MALITA INVESTMENTS

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COMPANY ANNOUNCEMENT

MALITA INVESTMENTS P.L.C.
(THE "COMPANY")

Approval of unaudited condensed Interim Financial Statements

Date of Announcement	**22 August 2023**
Reference	**109/2023**
Capital Markets Rule	**5.16.4**

QUOTE

The Board of Directors of Malita Investments p.l.c. (the "**Company**") hereby announces that today, the 22nd August 2023, it approved the Company's unaudited condensed Interim Financial Statements for the six-month period ended 30th June 2023. The Interim Financial Statements are attached herewith and are also available for viewing at the Company's registered office or electronically at https://malitainvestments.com/investor-category/financial-statements/.

The Directors of the Company have also approved the payment of a gross interim dividend of €1,955,026 or €0.01320 per share equating to a net interim dividend of €1,270,767 or €0.00858 per share, payable on the 26 September 2023 to the shareholders of the Company on the Company's share register at the Malta Stock Exchange as at close of business on 5 September 2023.

UNQUOTE

By Order of the Board

Signed

Donald Vella
Company Secretary

MALITA INVESTMENTS P.L.C.

Condensed Interim Financial Statements (unaudited)
30 June 2023

Company Registration Number: C 53047

Interim Directors' report

The Directors present their report together with the condensed interim financial statements for the period ended 30 June 2023.

Principal activities

The Company's principal activities include the financing, acquisition, development, management and operation of immovable property, in particular, projects of national and/or strategic importance, and the investment in local stocks and shares.

Review of the business

The Company registered a profit for the period from January to June 2023 of €10,444,436 (June 2022: loss €27,191,610). The operating profit excluding any fair value movements for the period amounts to €4,138,796 (June 2022: €3,936,538).

During the period under review, the Company continued receiving lease income in respect of the Open Air Theatre and Parliament Building in City Gate, Valletta and ground rent from the MIA and VCP properties. The lease income from Open Air Theatre and Parliament Building in City Gate, Valletta has increased in the period under review following the inflationary reviews as specified in the respective lease agreements.

As explained in Note 4, the result for the period includes a positive movement in the fair value of the MIA and VCP properties as well as the Parliament Building and Open Air Theatre amounting to €3,476,000 and €3,821,691 respectively. This positive fair value movement came about due to the downward movement of interest rates. This has been transferred to a non-distributable fair value reserve (net of deferred tax).

In 2017, the Company embarked on the Affordable Housing Project consisting of the construction of a number of affordable housing units in Malta. This project was financed by two credit facility agreements with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB) for a 25-year term amounting to €53,700,000. A credit facility of €4,300,000 was also concluded in 2022 with Bank of Valletta (BOV) to finance the VAT element of the Housing Project. On 29 December 2017, the Company entered into an emphyteutical deed for 28 years with the Housing Authority to acquire sixteen (16) property sites in a number of locations across Malta to be used by the Company for the purposes of developing the affordable housing units. In September 2018, the Company entered into sixteen (16) availability agreements with the Government whereby the Company will make available sixteen (16) property sites in a number of locations across Malta for a period of 25 years once complete. The updated number of units that will be made available amounts to 748 and these are located over fifteen (15) property sites. The latter number of units incorporates the plan to not embark on commencing work on one of the sites based on an assessment by the Board of the long-term profitability of the site. During such period the Company will lease the residential units on these development sites for affordable housing purposes. The Company is in an advanced stage of discussions to be able to obtain an extension to the emphyteusis granted on the 15 sites. This will result in additional income for the Company over the life of the project.

The Affordable Housing project is making significant progress. The project has achieved more milestones. Following the announcement of registering new tenants in the Birkirkara site in August 2022 amounting to seventy-three (73) units, further sites in various locations have been completed and leased prior to the signing of theses condensed financial statements. The locations are as follows; Attard eight (8) units, Zebbug eight (8) units, two (2) sites in Kirkop twenty-six (26) units. In addition, the Company registered several new tenants in relation to fifty-six (56) lock-up garages in Birkirkara site, five (5) in Kirkop, and two (2) parking spaces in Attard. Construction works for all sites, except the Luqa site, are now complete. All tenders have now been issued except for the Luqa site which will be issued by the end of 2023. Looking ahead, the Company plans to complete and make available two hundred forty-three units (243) units by the end of the year 2023, further expanding the availability of affordable housing options for those in need.

Interim Directors' report - continued

Review of the business - continued

It is always on the agenda of the Board of Directors to analyse and assess other possible investment opportunities.

Result and dividends

The condensed statement of comprehensive income is set out on page 7. On 22 August 2023, the Directors declared the payment of an interim gross dividend of €1,955,026 or €0.0132 per share (June 2022: €1,955,026 or €0.0132 per share) equating to an interim net dividend of €1,270,767 or €0.00858 per share (June 2022: €1,661,772 or €0.0112 per share) payable on 26th September 2023.

Directors

The Directors of the Company who held office during the period were:
Marlene Mizzi
Robert Suban
David Mallia (appointed on 27 April 2023)
Victor Carachi
Tania Brown
Miguel Borg
Desiree Cassar (appointed on 4 April 2023)
Eric Schembri (resigned 28 February 2023)
Paul Mercieca (director till 27 April 2023, nomination for re-election not submitted)

The Company's Articles of Association require Directors to retire after three years in office, but they are eligible for re-appointment.

