

13<sup>th</sup> September, 2011

## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GAP Developments p.l.c. ("the Company") pursuant to the Malta Financial Services Authority Listing Rules 8.7.4 and 8.7.21 with respect to the Unaudited Interim Financial Statements ended June 2011.

### Quote

The Board of Directors of GAP Developments p.l.c. has today approved the attached Unaudited Interim Financial Statements for the six months period ended 30<sup>th</sup> June, 2011.

The Board has also authorized for the issue of these unaudited Interim Financial Statements which will be available on the Fort Cambridge website: [www.fortcambridge.com](http://www.fortcambridge.com).

### Unquote



Paul Attard  
Company Secretary

**GAP DEVELOPMENTS P.L.C.**

**Interim Report**

**And**

**Unaudited Interim Condensed Financial Statements**

**30 June 2011**

**GAP DEVELOPMENTS P.L.C.**  
**Interim Report and Unaudited Interim Condensed Financial Statements**  
**For the six months ended 30 June 2011**

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**GAP DEVELOPMENTS P.L.C.**  
**Interim Report and Unaudited Interim Condensed Financial Statements**  
**For the six months ended 30 June 2011**

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**INTERIM DIRECTORS' REPORT**

The directors submit the unaudited condensed financial statements for the period ended 30 June 2011.

**Construction and Development**

GAP Developments p.l.c. was set up to acquire the Fort Cambridge area to reconstruct and develop the site for a combination of uses within the parameters of the Fort Cambridge Development brief.

During the period under review, construction continued to progress. The South block was completed whilst the East 1 and 2 blocks were fully constructed and in an advanced stage of finishing. The construction of East 3, 4, and 5 and the West blocks is between the 12<sup>th</sup> and 17<sup>th</sup> level. Water and electricity works, plastering and tiling works are also moving along steadily. There has been no interruption in the works programme. The directors are confident that the construction will be completed by the end of 2011.

Up to the end of the first semester, the number of completed units was 62, and in shell form was 220.

**Performance results**

In spite of depressed worldwide economic conditions, management continued to market the project aggressively both locally and abroad while at the same time effectively controlling expenditure and ensuring commitments are met on time. In spite of the surrounding challenging business climate which has naturally affected the overall sales targets, sales during the period under review have been largely on course, in the number but also in the price range.

The directors are cautiously optimistic that with the slowly improving economic climate, sales will pick up momentum.

The company's results for the period ended 30 June 2011 are shown on page 3. The loss before tax for the period was EUR1,049,588 (2010: loss before tax was: EUR151,660).

**Repurchase of Bonds**

During the period, the company repurchased 716,045 7% Secured Bonds 2007-2013 from its Bondholders. All bonds so purchased by the company were cancelled.

**Directors**

During the year ended 30 June 2011 the directors were as listed hereunder:

George Muscat (Chairman)  
Charles Azzopardi (Executive Director)  
Anthony Azzopardi (Executive Director)  
Paul Attard (Executive Director)  
Adrian Muscat (Executive Director)  
Dr. Pio M Valletta (Non-executive Director)  
Mark Castillo (Non-executive Director) (resigned 16 Aug 2011)  
John Abela (Non-executive Director) (resigned 16 Aug 2011)  
Hugh Attard Montalto (Non-executive Director)

**GAP DEVELOPMENTS P.L.C.**  
**Interim Report and Unaudited Interim Condensed Financial Statements**  
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**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**for the six months ended 30 June 2011**

	Notes	The Group		The Company	
		2011 EUR	2010 EUR	2011 EUR	2010 EUR
Revenue	3	3,171,664	25,274	3,171,629	25,274
Cost of sales		(3,566,681)	-	(3,566,681)	-
<b>Gross loss</b>		<b>(395,017)</b>	25,274	<b>(395,052)</b>	25,274
Administrative expenses		(696,693)	(196,622)	(685,678)	(183,852)
<b>Operating loss</b>	4	<b>(1,091,710)</b>	(171,348)	<b>(1,080,730)</b>	(158,578)
Other income		26,094	-	26,094	-
Finance Expense		(27)	(31)	-	-
Finance Income	8	5,048	6,918	5,048	6,918
<b>Loss for the period before tax</b>		<b>(1,060,595)</b>	(164,461)	<b>(1,049,588)</b>	(151,660)
Income tax expense	9	372,033	52,043	368,343	52,043
<b>Loss for the period</b>		<b>(688,562)</b>	(112,418)	<b>(681,245)</b>	(99,617)
<b>Total comprehensive income for the period, net of tax</b>		<b>(688,562)</b>	(112,418)	<b>(681,245)</b>	(99,617)

*The accounting policies and explanatory notes on pages 9 to 24 form an integral part of the financial statements.*

