



Malta Properties Company plc  
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## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Malta Properties Company p.l.c. ("the Company") pursuant to Malta Financial Services Authority Listing Rules.

### *Quote*

In a meeting held earlier today 25<sup>th</sup> August 2016, the Board of Directors of the Company approved the attached Group Interim Unaudited Financial Statements for the six-month period ended 30 June 2016.

*Unquote*

A handwritten signature in blue ink, appearing to read 'F. Salomone'.

**Dr. Francis Galea Salomone**  
**Company Secretary**

**25 August 2016**

**MALTA PROPERTIES COMPANY P.L.C.**

**Condensed Consolidated  
Interim Financial Statements**

**For the period 1 January 2016 to 30 June 2016**

**MALTA PROPERTIES COMPANY P.L.C.**  
**Condensed Consolidated Interim Financial Statements**  
**For the period 1 January 2016 to 30 June 2016**

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	<b>Pages</b>
Directors' Report pursuant to Listing Rule 5.75.2	1 - 2
Condensed Consolidated Interim Financial Statements:	
Condensed Consolidated Interim Statement of Financial Position	3 - 4
Condensed Consolidated Interim Statement of Comprehensive Income	5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8 - 12
Statement pursuant to Listing Rule 5.75.3	13
Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information	

## Directors' Report pursuant to Listing Rule 5.75.2

*This Half-Yearly Report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The half-yearly report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2016 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 210, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2015.*

### Principal activities

The main activities of the Group are property development and the holding of immovable property for rental to others. As the holding company of the Malta Properties Company (MPC) p.l.c. Group, MPC p.l.c is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations. The parent company may, inter alia, directly or through subsidiary companies, acquire by any title whatsoever, and take on lease or sub-lease and dispose of, grant and/or lease and hold property of any kind, whether movable or immovable for the purposes of its business, and construct, develop and enter into arrangements with contractors and other service providers in connection with its properties.

### Review of financial performance

During the six-month period ended 30 June 2016, the Group reported revenues from the leasing of its properties amounting to €1,662,925 (2015: €1,608,500). In the short to medium term, these revenue levels are expected to remain stable and increase gradually in line with inflation. This expectation is based on the fact that MPC has in place a number of long term lease agreements with its tenants. These long term leases on various properties will also shield the Company from any potential unforeseen economic uncertainties. The Group's operating profit for the said six-month period stood at €1,370,713 (2015: €1,587,645). The decrease in operating profit is a reflection of the substantial increase in administrative expenses which amounted to €292,212 (2015: €20,855) as a result of the independent operation of the Group (following the spin-off from GO p.l.c.) and MPC's listing on the Malta Stock Exchange towards the end of 2015. Finance costs decreased to €442,355 (2015: €928,571) following a decrease in borrowings from €49 million to €16 million towards the end of 2015.

Profit before tax amounted to €928,358 (2015: €659,074), an increase of 40% over the prior comparative period. Profit for the period ended 30 June 2016 stood at €551,115, a decrease from the 2015 six-month profit of €1,702,723. This decrease is mainly attributable to the tax credit for the period ended 30 June 2015 which resulted due to changes to the taxation rules on capital gains arising on transfer of immovable property. Earnings per share in 2016 was calculated using the number of shares outstanding during the period while that for 2015 was calculated on the basis of the redenomination of 50,000 shares of €1 each to 156,250 shares of €0.32 each.

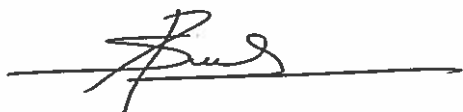
Cash generated from operations for the period amounted to €972,675 (2015: cash used in operations of €2,140) and as at 30 June 2016 the Group's cash and cash equivalents amounted to €1,490,209 (2015: €118,281).

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

**Dividends**

The Board of Directors has resolved to determine the extent of any dividend distribution for 2016 on the basis of the full year results. Accordingly, no dividends are declared upon the issue of the results for the six-month period ended 30 June 2016.