Statement of Directors' responsibilities for 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 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 the following matters:

- 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 Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Malita Investments p.l.c. for the period ended 30 June 2023 are included in the Condensed Interim Financial Statements – 30 June 2023, which is available on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website.

Interim Directors' report - continued

Statement of Directors' responsibilities for the financial statements - continued

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.

On behalf of the board

Marlene Mizzi Chairperson	Robert Suban Director

Registered office:
Clock Tower
Level 1
Tigne` Point
Sliema
Malta

22 August 2023

pwc

Report on review of interim financial information

To the shareholders and board of directors of Malita Investments p.l.c.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Malita Investments p.l.c. as at 30 June 2023 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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.

Conclusion

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

PricewaterhouseCoopers

78 Mill Street
Zone 5, Central Business District
Qormi CBD 5090
Malta

Stephen Mamo
Partner

22 August 2023

Condensed statement of financial position

	Notes	As at 30 June 2023 € (unaudited)	As at 31 December 2022 € (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**54,790**	45,944
Investment property	4	**210,295,877**	202,998,186
Contract asset	6	**56,213,859**	49,513,997
		266,564,526	252,558,127
Current assets			
Trade and other receivables		**7,223,452**	2,308,042
Cash and cash equivalents		**10,965,569**	17,363,936
		18,189,021	19,671,978
Total assets		**284,753,547**	272,230,105
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	**73,295,143**	73,295,143
Retained earnings	8	**13,656,890**	12,334,978
Non-distributable reserve - fair	9	**62,525,361**	55,765,420
Non-distributable reserve - other	10	**4,609,149**	4,345,257
Total equity		**154,086,543**	145,740,798
Non-current liabilities			
Borrowings	11	**88,194,653**	89,576,786
Lease liability	5	**3,345,636**	3,333,023
Capital creditors	12	**366,592**	2,423,435
Provision for liabilities and charges	13	**150,795**	-
Provision on restoration	5	**5,667,394**	5,550,299
Deferred tax liabilities	17	**16,343,414**	15,805,664
		114,068,484	116,689,207
Current liabilities			
Borrowings	11	**2,592,723**	2,316,014
Lease liability	5	**118,657**	57,881
Capital creditor for acquisition of property	12	**7,708,909**	5,690,306
Trade and other payables		**5,420,379**	1,357,312
Current tax liabilities		**757,852**	378,587
		16,598,520	9,800,100
Total liabilities		**130,667,004**	126,489,307
Total equity and liabilities		**284,753,547**	272,230,105

Condensed statement of financial position - continued

The notes on pages 10 to 30 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 5 to 30 were authorised for issue by the Board on 22 August 2023 and were signed on its behalf by:

Marlene Mizzi	Robert Suban
Chairperson	Director

Condensed statement of comprehensive income

	Notes	**Period from 1 January to 30 June 2023 € (unaudited)**	Period from 1 January to 30 June 2022 € (unaudited)
Revenue	14	**4,468,620**	4,114,603
Revenue from service concession arrangements	6	**5,868,090**	3,110,439
Costs related to service concession arrangements	6	**(5,654,289)**	(3,019,844)
Administrative expenses	13	**(543,624)**	(268,660)
Operating profit		**4,138,797**	3,936,538
Change in fair value of investment property	4	**7,297,691**	(32,527,138)
Finance income		**1,348,309**	422,124
Finance costs		**(853,345)**	(761,655)
Profit / (Loss) before tax		**11,931,452**	(28,930,131)
Tax (expense) / credit	16	**(1,487,016)**	1,738,521
Profit / (Loss) for the period - total comprehensive loss		**10,444,436**	(27,191,610)
Profit / (Loss) per share in cents	18	**7.05**	(18.36)

The notes on pages 10 to 30 are an integral part of these condensed interim financial statements.

Condensed statement of changes in equity

	Notes	Share capital €	Retained earnings €	Non-distributable reserves Fair value movements €	Non-distributable reserves Other €	Total €
Balance at 1 January 2022		73,295,143	10,403,860	53,145,073	3,880,120	140,724,196
Comprehensive income						
Loss for the period		-	(27,191,610)	-	-	(27,191,610)
Transactions with owners						
Transfer within owners' equity	9	-	29,980,653	(29,980,653)	-	-
Transfer within owners' equity	10	-	(227,633)	-	227,633	-
Dividends to equity shareholders	19	-	(2,098,691)	-	-	(2,098,691)
Balance as at 30 June 2022 (unaudited)		73,295,143	10,866,579	23,164,420	4,107,753	111,433,895
Balance at 1 July 2022		73,295,143	10,866,579	23,164,420	4,107,753	111,433,895
Comprehensive income						
Profit for the period		-	35,968,675	-	-	35,968,675
Transactions with owners						
Transfer within owners' equity	9	-	(32,601,000)	32,601,000	-	-
Transfer within owners' equity	10	-	(237,504)	-	237,504	-
Dividends to equity shareholders		-	(1,661,772)	-	-	(1,661,772)
Balance as at 31 December 2022 (audited)		**73,295,143**	**12,334,978**	**55,765,420**	**4,345,257**	**145,740,798**
Balance at 1 January 2023		73,295,143	12,334,978	55,765,420	4,345,257	145,740,798
Comprehensive income						
Profit for the period		-	10,444,436	-	-	10,444,436
Transactions with owners						
Transfer within owners' equity	9	-	(6,759,941)	6,759,941	-	-
Transfer within owners' equity	10	-	(263,892)	-	263,892	-
Dividends to equity shareholders	19	-	(2,098,691)	-	-	(2,098,691)
Balance as at 30 June 2023 (unaudited)		**73,295,143**	**13,656,890**	**62,525,361**	**4,609,149**	**154,086,543**

The notes on pages 10 to 30 are an integral part of these condensed interim financial statements.

