Mediterranean Investments Holding p.l.c.

UNAUDITED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the period 1 January 2009 to 30 June 2009

Profit and loss account

	Group	
	1 January to 30 June 2009	1 January to 30 June 2008
	€	€
Finance income	199,549	212,722
Marketing costs	(249,910)	(167,967)
Administrative expenses	(244,121)	(122,494)
Finance expenses	(755,821)	(581,281)
Loss before taxation	(1,050,303)	(659,020)
Taxation	(15)	(36,829)
Loss for the period	(1,050,318)	(695,849)
Earnings per share	(0.02)	(0.01)

Condensed Balance Sheet

	Group	
	As at 30 June 2009	As at 31 December 2008
	€	€
ASSETS		
Non-current		
Intangible assets	1,832	1,832
Property, plant and equipment	101,036,985	73,494,804
Financial assets	286,195	286,195
Lease prepayment	464,508	468,256
Other investments	143,947	-
	101,933,467	74,251,087
Current		
Trade and other receivables	9,254,740	5,436,630
Cash and cash equivalents	38,480,257	25,749,197
	47,734,997	31,185,827
Total assets	149,668,464	105,436,914
EQUITY		
Share capital	48,002,000	48,002,000
Retained earnings	(1,720,558)	(670,240)
	46,281,442	47,331,760
LIABILITIES		
Non-current		
Bank borrowings	53,335,935	12,741,800
Bonds	34,750,519	34,734,901
	88,086,454	47,476,701
Current		
Trade and other payables	15,300,568	10,498,724
Current tax liabilities	-	129,729
	15,300,568	10,628,453
Total Liabilities	103,387,022	58,105,154
Total equity and liabilities	149,668,464	105,436,914

The consolidated financial statements were approved by the Board of Directors on 31 August 2009 and were signed on its behalf by:

Khalil E.A.M. Alabdallah
Vice-Chairman

Joseph Fenech
Director

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Statement of changes in equity

	Group		
	€	€	€
At 1 January 2008	48,002,000	68,618	48,070,618
Loss for the period (1 January to 30 June)	-	(695,849)	(695,849)
At 30 June 2008	48,002,000	(627,231)	47,374,769
Loss for the period (1 July to 31 December)	-	(43,009)	(43,009)
At 1 January 2009	48,002,000	(670,240)	47,331,760
Loss for the period (1 January to 30 June)	-	(1,050,318)	(1,050,318)
At 30 June 2009	**48,002,000**	**(1,720,558)**	**46,281,442**

Cash flow statement

	Group	
	1 January to 30 June 2009	1 January to 30 June 2008
	€	€
Net cash used in operating activities	**(6,652,270)**	(280,044)
Investing activities		
Payment to acquire property, plant and equipment	**(18,651,079)**	(9,867,793)
Net cash used in financing activities	**40,450,189**	-
Net increase/(decrease) in cash and cash equivalents	**15,146,840**	(10,147,837)
Cash and cash equivalents at beginning of period	**23,333,417**	16,647,948
Cash and cash equivalents at end of period	**38,480,257**	6,500,111

Report of the directors

The Directors present their interim report and the unaudited financial statements of Mediterranean Investments Holding p.l.c. for the period 1 January 2009 to 30 June 2009.

Basis of Preparation

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2009 and its comparative period in 2008. Comparative balance sheet information as at 31 December 2008 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 9.44j issued by the Malta Financial Services Auhtority - Lising 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 Haly-Yealy Report are condensed in accordance with the form and content requirements of this standard. In terms of Listing Rule 9.44k.5 the Directors are stating that this Half-Yealy Financial Report has not been audited or reviewed by the Company's independent auditors.

Principal activity

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

Review of business development

The first six months of the year were characterised by an intensification of efforts on two fronts with respect to the Palm City Residences - the finalisation of the project and the leasing out of units. By the end of June 2009, 85% of the development was complete and 10% of the units were leased out with negotiations on a significant number of other units at a very advanced stage. During the first week of June, the village received its first tenants.

In line with its stated development objectives, MIH has on the 14 July announced its intention to start its second major development project through the signing of a shareholders' agreement with the Economic Development Real Estate Company Limited. Both parties have agreed to develop a 40-storey high-rise tower on the seafront of Tripoli's centre in Libya. The project, Medina Tower, will feature 336 luxury residences for sale, 26,000m² of office space for rent and 22,000m² of commercial, conference and food and beverage facilities and 850 parking space. The target completion date for this project is end of 2013.

Results

Loss before tax for the period amounted to €1,050,303 (2008 – €659,020). Administrative expenses at €249,010 (2008 – €167,967) and marketing costs at €244,121 (2008 – €122,494) were higher than the costs incurred during the first six months of 2008 on account of the increased activity at the Palm City Residences in gearing up for the operations of the village subsequent to completion as well as the increased attention to the leasing out of the units under development.

Interest expense increased to €755,821 (2008 – €581,281) in view of a higher level of borrowings that could not be applied to their intended use as quickly as originally expected and were therefore not capitalised.

The Group grew its asset base to €149.7 million from €105.4 million on 31 December 2008. This mainly resulted from an increase in construction works in progress amounting to €27.5 million and an increase in cash balances of €12.8 million. These cash reserves are earmarked for use in finalising the Palm City development as well as to finance the Group's equity contribution in the second project that it has just embarked upon.

Statement pursuant to Listing rule 9.44k.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed Half-Yearly Financial Report gives a true and fair view of the financial position at at 30 June 2009, financial performance and cash flows for the period then ended in accordance with accounting standards for Interim Financial Statements; and
- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rule 9.44c.2.

Khalil E.A.M. Alabdallah
Vice-Chairman

Joseph Fenech
Director

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