



Mediterranean Investments Holding p.l.c.

Group Half-Yearly Financial Report

For the Period 1 January to 30 June 2018

Income Statement

	1 January to 30 June 2018	1 January to 30 June 2017
	€	€
Revenue	8,039,068	3,016,070
Operating expenses	(2,150,986)	(1,000,293)
Gross profit	5,888,082	2,015,777
Marketing expenses	(772)	(1,226)
Administrative expenses	(1,179,723)	(943,743)
Operating profit	4,707,587	1,070,808
Finance income	1,284,904	1,496,543
Finance costs	(2,987,488)	(3,482,594)
Fair value gain on interest rate swap	30,495	85,249
Profit / (loss) before income tax	3,035,498	(829,994)
Tax expense	(89,724)	(458)
Profit / (loss) for the period	2,945,774	(830,452)

Earnings (loss) per share 0.061 (0.017)

Balance Sheet

	At 30 June 2018	At 31 December 2017
	€	€
ASSETS		
Non-current		
Intangible assets	2,258	2,258
Property plant and equipment	8,749,249	8,789,157
Investment property	250,306,067	250,267,829
Investment property accounted for using the equity method	12,603,446	12,603,445
Lease prepayments	395,841	399,760
Total non-current assets	272,056,861	272,062,449
Current		
Inventories	766,339	653,131
Trade and other receivables	5,550,723	2,863,313
Cash and cash equivalents	7,872,560	4,904,028
Total current assets	14,189,622	8,420,472
Total assets	286,246,483	280,482,921
EQUITY		
Share capital	48,002,000	48,002,000
Other components of equity	(921,838)	(921,838)
Retained earnings	86,392,682	83,446,908
Total equity	133,472,844	130,527,070
LIABILITIES		
Non-current liabilities		
Bank and other borrowings	11,623,725	12,898,340
Bonds	82,481,935	82,423,517
Shareholders' loans	10,203,300	10,203,300
Deferred tax liability	29,127,400	29,127,400
Other non-current liabilities	2,082,643	824,990
Total non-current liabilities	135,519,003	135,477,547
Current		
Bank borrowings	2,649,488	2,634,873
Derivative financial instrument	-	30,495
Trade and other payables	13,423,581	10,512,621
Current taxation	1,181,567	1,300,315
Total current liabilities	17,254,636	14,478,304
Total liabilities	152,773,639	149,955,851
Total equity and liabilities	286,246,483	280,482,921

Statement of Changes in Equity

	Share capital	Other components of equity	Retained earnings	Total equity
	€	€	€	€
At 1 January 2017	48,002,000	456,487	83,220,460	131,678,947
Loss for the period	-	-	(830,452)	(830,452)
At 30 June 2017	48,002,000	456,487	82,390,009	130,848,496
Profit for the period	-	-	1,056,899	1,056,899
Other comprehensive loss	-	(1,378,325)	-	(1,378,325)
At 31 December 2017	48,002,000	(921,838)	83,446,908	130,527,070
Profit for the period	-	-	2,945,774	2,945,774
At 30 June 2018	48,002,000	(921,838)	86,392,682	133,472,844

Cash Flow Statement

	1 January to 30 June 2018	1 January to 30 June 2017
	€	€
Operating activities		
Profit / (loss) before tax	3,035,498	(829,995)
Adjustments	4,207,477	(196,578)
Net changes in working capital	(1,838,410)	3,042,773
Tax paid	(118,748)	-
Net cash generated from operating activities	5,285,817	2,016,200
Investing activities		
Payments to acquire property plant & equipment	(3,655)	(31,923)
Payments to acquire investment property	(38,238)	-
Net cash used in investing activities	(41,893)	(31,923)
Financing activities		
Repayment of bank loans	(1,257,917)	(1,338,788)
Repayment of shareholders' loans	-	(1,072,079)
Proceeds from borrowings	-	5,000,000
Interest paid	(1,015,382)	(908,455)
Net cash (used in)/generated from financing activities	(2,273,299)	1,680,678
Net change in cash and cash equivalents	2,970,625	3,664,955
Cash and cash equivalents at beginning of period	4,901,935	1,497,081
Cash and cash equivalents at end of period	7,872,560	5,162,036

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Group Half-Yearly Financial Report

For the Period 1 January to 30 June 2018

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited consolidated financial statements of Mediterranean Investments Holding plc (the Company) for the six months ended 30 June 2018 and the comparative period in 2017. Comparative balance sheet information as at 31 December 2017 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'. 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 2018 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 2017, with the exception of the adoption of IFRS 9, 'Financial instruments' which the Group adopted on 1 January 2018. Further details on this newly adopted accounting policy have been already disclosed in the annual financial statements for the year ended 31 December 2017.

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.

Interim Directors' Report

During the period under review, the Group's revenues amounted to €8,039,068 (2017 - €3,016,070) whilst operating profit amounted to €4,707,588 (2017 - €1,070,808). The increase in revenue is a direct consequence of new lease agreements that have been secured with existing and new clients in addition to an increase in short-term rental business at Palm City for the six-month period ended 30th June 2018. Tight cost controls have been maintained on both operating and administrative expenses with the result that the additional year-on-year income was mostly converted to operating profit. The profit after tax for the period amounted to €2,945,774 (2017 loss - €830,452). The increase in profitability is primarily due to increased operating profit due to increasing occupancy at Palm City and a decrease in finance costs at parent company level, most notably from a decrease in the bond interest expense following the redemption of the 7.15% bonds denominated in Euro, USD and GBP on the 6th July 2017 and the issue of a €40 million bond denominated in Euros attracting a coupon rate of 5%.

State of Affairs

By the end of June 2018 Palm City reached an occupancy of 39.54%. This is a significant improvement over the low occupancy levels of 24.67% sustained at Palm City in December 2017. This means that the increase in effective occupancy since the beginning of the year (for Q1 + Q2) stands at 15%, more than double the increase registered in the previous 6 months.

Outlook

The situation on the ground is much calmer and one is starting to experience a sense of normality returning to the city of Tripoli. A number of oil fields have started production and foreign emissaries have been visiting the capital with the intention to re-open the embassies. Interest in business setting up a presence started again towards the end of last year and since then a number of lease contracts have been concluded with these entities during the first semester of 2018. Management feels confident that further leases will be concluded during the second semester of this year.

Management has taken a number of measures to continue to keep the property in pristine condition, allowing Palm City to be able to accommodate clients as soon as leases are concluded.

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 financial statements, 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 plc; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Alfred Pisani
Chairman

Ahmed Wahedi
Deputy Chairman