Mediterranean Investments Holding p.l.c.

COMPANY ANNOUNCEMENT

Group Half-Yearly Report

The Board of Directors of Mediterranean Investments Holding p.l.c. has approved the attached Group Half-Yearly Report for the period ended 30th June 2012.

This report can also be viewed on the Company's website on www.mihplc.com.

Stephen Bajada
Company Secretary

16th August 2012

Encl.

22, Europa Centre, Floriana FRN 1400, Malta
Tel: +356 21 233141 ~ Fax: +356 21 234219 ~ email: info@mihplc.com ~ url: www.mihplc.com
Company Registration Number: C37513

Mediterranean Investments Holding p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2012

Condensed Income Statement

	Unaudited 1 January to 30 June 2012 €	Unaudited 1 January to 30 June 2011 €
Revenue	12,329,076	5,142,736
Operating expenses	(2,170,773)	(1,120,634)
Gross profit	10,158,303	4,022,102
Marketing expenses	(118,252)	(711,743)
Administrative expenses	(1,006,361)	(83,853)
Operating Profit	9,033,690	3,226,507
Finance income	211,466	251,257
Finance costs	(4,671,382)	(3,358,722)
Fair value loss on interest rate swap	(135,000)	-
Profit before income tax	**4,438,774**	**119,041**
Tax expense	-	-
Profit for the period	**4,438,774**	**119,041**
Basic earnings per share	**€ 0.092**	**€ 0.002**

Condensed Balance Sheet

	At 30 June 2012 €	At 31 December 2011 €
ASSETS		
Non-current	263,426,718	253,386,658
Current	28,536,395	37,667,630
Total assets	**291,963,113**	**291,054,288**
EQUITY		
Total equity	**107,742,958**	**103,304,184**
LIABILITIES		
Non-current	153,808,278	161,069,387
Current	30,411,877	26,680,717
Total liabilities	**184,220,155**	**187,750,104**
Total equity and liabilities	**291,963,113**	**291,054,288**

Condensed Statement of Changes in Equity

	Share Capital €	Retained Earnings €	Total €
At 1 January 2011	48,002,000	57,997,934	105,999,934
Profit for the period	-	119,041	119,041
At 30 June 2011	48,002,000	58,116,975	106,118,975
Loss for the period	-	(2,814,791)	(2,814,791)
At 31 December 2011	48,002,000	55,302,184	103,304,184
Profit for the period	-	4,438,774	4,438,774
At 30 June 2012	**48,002,000**	**59,740,958**	**107,742,958**

Condensed Cash Flow Statement

	1 January to 30 June 2012 €	1 January to 30 June 2011 €
Net cash from operating activities	11,558,079	6,360,284
Net cash used in investing activities	(11,660,284)	(4,318,772)
Net cash used in financing activities	(9,021,503)	(3,230,746)
Net decrease in cash and cash equivalents	**(9,123,708)**	**(1,189,235)**
Cash and cash equivalents at beginning of period	28,844,123	28,195,307
Cash and cash equivalents at end of period	**19,720,415**	**27,006,072**

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2012 and its comparative period in 2011. Comparative balance sheet information as at 31 December 2011 has been extracted from the audited financial statements for the then year ended. This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority - the Listing Authority, and has been prepared in accordance with the applicable Listing Rules and the International Accounting Standard 34, "Interim Financial Reporting". The financial statements published in this Half-Yearly Report are condensed in accordance with the form and content requirements of this standard. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Report has not been audited or reviewed by the Company's independent auditors.

Accounting Policies

The accounting policies adopted in the preparation of the group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2011 and therefore in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, and in accordance with the Companies Act, 1995.

Notwithstanding the above, and in view of the fact that investment property is stated at fair value in the company's balance sheet, the directors are of the opinion that, as at the reporting date, there is no need to test the investment property for impairment as required by IAS 36. This assessment is based on the positive turnaround in the political situation in Libya, the improved performance and the increase in the signing up of units at Palm City; all of which had a positive impact on the cash flows of the company such that, it is believed that there is no indication that the investment property may be impaired.

Principal Activities

The principal activity of the group is to directly or indirectly acquire and develop real estate opportunities in North Africa and invest in any related trade and business venture.

Review of performance

During the period under review, the group achieved an operating profit of €9,033,690 against an operating profit of €3,226,507 achieved during the corresponding period last year. The profit after tax for the period amounted to €4,438,774 (2011 - Profit after tax- €119,041). This significant improvement in performance was primarily attributable to the income generated from the leasing out of units at Palm City Residences. This was achieved, notwithstanding the fact that finance costs increased to €4,671,382 (2011 - €3,358,722) after charging interest on shareholders' loan made available to the company at the end of 2011 amounting to €314,466 and providing for an unrealised loss on exchange amounting to €369,446.

Furthermore the profit after interest and tax figure of the group is also net of a fair value loss provision on an interest rate swap amounting to €135,000 which was charged to the income statement in terms of the provisions of IAS 39.

State of Affairs

During the period under review, Palm City Residences continued with negotiations to secure more lease contracts and in fact, up till 30 June 2012, 338 units had been leased. The revenue generated from the units during the period gave the necessary stimulus to the performance and liquidity of Palm City and ultimately to the group.

In order to meet the financial commitments despite the force majeure situation that the group endured in 2011 because of the political upheaval in Libya, the shareholders of MIH provided a loan of €13.2 million at an interest rate of 5% p.a. to meet the cash flow shortfall. This was necessary principally for the company to meet its bond interest costs and for Palm City to meet its commitments with capital creditors.

In view of the change in the timing of the funding requirements for the Medina Tower project, on 11 June 2012, the Board of Directors of MIH called upon bond holders of Bond III for a meeting during which they were requested to approve a change to the original use of a part of the bond proceeds from that set out in the Prospectus of the said bond.

The necessary quorum in terms of the provisions of the prospectus both as far as the number of members present in person or by proxy (minimum of 50%) and those voting in favour of the resolution (minimum of 75%) was reached. In consequence the resolution put to the bondholders to apply €8 million out of the Bond proceeds for the partial reduction of the shareholders' loan was approved. This loan currently stands at €5.2 million.

Outlook

Total effective tenancy at Palm City Residences for June 2012 reached 338 units (82% occupancy). Overall occupancy is spread across various term contracts; in the short/medium term, between one and twelve months and in the long term, from two to five years.

During the first few months of the period under review discussions were undertaken to proceed with the investment of the 25% shareholding of MIH in Medina Tower Joint Stock Company (MTJSC). A second equity payment of €3,900,000 was made on 16 April and another equity payment of €4,700,000 was effected on 14 May bringing the total amount invested by MIH in MTJSC to €12,500,000. A final equity payment of €500,000 was effected during July 2012 by MIH so that presently the amount invested in MTJSC is €13,000,000.

MTJSC re-engaged the consultants on the Medina Tower project and to date good progress was registered in reconvening the project team and in fact management has already finalised the negotiations with the main contractor for the project and works on site are now expected to commence later on this year. The directors are of the opinion that the opportunity for the Medina Tower project has increased significantly after the conflict period.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

• this condensed set of consolidated financial statement, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of Mediterranean Investments Holding p.l.c.; and
• includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Alfred Pisani
Chairman

Khalil E.A.M. Alabdullah
Vice-Chairman

Mediterranean Investments Holding p.l.c.
22, Europa Centre, Floriana FRN 1400, Malta ~ T +356 21 233141 ~ F +356 21 234219 ~ E info@mihplc.com
Company Registration Number: C37513