



Mediterranean Investments Holding p.l.c.

## Group Half-Yearly Financial Report

For the Period 1 January to 30 June 2019

### Income Statement

|                                       | 1 January to<br>30 June 2019 | 1 January to<br>30 June 2018 |
|---------------------------------------|------------------------------|------------------------------|
|                                       | €                            | €                            |
| Revenue                               | 13,934,826                   | 8,039,068                    |
| Operating expenses                    | (2,628,278)                  | (2,150,986)                  |
| Gross profit                          | 11,306,548                   | 5,888,082                    |
| Marketing expenses                    | (559)                        | (772)                        |
| Administrative expenses               | (1,246,584)                  | (1,179,723)                  |
| Operating profit                      | 10,059,405                   | 4,707,587                    |
| Finance income                        | 270,135                      | 1,284,904                    |
| Finance costs                         | (2,838,210)                  | (2,987,488)                  |
| Fair value gain on interest rate swap | –                            | 30,495                       |
| Profit before income tax              | 7,491,330                    | 3,035,498                    |
| Tax expense                           | (206,119)                    | (89,724)                     |
| <b>Profit for the period</b>          | <b>7,285,211</b>             | <b>2,945,774</b>             |
| <b>Earnings per share</b>             | <b>0.152</b>                 | <b>0.061</b>                 |

### Balance Sheet

|                                                  | At 30 June<br>2019 | At 31 December<br>2018 |
|--------------------------------------------------|--------------------|------------------------|
|                                                  | €                  | €                      |
| <b>ASSETS</b>                                    |                    |                        |
| <b>Non-current</b>                               |                    |                        |
| Intangible assets                                | 2,258              | 2,258                  |
| Property plant and equipment                     | 8,907,356          | 8,863,730              |
| Investment property                              | 272,366,236        | 271,976,830            |
| Investment accounted for using the equity method | 12,761,209         | 12,761,209             |
| Lease prepayments                                | 388,373            | 392,147                |
| <b>Total non-current assets</b>                  | <b>294,425,432</b> | <b>293,996,174</b>     |
| <b>Current</b>                                   |                    |                        |
| Inventories                                      | 917,415            | 947,764                |
| Trade and other receivables                      | 6,154,048          | 4,106,995              |
| Cash and cash equivalents                        | 13,023,919         | 9,878,908              |
| <b>Total current assets</b>                      | <b>20,095,382</b>  | <b>14,933,667</b>      |
| <b>Total assets</b>                              | <b>314,520,814</b> | <b>308,929,841</b>     |
| <b>EQUITY</b>                                    |                    |                        |
| Share capital                                    | 48,002,000         | 48,002,000             |
| Other components of equity                       | (465,525)          | (465,525)              |
| Retained earnings                                | 112,458,591        | 105,173,380            |
| <b>Total equity</b>                              | <b>159,995,066</b> | <b>152,709,855</b>     |
| <b>LIABILITIES</b>                               |                    |                        |
| <b>Non-current liabilities</b>                   |                    |                        |
| Bank and other borrowings                        | 6,216,727          | 9,241,527              |
| Bonds                                            | 81,009,709         | 82,540,354             |
| Shareholders' loans                              | 7,203,300          | 9,203,300              |
| Deferred tax liability                           | 36,357,934         | 36,357,934             |
| Other non-current liabilities                    | 2,843,058          | 2,693,473              |
| <b>Total non-current liabilities</b>             | <b>133,630,728</b> | <b>140,036,588</b>     |
| <b>Current</b>                                   |                    |                        |
| Bank borrowings                                  | 5,109,085          | 3,623,770              |
| Trade and other payables                         | 15,079,360         | 11,556,183             |
| Current taxation                                 | 706,575            | 1,003,445              |
| <b>Total current liabilities</b>                 | <b>20,895,020</b>  | <b>16,183,398</b>      |
| <b>Total liabilities</b>                         | <b>154,525,748</b> | <b>156,219,986</b>     |
| <b>Total equity and liabilities</b>              | <b>314,520,814</b> | <b>308,929,841</b>     |

### Statement of Changes in Equity

|                            | Share capital | Other components of equity | Retained earnings | Total equity |
|----------------------------|---------------|----------------------------|-------------------|--------------|
|                            | €             | €                          | €                 | €            |
| At 1 January 2018          | 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  |
| Profit for the period      | –             | –                          | 18,780,698        | 18,780,698   |
| Other comprehensive income | –             | 456,313                    | –                 | 456,313      |
| At 31 December 2018        | 48,002,000    | (465,525)                  | 105,173,380       | 152,709,855  |
| Profit for the period      | –             | –                          | 7,285,211         | 7,285,211    |
| At 30 June 2019            | 48,002,000    | (465,525)                  | 112,458,591       | 159,995,066  |