Approved by the Board of Directors on 25 August 2016 and signed on its behalf by



Mr. Deepak S. Padmanabhan  
Chairman



Mr. Edmond Brincat  
Director

MALTA PROPERTIES COMPANY P.L.C.  
Condensed Consolidated Interim Financial Statements  
For the period 1 January 2016 to 30 June 2016

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**Statement of financial position**

	As at 30.06.2016 Unaudited €	As at 31.12.2015 Audited €
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	54,620,782	54,018,149
Property, plant and equipment	12,208	8,491
Trade and other receivables	6,071	12,142
<b>Total non-current assets</b>	<b>54,639,061</b>	<b>54,038,782</b>
<b>Current assets</b>		
Trade and other receivables	119,460	91,443
Current tax assets	35,707	38,094
Cash and cash equivalents	1,490,209	1,602,639
<b>Total current assets</b>	<b>1,645,376</b>	<b>1,732,176</b>
<b>Total assets</b>	<b>56,284,437</b>	<b>55,770,958</b>

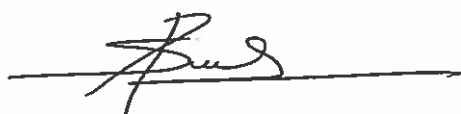
MALTA PROPERTIES COMPANY P.L.C.  
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**Statement of financial position - continued**

	As at 30.06.2016 Unaudited €	As at 31.12.2015 Audited €
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	32,419,356	32,419,356
Retained earnings	1,719,258	1,168,142
<b>Total equity</b>	<b>34,138,614</b>	<b>33,587,498</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	16,000,000	16,000,000
Deferred tax liability	5,462,079	5,401,815
<b>Total non-current liabilities</b>	<b>21,462,079</b>	<b>21,401,815</b>
<b>Current liabilities</b>		
Trade and other payables	105,409	481,501
Current tax liability	578,335	300,144
<b>Total current liabilities</b>	<b>683,744</b>	<b>781,645</b>
<b>Total liabilities</b>	<b>22,145,823</b>	<b>22,183,460</b>
<b>Total equity and liabilities</b>	<b>56,284,437</b>	<b>55,770,958</b>

The notes on pages 8 to 12 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 3 to 12 were authorised for issue by the Board on 25 August 2016 and were signed on its behalf by:



Mr. Deepak S. Padmanabhan  
Chairman



Mr. Edmond Brincat  
Director

**Statement of comprehensive income**

	<b>Six-months ended 30.06.2016 Unaudited €</b>	<b>Six-months ended 30.06.2015 Unaudited €</b>
Rental income	1,662,925	1,608,500
Administrative expenses	(292,212)	(20,855)
<b>Operating profit</b>	<b>1,370,713</b>	<b>1,587,645</b>
Finance costs	(442,355)	(928,571)
<b>Profit before tax</b>	<b>928,358</b>	<b>659,074</b>
Tax (expense)/credit	(377,243)	1,043,649
<b>Profit for the period - total comprehensive income</b>	<b>551,115</b>	<b>1,702,723</b>
<b>Earnings per share</b>	<b>0.01</b>	<b>10.90</b>

The notes on pages 8 to 12 are an integral part of these condensed consolidated interim financial statements.



### Statement of changes in equity

<b>Unaudited</b>	<b>Share capital €</b>	<b>Retained earnings €</b>	<b>Total €</b>
Balance at 1 January 2015	50,000	(695,584)	(645,584)
<b>Comprehensive income</b>			
Profit for the period	-	1,702,723	1,702,723
Balance at 30 June 2015	50,000	1,007,139	1,057,139
Balance at 1 January 2016	32,419,356	1,168,142	33,587,498
<b>Comprehensive Income</b>			
Profit for the period	-	551,115	551,115
<b>Balance at 30 June 2016</b>	<b>32,419,356</b>	<b>1,719,257</b>	<b>34,138,613</b>

The notes on pages 8 to 12 are an integral part of these condensed consolidated interim financial statements.

## Statement of cash flows

	Six-months ended 30.06.2016 Unaudited €	Six-months ended 30.06.2015 Unaudited €
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	972,675	(2,140)
Interest paid	(442,355)	-
Income tax paid	(36,400)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>493,920</b>	<b>(2,140)</b>
<b>Cash flows from investing activities</b>		
Additions to investment property	(602,633)	-
Purchase of property, plant and equipment	(3,717)	-
<b>Net cash used in investing activities</b>	<b>(606,350)</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>	<b>(112,430)</b>	<b>(2,140)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,602,639</b>	<b>120,421</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,490,209</b>	<b>118,281</b>

The notes on pages 8 to 12 are an integral part of these condensed consolidated interim financial statements.

