

GAP GROUP p.l.c

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30th JUNE 2017

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### Interim Directors' Report Pursuant to Listing Rules 5.75.2

This interim report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by GAP Group p.l.c. (the 'Company') in its published annual report. The interim financial information included in this report has been extracted from the Company's unaudited accounts for the six months ended 30th June 2017, as approved by the Board of Directors on the 29th of August 2017 and are prepared in accordance with IAS 34 'Interim Financial Reporting'.

### Principal Activities

The principal activity of GAP Group p.l.c. was set up to raise financial resources from the capital market to primarily finance the property development projects of the companies forming part of the group and also to restructure the Group.

### Review of business

Works on the developments progressed in a timely manner and within set timeframes whilst the first contracts from the Qawra project were signed in Q2 2016, ahead of schedule from what was originally planned.

#### *The Mellieħa development*

By the end of the financial period under review, circa 59% of construction of the first two blocks (Blocks I & J) and circa 28% of construction works of the second two blocks (Blocks G & H) had been completed. Trade works on the said four blocks had also commenced with approximately 22% of electrical works, 20% of plastering works and 15% of tiling works attained. A total estimated works in progress figure of €1,049,165 was achieved in the first 6 months of 2017 bringing the total estimated works to date up to €2,028,540. Full completion of blocks I & J and blocks G & H is envisaged by Q2 and Q3 2018 respectively.

Sales (by way of Preliminary Agreement) from the first two blocks (I & J) increased to 22 Apartments and another 4 apartments from the second two blocks (G & H), the latter having been recently launched on the market. Moreover, a total of 28 garages were subject to Preliminary Agreements by the end of June 2017. The above figures translate into €8,999,500 worth of sales or 40.63% of the available residential units (of Blocks G, H, I and J) and 17.11% of the total residential units. The remaining six blocks will be gradually placed on the sales market.

#### *The Ghargħur Development*

By the end of June 2017, construction works were roughly 40% complete whilst electrical works and plastering were at their initial stages (12% and 7% respectively). The works in progress figure increased from €390,149 in December 2016 to €735,249. The progress of works is in line with projected timelines and full completion of this development is expected to be accomplished by not later than Q3 2018.

With regards to sales, a total of 19 apartments and 26 garages are already subject to preliminary agreements resulting in a total sales value of €5,867,000. These figures represent 55.88% and 59.10% of the available residential and garage stock respectively.

**Directors' report - continued**

*The Qawra Development (Blocks A, B and C only)*

As at the 30th of June 2017, the construction works of Blocks A, B and C were concluded whilst the finishes were in their final stages of completion. The plastering (including the façade), the electricity and tiling were complete whilst the marble, aluminium, woodworks and elevators were collectively 85% complete. These blocks are to be fully finished by latest Q3 2017. Works in progress by the end of June 2016 amounted to €2,291,717 (EOY 2016: €1,610,218).

During Q2 2017, the company contracted the sale of 4 Apartments and 2 Garages which is ahead of the initial projected date (Q3 2017). It is planned that the deeds of sale will progress in a timely fashion over Q3 and Q4 2017. By the end of June 2017, the rest of the apartments were all subject to preliminary agreements whilst 65% of the garages were committed. The development is a joint venture between GEOM Developments Limited (Blocks A, B and C) and GEOM Holdings Limited (Blocks D, E, F and G), both subsidiaries of the Company. Only Blocks A, B and C have been subject to hypothecation against the issue of the Secured Bonds.

*The Żebbuġ Development*

The project is fully complete and all the apartments were contracted by the end of Q2 2017. The only unsold stock pertained to 33 garages whilst another 2 garages and the retail shop were subject to preliminary agreements with the final deeds envisaged to be signed in 2017.

**Reserve Account**

By the end of the financial period under review, the Reserve Account carried a balance of €795,611 which amount was derived from signed contracts of the Żebbuġ and Qawra Developments.