Condensed statement of cash flows

	Notes	**Period from 1 January to 30 June 2023 € (unaudited)**	Period from 1 January to 30 June 2022 € (unaudited)
Cash flows from operating activities			
Cash generated from operations	20	**3,267,168**	3,041,582
Proceeds from affordable housing rentals		**463,710**	-
Interest paid and similar charges		**(1,047)**	(6,689)
Income taxes paid		**(570,000)**	(548,632)
Net cash generated from operating activities		**3,159,831**	2,486,261
Cash flows from investing activities			
Purchase for property, plant and equipment		**(19,180)**	(17,462)
Payments to acquire contract asset		**(4,703,650)**	(4,070,599)
Net cash used in investing activities		**(4,722,830)**	(4,088,061)
Cash flows from financing activities			
Repayment of borrowings		**(1,105,424)**	(1,072,269)
Interest paid on borrowings		**(1,689,123)**	(1,203,279)
Dividends paid to equity holders	19	**(2,089,489)**	(1,739,544)
Interest received		**48,668**	-
Proceeds from borrowings	11	**-**	13,300,000
Net cash (used in) / from financing activities		**(4,835,368)**	9,284,908
Net movement in cash and cash equivalents		**(6,398,367)**	7,683,108
Cash and cash equivalents at beginning of period		**17,363,936**	10,963,244
Cash and cash equivalents at end of period		**10,965,569**	18,646,352

The notes on pages 10 to 30 are an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements

1. Summary of significant accounting policies

The Board has adopted the following principal accounting policies which it believes cover most of the type of activities it will undertake in the foreseeable future. Accordingly, not all the accounting policies set out below would necessarily apply as at the date of this report.

1.1 Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention as modified by fair valuation of investment property.

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS.

The condensed interim financial statements have been reviewed, not audited.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies (see note 2 – Critical accounting estimates and judgements).

The financial statements have been prepared on a going concern basis that assumes that the Company will continue in operational existence for the foreseeable future.

Standards, interpretations and amendments to published standards effective in 2023

The Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

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 2023. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

1.2 Investment property

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

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, in accordance with Note 1.12. After initial recognition, investment property is carried at fair value. Given that there is no active market for the investment property held by the Company, the Company establishes fair value by using valuation techniques, particularly discounted cash flow analysis.

1. Summary of significant accounting policies - continued

1.2 Investment property - continued

Investment property that is being redeveloped for continuing use as investment property 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 Company 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.

Changes in fair values are recognised in the income statement. 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.

1.3 Contract asset

The Company is recognising a contract asset in its statement of financial position to account for the Affordable housing project during its construction period. The carrying amount of the contract asset is equal to the total costs incurred on this project, profit on the completed construction and financing revenue.

1.4 Financial assets

1.4.1 Classification

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company's financial assets consist of receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. The latter are classified as non-current assets. The Company's receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.6 and 1.7). Cash and cash equivalents includes cash in hand, deposits held with banks with original maturities of six months or less.

1.4.2 Recognition and measurement

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1. **Summary of significant accounting policies** - continued

1.4.2 Recognition and measurement - continued

The Company's financial assets measured at amortised cost are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

1.5 Service Concession Arrangements

Under the terms of IFRIC 12, 'Service Concession Arrangements', a concession operator has a twofold activity:

- a construction activity in respect of its obligations to design, build and finance a new asset that it delivers to the grantor: revenue is recognized over time in accordance with IFRS 15;
- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IFRS 15.

In return for its activities as operator, the Company will receive remuneration from the grantor and therefore IFRIC 12's financial asset model applies. Under this model, the operator has an unconditional contractual right to receive payments from the concession grantor, irrespective of the amount of use made of the infrastructure.

The operator recognises a financial asset, attracting interest, in its Statement of financial position, in consideration for the services it provides (design, construction, etc.). Such financial assets are recognised in the Statement of financial position as a contract asset, in an amount corresponding to the fair value of the infrastructure on first recognition and subsequently at amortised cost. The receivable will in substance, be settled by the operator's right to retain all rental payments to be effected by users upon completion of construction; such payments will be received partly from users and partly from the grantor. Finance income calculated on the basis of the effective interest method is recognised under finance income in the Statement of comprehensive income.

The part of the investment that is covered by an unconditional contractual right to receive payments from the grantor (in the form of rental) is recognised as a contract asset up to the amount guaranteed. Once the development is completed, the Company will have a right to invoice tenants based on the contractual price. In line with the IFRIC 12 model and IFRS 15, the amount which the company has a right to invoice will be presented as a financial asset (receivable) with a corresponding entry against the contract asset recognised during the construction phase.

1.6 Trade and other receivables

Trade receivables comprise amounts due from customers for ground rents and lease of property. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. In the opinion of the Directors, the recorded book value in the Company's books of trade and other receivables and their value measured at amortised cost using the effective interest method, less provision for impairment are not materially different. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1. **Summary of significant accounting policies** - continued

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and when applicable bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.8 Share capital

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

1.9 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Current and deferred tax

The tax expense for the year 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, tax is also recognised in other comprehensive income or in equity.

