease liabilities, capitalised within inventories too, amounted to €960,297 (2020: €930,052).

The total cash payments for ground rent on all land portions in 2021 were €467,559 (2020: €632,631).

21. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2020: 35%), with the exception of deferred taxation on fair value gains attributable to investment property, which are computed utilising a tax rate of 10% (2020: 10%) on the basis applicable to property disposals. The movement on the deferred income tax account is analysed as follows:

	GROUP AND COMPANY	
	2021	2020
	€	€
At beginning of year	**3,414,398**	2,899,767
Charged/(credited) to profit or loss (Note 30):		
- depreciation on property, plant and equipment	**(2,400)**	(2,424)
- unutilised tax losses	**89,472**	517,055
- unutilised capital allowances	**(53,462)**	-
At end of year	**3,448,008**	3,414,398

21. DEFERRED TAXATION – CONTINUED

The balances at 31 December arose from:

- temporary differences arising between the tax base and carrying amount of property, plant and equipment attributable to depreciation;
- fair value gains arising on investment property;
- unutilised tax losses (unutilised tax losses have no expiry date); and
- unutilised capital allowances (unutilised capital allowances are forfeited upon cession of the trade)

	GROUP AND COMPANY	
	2021	2020
	€	€
Deferred tax balances attributable to:		
- temporary differences arising on property, plant and equipment	**(5,248)**	(2,848)
- unutilised tax losses	**-**	(89,472)
- unutilised capital allowances	**(53,462)**	-
- fair valuation of property	**3,506,718**	3,506,718
Net amount	**3,448,008**	3,414,398

Movements in deferred tax attributable to temporary differences arising on property, plant and equipment, unutilised tax losses and unutilised capital allowances are recognised in profit or loss.

Presented in statement of financial position as:

	GROUP AND COMPANY	
	2021	2020
	€	€
Deferred tax assets	**(58,710)**	(92,320)
Deferred tax liabilities	**3,506,718**	3,506,718
	3,448,008	3,414,398

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period.

Unrecognised deferred tax assets arising on tax losses and capital allowances of one of the Group's subsidiary undertakings amount to €1,361,800 (2020: €1,361,800) and €2,390,956 (2020: €2,491,342) respectively. Tax losses have no expiry date and capital allowances are forfeited upon cession of the trade.

22. REVENUE

The Group's revenue includes revenue from the development and sale of property and income from property rental and management of certain areas within the project (Note 4).

During 2020 and 2021, in view of the COVID-19 pandemic, for a number of months non-essential services were closed for business and the related operations were principally suspended, in line with the directions given by the National Health Authorities. This unprecedented situation gave rise to a heightened level of economic disruption which had an impact on the business of the Group's tenants. With a view to alleviating the business disruption experienced by the tenants, the Group has decided to grant lease relief to tenants, without modifying the lease agreements in place, amounting to €336,446 (2020: €566,292).

The concessions described above are deemed to be equivalent to partial waiver of lease payments emanating from the current terms and conditions within the lease agreements, taking into account the substance implied in the content of specific clauses in the agreements in place. These concessions are not deemed to constitute a modification of the same lease agreements. The term of the respective leases remained unchanged and similarly the scope of the lease was not modified. The amounts of the concessions have been treated as negative variable lease payments. Consequently, the waived lease income arising from the relief given to tenants has been recognised as a deduction in revenue during the financial period in which the condition that triggered the reduced payments occurred.

23. EXPENSES BY NATURE

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Cost of sales transferred from Inventories – Development project and related items	**3,405,302**	257,131	**3,398,591**	213,909
Commissions payable	**320,525**	-	**320,525**	-
Depreciation of property, plant and equipment (Note 5)	**245,855**	261,823	**8,911**	8,981
Employee benefit expense (Note 24)	**1,306,001**	1,245,152	**1,081,372**	989,347
Operating lease rentals payable:				
- vehicles	**26,660**	23,713	**19,285**	16,282
Directors' emoluments (Note 25)	**66,500**	69,577	**66,500**	69,577
Other expenses	**2,228,431**	2,241,794	**1,768,419**	1,892,123
Total cost of sales and administrative expenses	**7,599,274**	4,099,190	**6,663,603**	3,190,219

23. EXPENSES BY NATURE – CONTINUED

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2021 and 2020 relate to the following:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Annual statutory audit	**63,800**	62,100	**42,800**	41,600
Tax advisory and compliance services	**8,560**	7,675	**6,990**	6,690
Other assurance services	**6,753**	-	**1,747**	-
	79,113	69,775	**51,537**	48,290

During the current year fees amounting to €18,230 (2020: €15,500) have been charged to the Group by connected undertakings of the Group's auditor, in respect of tax advisory services and other advisory services.

24. EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Wages and salaries	**1,774,491**	1,733,610	**1,626,100**	1,590,559
Social security costs	**82,115**	84,467	**70,506**	72,763
	1,856,606	1,818,077	**1,696,606**	1,663,322
Amounts reflected in Inventories -				
Development project	**487,885**	507,845	**487,885**	507,845
Amounts recharged to subsidiaries	**-**	-	**64,629**	101,050
Amounts expensed in profit or loss	**1,306,001**	1,245,152	**1,081,372**	989,347
Amounts incurred on behalf of third parties	**33,381**	35,846	**33,381**	35,846
Amounts recharged to joint venture	**29,339**	29,234	**29,339**	29,234
	1,856,606	1,818,077	**1,696,606**	1,663,322

Average number of persons employed by the Group and Company during the year:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
Technical and administration	**35**	36	**30**	31

During the financial year ending 31 December 2020, group wages and salaries within the table above are presented net of grants received from the Government of Malta under the COVID-19 wage supplement scheme amounting to €4,483. No grants were received in 2021. Grants related to income are presented as a deduction in reporting the related expense which the grant is intended to compensate for.

25. DIRECTORS' EMOLUMENTS

	GROUP AND COMPANY	
	2021	2020
	€	€
Directors' fees	**66,500**	69,577

26. FINANCE INCOME

	GROUP AND COMPANY	
	2021	2020
	€	€
Interest income from:		
- bank deposits	**20,714**	14,552
- investment in debt securities	**11,011**	10,978
	31,725	25,530

27. FINANCE COSTS

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Interest and related expense recognised in profit or loss on:				
- Bank loans and overdrafts	**188,450**	123,836	**188,450**	123,836
- Bonds issued to the general public				
- coupon interest payable	**2,000,000**	2,001,822	**2,000,000**	2,001,822
- amortisation of difference between net proceeds and redemption value	**91,947**	91,947	**91,947**	91,947
- Interest on lease liabilities	**100,035**	97,290	**100,035**	97,290
- Bank and other charges	**97,634**	21,463	**95,991**	19,613
	2,478,066	2,336,358	**2,476,423**	2,334,508

Finance costs capitalised are disclosed in Note 11 to these Financial Statements.

28. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Rental and other income	**43,899**	58,012	**44,599**	54,638
Management fees receivable	**2,483**	1,997	**2,483**	1,997
	46,382	60,009	**47,082**	56,635

29. OTHER INCOME

Other income represents a dividend of €50,000 (2020: €50,000) received from Manoel Island Yacht Yard Limited.

30. TAX EXPENSE

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Current taxation:				
Current tax expense	**908,097**	10,262	**908,097**	14,503
Deferred taxation (Note 21):				
Current year charge	**87,072**	514,631	**87,072**	514,631
Over provision in prior years	**(53,462)**	-	**(53,462)**	-
Tax expense	**941,707**	524,893	**941,707**	529,134

30. TAX EXPENSE – CONTINUED

The tax on the profit/(loss) of the Group and the Company differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Profit/(loss)before taxation	**1,499,327**	(1,590,832)	**(392,567)**	(3,325,682)
Tax at 35%	**524,764**	(556,791)	**(137,398)**	(1,163,989)
Tax effect of:				
- expenses and cost of property not deductible for tax purposes	**3,101,048**	1,868,122	**3,052,256**	1,812,724
- application of tax rates to property disposals	**(1,915,091)**	(69,140)	**(1,915,091)**	(69,140)
- other differences	**(4,598)**	(54,703)	**(4,598)**	(50,461)
- over provision in prior years	**(53,462)**	-	**(53,462)**	-
- share of profit of joint venture	**(710,954)**	(662,595)	**-**	-
Tax expense in accounts	**941,707**	524,893	**941,707**	529,134

31. 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 the year.