Furthermore, unless any of the signed preliminary agreements (pertaining to the Mellieħa, Qawra and Żebbuġ developments) are rescinded, the amount of €11,609,069 will also be deposited in the Reserve Account from waiver money upon the eventual signing of the final deeds. The total amount of €12,404,680 amounts to 31.01% of the total bond repayment.

**Principal risks and uncertainties for the remaining six months of the financial year**

Although the development works of the afore-mentioned projects and the securing of new sales by way of preliminary agreements are progressing as planned, the company is still subject to several financial risk factors including the market, economic, counter-party, credit and liquidity risks amongst others that may affect the projects and their timely completion. Where possible, the board provides principles for the overall risk management as well as policies to mitigate these risks in the most prudent way.

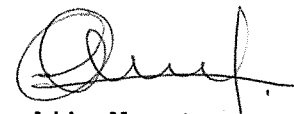
**Interim Directors' Statement pursuant to Listing Rule 5.75.3**

The directors confirm that to the best of their knowledge:

- The condensed interim financial statements give a true and fair value of the financial position of the company as at 30th June 2017.
- The Interim Directors' report includes a fair review of the information required in terms of Listing Rule 5.81.

On behalf of the Board of Directors:

  
George Muscat  
Director

  
Adrian Muscat  
Director

**CONDENSED CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 1st JANUARY 2017 TO 30th JUNE 2017**

	<u>Group</u>	<u>Company</u>
	1 January to 30 June 2017 Unaudited	1 January to 30 June 2017 Unaudited
	€	€
Turnover	1,821,300	-
Cost of sales	<u>(1,092,437)</u>	<u>-</u>
	728,863	-
Administrative expenses	<u>(136,787)</u>	<u>(54,593)</u>
<b>Operating profit / (loss)</b>	592,076	(54,593)
Finance costs	(453,292)	(843,014)
Investment income	<u>250,300</u>	<u>1,079,827</u>
<b>Profit before taxation</b>	389,084	182,220
Tax expense	<u>(143,097)</u>	<u>(38)</u>
<b>Profit for the period</b>	<u>245,987</u>	<u>182,182</u>
<b>Other comprehensive income</b>		
Fair value gain on interest free long term loan receivable	<u>53,301</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>53,301</u>	<u>-</u>
<b>Total Comprehensive income</b>	<u>299,288</u>	<u>182,182</u>
<b>Earnings per share</b>	<u>0.12</u>	<u>0.04</u>

Note: The Company was set up on 1st June 2016. During the period from 1st June 2016 to 30th June 2016, the company did not carry out any transactions that affect the Condensed Consolidated Income Statement and Comprehensive Income.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31st DECEMBER 2017**

	Group		Company	
	30 June 2017 Unaudited	31 December 2016 Audited	30 June 2016 Unaudited	31 December 2016 Audited
	€	€	€	€
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7,817	3,424	5,250	-
Investment in subsidiaries	-	-	21,242,032	21,242,032
Investments - available for sale	8,112,231	10,600,000	8,112,231	10,600,000
Loans and other receivables	9,312,698	6,998,980	445,611	311,455
	<b>17,432,746</b>	17,602,404	<b>29,805,124</b>	32,153,487
<b>Current assets</b>				
Inventory - Development project	37,533,336	34,213,205	-	-
Trade and other receivables	3,521,331	1,434,672	22,811,827	14,047,318
Cash and bank balances	3,633,280	3,721,802	2,239,394	2,084,059
Income Tax refundable	31,064	113,567	-	-
	<b>44,719,011</b>	39,483,246	<b>25,051,221</b>	16,131,377
<b>Total Assets</b>	<b>62,151,757</b>	57,085,650	<b>54,856,345</b>	48,284,864
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	2,500,000	2,500,000	2,500,000	2,500,000
Subordinated shareholders' loan - Quasi equity	2,500,000	2,500,000	2,500,000	2,500,000
Revaluation Reserve	154,827	101,526	-	-
Retained earnings	1,148,661	902,674	223,034	5,139
Total equity	<b>6,303,488</b>	6,004,200	<b>5,223,034</b>	5,005,139
<b>Non-current liabilities</b>				
Other financial liabilities	2,503,109	2,502,909	1,200	-
Debt securities in issue	39,350,499	39,310,407	39,350,499	39,310,407
Total non-current liabilities	<b>41,853,608</b>	41,813,316	<b>39,351,699</b>	39,310,407
<b>Current liabilities</b>				
Bank overdraft and loans	20,827	20,596	-	-
Trade and other payables	12,980,772	9,247,538	4,501,367	3,655,751
Other financial liabilities	993,062	-	5,777,478	310,800
Taxation due	-	-	2,767	2,767
Total current liabilities	<b>13,994,661</b>	9,268,134	<b>10,281,612</b>	3,969,318
Total liabilities	<b>55,848,269</b>	51,081,450	<b>49,633,311</b>	43,279,725
<b>Total equity and liabilities</b>	<b>62,151,757</b>	57,085,650	<b>54,856,345</b>	48,284,864