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, 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. **Summary of significant accounting policies** - continued

1.11 Revenue recognition

Revenue comprises the fair value for ground rents received or receivable as per contracts entered into, leases of the Parliament Building on the initial and additional investment and the lease of the Open Air Theatre. Moreover, the Company is recognising revenue in relation to the Service concession arrangement (Note 6) as performance obligations are satisfied.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

(a) Finance income

Interest income is recognised for all interest-bearing instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The Company recognises revenue from service concession arrangements and adjusts amounts receivable for any significant financing component. The difference between the contractual price receivable and the revenue recognised in accordance with IFRS 15 is recognised as Finance income

(b) Rental income from investment property

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(c) Revenue from Service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time, consistent with the Company's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Company. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

1.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Borrowing costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

1.13 Dividend distributions

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

2. 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Valuation of investment properties

The Company's investment property comprises the MIA and VCP properties as well as the Parliament Building and Open Air Theatre. The fair value of the Company's investment property has been determined based on projected future cash flows, appropriately discounted by a risk adjusted discount rate. As explained in Note 4 – Investment Property, the valuation was determined using discounted cash flow projections considering, *inter alia*, the projected future cash flows to be generated from the transfer of the dominium directum in respect of the MIA and VCP properties, the Parliament Building and Open Air Theatre, ongoing maintenance needs, and other relevant market factors.

A key variable used in the determination of the fair value of the Investment Property is the discount rate. The discount rate used for fair valuing the Investment Property is primarily based on the yield to maturity on the longest-term available Malta Government Stock (MGS), which plus a risk and conditional premium. When interest rates decrease, the fair value of the investment properties will increase. On the contrary, when interest rates increase, the fair value of the investment properties will decrease. Movements resulting from the said revaluation process are treated as non-distributable fair value gains (see Note 9). Other variables also come into play, including inflation rates (applied using a rolling five year average), and conditional and risk premia which have been revised in the current year to reflect better current market conditions (Note 4).

The Audit Committee and the Board have been holding continuous discussions around the estimates and judgements applied to the fair value mechanism and related inputs. The Board continues to be confident that the mechanism is the most appropriate method to derive fair valuation of the respective investment properties in the Statement of Financial Position. As explained in note 4, the Board had elected to include a conditional premium to counter the current volatility in interest rates that is having a significant impact on the fair value movements.

(b) Service concession arrangements

The analysis on whether the IFRIC 12, Service Concession Arrangements, applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities.

The application of IFRIC 12 requires extensive judgment in relation with, amongst other factors, (i) the identification of certain infrastructures (and not contractual agreements) in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

2. Critical accounting estimates and judgements - continued

(b) Service concession arrangements - continued

Other variables used in the accounting for IFRIC12 include estimated project management fees during the construction phase and discount rates applied by reference to the average cost of capital for the entity to ensure that the project remains profitable and viable in the long term. Note 6 gives detail in relation to the related financing available to date and also explains the work that management is currently undertaking to obtain the remaining financing to be able to conclude the project. Further agreements, securing construction costs for the remaining phases, will be finalised in the coming months. Should increased liquidity not be available, the Company may face liquidity strains. However, the Board is confident that financing will be secured in the coming months based on ongoing advanced discussions being held around various financing options available.

Changes in one or more of the factors described above may significantly affect the conclusions as to the appropriateness of the application of IFRIC 12 and IAS 36, and therefore, the results of operations or our financial position. Note 6 gives detail in relation to contract asset and service concession arrangements, and the related financing available to date.

3. Segment reporting

The Directors have reviewed the disclosure requirements of IFRS 8, 'Operating Segments' and determined that the Company effectively has one operating segment, taking cognisance of the information utilised within the Company for the purpose of assessing performance.

4. Investment property

	30 June 2023	31 December 2022
	€	€
MIA and VCP properties	**74,188,000**	70,712,000
Parliament Building and Open Air Theatre	**136,107,877**	132,286,186
Carrying amount	**210,295,877**	202,998,186

i. MIA and VCP

	30 June 2023	31 December 2022
	€	€
At 1 January	**70,712,000**	84,847,000
Fair value movement	**3,476,000**	(14,135,000)
Carrying amount	**74,188,000**	70,712,000

4. Investment property - continued

ii. Parliament Building and Open Air Theatre

	30 June 2023	31 December 2022
	€	€
At 1 January	**132,286,186**	115,299,165
Fair value movement	**3,821,691**	16,987,021
Carrying amount	**136,107,877**	132,286,186

Fair values of investment property

The movement in the fair value of investment property comprises the movement in the fair value of the dominium directum of the MIA and VCP properties, as well as the Parliament Building and Open Air Theatre.

The fair value of investment property is calculated with reference to the cash flows receivable by the Company in terms of its contractual agreements, discounted to present value as at 30 June 2023.

Accordingly, the fair value of the investment property is subject to variation owing to, amongst other things, movements in market interest rates, expected inflation rates and changes in the contractual cash flows owing to the passage of time.

The Company is required to disclose fair value measurements of the following fair value measurement hierarchy for non-financial assets carried at fair value by level:

- 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 for similar properties (that is, unobservable inputs) (level 3).

The Company's recurring fair value measurements are categorised as level 3 as they are based on significant unobservable inputs.

Valuation process

a) MIA and VCP

The valuation of the MIA and VCP properties is based on the present value of ground rents up to the expiry of the temporary emphyteutical grants and the estimated freehold value thereafter discounted to present value. The fair value of investment property is calculated with reference to the cash flows receivable by the Company in terms of its contractual agreements, discounted to present value as at 30 June 2023. The discount rate is based on the yield to maturity on the longest-term available MGS (Malta Government Stock) in issue as at year end plus a premium reflecting the risk inherent in the underlying cash flows.