## Noted to the consolidated interim financial statements

### Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, have been extracted from the Company's unaudited accounts for the six months ended 30 June 2016 and have been reviewed in terms of ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The half-yearly results are being published in terms of Chapter 5 of the Listing Rules of the Malta Financial Services Authority.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

### Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual financial statements of Malta Properties Company p.l.c. for the year ended 31 December 2015, as described in those financial statements. Adoption of new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2016 did not result in changes to the Company's accounting policies.

### Investment property

	<b>As at 30.06.2016 €</b>	<b>Group As at 31.12.2015 €</b>
Opening carrying amount	54,018,149	50,610,000
Additions	602,633	3,318,366
Gains from changes in fair value of property	-	89,783
Closing carrying amount	<b>54,620,782</b>	<b>54,018,149</b>
Cost	<b>53,790,723</b>	<b>53,188,090</b>
Net fair value gains	<b>830,059</b>	<b>830,059</b>
Carrying amount	<b>54,620,782</b>	<b>54,018,149</b>

Investment property comprises commercial property mainly leased out to a related party.

## **Noted to the consolidated interim financial statements - continued**

### **Investment property - continued**

#### *Fair valuation of land and buildings*

The Group's land and buildings were revalued on 31 December 2015 by an independent firm of property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. The Directors have reviewed the carrying amounts of the properties as at 31 December 2015, on the basis of an assessment by the independent property valuers, and the carrying amounts were adjusted accordingly during the current financial period.

Valuations were made on the basis of open market value taking cognisance of the specific location of the properties, the size of the sites together with their development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location. The Group 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).

The Group's land and buildings comprises various exchanges and offices. All the recurring property fair value measurements at 31 December 2015 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group'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 six-month period ended 30 June 2016.

A reconciliation from the opening balance to the closing balance for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above. The movement reflects additions during and gains or losses from changes in fair value for the six-month period ended 30 June 2016.

#### *Valuation processes*

The valuations of the properties are performed annually on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the Group's financial systems and is subject to the Group's overall control environment; and
- assumptions and valuation models used by the valuers - the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Financial Officer (CFO). This includes a review of fair value movements over the period. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the Audit Committee of the parent Company. The Audit Committee considers the valuation report as part of its overall responsibilities. At the end of every reporting period, the CFO assesses whether any significant changes or developments have been experienced since the last external valuation. This is supported by an assessment performed by the independent firm of property valuers. The CFO reports to the Audit Committee on the outcome of this assessment.

**Noted to the consolidated interim financial statements - continued**

**Investment property - continued**

*Valuation techniques*

The external valuations of the Level 3 land and buildings have been performed using an adjusted sales comparison approach. In view of a limited number of similar sales in the local market, the valuations have been performed using unobservable inputs. The significant input to this approach is generally a sales price per square metre related to transactions in comparable properties located in proximity to the Group's property, with significant adjustments for differences in the size, age, exact location and condition of the property. The term airspace is a conceptual unit representing a packet of three-dimensional accessible, usable and developable space. The concept of sales price factor per airspace or square metre is the value expected to be fetched on the open market and represents the present value of the property after deduction of all development, refurbishment and related costs.

*Information about fair value measurements using significant unobservable inputs (Level 3)*

Description by class based on highest and best use	Fair value at 30 June 2016 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average) €
<b>Land and buildings</b>				
Current use as office premises	17,226	Adjusted sales comparison approach	Sales price per square metre	1,300 – 2,970 (1,700)
Redevelopment into residential units	7,630	Adjusted sales comparison approach	Sales price factor per residential airspace	95,000 – 140,000 (86,000)
Developable land for residential/commercial use	10,823	Adjusted sales comparison approach	Sales price factor per square metre	650 – 1,100 (800)
Marketed as extended-commercial premises	8,492	Adjusted sales comparison approach	Sales price per square metre	1,180 – 2,350 (1,500)
Marketed as residential-commercial developments	10,450	Adjusted sales comparison approach	Commercial: Sales price per square metre	1,150 – 2,060 (1,250)
		Adjusted sales comparison approach	Residential: Sales price per square metre	600 – 1,150 (700)

**Noted to the consolidated interim financial statements - continued**

**Investment property - continued**

*Information about fair value measurements using significant unobservable inputs (Level 3) - continued*