### Cash Flow Statement

|                                                     | 1 January to<br>30 June 2019 | 1 January to<br>30 June 2018 |
|-----------------------------------------------------|------------------------------|------------------------------|
|                                                     | €                            | €                            |
| <b>Operating activities</b>                         |                              |                              |
| Profit before tax                                   | 7,491,330                    | 3,035,498                    |
| Adjustments                                         | 2,644,817                    | 4,207,477                    |
| Net changes in working capital                      | (40,214)                     | (1,838,410)                  |
| Tax paid                                            | (296,870)                    | (118,748)                    |
| <b>Net cash generated from operating activities</b> | <b>9,799,063</b>             | <b>5,285,817</b>             |
| <b>Investing activities</b>                         |                              |                              |
| Payments to acquire property plant & equipment      | (69,061)                     | (3,655)                      |
| Payments to acquire investment property             | (389,405)                    | (38,238)                     |
| Interest received                                   | 914                          | –                            |
| <b>Net cash used in investing activities</b>        | <b>(457,552)</b>             | <b>(41,893)</b>              |
| <b>Financing activities</b>                         |                              |                              |
| Repayment of bank loans                             | (1,514,527)                  | (1,257,917)                  |
| Repayment of shareholders' loans                    | (2,000,000)                  | –                            |
| Repayment of bonds                                  | (1,592,200)                  | –                            |
| Interest paid                                       | (1,064,814)                  | (1,015,382)                  |
| <b>Net cash used in financing activities</b>        | <b>(6,171,541)</b>           | <b>(2,273,299)</b>           |
| <b>Net change in cash and cash equivalents</b>      | <b>3,169,970</b>             | <b>2,970,625</b>             |
| Cash and cash equivalents at beginning of period    | 9,853,949                    | 4,901,935                    |
| <b>Cash and cash equivalents at end of period</b>   | <b>13,023,919</b>            | <b>7,872,560</b>             |

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Mediterranean Investments Holding p.l.c.

## Group Half-Yearly Financial Report

For the Period 1 January to 30 June 2019

### 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 2019 and the comparative period in 2018. Comparative balance sheet information as at 31 December 2018 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 2019 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 2018.

#### 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 €13,934,826 (2018 - €8,039,068) whilst operating profit amounted to €10,059,405 (2018 - €4,707,588). Tight cost controls have been maintained on both operating and administrative expenses with the result that the additional revenue was, in its majority, converted to operating profit. The profit after tax for the period amounted to €7,285,211 (2018 - €2,945,774).

By the end of June 2019 Palm City reached an occupancy of 57.8%. This shows a steady growth from the 45.10% occupancy registered at Palm City in December 2018. The increase in effective occupancy since the beginning of the current financial year (for Q1 + Q2) thus stands at 12.7%.

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.

#### State of Affairs

As at the end of the period under review, the group's assets stood at €314.5 million, up from €309 million as at 31 December 2018. This increase mainly reflects an increase in current assets primarily due to an increase in debtors and cash and bank balances, in consequence of the higher occupancy and improved performance. Current liabilities have also increased in parallel mainly due to a significant increase in deferred income and due to a whole year's accrual for bond interest payable in July. The current portion of bank borrowings has also increased substantially due to a cash sweep mechanism whereby capital repayments are currently accelerated on a monthly basis in line with occupancy.

Non-current liabilities have decreased due to several factors: firstly, most of the bank borrowings have been classified as current due to the afore mentioned cash sweep. Secondly, the Company purchased €1,592,200 in nominal value of the 5.5% MIH Bonds maturing in 2020 and subsequently cancelled these as permitted by the relevant Prospectus. Finally, cash flow also permitted the repayment of €2 million of shareholders loans.

#### Outlook

Following the recent unrest in Libya, the directors are fully engaged in monitoring the situation on the ground and taking immediate and appropriate action in the best interests of the tenants at Palm City, the staff, the Company and its stakeholders, where required. Palm City continues to be operated and maintained to the highest of standards, providing an unmatched product in the market, both in terms of hardware and software to its growing list of international clientele.

Considering that the latest hostilities have now entered their fifth month, a marginal reduction in overall occupancy has occurred, although the Group remains encouraged that new business continues to develop. The Directors are positive that the business has remained resilient, though understandably not totally immune, to the broader consequences of the conflict.

As always, management remains in contact with clients in an effort to understand their requirements and to avoid any lease terminations wherever possible.

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