For the period ended 30 June 2023 the MGS benchmark referred to above decreased and as a result a fair value gain of €3,476,000 (June 2022 fair value loss: €16,538,000) has been recognised in these financial statements.

4. **Investment property** – continued

a) MIA and VCP - continued

In accordance with the fair value measurement hierarchy explained above, the significant unobservable inputs applied in the valuation of the Company's assets are the following:

- Ground rent, as contractually agreed which for the coming year is estimated at €2.1 million (June 2022: €2.0 million);
- Growth rate, as contractually agreed at an average of 2.53% p.a. (June 22: 2.53% p.a.) represents the estimated average growth of the Company's rentals;
- Discount rate of 5.60% (June 2022: 5.82%) based on:
    - the risk-free rate of return being the YTM on the longest-term available MGS at period end 4.10% (June 2022: 3.32%);
    - risk premium taking into account factors such as, property illiquidity, management limitations, type, size and location of property, competition, country risk, counter-party risks and resource risks 1.0% (June 2022: 2.0%). This risk premium was adjusted by the Company in December 2022 following a review of the discount rate used for the valuation of the investment property. This adjustment results from the review of the various elements of commercial and market risk inherent to the investment properties; and
    - conditional premium of 0.50% (June 2022: 0.50%). Due to the abnormally low level of interest rates that were prevalent in the past this conditional premium had been introduced. This premium is set at 0.75% when the YTM on the longest term available MGS is lower than 2.0% and at 0.50% when it is 2.0% or higher.

If the discount rate used in the discounted future cash flows for the MIA and VCP properties had been 0.50% higher/lower, all other things being equal, the fair value of the MIA and VCP properties would decrease by €8.6 million (June 2022: €7.8 million) or increase by €10.2 million (June 2022: €9.3 million) respectively.

b) Parliament Building and Open Air Theatre

The valuation of the Parliament Building and Open Air Theatre is based on the present value of ground rents up to the expiry of the temporary emphyteutical grant discounted to present value. The fair value of investment property is calculated with reference to the cash flows receivable by the Company in terms of its contractual agreements over the period to 2077, discounted to present value as at 30 June 2023. The discount rate is based on the yield to maturity on the longest-term available Malta Government Stock (MGS) in issue at year end plus a premium reflecting the risk inherent in the underlying cash flows. On 1 January 2019 the Company adopted IFRS 16 Leases and recognised a Right-of-use asset (see Note 5). The fair value of this asset is being included with the Investment property.

Hence, the carrying amount of €136,107,877 for the Parliament Building and Open Air Theatre includes the fair value of the Right-of-use asset for such properties.

For the period ended 30 June 2023 the MGS benchmark referred to above decreased and a fair value gain of €3,821,691 (June 2022 fair value loss: €15,989,138) has been recognised in these financial statements. This fair value gain includes the fair value movement for the Right-of-use asset.

4. Investment property - continued

b) Parliament Building and Open Air Theatre - continued

In accordance with the fair value measurement hierarchy explained above the significant unobservable inputs applied in the valuation of the Company's assets are the following:

- Rents, as contractually agreed which for the coming year is estimated at €6.78 million (2022: €6.26 million);
- Growth rate, at an average of 2.24% (June 2022: 3.08%), represents the estimated average growth of the Company's rentals. The growth rate is impacted by changes to inflation, calculated by the Company using a five year rolling average;
- Discount rate of 6.60% (June 2022: 7.32%) based on:
    - the risk-free rate of return being the YTM on the longest-term available MGS at year end 4.10% (June 2022: 3.32%);
    - risk premium taking into account factors such as, property illiquidity, management limitations, type, size and location of property, competition, country risk, counter-party risks and resource risks of 2.0% (June 2022: 3.50%). This risk premium has been adjusted by the Company during the prior year following a review of the discount rate used for the valuation of the investment property. This adjustment results from the review of the various elements of commercial and market risk inherent to the investment properties; and
    - conditional premium of 0.50% (June 2022: 0.50%). When the YTM on the longest term available MGS is 2.0% or higher this conditional premium is set at 0.50%. When the YTM on the longest-term available MGS is lower than 2.00% this conditional premium is set at 0.75%.

If the discount rate used in the discounted future cash flows for the Parliament Building and Open Air Theatre properties had been 0.50% higher/lower, all other things being equal, the fair value of the Parliament Building and Open Air Theatre properties would decrease by €10.3 million (June 2022: €6.3 million) or increase by €11.9 million (June 2022: €7.2 million) respectively.

5. Right-of-use asset, Lease liability and Provision on restoration

The lease liability relates to the Open Air Theatre and Parliament Building in City Gate, Valletta included within the Investment property in the Statement of financial position.

a) Measurement of lease liabilities

	30 June 2023	31 December 2022
	€	€
Lease liability recognised as at 1 January	**3,390,904**	3,363,397
Interest on lease liability for the period	**71,482**	143,269
Ground rents payable for the period	**1,908**	(115,762)
Lease liability carrying amount	**3,464,294**	3,390,904

5. Right-of-use asset, Lease liability and Provision on restoration - continued

a) Measurement of lease liabilities - continued

	30 June 2023	31 December 2022
	€	€
Of which are:		
Current lease liabilities	**118,657**	57,881
Non-current lease liabilities	**3,345,636**	3,333,023
Carrying amount	**3,464,293**	3,390,904

	30 June 2023	31 December 2022
	€	€
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**118,656**	57,881
One to five years	**622,947**	492,280
More than five years	**9,435,506**	9,626,949
Total undiscounted lease liabilities	**10,177,109**	10,177,110

	30 June 2023	30 June 2022
	€	€
Amounts recognised in profit or loss from 1 January		
Interest on lease liabilities	**71,481**	72,809
Interest on provision on restoration	**117,095**	110,359
	188,576	183,168

b) Measurement of right-of-use assets

The recognised right-of-use assets relate to investment properties and are being measured at fair value in line with the underlying investment properties.