	GROUP	
	2021	2020
Profit/(loss) attributable to equity holders of the Company	**€557,620**	(€2,115,725)
Weighted average number of ordinary shares in issue	**214,159,922**	214,159,922
Earnings per share	**€0.003**	(€0.010)

The Company has no instruments or arrangements which give rise to dilutive potential ordinary shares, and accordingly diluted earnings per share is equivalent to basic earnings per share.

32. DIVIDENDS

The Board of Directors continues to adopt a cautious approach in not recommending a dividend payment in respect of the year ended 31 December 2021. Dividends were also not paid in 2020. This decision has been taken in light of the perceived current uncertainties in order to preserve the Group's cash resources enabling it to manage liquidity demands over the coming months.

33. CASH GENERATED FROM/(USED IN) OPERATIONS

Reconciliation of operating profit/(loss) to cash generated from/(used in) operations:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
Operating profit/(loss)	**1,864,371**	(1,223,133)	**2,002,131**	(1,066,704)
Adjustments for:				
Depreciation of property, plant and equipment (Note 5)	**245,855**	261,823	**8,911**	8,981
Changes in working capital:				
Trade and other receivables	**762,200**	634,773	**589,962**	3,997,987
Trade and other payables	**(3,289,145)**	(5,307,426)	**(1,284,191)**	(6,049,534)
Inventories - Development project	**515,905**	(3,785,701)	**509,194**	(3,828,923)
Cash generated from/(used in) operations	**99,186**	(9,419,664)	**1,826,007**	(6,938,193)

34. COMMITMENTS

In addition to settling the liabilities associated with the purchase price of the land, the emphyteutical grant entered into with the Government provides for a series of development obligations relating to the contents of the project and the timescales over which it should be completed.

As at 31 December 2021, the Group had outstanding contractual commitments for project development works for the approximate amount of €2.1 million (2020: €2.3 million), which includes the amounts disclosed in Note 36. The emphyteutical grant specifies a maximum overall period of 25 years, commencing in the year 2000, for completion of the project.

The Group is also committed to effect payments for ground rent which will be effectively recovered from the property purchasers or tenants.

Operating lease commitments – where the Group/Company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases, which are primarily entered into by the Company in relation to rental operations within the project, are as follows:

	GROUP AND COMPANY	
	2021	2020
	€	€
Not later than 1 year	**1,301,369**	1,291,042
Later than 1 year and not later than 5 years	**2,107,847**	2,384,940
Over 5 years	**1,455,390**	1,175,394
	4,864,606	4,851,376

34. COMMITMENTS – CONTINUED

Operating lease commitments – where the Group/Company is the lessor - continued

The operating lease agreements entered into by the Company typically run for a significant number of years. These contracts generally provide that the lease payments increase by a predetermined percentage every year, which increases have been reflected in the figures above. A number of these arrangements also provide for contingent rentals based on outlet turnover levels.

Operating lease commitments – where the Group/Company is the lessee

The future minimum lease payments payable under motor vehicle and other non-cancellable operating leases, subject to normal commercial terms and conditions, are as follows:

	GROUP		**COMPANY**	
	2021	2020	**2021**	2020
	€	€	**€**	€
Not later than 1 year	**23,436**	58,398	**23,436**	20,020
Later than 1 year and not later than 5 years	**9,885**	52,651	**9,885**	3,303
	33,321	111,049	**33,321**	23,323

With effect from 1 January 2019, the Group and Company have recognised right-of-use assets for leases, except for short-term and low-value leases in accordance with the requirements of IFRS 16 (Note 6). The lease arrangements in place for motor vehicles fall within the definition of short-term leases for the purposes of IFRS 16.

