



**COMPANY ANNOUNCEMENT ISSUED PURSUANT TO
LISTING RULE 8.7.21**

The Board of Directors of Mediterranean Investments Holding plc has on the 15 April 2010 approved the Audited Consolidated Financial Statements of the MIH Group for the year ended 31 December 2009.

These Financial Statements show a profit after tax of €59.5 million for the year then ended. This result represents a €25.6 million improvement on the €33.8 million profit after tax forecasted in the latest set of projections that were published by way of Annex to the Company's prospectus issued in July 2008. This positive variance in the MIH Group's Income statement is mainly driven by the expectation that the Palm City development will generate significantly higher returns from its operation in view of the product enhancements that have been carried out since the date of the latest Company's prospectus.

The Financial Statements recognise an uplift in value of the investment property which is €33.0 million higher than previously projected. On the other hand, the delays in project completion that were necessary to carry out these enhancements to the Palm City development resulted in a €7.4 million shortfall in the 2009 operational profit. A detailed analysis of the reasons behind these variances is provided below.

The 2008 projections were based on the expectation that the project would be completed and operational by end 2008 and an average occupancy of 75% was estimated to be achieved for 2009. The project was, in reality, nearing completion by end 2009 and a number of units were actually already delivered to operations and occupied by tenants before that date. A 13% occupancy was achieved in 2009 and this generated a profit after tax of €0.7 million against a projected profit of €6.0 million.

The 2009 financials also include pre-opening costs amounting to €1.0 million that were not forecasted in the previous set of projections. Administrative expenses were at €0.4 million (2008 – €0.2 million) and marketing costs were at €0.6 million (2008 – €0.3 million). The comparatively higher costs are directly attributable to the increased number of employees that by year-end numbered 56 along with increased marketing activities in gearing up for the operations of the village subsequent to completion as well as the increased exposure to the leasing out of the units under development.

Furthermore, in view of the fact that the funds raised by the Group through the July 2008 bond issue were not applied to their intended use as originally expected, net finance costs of €0.6 million are recognised in 2009 whilst the Group was in the previous projections, expected to earn net finance income of €0.5 million.

Whilst the delay in the completion date of the Palm City development has impacted the Group negatively in its operating results for 2009, the product enhancements coupled with stronger medium term profit expectations, have helped the Group in achieving a higher uplift in the property value than originally forecasted. The €60.3 million change in fair value of the investment property recognised in the 2009 audited consolidated financial statements is €33.0 million higher than the €27.3 million projected in 2008. This improvement was mainly brought about by the following:

- a) The expected future earnings generation capability of the project has improved on account of an increase in the number of residences from 408 to 413, an improved average monthly rental and a reduction in the projected operating expenditure;
- b) Notwithstanding the delay in the completion date of the Palm City Residences, the 2009 valuation assumes that the 95% occupancy (stabilised level of occupancy) will be achieved by end 2010, which is a year earlier than originally expected in view of the faster pace at which lease agreements are being concluded; and
- c) The 2008 projections were based on an independent valuation that was prepared in 2007 whilst the 2009 financials are based on an estimation of project value as at 31 December 2009 as determined by independent valuers. The latter valuation is significantly higher than the 2007 valuation since it is subject to a lower discount rate in view of its closer proximity to the date of completion.

The Company also announces that it has today published a supplement to its financial statements in the form of a restated directors' report. Copies of the said supplement are available from the Company's registered office.



Reginald A Cuschieri
Company Secretary

30th April 2010

Mediterranean Investments Holding p.l.c.

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