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD FROM 1st JANUARY 2017 TO 30th JUNE 2017**

	Share Capital €	Quasi Equity €	Fair Value Reserves €	Profit and Loss Account €	Total €
<b>Group</b>					
<b>Transactions with owners</b>					
Issue of share capital	47,000	-	-	-	-
<b>Comprehensive income</b>					
Profit for the period - 1st June to 30th June 2016	-	-	-	-	-
<b>Balance at 30th June 2016</b>	<b>47,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,000</b>
<b>Balance at 1st January 2017</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>101,526</b>	<b>902,674</b>	<b>6,004,200</b>
<b>Comprehensive income</b>					
<b>Profit for the period</b>	-	-	-	245,987	245,987
Fair value gain on long term interest free loan receivable	-	-	53,301	-	53,301
<b>Subordinated shareholders' loan - Quasi equity</b>	-	-	-	-	-
<b>Balance at 30th June 2017</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>154,827</b>	<b>1,148,661</b>	<b>6,303,488</b>
<b>Company</b>					
<b>Transactions with owners</b>					
Issue of share capital	47,000	-	-	-	47,000
<b>Comprehensive income</b>					
Profit for the period - 1st June to 30th June 2016	-	-	-	-	-
<b>Balance at 30th June 2016</b>	<b>47,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,000</b>
<b>Balance at 1st January 2017</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>5,139</b>	<b>5,005,139</b>
<b>Profit for the period</b>	-	-	-	217,895	-
<b>Balance at 30th June 2017</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>223,034</b>	<b>5,005,139</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE PERIOD FROM 1st JANUARY 2017 TO 30th JUNE 2017**

	Group		Company	
	1 January to 30 June 2017 Unaudited €	1 June to 30 June 2016 Unaudited €	1 January to 30 June 2017 Unaudited €	1 June to 30 June 2016 Unaudited €
<b>Net cash flows (used in) / generated from operating activities</b>	(1,540,458)	-	(8,815,712)	-
<b>Net cash flows (used in) / generated from investing activities</b>	2,732,069	-	3,561,596	-
<b>Net cash flows generated from / (used in) financing activities</b>	(1,280,364)	47,500	5,376,583	47,500
<b>Net movement in cash and cash equivalents</b>	(88,753)	47,500	122,467	47,500
<b>Cash at cash equivalents at the beginning of the period</b>	3,701,206	-	2,084,059	-
<b>Cash at cash equivalents at the end of the period</b>	3,612,453	47,500	2,206,526	47,500



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017**

**1 General information**

Gap Group p.l.c. is a public limited liability company with its principal activity being the development of various properties undertaken by the subsidiaries of the company. The condensed consolidated interim financial statements for the six months ending on 30 June 2017 have been extracted from the unaudited management accounts of the Group and the company.

**2 Basis of preparation**

The condensed consolidated interim financial information included the financial statements of Gap Group p.l.c. and its subsidiaries. The condensed consolidated interim financial information has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs as adopted by the EU. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those financial statements.