35. CONTINGENCIES

a) In terms of the Emphyteutical Deed, the Company is responsible for the construction and installation of the public infrastructure including drainage, water, electricity and telecommunications distribution systems, which on completion of each phase shall pass on to Government. The Company maintains that the circumstances from when the Emphyteutical Deed was entered into have now changed whereby state monopoly over telecommunication infrastructure has been removed and that accordingly telecommunication infrastructure should not revert back to Government upon completion of each phase. The Directors do not believe that this matter has any significant financial impact on the Group.

b) The Company has received claims from property buyers mainly relating to damages allegedly incurred by them due to latent defects in their apartments and other differences. To date some of the pending claims were pursued in court; however, the amount of the claims, where quantified, were not deemed material by the Company's Directors.

c) A court case involving Tigné Point South Residents Association ("TSRA") and in connection with the Company's stores contributions payable towards garage complex common areas upkeep was adjudicated unfavourably for MIDI. The court ruled that MIDI was to pay its share of contributions to common areas, amounting to €230,000. The Company has lodged an appeal on the basis that the First Court has failed to endorse the applicable law and has ignored the contractual mechanism set out in deeds of sale which acquits storage room owners from contributing towards the cost for the upkeep of the garage complex common areas. The Company brought forward ample evidence showing that it has never made use and is not currently making any tangible use of the stores in question, and accordingly there is no real damage being produced to TSRA by wear and tear or inconvenience caused. Should the Court of Appeal deem that some compensation is due, the Company expects that the method to assess any indemnity due should result in a compensation proportionate to the damage which may be caused in line with current provisions of law. The Company believes the outcome of this process will ultimately be immaterial to the financial statements.

35. CONTINGENCIES – CONTINUED

d) The Company has entered into an agreement with Tigné Point South Residents Association on several claims made by the association and has agreed to undertake the necessary investigations and works to resolve water ingress issues that persist in the areas managed by this association. It is currently premature to define the scope and estimated costs of these works but in the opinion of the Directors these will not be significant.

e) At 31 December 2021, the Group has contingent liabilities amounting to €350,000 (2020: €350,000), €72,500 (2020: €72,500) and €5,000 (2020: nil) in respect of guarantees issued by the bank in the ordinary course of business in favour of the PA, the ERA and the Building Regulation Office, respectively.

f) At 31 December 2021, the Company has contingent liabilities in respect of guarantees given to the bank to secure the banking facilities of a related party for the amount of €522,500 (2020: €522,500).

36. 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.

As explained in Note 9, the Company has a 50% shareholding in Mid Knight Holdings Limited, a joint venture through T14 Investments Limited (a fully-owned subsidiary).

The following transactions were carried out with related parties:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
i) Sale of goods and services				
Sale of services to subsidiaries	**-**	-	**65,329**	102,766
Sale of services to other related parties	**375,056**	345,686	**111,717**	125,462
ii) Purchase of goods and services				
Purchase of services from subsidiaries	**-**	-	**2,258,965**	260,334
Purchase of services from other related parties	**178,872**	629,835	**46,383**	48,546

At the end of the reporting period, the Group had outstanding contractual commitments with related parties for project development for the amount of €1,448,240 (2020: €1,407,998).

36. RELATED PARTY TRANSACTIONS – CONTINUED

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	€	€	**€**	€
iii) Rental income				
Revenue earned during the current financial year from subsidiaries	**-**	-	**21,800**	60,316
Revenue earned during the current financial year from other related parties	**102,003**	36,658	**102,003**	36,658
Balances as at 31 December included within other non-current liabilities (Note 18)	**35,000**	35,000	**35,000**	35,000
iv) Bank loans from shareholders				
Balances at 31 December	**9,999,971**	9,999,971	**9,999,971**	9,999,971
Net interest charged during the year	**188,452**	123,836	**188,452**	123,836

As at 31 December 2021, the Group and Company had banking facilities for the amount of €9,999,971 (2020: €9,999,971) sanctioned by related parties (terms and conditions are reflected in Note 19).

	GROUP AND COMPANY	
	2021	2020
	€	€
v) Bank deposits with shareholders		
Balances at 31 December	**6,450,153**	7,387,419
Interest income earned	**20,524**	14,355

Movements in the assets referred to above are analysed in the statements of cash flows.

	GROUP AND COMPANY FACE VALUE OF BONDS HELD AT 31 DECEMBER		GROUP AND COMPANY INTEREST PAYABLE DURING THE YEAR	
	2021	2020	**2021**	2020
	€	€	**€**	€
vi) Bonds held by related parties				
Held by related parties in own name	**261,500**	261,500	**10,460**	10,460

The Directors are the Group's key management personnel and transactions with these related parties consist solely of Directors' remuneration as disclosed in Note 25.