	30 June 2023	31 December 2022
	€	€
Balance as at 1 January	**5,428,303**	5,471,282
Fair value gain / (loss)	**575,691**	(42,979)
Carrying amount	**6,003,994**	5,428,303

6. Contract asset and service concession arrangements

On 29 December 2017, the Company entered into a contractual arrangement with the Housing Authority to make available sixteen residential blocks, totalling around six hundred and eighty-four units that will be used for affordable housing purposes. During the construction phase, plans have been amended and a decision was taken to abandon the plan to develop one of the sites and further units were in turn added to another site. The updated number of units has hence changed to seven hundred forty-eight and this revised design and number of units has been formally captured in a new agreement with the Housing Authority. Excavation of the sites is substantially complete.

In line with the agreed terms, the Company has entitlement to cash flows from rental of the respective units. Rates are contractually agreed and will be paid by the tenant, with the remaining portion being received through a subsidy given by the Housing Authority.

The IFRIC 12 model prepared by management continues to be updated with the latest actual and projected costs and expected revenues to provide management and the Board with updated profitability projections, compared with original estimates. The model is discounted applying rates by reference to the average overall cost of capital for the Company, including consideration for rates used in the market for construction projects of a similar magnitude, and also considering the likelihood of increased interest rates due to the current global climate. The Board has successfully negotiated an increase in the revenue streams to ensure that the project remains profitable and suitable returns are generated despite the increase in the capital cost of the project.

The current model incorporates the latest estimates supplied by specialised architectural firms and also applies further precautionary overlays ranging from 5% to 15% for contracted and not finalised and non-contracted phases and assumes negotiations are successful. The resulting project internal rate of return (IRR) is deemed acceptable by the Board of Directors.

Applying a further sensitivity on the costs of 5% for the unfinished phases and 10% on the uncontracted phases would result in an increase in costs amounting to €4.3 million. The resulting stress testing would still return a positive project IRR.

Upon termination of the emphyteutical grant, the Company is required to hand-over ownership, management and operation of all assets relating to all the revised 15 construction sites to the Housing Authority. During the term of the agreement, the Company is entitled to cash-flows relating to residential units even if these are vacant, with the only condition that entitles Malita Investments plc to cash-flows, being making such units available for use to the Housing Authority. The Company may not however dispose, or change the use of, the properties during the period of the concession.

Pursuant to IFRIC 12, when the operator has an unconditional right to receive cash or other financial assets from the grantor in remuneration for concession services, the financial asset model applies.

In this context, the infrastructure managed under these contracts cannot be recorded in assets of the operator as property, plant and equipment, but is recorded as a financial asset. During the construction phase, the financial asset is recorded as a contract asset. During the construction phase revenue is recognised in the Statement of Comprehensive Income. The stage of completion of works was determined as the percentage of cost incurred up until the end of the reporting period relative to the total estimated cost (cost-to-cost method).

6. Contract asset and Service concession arrangements - continued

Income amounting to €5,821,719 (June 2022: €3,110,439) from the construction activity was recognised during the period ended 30 June 2023 and €56,213,859 (June 2022: €35,343,164) is cumulatively recognised in the Statement of Financial Position as a contract asset. The operation phase for five of the sites has commenced and cash flows are being received on a monthly basis. As at the end of June 2023, rents earned from tenants and Housing Authority amount to €463,710, out of which revenue recognised in the Statement of Comprehensive Income for the period ended 30 June 2023 is €46,371 representing the portion of rents earned. The IFRIC 12 Model requires the remaining portion of rental streams to be accounted for as a recovery of contract asset development costs.

Costs in relation to construction amounting to €5,654,289 (June 2022: €3,019,844) were recognised in the Statement of Comprehensive Income for the period ended 30 June 2023. The difference between revenue and cost from the construction project during the period represents, in substance, project management fees as required by IFRIC 12.

Financial receivables are initially recognised at fair value and subsequently recognised at amortised cost using the effective interest method. The implied interest rate on the financial receivable is based on the derived rate implicit in the discounted cash flow model encompassing related terms and conditions within the Housing contract.

Construction on a good number of sites has been completed. Two hundred forty-three units will be completed during the second half of 2023. All the sites will be completed by 2024 except for two sites. One of these sites will be completed by 2025 and the largest site will be completed by 2026. Contract of works for almost all the sites have been entered into and hence the cost for completion can be reliably estimated. The Company has secured financing for the project based on initial estimates. Variations to the initial plans for various sites and additional number of units being constructed compared to the original plans have necessitated an increased estimated spend which has been approved by the Project Board. The current liquidity arrangements cover agreements contracted to date on the respective sites. To finalise the respective projects the Company will, in the coming months, continue to enter into further agreements which will require further financing to be obtained. The additional estimated spend is at an advanced stage of being secured based on ongoing discussions being held around the financing options available with different stakeholders. The board is confident that such financing will be formally secured in line with operational requirements.

