Mediterranean Investments Holding p.l.c.

GROUP HALF-YEARLY FINANCIAL REPORT

For the Period 1 January to 30 June 2015

Condensed Income Statement

	Unaudited 1 January to 30 June 2015 €	Unaudited 1 January to 30 June 2014 €
Revenue	7,942,480	16,348,347
Operating expenses	(1,654,465)	(3,362,999)
Gross profit	6,288,015	12,985,348
Marketing expenses	(25,794)	(17,647)
Administrative expenses	(794,010)	(800,830)
Operating Profit	5,468,211	12,166,871
Finance income	85,860	53,929
Finance costs	(4,839,022)	(4,173,451)
Fair value gain/(loss) on interest rate swap	139,838	(21,305)
Profit before income tax	**854,886**	**8,026,044**
Tax expense	(177,226)	(697,528)
Profit for the period	**677,661**	**7,328,516**
Basic profit (loss) per share	**0.014**	**0.153**

Condensed Balance Sheet

	Unaudited At 30 June 2015 €	Audited At 31 December 2014 €
ASSETS		
Non-current	271,847,449	271,876,441
Current	15,682,840	18,936,329
Total assets	**287,530,289**	**290,812,770**
EQUITY		
Total equity	**138,725,335**	**138,047,674**
LIABILITIES		
Non-current	103,302,934	106,264,887
Current	45,502,020	46,500,209
Total liabilities	**148,804,954**	**152,765,096**
Total equity and liabilities	**287,530,289**	**290,812,770**

Consolidated Statement of Changes in Equity

	Share capital €	Other components of equity €	Retained earnings €	Total €
At 1 January 2014	48,002,000	-	118,137,531	166,139,531
Profit for the period	-	-	7,328,516	7,328,516
At 30 June 2014	48,002,000	-	125,466,047	173,468,047
Loss for the period	-		(35,420,373)	(35,420,373)
At 31 December 2014	48,002,000	-	90,045,674	138,047,674
Profit for the period	-	-	677,661	677,661
At 30 June 2015	**48,002,000**	**-**	**90,723,335**	**138,725,335**

Condensed Consolidated Statement of Cash Flows

	1 January to 30 June 2015 €	1 January to 31 December 2014 €
Net cash (used in)/from operating activities	2,187,008	20,771,963
Net cash used in investing activities	(37,253)	(436,690)
Net cash used in financing activities	(4,723,457)	(20,347,520)
Net decrease in cash and cash equivalents	**(2,573,703)**	**(12,247)**
Cash and cash equivalents at beginning of period	10,277,208	10,289,455
Cash and cash equivalents at end of period	**7,703,505**	**10,277,208**

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited management consolidated financial statements of Mediterranean Investments Holding p.l.c. for the six months ended 30 June 2015 and its comparative period in 2014. Comparative balance sheet information as at 31 December 2014 has been extracted from the audited financial statements for the year ended on that date. This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority - 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 Financial 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 2014 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.

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 ventures.

Review of performance

During the period under review, the Group's revenues amounted to €7,942,480 (2014 - €16,348,347) whilst operating profit amounted to €5,468,211 (2014 - €12,166,871). The reduction in revenue and operating profit was a natural consequence of the contraction in occupancy at Palm City Residences, as advised in the 2014 end of year review of performance brought about by the political unrest in Libya.

The profit after tax for the period amounted to €677,661 (2014 - €7,328,516). This profit figure for the period under review is net of a provision for unrealised loss on exchange amounting to €1,400,892 due to:

(1) the weakening of the Euro, as the Group's reporting currency, against of the USD and GBP, effecting the bond values of the USD and GPB denominated bonds and also the accrued bond interest due thereon; and

(2) the weakening of the Euro against LYD effecting the loan value at PCL Level of the LYD denominated loan and also the accrued loan interest due thereon.

State of Affairs

The Company's operational subsidiary Palm City Limited continued to manage and maintain Palm City Residences in a pristine condition notwithstanding the significantly reduced physical occupancy and current adverse circumstances in Libya. As at 30 June 2015 Palm City retained 143 leased units out of a total of 413, resulting in an occupancy rate of 34.6%. As intimated in the last published financial statements, there have been further cancellations and non-renewal of lease contracts since the last reporting date of December 2014.

Despite continued efforts during the first part of this year for a political solution, no breakthrough has so far been achieved during the UNSMIL sponsored talks, as representatives of the two governments and other factions maintained their respective positions. Meanwhile, management has continued reaching out to a number of Libyan oil and gas companies, state entities, and other organisations such as international schools, with the aim to find any potential clients seeking to lease units.

As at the end of the period under review, the group's assets stood at €287.53 million, down from €290.81 million as at the 31 December 2014. This reduction mainly reflects the reduction in cash and cash equivalents, with a corresponding reduction in bank borrowings.

The Euro bank loan repayment that was due in August 2015 was postponed following a formal request made by Palm City management.

Outlook

The ongoing unrest in Libya over the past six months continued to negatively impact both the operational performance and profitability of the company. Inevitably, most of the short term contracts have not been renewed whilst a number of medium to longer term leases have been terminated due to the clients' inability to return to Tripoli. As at the reporting date rental occupancy at Palm City Residences stood at 34.6% with 143 out of 413 residential units still leased. In turn, as detailed in the review of performance this adversely impacted the financial performance and cash-flow of Palm City Limited and subsequently of the Group. Management has taken all possible reasonable measures to continue to protect its staff and the property and also to continue to maintain the village to high standards, ensuring prompt ability to take on tenants as and when they return.

Notwithstanding the low physical occupancy, Palm City remains open and operational, with a reduced staff compliment working round the clock to maintain the complex secure and in good order.

Statement pursuant to Listing Rule 5.75.3 issued by the

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

Samuel Dean Sidiqi
Deputy Chairman