**GAP DEVELOPMENTS P.L.C.**  
**Interim Report and Unaudited Interim Condensed Financial Statements**  
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**INTERIM STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2011**

	The Group		The Company	
	June 2011 EUR	Dec 2010 EUR	June 2011 EUR	Dec 2010 EUR
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8,585,755	8,635,446	8,493,114	8,533,115
Investment in subsidiaries	-	-	3,339,561	3,339,561
Deferred tax asset	625,924	253,133	613,923	244,823
	<b>9,211,679</b>	<b>8,888,579</b>	<b>12,446,598</b>	<b>12,117,499</b>
<b>Current assets</b>				
Inventories	134,594,175	127,177,296	134,594,175	127,177,296
Trade and other receivables	870,736	804,057	822,463	791,060
Cash and bank balances	2,230,732	732,521	2,204,588	730,889
Income tax receivable	234,718	16,093	234,718	16,093
	<b>137,930,361</b>	<b>128,729,967</b>	<b>137,855,944</b>	<b>128,715,338</b>
<b>Total assets</b>	<b>147,142,040</b>	<b>137,618,546</b>	<b>150,302,542</b>	<b>140,832,837</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued ordinary capital	16,000,000	16,000,000	16,000,000	16,000,000
Issued preference capital	466	466	-	-
Retained Earnings	(8,011,369)	(7,322,807)	(7,895,555)	(7,214,310)
<b>Total equity</b>	<b>7,989,097</b>	<b>8,677,659</b>	<b>8,104,445</b>	<b>8,785,690</b>
<b>Non-current liabilities</b>				
Bank loans	10,230,910	10,299,907	10,230,910	10,299,907
Other financial liabilities	18,268,067	10,398,894	18,268,067	10,398,894
Debt securities in issue	34,225,041	34,804,394	34,225,041	34,804,394
	<b>62,724,018</b>	<b>55,503,195</b>	<b>62,724,018</b>	<b>55,503,195</b>
<b>Current liabilities</b>				
Bank overdraft and loans	30,000,000	30,899,719	30,000,000	30,899,719
Trade and other payables	46,428,925	42,537,973	46,338,579	42,484,681
Other financial liabilities	-	-	3,135,500	3,159,552
	<b>76,428,925</b>	<b>73,437,692</b>	<b>79,474,079</b>	<b>76,543,952</b>
<b>Total liabilities</b>	<b>139,152,943</b>	<b>128,940,887</b>	<b>142,198,097</b>	<b>132,047,147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>147,142,040</b>	<b>137,618,546</b>	<b>150,302,542</b>	<b>140,832,837</b>

*The interim unaudited condensed financial statements have been authorised for issue by the Board of Directors on 13<sup>th</sup> September 2011 and signed on its behalf by:*

  
**GEORGE MUSCAT**  
Chairman

  
**CHARLES AZZOPARDI**  
Executive Director

**GAP DEVELOPMENTS P.L.C.**  
**Interim Report and Unaudited Interim Condensed Financial Statements**  
**For the six months ended 30 June 2011**

**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2011**

	Issued ordinary capital EUR	Issued preference shares EUR	Retained earnings EUR	Total EUR
<b>The Group</b>				
<b>Financial period ended 30 June 2010</b>				
At 1 January 2010	16,000,000	233	(456,781)	15,543,452
Total Comprehensive income for the period	-	-	(112,418)	(112,418)
<b>At 30 June 2010</b>	<b>16,000,000</b>	<b>233</b>	<b>(569,199)</b>	<b>15,431,043</b>
<b>Financial period ended 30 June 2011</b>				
At 1 January 2011	16,000,000	466	(7,322,807)	8,677,659
Total Comprehensive income for the period			(688,562)	(688,562)
<b>At 30 June 2011</b>	<b>16,000,000</b>	<b>466</b>	<b>(8,011,369)</b>	<b>7,989,097</b>
<b>The Company</b>				
<b>Financial period ended 30 June 2010</b>				
At 1 January 2010	16,000,000	-	(369,209)	15,630,791
Total Comprehensive income for the period		-	(99,617)	(99,617)
<b>At 30 June 2010</b>	<b>16,000,000</b>	<b>-</b>	<b>(468,826)</b>	<b>15,531,174</b>
<b>Financial period ended 30 June 2011</b>				
At 1 January 2011	16,000,000	-	(7,214,310)	8,785,690
Total Comprehensive income for the period		-	(681,245)	(681,245)
<b>At 30 June 2011</b>	<b>16,000,000</b>	<b>-</b>	<b>(7,895,555)</b>	<b>8,104,445</b>

**GAP DEVELOPMENTS P.L.C.**  
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**INTERIM STATEMENT OF CASHFLOWS**  
**for the six months ended 30 June 2011**

