



**Mediterranean Investments Holding p.l.c.**

## **COMPANY ANNOUNCEMENT**

### **Approval of Financial Statements for 2014**

The Board of Directors of Mediterranean Investments Holding p.l.c. (MIH) has approved the Financial Statements for the year ended 31<sup>st</sup> December, 2014.

A copy of these Financial Statements is available on the Company's website [www.mihplc.com](http://www.mihplc.com).

2014 has been a year of mixed experiences, with the first half proving to be a record performing period for the MIH Group through its operations of Palm City, whilst the second half of the year was overshadowed with the political conflict that developed in Libya. The Group's wholly owned subsidiary, Palm City Ltd, remained resolute in ensuring primarily the safety of its clients and staff, but also relentless in its efforts to maintain Palm City Residences open and operational at all times.

During the first six months of the year under review, the MIH Group registered an excellent performance with revenue reaching €16.3 million. Compared to the corresponding period the year before, this represents a 4% increase. Equally noteworthy is the conversion of revenue to EBITDA which has been maintained at 74%, signifying a strong performance and a sound ability to retain low costs of operation.

Performance, both in terms of revenue generation and EBITDA, started to decline towards the latter part of 2014 with occupancy levels at Palm City reducing to 66% by year's end from 95% in July. It is worth noting that paying tenancies has remained fairly strong, signifying a commitment by the tenants that they would wish to return in the short to medium term. This could only take place once Palm City continued to operate uninterruptedly, whilst firming up security measures to provide the necessary comfort and assurance to the tenants.

Despite the challenges that Palm City continued to face during the latter part of 2014, it still registered a strong financial performance, which at year end, was close to the levels achieved in 2013 when MIH registered record revenue and profitability levels.

## Results:

The MIH Group registered an operating profit of €21.76 million in 2014 which compares well with the results achieved the year before of €22.89 million, considering the challenging operating conditions for the year under review.

Profit after tax for 2014, before impairment charges, amounted to €12 million.

Customary to practice adopted in previous years, the Group annually re-values its investment properties and the directors have run a number of tests to establish what the impairment on the property could be when taking into account a number of different scenarios established to be possible outcomes on the future of the country. In this regard, the directors make reference to an appraisal report submitted by PricewaterhouseCoopers for 2013, which valued the Palm City property at €315 million, against a reported value of €310 million. In view of the current circumstances, the directors have prudently opted to reduce the value of the investment property by €60.87 million on the reported value the year before. Accordingly, a corresponding reduction in value has been charged to the income statement in consequence of a considerable increase in the discount rate.

In the light of what has been stated above, the operating result for the year, after taking into account the impairment charge on the property resulted in a loss after tax for the year of €28.09 million. This impairment charge on the Palm City Residences amounted to a gross value of €60.87 million whilst a corresponding deferred tax provision amounting to €20.75 million was reversed, resulting into a net charge of €40.12 million to the income statement.

The MIH group's assets stand at €290.81 million as at 31 December 2014 compared to €350.90 million in 2013. This reduction mainly reflects the impairment of the investment property mentioned earlier.



Stephen Bajada  
Company Secretary

9<sup>th</sup> April 2015