36. RELATED PARTY TRANSACTIONS – CONTINUED

Wages and salaries recharged to subsidiaries are disclosed in Note 24.

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.

Balances outstanding as at the year end with respect to group subsidiaries and other related parties are disclosed in Notes 12 and 18 to the Financial Statements. Interest receivable and payable in this respect are also disclosed in Notes 26 and 27 respectively.

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.

37. STATUTORY INFORMATION

MIDI p.l.c. is a public limited liability Company and is incorporated in Malta.

FIVE YEAR RECORD

FIVE YEAR RECORD

GROUP

SUMMARISED RESULTS	2021	2020	2019	2018	2017
	€'000	€'000	€'000	€'000	€'000
Revenue	9,417	2,816	27,724	52,469	4,636
Cost of sales	(5,052)	(1,727)	(13,135)	(29,932)	(3,584)
Gross profit	**4,365**	**1,089**	**14,589**	**22,537**	**1,052**
Administrative expenses	(2,547)	(2,372)	(3,041)	(4,260)	(3,972)
Other operating income	46	60	134	174	134
Operating profit/(loss)	**1,864**	**(1,223)**	**11,682**	**18,451**	**(2,786)**
Net finance costs	(2,446)	(2,311)	(2,074)	(1,942)	(2,255)
Other income	50	50	-	-	-
Share of results of joint venture	2,031	1,893	1,626	1,349	26,281
Result before tax	**1,499**	**(1,591)**	**11,234**	**17,858**	**21,240**
Overall result for the year	**558**	**(2,116)**	**8,214**	**11,635**	**20,775**

SUMMARISED FINANCIAL POSITION	2021	2020	2019	2018	2017
	€'000	€'000	€'000	€'000	€'000
Shareholders' funds	102,388	101,842	103,966	97,440	86,621
Borrowings	59,579	59,487	59,395	59,303	66,137
Total capital employed	161,966	161,329	163,361	156,743	152,758
Non-current assets	83,022	82,990	83,814	81,118	83,834
Current assets	142,674	144,659	150,802	139,545	154,575
Liabilities (excluding borrowings)	(63,730)	(66,320)	(71,256)	(63,870)	(85,652)
Total assets less liabilities (excluding borrowings)	161,966	161,330	163,360	156,793	152,757

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of MIDI p.l.c. as at 31 December 2021, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

MIDI p.l.c.'s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2021;
- the Consolidated and Parent Company income statements and statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Independence

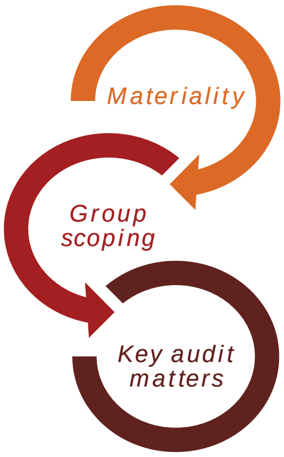
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ('IESBA' Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2021 to 31 December 2021, are disclosed in Note 23 to the financial statements.

Our audit approach

Overview



- Overall group materiality: €760,000, which represents approximately 0.75% of consolidated net assets.

- The audit carried out by the group engagement team covered all companies within the group as at and for the year ended 31 December 2o21, comprising MIDI p.l.c. (the Parent Company) and its subsidiaries: Tigné Contracting Limited, T14 Investments Limited and Solutions & Infrastructure Services Limited, as well as the investment in joint venture Mid Knight Holdings Limited and its subsidiary Mid Knight Operations Limited.