Description by class based on highest and best use	Fair value at 31 December 2015 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average) €
<b>Land and buildings</b>				
Current use as office premises	17,1536	Adjusted sales comparison approach	Sales price per square metre	1,300 – 2,970 (1,700)
Redevelopment into residential units	7,550	Adjusted sales comparison approach	Sales price factor per residential airspace	95,000 – 140,000 (86,000)
Developable land for residential/commercial use	10,444	Adjusted sales comparison approach	Sales price factor per square metre	650 – 1,100 (800)
Marketed as extended-commercial premises	8,472	Adjusted sales comparison approach	Sales price per square metre	1,180 – 2,350 (1,500)
Marketed as residential-commercial developments	10,400	Adjusted sales comparison approach	Commercial: Sales price per square metre	1,150 – 2,060 (1,250)
		Adjusted sales comparison approach	Residential: Sales price per square metre	600 – 1,150 (700)

The higher the sales price per square metre or the sales price factor per airspace/square metre, the higher the resultant fair valuation. The highest and best use of the latter four classes of land and buildings differs from their current use. The non-financial assets are currently being used as exchanges, offices or retail outlets, which is not deemed to constitute the highest and best use taking cognisance of the size and location of such properties.

**Commitments**

Commitments which have been authorised and contracted for relating to the development of investment property not provided for in the interim financial statements amounted to €220,000 as at 30 June 2016.

**Noted to the consolidated interim financial statements - continued**

**Related party**

*(a) Parent and ultimate controlling party*

The Company's ultimate parent is Dubai Holding LLC, the registered office of which is situated at Emirates Towers, Level 49, Office Block, Sheikh Zayed Road, Dubai, UAE. The immediate parent of the Company, with a 60% holding, is Emirates International Telecommunications (Malta) Limited, a company which is ultimately controlled by Dubai Holding LLC as it forms part of the same group of companies of which Dubai Holding LLC is the ultimate parent. Dubai Holding LLC is owned by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

*(b) Related party transactions*

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2015, the Group has a related party relationship with its ultimate parent and entities ultimately controlled by it (see above); key management personnel (group companies' directors) together with close members of their family and entities controlled by them.

The principal related party transactions during the six-month period under review comprise:

	<b>Six months ended 30.06.2016</b>	<b>Six months Ended 30.06.2015</b>
	€	€
<b>Ultimate parent and related entities</b>		
Services provided to	1,576,990	1,523,500
Finance costs paid to	299,178	928,571

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*(c) Related party balances*

The principal balances with related parties are analysed as follows:

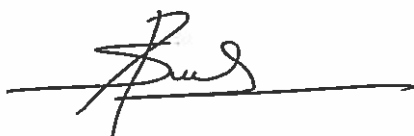
	<b>As at 30.06.2016</b>	<b>As at 31.12.2015</b>
	€	€
<b>Ultimate parent and related entities</b>		
Loans payable	16,000,000	16,000,000

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### Statement pursuant to Listing Rule 5.75.3

I confirm that to the best of my knowledge:

- the condensed consolidated interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2016, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting');
- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Mr. Deepak S. Padmanabhan  
Chairman

25 August 2016





## **Independent auditor's report**

**To the Board of Directors of Malta Properties Company p.l.c.**

**Report on Review of Condensed Consolidated Interim Financial Information**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Malta Properties Company p.l.c. as at 30 June 2016, the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the explanatory notes ('the interim financial information'). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including its conclusion, has been prepared for the Company for the purpose of the Listing Rules of the Malta Financial Services Authority and for no other purpose. We do not, in producing this report, 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 consent in writing.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

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- a) The maintenance and integrity of the Malta Properties Company p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report - continued**

**To the Board of Directors of Malta Properties Company p.l.c. - continued**

**Report on Review of Condensed Consolidated Interim Financial Information - continued**

### *Other matter*

The comparative information for the statement of financial position is based on the audited financial statements as at 31 December 2015. The comparative information for the statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2015 has not been audited or reviewed.

### **PricewaterhouseCoopers**

78 Mill Street  
Qormi  
Malta

A handwritten signature in black ink, appearing to read 'S. Flynn', with a long horizontal line extending to the right.

Simon Flynn  
Partner

25 August 2016

- 
- a) The maintenance and integrity of the Malta Properties Company p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.
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