*Critical accounting estimates and judgements*

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires directors to exercise their judgements in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

*Standards, interpretations and amendments to published standards effective in Group*

In Group the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period on 1st January 2017. The adoption of these revisions to the requirements of the IFRSs as adopted by the EU did not result in changes to the company's accounting policies impacting the company's financial performance and position.

**NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2016**

**2 Summary of significant accounting policies**

*Standards, interpretations and amendments to published standards that are not yet adopted*

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 to the Company's accounting profits beginning after 1st January 2017. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, except as disclosed below, and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

IFRS 9 'Financial instruments' address the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made on initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The company is yet to assess the full impact of IFRS 9 and intends to adopt IFRS 9, subject to endorsement by the EU, not later than the accounting period beginning on or after 1 January 2018.

IAS 7 amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment entities are not required to provide comparative information to preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

IFRS 15, 'Revenue from contracts with customer's deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenues recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, subject to endorsement by the EU. The group is assessing the impact of IFRS 15.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017**

**3 Financial assets**

**3.1 Classification**

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and 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. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale investments. They are included in current assets unless the asset matures or management intends to dispose of it after twelve months from the end of the reporting period.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017**

**3 Financial assets - (continued)**

**3.2 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. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables 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.

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.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss within 'investment and other related income'.

Interest on available-for-sale investments, calculated using the effective interest method is recognised in profit or loss within 'investment and other related income'. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These included the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017**

**3 Financial assets - (continued)**

**3.3 Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'low event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The company first assesses whether objective evidence of impairment exists. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

Assets classified as available-for-sale

In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investments below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

**4 Consolidation**

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. The Group financial statements include the financial statements of the parent Company and all its subsidiaries.

In the Company's financial statements investments in subsidiaries are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from investments are recognised in the profit or loss.

**5 Offsetting financial instruments**

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017**

**6 Borrowing costs**

Borrowing costs directly attributable to the acquisition and construction of property are capitalised as part of the cost of the project and are included in its carrying amount. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare any distinct part of the project for its sale or intended use is completed. Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalized as part of its cost. Borrowing costs are capitalized which acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended. All other borrowing costs are recognized as an expense in the profit and loss account in the period as incurred.

**7 Inventory - Development project**

The main object of the Company is the development of land acquired for development and resale. This development is intended in the main for resale purposes, and is accordingly classified in the financial statements as Inventory. Any elements of a project which are identified for business operation or long-term investment properties are transferred at their carrying amount to Property, plant and equipment or investment properties when such identification is made and the cost thereof can reliably be segregated.

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

- (i) The cost incurred on development works, including demolition, site clearance, excavation, construction, etc., together with the costs of ancillary activities such as site security.
- (ii) The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.
- (iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017

**8 Investments - available for sale**

	Group		Company	
	30 June 2017 Unaudited	31 December 2016 Audited	30 June 2017 Unaudited	31 December 2016 Audited
	€	€	€	€
Corporate Bonds	2,000,000	4,812,500	2,000,000	4,812,500
Holdings in bank deposit accounts	6,112,231	5,787,500	6,112,231	5,787,500
	8,112,231	10,600,000	8,112,231	10,600,000

**9 Loans and other receivables**

	Group		Company	
	30 June 2017 Unaudited	31 December 2016 Audited	30 June 2017 Unaudited	31 December 2016 Audited
	€	€	€	€
Loans to related parties	8,867,087	6,687,528	-	-
Funds held by trustee	445,611	311,452	445,611	311,455
	9,312,698	6,998,980	445,611	311,455

**10 Inventory - Development project**

	Group		Company	
	30 June 2017 Unaudited	31 December 2016 Audited	30 June 2017 Unaudited	31 December 2016 Audited
	€	€	€	€
Property cost of land and development costs including capitalised borrowig costs	28,344,123	24,781,890	-	-
Initial surplus resulting on the revaluation of the the Inventory of the company's subsidiaries when the company acquired its subsidiaries	11,636,381	11,636,381	-	-
Reduction in the revaluation surplus resulting from sales of the inventory	(2,447,168)	(2,205,066)	-	-
	37,533,336	34,213,205	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017

