Mediterranean Investments Holding p.l.c.

GROUP HALF-YEARLY FINANCIAL REPORT

For the Period 1 January to 30 June 2016

Condensed Income Statement

	Unaudited 1 January to 30 June 2016	Unaudited 1 January to 30 June 2015
	€	€
Revenue	1,911,813	7,942,480
Operating expenses	(1,214,902)	(1,654,465)
Gross profit	**696,911**	**6,288,015**
Marketing expenses	(4,585)	(25,794)
Administrative expenses	(700,756)	(794,010)
Operating (loss)/profit	**(8,430)**	**5,468,211**
Finance income	19,548	85,860
Finance costs	(2,435,422)	(4,839,022)
Fair value gain on interest rate swap	132,096	139,838
(Loss)/Profit before tax	**(2,292,208)**	**854,887**
Tax expense	(52,687)	(177,226)
(Loss)/Profit for the period	**(2,344,895)**	**677,661**
Basic (loss) / profit per share	**(0.049)**	**0.014**

Condensed Balance Sheet

	Unaudited At 30 June 2016	Audited At 31 December 2015
	€	€
ASSETS		
Non-current	273,417,562	273,422,642
Current	8,150,611	10,393,554
Total assets	**281,568,173**	**283,816,196**
EQUITY		
Total equity	**136,151,230**	**138,496,125**
LIABILITIES		
Non-current	129,651,421	128,730,785
Current	15,765,522	16,589,286
Total liabilities	**145,416,943**	**145,320,071**
Total equity and liabilities	**281,568,173**	**283,816,196**

Consolidated Statement of Changes in Equity

	Share capital	Other components of equity	Retained earnings	Total
	€	€	€	€
At 1 January 2015	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
Loss for the period	-	-	(1,060,347)	(1,060,347)
Other comprehensive loss	-	831,137	-	831,137
At 31 December 2015	48,002,000	831,137	89,662,988	138,496,125
Loss for the period	-	-	(2,344,895)	(2,344,895)
At 30 June 2016	**48,002,000**	**831,137**	**87,318,093**	**136,151,230**

Condensed Consolidated Statement of Cash Flows

	1 January to 30 June 2016	1 January to 31 December 2015
	€	€
Net cash from operating activities	(2,142,768)	5,286,862
Net cash used in investing activities	(62,178)	(216,940)
Net cash used in financing activities	1,091,247	(9,912,546)
Net decrease in cash and cash equivalents	**(1,113,699)**	**(4,842,624)**
Cash and cash equivalents at beginning of period	5,434,584	10,277,208
Cash and cash equivalents at end of period	**4,320,885**	**5,434,584**

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 2016 and its comparative period in 2015. Comparative balance sheet information as at 31 December 2015 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 2015 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 €1,911,813 (2015 - €7,942,480) whilst operating loss amounted to €8,430 (2015 profit - €5,468,211). The reduction in revenue and operating profit was a natural consequence of the continued political instability in Libya which emerged in July 2014 and continued throughout 2015 and the first six months of 2016. This has manifested itself in foreign companies operating in Libya downsizing further their presence in the country by decreasing the number of foreign personnel in Libya and therefore reducing the need for accommodation.

The loss after tax for the period amounted to €2,344,895 (2015 profit - €677,661).

State of Affairs

The Company's operational subsidiary Palm City Limited continued to manage Palm City Residences and maintain them in a pristine condition notwithstanding the significantly reduced physical occupancy and current adverse political scenario in Libya. As at 30 June 2016 Palm City retained 55 leased units out of a total of 413, resulting in an occupancy rate of 13%. 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 2015.

Despite continued challenges to stabilize the political situation and achieve one central government, the GNA seems to be progressing well with taking over the main government institutions and control the country. However, the GNA has not as yet been recognised as the official government. Meanwhile, management has continued reaching out to a number of Libyan oil and gas companies, state entities and other organisations such as international schools, aiming to entice potential clients seeking to lease units, to relocate to Palm City.

As at the end of the reporting period under review, the group's assets stood at €281.57 million, down from €283.82 million as at the 31 December 2015. This reduction mainly reflects the loss incurred during the reporting period. Additionally there was a reduction in cash and cash equivalents, with a corresponding reduction in bank borrowings.

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. In turn, as mentioned in the review of performance, this adversely impacted the financial performance and cash-flow of Palm City Limited and subsequently of the Group. On the positive side, one notes that the company is breaking even, at an operational level, at the reduced occupancy level of 13%. It is also noted that cash flow requirements, which are not met from operational activities, are being funded by shareholders' loans. Management has taken all possible reasonable measures to continue to protect its staff and the property and also to continue to maintain the Residences to high standards, ensuring the ability to promptly take on tenants as and when they return to Libya.

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

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

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