- Fair valuation of investment property relating to the Group and the Parent Company
- Inventory valuation relating to the Group and the Parent Company

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€760,000
How we determined it	Approximately 0.75% of consolidated net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark against which the underlying value of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 0.75%, which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €38,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Fair valuation of investment property, relating to the Group and the Parent Company The Group's and Parent Company's assets comprise properties held for long-term rental yields or for capital appreciation, which are classified as investment property and are measured at fair value. The main asset of Mid Knight Holdings Limited, the Group's jointly controlled entity, comprises an office block known as 'The Centre' which is rented out to third parties. The asset is accounted for as investment property in the joint venture's financial statements and is measured at fair value. During 2021 the Board of Mid Knight Holdings Limited commissioned an independent property valuation on the basis of an assessment of the open market value of the property performed by a professional valuer, which confirmed that the carrying amount of the property is not significantly different from the carrying amount. Such process considered the current and projected economic scenario and also the developments at the property tenant level.	We reviewed management's internally developed valuation models refreshed as at the end of the current reporting period, which were utilised by management to assess the carrying amount by determining fair values of the different components of the Group's investment property. We reviewed the independent valuation report in respect of investment property owned by Mid Knight Holdings Limited, the joint venture, which was commissioned during 2021. We confirmed that the valuation approach for each property and the valuation models utilised in determining the fair value of property were in accordance with professional valuation standards. We engaged our in-house valuation experts to critique and challenge the principal assumptions used in the valuation report for the office block of Mid Knight Holdings Limited and management's internal valuation models referred to above which have been updated by management as at the end of the current financial year for each component of the Group's property to support the carrying amounts. Our valuation experts have reviewed the valuation report and the valuation models updated by management in detail within the ambit of their assessments. The principal assumptions include the projected cashflows, estimated sale market rates or prices, and the discount rate applied for certain properties. Third party evidence and other data was obtained to corroborate the assumptions. We tested the mathematical accuracy of the calculations.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Key audit matter	How our audit addressed the Key audit matter
With respect to the components of the Group's investment property, at the end of every reporting period, when an external valuation is not carried out, the Directors assess whether any significant changes in actual circumstances and developments have been experienced since the last external valuation. On an annual basis, management updates internally developed valuation models which are based on the discounted cash flow and comparable sales value approaches, for the purpose of ascertaining whether the carrying amount of the key components within the Group's property portfolio are significantly different from estimated fair values. An adjustment to the carrying amount of the property is only reflected if it has been determined that there has been significant change. In the process of reviewing the valuation assumptions as at 31 December 2021 in respect of specific elements within the Group's investment property, management considered developments at the tenant level and the rent concessions granted in view of the disruption brought about by the COVID-19 pandemic. Following the assessments carried out as at 31 December 2021, no adjustments to the overall carrying amount of the Group's investment property portfolio and to the carrying amount of the jointly controlled entity's investment property were deemed necessary as at that date.	We have also considered the potential impacts of the economic distress caused by the COVID-19 pandemic, and recent economic developments and developments at tenant level, on the carrying amount of the assets as at the end of the reporting period. Our experts have taken cognisance of the prevailing economic and market conditions as a result of the uncertainty. Based on management's assessments, the estimated impact on the fair valuation of specific elements of investment property is not considered material taking cognisance of discounted projected cash flows for the entire term of the emphyteutical grant. Also, the estimated sales values of other elements of investment property have not been materially impacted as a result of the pandemic. We discussed the outcome of management's assessments with the Audit Committee. Management's valuation models and the independent valuation report confirmed that there are no significant differences between carrying amounts and estimated fair values as at 31 December 2021 as we concluded, based on our audit work, that the outcome of the management and external assessments in respect of the overall carrying amounts of the investment property portfolio as at 31 December 2021 was within a reasonable range of values.

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Independent auditor's report

To the Shareholders of MIDI p.l.c.