Revenue from service concession arrangements is split as follows:

	30 June 2023	31 December 2022
	€	€
Service concession arrangements		
Construction and finishing of blocks	**5,821,719**	17,261,698
Provision of housing facilities	**46,371**	30,023
	5,868,090	17,291,721

6. Contract asset and Service concession arrangements - continued

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from the Company's service concession arrangements.

	30 June 2023	31 December 2022
	€	€
Aggregate amount of the transaction price allocated to:		
Construction and finishing of blocks	**63,952,906**	68,305,486
Provision of housing facilities	**25,248,381**	22,158,488

Management expects that the revenue with respect to the unsatisfied performance obligations noted above will be recognised in the following accounting periods:

	Within 1 year	**From 1 year to 5 years**	**Later than 5 years**
Performance obligation			
Construction and finishing of blocks	**31,484,647**	**32,468,259**	**-**
Provision of housing facilities	**323,417**	**2,671,206**	**22,253,759**

Liquidity streams covering the performance obligations will be spread over the course of the twenty-five year concession agreements reflecting payments from tenants and the Housing Authority for the use of residential units. The provision of housing facilities is subject to inflationary movements.

7. Share capital

	30 June 2023	31 December 2022
	€	€
Authorised		
150,000,000 Ordinary A shares of €0.50 each	**75,000,000**	75,000,000
50,000,000 Ordinary B shares of €0.50 each	**25,000,000**	25,000,000
	100,000,000	100,000,000
Issued and fully paid		
118,108,064 Ordinary A shares of €0.50 each	**59,054,032**	59,054,032
30,000,000 Ordinary B shares of €0.50 each	**15,000,000**	15,000,000
	74,054,032	74,054,032
Issue costs	**(758,889)**	(758,889)
	73,295,143	73,295,143

8. Retained earnings

The retained earnings include non-distributable earnings as a result of the Revenue from service concession arrangements recognised on the Affordable Housing project as per IFRS 15. These earnings will become distributable once the Company starts earning lease income.

	30 June 2023	31 December 2022
	€	€
Distributable	**8,701,192**	8,424,851
Non-distributable	**4,955,698**	3,910,127
	13,656,890	12,334,978

9. Non-distributable reserve - fair value movements

The reserve represents the cumulative fair value gains, net of applicable deferred tax liabilities on the Company's investment properties. These fair value movements are initially recognised in the statement of comprehensive income and because of their nature, were subsequently transferred to a non-distributable reserve.

10. Non-distributable reserve - other

As per article 82 of the Company's Articles of Association, the Directors have set aside €263,892 (June 2022: €227,633) which equals 10% of the net profit for the period excluding fair value movements net of deferred tax of the Company and allocated them to a non-distributable reserve (see Note 9). The Directors may employ the reserve in the furtherance of the business of the Company as the Directors may from time to time think fit.

11. Borrowings

The Company's loan facilities as at 30 June 2023 amounted to €90,787,379 (December 2022: €91,932,800), and these were fully utilised.

The Company's spend has increased due to the increased capital spend on the Affordable Housing brought about by variations to the initial plans and additional number of units that will be constructed. Management and the Board have had discussions to address the financing gap required to complete the project whilst ensuring that suitable returns are generated. The Board is confident that the Company will be securing the additional financing required in the coming months.

	30 June 2023	31 December 2022
	€	€
Borrowings		
Non-current	**88,194,653**	89,576,786
Current	**2,592,723**	2,316,014
	90,787,376	91,892,800

12. Capital creditor for the acquisition of property

The non-current balance amounting to €366,592 represents amounts owed to contractors for works carried out in relation to the Affordable Housing project that are repayable after more than one year as per signed contractual agreements. Hence, it is classified as a non-current liability.

The outstanding balance of €7,708,909 is related to the Affordable Housing project and is due within the coming year. Hence, it is classified as a current liability.

	30 June 2023	31 December 2022
	€	€
Capital creditors		
Non-current	**366,592**	2,423,435
Current	**7,708,909**	5,690,306
	8,075,501	8,113,741

13. Provision for liabilities and charges

As part of its ongoing commitment to the project, the Company recognizes a provision of €150,795 for maintenance costs to account for future expenses associated with the upkeep and preservation of the constructed properties. The provision is established based on management's best estimate of the expected maintenance costs over the economic life of the properties. The provision is reviewed and increased regularly to reflect any changes in the assessment of future expenses. The provision is included in administrative expenses in the Condensed Statement of Comprehensive Income.

14. Revenue

Revenue comprises the consideration payable by MIA and VCP by way of an annual ground rent in respect of the temporary emphyteusis granted.

Lease for the Open Air Theatre is receivable by the Company pursuant to a lease agreement. Also included in the revenue figure is a lease payable by Government of Malta for the Parliament Building whose certificate of completion was issued in January 2019. Lease payments for the Parliament Building started in the 2019 as prior to the certificate of completion being issued the Company received a daily penalty broadly in line with the rental income due, had the project been completed on time.

On 20 April 2017, a lease agreement was entered into between the Government of Malta and the Company to reflect an additional investment in the Parliament Building and as from 1 June 2017 additional rent is payable semi-annually to the Company.