	The Group		The Company	
	2011 EUR	2010 EUR	2011 EUR	2010 EUR
<b>Operating activities</b>				
Loss before tax	(1,060,595)	(164,461)	(1,049,588)	(151,660)
<i>Adjustments for:</i>				
Depreciation	49,691	50,065	40,001	40,258
Finance income	(5,048)	(6,918)	(5,048)	(6,918)
Finance expenses	27	31	-	-
Loss on disposal of assets	-	559	-	559
Other income	(26,094)	-	(26,094)	-
<i>Working Capital Adjustments:</i>				
Increase in trade and other receivables	(66,679)	(122,396)	(31,403)	(117,405)
Increase in inventories	(7,416,879)	(11,318,139)	(7,416,879)	(11,318,139)
Increase in trade and other payables	4,223,014	4,077,872	4,161,909	4,075,676
<b>Cash generated from operations</b>	<b>(4,302,563)</b>	<b>(7,483,387)</b>	<b>(4,327,102)</b>	<b>(7,477,629)</b>
Interest payable	(27)	(31)	-	-
Income tax paid	(757)	(1,078)	(757)	(1,078)
Other income	26,094	-	26,094	-
<b>Net cash flows used in operating activities</b>	<b>(4,277,253)</b>	<b>(7,484,496)</b>	<b>(4,301,765)</b>	<b>(7,478,707)</b>
<b>Investing activities</b>				
Purchase of fixed assets	-	(1,901)	-	(1,900)
Interest received	5,048	6,918	5,048	6,918
<b>Net cash flows from investing activities</b>	<b>5,048</b>	<b>5,017</b>	<b>5,048</b>	<b>5,018</b>
<b>Financing activities</b>				
Shareholders' loans	7,318,485	3,605,000	7,318,485	3,605,000
Bank loans (net)	(968,716)	-	(968,716)	-
Bonds and debentures	(579,353)	205,039	(579,353)	205,039
Other loans	-	2,318,062	-	2,318,062
<b>Net cash flows from financing activities</b>	<b>5,770,416</b>	<b>6,128,101</b>	<b>5,770,416</b>	<b>6,128,101</b>
Net (increase)/decrease in cash and cash equivalents	1,498,211	(1,351,378)	1,473,699	(1,345,588)
Cash and cash equivalents at beginning of the period	732,521	2,158,132	730,889	2,151,403
<b>Cash and cash equivalents at end of the period</b>	<b>2,230,732</b>	<b>806,754</b>	<b>2,204,588</b>	<b>805,815</b>



**GAP DEVELOPMENTS P.L.C.**  
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**For the six months ended 30 June 2011**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**1. STATUTORY INFORMATION**

GAP Developments Plc is a limited liability company and is incorporated in Malta, with its registered address at GAP Holdings Head Office, Censu Scerri Street, Tigne, Sliema, SLM 3060, Malta. The company is jointly owned and controlled by GAP Holdings Limited and Tigne Skies Limited.

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

The condensed interim financial statements have been extracted from GAP Development p.l.c. (the company) and its subsidiary undertakings (collectively referred to as the 'group') unaudited management accounts for the six month period ended 30 June 2011. These condensed interim financial statements are being published in terms of Chapter 5 of the Listing Rules issued by the Listing Authority and in terms of the Prevention of Financial Markets Abuse Act, Cap. 476 of the Laws of Malta.

The condensed interim financial statements have been prepared in accordance with EU adopted IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

The accounting policies adopted in the preparation of the unaudited interim financial information for the six month period ended 30 June 2011 are consistent with those used in the preparation of the annual financial statements for the financial year ended 31 December 2010, as described in those financial statements.

In 2011, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 January 2011. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the group's accounting policies as outlined previously.

**3. TRANSACTIONS WITH RELATED PARTIES**

All companies owned by the same shareholders of GAP Holdings Limited and Tigne Skies Limited, being the shareholders of GAP Developments plc, are considered by the directors to be related parties. During the course of the period the company entered into the following transactions with related undertakings.

	<b>The Group and the Company</b>	
	<b>2011</b>	<b>2010</b>
	<b>EUR</b>	<b>EUR</b>
Development costs	<b>5,938,141</b>	7,366,929
Interests payable	<b>226,143</b>	154,942

All major contracts of work on the Fort Cambridge development project are carried out by GAP Contracting Limited. GAP Holdings Limited owns 50% of Gap Contracting Limited and Tigne' Skies Limited owns the other 50%. GAP Contracting Limited invoices GAP Developments p.l.c. for works carried out at a minimal margin.


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**Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority**

I confirm that to the best of my knowledge:

1. The condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2011, and of its financial performance and its cash flows for the period then ended in accordance with EU adopted IAS 34 'Interim Financial Reporting'.
2. The Interim Directors' report includes a fair review of the information required in terms of the listing rules 5.81 to 5.84.

  
George Muscat  
Chairman