Mediterranean Investments Holding p.l.c.

COMPANY ANNOUNCEMENT

Approval of Financial Statements for 2011

The Board of Directors of Mediterranean Investments Holding p.l.c. has approved the Financial Statements of the Company for the year ended 31st December 2011.

A copy of the Preliminary Statement of annual results is attached and a full copy of the Financial Statements for the period ending 31st December 2011 is available on the Company's website - www.mihplc.com.

Stephen Bajada
Company Secretary

26th April 2012

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.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 1 January to 31 December 2011

Condensed Income Statement

	1 January to 31 December 2011 €	1 January to 31 December 2010 €
Revenue	10,201,878	9,119,881
Operating expenses	(2,964,461)	(2,700,499)
Gross profit	7,237,417	6,419,382
Administrative expenses	(1,646,600)	(1,316,249)
Marketing expenses	(115,798)	(577,192)
Operating Profit	5,475,019	4,525,941
Finance income	509,220	280,745
Finance costs	(8,119,989)	(5,442,415)
Fair value loss on interest rate swap	(560,000)	-
Share of results of equity accounted investments	-	(151,307)
Profit / (Loss) before income tax	**(2,695,750)**	**(787,036)**
Tax expense	-	(1,050)
Profit / (Loss) for the period	**(2,695,750)**	**(788,086)**
Basic profit (loss) per share	**(0.06)**	**(0.02)**

Condensed Statement of Financial Position

	At 31 December 2011 €	At 31 December 2010 €
ASSETS		
Non-current	253,386,658	251,263,718
Current	37,667,630	36,881,592
Total assets	**291,054,288**	**288,145,310**
EQUITY		
Total equity	**103,304,184**	**105,999,934**
LIABILITIES		
Non-current	161,069,387	150,062,900
Current	26,680,717	32,082,476
Total liabilities	**187,750,104**	**182,145,376**
Total equity and liabilities	**291,054,288**	**288,145,310**

Condensed Statement of Changes in Equity

	Share Capital €	**Retained Earnings €**	**Total €**
At 1 January 2010	48,002,000	58,786,020	106,788,020
Loss for the period	-	(788,086)	(788,086)
At 31 December 2010	48,002,000	57,997,934	105,999,934
At 1 January 2011	48,002,000	57,997,934	105,999,934
Profit for the period	-	(2,695,750)	(2,695,750)
At 31 December 2011	**48,002,000**	**55,302,184**	**103,304,184**

Condensed Cash Flow Statement

	1 January to 31 December 2011 €	1 January to 31 December 2010 €
Net cash from (used in) operating activities	4,244,499	4,881,550
Net cash used in investing activities	(6,171,247)	(23,723,860)
Net cash (used in) received from financing activities	2,324,879	34,671,491
Net (decrease) increase in cash and cash equivalents	**398,131**	**15,829,181**
Cash and cash equivalents at beginning of period	28,195,307	13,025,410
Cash and cash equivalents, at end of year before the effect of foreign exchange rate changes	**28,593,438**	**28,854,591**
Effect of foreign exchange rate changes	250,688	(659,284)
Cash and cash equivalents, at end of year	**28,844,126**	**28,195,307**

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the audited financial statements for the year ended ended 31 December 2011 and its comparative period in 2010. Comparative statement of financial position information as at 31 December 2010 has been extracted from the audited financial statements for the year ended on that date. This report is being publised in terms of Listing Rule 5.54 issued by the Malta Financial Services Authority.

Accounting Policies

The accounting policies adopted in the preparation of the Group's Annual Preliminary Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2011.

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 year under review the Group's objectives remained focused on the operations of its subsidiary Palm City Limited (PCL) and on the commencement of the construction of the Medina Tower project in Tripoli, Libya, as planned by the first quarter of 2011.

However, towards the end of February 2011, due to the uprising in Libya, these objectives had to be suspended with the responsibility shifting to safeguard and protect the PCL's personnel and the property. Once arrangements were made for the majority of the staff to be evacuated with a core nucleus of staff staying on, PCL took a number of measures to mitigate the impact of the significant downturn in economic activity on the operational results.

The latter was a critical step, given the disruption in business at Palm City Residences with a significant number of tenants cancelling their contracts. As a result, the revenue generation of PCL was significantly curtailed. Notwithstanding this, Palm City Residences remained open and operational, albeit with reduced personnel commensurate with the level of operations, allowing it to generate sufficient revenue to meet the on-going operational expenses and overheads and ultimately resulting in generating an operating profit in exceptional circumstances.

Given the force majeure that the Group endured throughout 2011, and the resulting impact on its cash flow, the shareholders of MIH have supported this temporary disturbance in cash flow by extending to MIH €13.2 million by way of shareholders' loan. This was necessary principally for the company to meet its bond interest costs and for PCL to meet its commitments with capital creditors.

The loss for the year under review amounted to € 2.7 million which is €15.67 lower than the projected results contained in the latest set of projections that were published by way of annex in the company's prospectus issued in June 2010. This negative difference is largely due to the conflict in Libya which impacted negatively both the operational capacity and the financial performance of the Palm City Residences and also the substantial finance costs incurred by the company in view of the bonds it has in issue. A significant portion of these bond funds are still held by the company and placed on deposit until they are invested in the Medina Towers project.

However the interest differential on these funds placed on deposit with financial institutions and that payable to bondholders is substantial and is the main attribute to the operating loss at Group level, which is otherwise a profit at PCL level.

State of Affairs

Notwithstanding the mammoth challenges faced by the Group during these troubled months, Palm City remained intact with very minimal damage. Palm City not only managed to retain a number of units leased out under pre-conflict contracts, but also secured a number of leases to new clients for periods which range between 1 month and 3 years.

PCL has now geared itself up again to the level it was prior to the conflict so as to maximize on the business potential and in anticipation of a considerable influx of tenants in a short and possibly very pressing time frame. The Group is grateful to the executives who managed to keep Palm City Residences operational during unprecedented challenging circumstances.

Throughout the last quarter of the year Medina Tower Joint Stock Company, re-engaged the consultants on the Medina Tower project and immediately commenced where it had left off back in February. Good progress was registered in reconvening the project team and the shareholders of MIH, along with their partners, have decided to proceed immediately with the Medina Tower project. The directors are of the opinion that the opportunity for the Medina Tower project has increased significantly post the conflict period and are currently evaluating ways of enhancing the feasibility of the project.

The Group's asset base grew to €291 million as at 31 December 2011 from €288 million at the end of the corresponding date in the previous year which resulted mainly from the engagement of the team of project consultants for Medina Tower.

Outlook

2011 was a very taxing year for the Group, and notwithstanding that the turmoil in Libya had brought about significant curtailment in the economic activity in the country, the Group remains committed to enhance its existing portolio of assets and continues to excel in Libya by pursuing the Medina Tower project as also other major mixed-use projects that MIH is currently working on.

The directors are of the opinion that as the situation in Libya continues to settle down, and the country embarks on a road map to move forward with major investment in infrastructure and development, MIH is geared up to move swiftly with its projects.

Statement pursuant to Listing Rule 5.54.6 issued by the Listing Authority

We confirm that this Preliminary Statement of the Group's Annual Results has been agreed with the Group's auditors.

Alfred Pisani
Chairman

Khalil E.A.M. Alabdullah
Vice-Chairman

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