Key audit matter	How our audit addressed the Key audit matter
We focused on this area because of the significance of the carrying value of the Group's and joint venture's property in the respective Statements of Financial Position, together with the judgemental nature of the assumptions used in the valuation models, such as the sales price per car space or per square metre, projected rental income streams and the discount rates applied. The outbreak of the COVID-19 pandemic has given rise to a heightened level of estimation uncertainty with respect to key assumptions underlying the valuation of investment property. Further disclosure is included in Note 7 (Investment Property) and Note 9 (Investments in joint venture).	
Inventory Valuation, relating to the Group and the Parent Company The carrying amount of inventory at Group and Parent Company level represents the value of land, development and borrowing costs attributable to the various phases of the Manoel Island and Tigné Point project which are either held for sale or under development as at 31 December 2021, analysed by project phase. For each project phase, management assesses whether inventory is carried at the lower of cost and net realisable value, on the basis of projected financial information pertaining to the respective phases. We focused on this area because of the significance of the carrying value of inventories, which includes costs attributable to the Manoel Island project, in the Group's Statement of Financial Position and the judgemental nature of the assumptions used by management in the assessments referred to above.	We understood and evaluated the assessment performed by management to ascertain whether inventory is carried at the lower of cost and net realisable value, for all inventory elements including the Manoel Island project. Our audit procedures included a review, also with the assistance of our valuation experts, of the projected financial information for the different project phases prepared by management with the objective of estimating recoverable amounts. We have also considered the implications of the COVID-19 pandemic and recent economic developments on the carrying amount of the assets. In particular, our valuation experts have reviewed the manner in which the estimated impacts of these developments have been reflected within the principal assumptions underlying management's assessments. Our experts have taken cognisance of the prevailing economic and market conditions as a result of the uncertainty brought about by the pandemic.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Key audit matter	How our audit addressed the Key audit matter
Taking cognisance of developments relating to the COVID-19 pandemic and the current economic scenario, management's assessments indicate that no impairment indicators have been registered as at 31 December 2021 in respect of the key inventory elements, also as these are principally expected to generate sales revenues in a few years' time. Further disclosure is included in Note 11 (Inventories - Development project).	In relation to the Manoel Island project, we are aware that during the current financial year, the Outline Permit in respect of the revised Masterplan for the restoration and redevelopment of Manoel Island, which also contemplates a decrease in development volumes, has been approved by the Planning Authority. We take cognisance of the fact that during 2021 the Group announced that it had entered into a non-binding memorandum of understanding with AC Enterprises Limited to explore the possibility of establishing a joint venture with respect to the development of Manoel Island. We have discussed with management and the Audit Committee the principal assumptions underlying the inventory assessments performed for the different inventory elements and also considered the key elements emanating from the memorandum of understanding entered into with the third party referred to above. Based on the evidence we have sighted during our procedures and the consideration of management's assessments, nothing leads us to believe that that any impairment indicators exist in respect of the Group's inventory elements. We concluded, based on our audit work, that the outcome of the assessments in respect of carrying amounts of inventories as at 31 December 2021 is not unreasonable.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is composed of MIDI p.l.c. (the Parent Company) and its subsidiaries: Tigné Contracting Limited, T14 Investments Limited and Solutions & Infrastructure Services Limited. It also holds an investment in joint venture Mid Knight Holdings Limited and its subsidiary Mid Knight Operations Limited.

Full scope audit procedures were performed by PwC Malta on all the components. This, together with the additional procedures performed on the consolidation at the Group level, were sufficient to allow us to conclude on our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report, the Statement of compliance with the Principles of Good Corporate Governance and the Remuneration Report and Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Message, the Chief Executive Officer's Review of Operations, and the Five Year Record, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements.*

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Message, the Chief Executive Officer's Review of Operations, and the Five Year Record, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in accordance with International Standards on Auditing.

pwc

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Parent company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Group's and the Parent company's trade, customers and suppliers, and the disruption to their business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor’s report

To the Shareholders of MIDI p.l.c.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the “ESEF RTS”), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the “ESEF Directive 6”) on the Annual Financial Report of MIDI p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual Report for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Other reporting requirements

The *Annual Report and Consolidated Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Consolidated Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report The Maltese Companies Act (Cap. 386) requires the Directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).
	In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

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Independent auditor's report

To the Shareholders of MIDI p.l.c.

Area of the *Annual Report and Consolidated Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Statement of Compliance with the Principles of Good Corporate Governance The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Area of the *Annual Report and Consolidated Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
Remuneration report and Statement The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.	We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.	In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report

To the Shareholders of MIDI p.l.c.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company for the financial year ended 31 December 1998. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 24 years. The parent company became listed on a regulated market on 23 January 2009.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Fabio Axisa
Partner

26 April 2022

NOTES

NOTES

MIDI

MANOEL ISLAND & TIGNÉ POINT DEVELOPMENT

MIDI P.L.C.
NORTH SHORE, MANOEL ISLAND,
GŻIRA GZR 3016, MALTA

T: (356) 2065 5500
E: INFO@MIDIMALTA.COM
MIDIMALTA.COM