15. Directors' emoluments

	Period from 1 January to 30 June 2023 €	Period from 1 January to 30 June 2022 €
Kenneth Farrugia (Chairman resigned 22 June 2022)	**-**	12,500
Paul Mercieca (Not re-elected 28 April 2023)	**4,892**	7,500
Eric Schembri (resigned 28 February 2023)	**1,667**	5,000
Robert Suban (elected during AGM 27 April 2023)	**7,708**	7,500
David Mallia (elected during AGM 27 April 2023)	**1,875**	-
Marlene Mizzi (Chairperson)	**12,500**	5,000
Victor Carachi (Director)	**4,792**	3,750
Tania Brown (Director)	**4,792**	2,773
Miguel Borg (Director)	**5,625**	-
Desiree Cassar (appointed 4 April 2023)	**2,292**	-
	46,143	44,023

16. Tax expense / (credit)

The tax expense / (credit) for the period is made up as follows:

	Period from 1 January to 30 June 2023 €	Period from 1 January to 30 June 2022 €
Current tax expense	**949,266**	807,966
Deferred tax expense / (credit) (note 17)	**537,750**	(2,546,487)
Tax expense / (credit)	**1,487,016**	(1,738,521)

16. Tax expense / (credit) - continued

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Period from 1 January to 30 June 2023 €	Period from 1 January to 30 June 2022 €
Profit / (loss) before tax	**11,931,452**	(28,930,132)
Tax expense / (credit) on profit / (loss) at 35%	**4,176,008**	(10,125,547)
Tax effect of:		
Income subject to 15% final withholding tax	**(225,765)**	(196,305)
Income subject to 5% final withholding tax	**(139,113)**	-
Income deductible for tax purposes	**(729,741)**	(179,452)
Expenses not deductible for tax purposes	**435,519**	383,333
Tax rules applicable to investment property	**(1,814,950)**	8,594,713
Maintenance allowance	**(233,432)**	(215,263)
Over provision in current period	**18,490**	-
Tax expense / (credit) in the accounts	**1,487,016**	(1,738,521)

17. Deferred tax

Deferred tax is provided for using the liability method for temporary differences arising on movements in the fair value of immovable investment property of MIA and VCP and the Parliament Building and Open Air Theatre. The calculation of the deferred tax provision for the period ended 30 June 2023 is calculated on the taxation rules on capital gains upon a transfer of immovable property implemented through Act XIII of 2015, with effect from 1 January 2015, the rate of capital gains tax applicable is a final withholding tax of 8% on the value of the property.

The deferred tax balance as at 30 June 2023 represents:

	30 June 2023 €	31 December 2022 €
Temporary differences on:		
Fair value movements	**16,343,414**	15,805,664

The movement for the period comprising the recognition of the above deferred tax liability has been credited to the statement of comprehensive income.

18. Earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the total number of ordinary shares in issue during the period.

	Period from 1 January to 30 June 2023	Period from 1 January to 30 June 2022
Profit / (Loss) for the period (€)	**10,444,438**	(27,191,610)
Total average number of ordinary shares in issue	**148,108,064**	148,108,064
Earnings / (Loss) per share in cents	**7.05**	(18.36)

19. Dividends

	2022 Final dividend €	2021 Final dividend €
Dividends paid on ordinary shares		
Gross	**3,228,756**	3,228,756
Tax at source	**(1,130,065)**	(1,130,065)
	2,098,691	2,098,691
Dividends per share in cents	**1.42**	1.42

On 22 August 2023, the Board of Directors declare an interim gross dividend in respect of the period ended 30 June 2023 of €1,955,026 or €0.0132 per share equating to an interim net dividend of €1,270,767 or €0.00858 per share. The financial statements do not reflect this dividend.

20. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Period from 1 January to 30 June 2023	Period from 1 January to 30 June 2022
	€	€
Operating profit	**4,138,797**	3,936,538
Adjustments for:		
Net contract asset revenue	**(213,801)**	(90,595)
Depreciation of property, plant and equipment	**10,331**	7,153
Maintenance cost	**150,795**	-
Changes in working capital:		
Trade and other receivables	**(4,911,249)**	(1,723,862)
Trade and other payables	**4,092,295**	912,348
Cash generated from operations	**3,267,168**	3,041,582

21. Related party transactions

The only major shareholder of the Company is the Government of Malta through its 79.75% (2022: 79.75%) shareholding. The remaining 20.25% (2022: 20.25%) of the shares are held by the public.

Other related entities are the following, since they are all Government owned and managed:

- Malta Investment Management Company Limited
- Projects Plus Limited
- Housing Authority
- Social Projects Management Limited

All because they are Government owned and managed.

21. **Related party transactions** - continued

The following transactions have been carried out with the above related parties during the period.

	Period from 1 January to 30 June 2023 €	Period from 1 January to 30 June 2022 €
Government of Malta		
Parliament lease income from Government	**2,079,490**	1,917,789
Open Air Theatre lease income from Government	**922,282**	824,434
Parliament Building additional rent from Government	**390,854**	390,854
Malta Investment Management Company Limited		
Office Lease payable to Malta Investment Management Company Limited	**-**	(3,750)
Projects Plus Limited		
Professional service fees to Projects Plus Limited	**(277,731)**	(4,248)
Housing Authority		
Ground rent to Housing Authority	**(73,292)**	(73,292)
Affordable Housing rent	**463,710**	-
Social Projects Management Limited		
Project management services costs to SPM Limited	**(17,053)**	-

22. **Statutory information**

Malita Investments p.l.c. is a public limited liability company and is incorporated in Malta.