11 Trade and other receivables

	Group		Company	
	30 June 2017 Unaudited €	31 December 2016 Audited €	30 June 2017 Unaudited €	31 December 2016 Audited €
Prepayments	727,016	312,508	108,494	-
Amounts due from group companies	-	-	18,798,774	13,615,614
Amount due by related parties	962,318	636,973	2,580,253	-
Other debtors	1,831,997	485,191	1,324,306	431,704
	3,521,331	1,434,672	22,811,827	14,047,318

12 Earnings per share

Earnings per share is calculated by dividing the result attributable to owners of the company by the weighted average number of ordinary shares in issue during the period.

	Group		Company	
	30 June 2017 Unaudited €	30 June 2016 Unaudited €	30 June 2017 Unaudited €	30 June 2016 Unaudited €
Profit for the period	299,828	-	182,182	-
Weighted average share in issue	2,500,000	-	2,500,000	-
Earnings per share	0.12	-	0.07	-

13 Borrowings

	Group		Company	
	30 June 2017 Unaudited €	31 December 2016 Audited €	30 June 2017 Unaudited €	31 December 2016 Audited €
<b>Short term - falling due within one year</b>				
Bank overdrafts	20,827	20,596	-	-
Total short term borrowings	20,827	20,596	-	-



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017

13 Borrowings (Continued)

	Group		Company	
	30 June 2017 Unaudited €	31 December 2016 Audited €	30 June 2017 Unaudited €	31 December 2016 Audited €
<b>Long term - falling due after one year</b>				
<b>Bond</b>				
Proceeds from bond issue	40,000,000	40,000,000	40,000,000	40,000,000
Amortised cost				
Issue of bond costs	715,133	715,133	715,133	715,133
Issue of bond costs amortised	(65,632)	(25,540)	(65,632)	(25,540)
	649,501	689,593	649,501	689,593
Amortised cost	39,350,499	39,310,407	39,350,499	39,310,407

In October 2016, the company raised €40,000,000 by issuing secured bonds to the public at the fixed rate of interest of 4.25% at face value and redeemable at par on the 3rd of October 2023 and are secured for the full nominal value of the Secured Bonds and interests thereon as follows:

- i. First ranking general hypothec over all the present and future property of the company and each of GAP Mellieha (I) Limited, GAP Properties Limited, GEOM Developments Ltd.
- ii. First ranking special hypothec over the land on which each of the Mellieha Development and Blocks A, B and C forming part of the Qawra Development is to be developed together with all and any constructions and other erections to be developed thereon.
- iii. First ranking special hypothec over the remaining residential units and garage spaces forming part of the Zebbug Development.

14 Creditors

	Group		Company	
	30 June 2017 Unaudited €	31 December 2016 Audited €	30 June 2017 Unaudited €	31 December 2016 Audited €
<b>Trade and other payables</b>				
Trade creditors	7,371,583	4,617,907	189	-
Advance deposits received on promise of sale	3,155,815	2,770,665	-	-
Amounts due to related parties	-	249,795	3,177,647	3,191,047
Other creditors	-	41,926	-	41,926
Accruals	2,453,374	1,567,245	1,323,531	422,778
	12,980,772	9,247,538	4,501,367	3,655,751
<b>Other financial liabilities</b>				
Amount due to Subsidiaries	-	-	2,777,478	310,800
Shareholders' current accounts	993,062	-	3,000,000	-
	993,062	-	5,777,478	310,800
<b>Non-current liabilities</b>				
Minoity interests	2,503,109	2,502,909	-	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30th JUNE 2017**

**15 Capital commitments**

The Company has entered into capital commitments with various contractors for the development of the Mellieha, Gharghur and Qawra projects. Outstanding contractual commitments (based on the total estimate of works to be carried out until full completion at the afore-mentioned developments) as at period end amount to circa €4,795,937. Further amounts relating to the contracted projects have been capitalised during the period under review within Inventory.

As at June 2017, the company has entered into promise of sale agreements amounts to €3,155,815. These agreements are expected to generate sales amounting to €32,661,120.