

Mediterranean Investments Holding
p.l.c.

Group Half-Yearly Financial Report
(Unaudited)

For the period 1 January to 30 June 2020

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Half-yearly Directors' Report pursuant to Listing Rule 5.75.2

The directors present their report together with the unaudited consolidated financial statements of Mediterranean Investments Holding p.l.c. for the six-month period ended 30 June 2020. The group comprises the company, its two subsidiaries, Palm City Ltd and Palm Waterfront Ltd, and its associate, Medina Tower Joint Stock Company for Real Estate Investment and Development.

Basis of preparation

The published figures have been extracted from the unaudited consolidated financial statements of Mediterranean Investments Holding Plc for the six months ended 30 June 2020 and the comparative period in 2019. The comparative Statement of Financial Position as at 31 December 2019 has been extracted from the audited financial statements for the year then ended. 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 auditors of the Group.

Accounting Policies

The accounting policies adopted in the preparation of the 2020 Group Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Group is to directly or indirectly acquire, develop and operate real estate projects in North Africa and invest in any related trade or business venture.

Review of the business

During the six-month period under review, the Group's revenues amounted to €12.48 million (2019 - €13.93 million), a 10% decrease in revenue over the corresponding period the year before. Operating profit amounted to €9.18 million (2019 - €10.06 million). Tight cost control measures have been maintained on both operating and administrative expenses with a resulting conversion rate of operating profit to revenue of 74% (2019: 72%). There was a decrease in finance costs, in consequence of lower interest on banks loans, shareholders loans and bonds which have all reduced relative to the corresponding period the year before. The profit for the period under review amounted to €6.70 million (2019 - €7.29 million). The reduction in finance costs has further contributed to a higher profit after tax as a percentage of revenue, which for the period under review amounted to 54% (2019: 52%).

The average occupancy at Palm City Residences for the first six months of the year was 50%.

State of Affairs

As at the end of the June 2020, the group's assets stood at €320.73 million, up from €315.19 million as at 31 December 2019. This increase represents the after-tax profit for the period under review and is mainly reflected in an increase in current assets principally consisting of an increase in cash and cash equivalents. Following the outbreak of COVID pandemic, the focus was on the welfare of our staff and clients, and from a financial perspective, on cash preservation, with certain commitments postponed to a future date when there is better visibility of the evolving situation. As at 30 June 2020, current liabilities have increased from the previous year-end, due to a third bond being classified as due within one year. Included under current liabilities at the balance sheet date are the listed 5.5% bond maturing in July 2020, the 6% unlisted bond maturing in October 2020 and a listed 6% bond maturing in June 2021. This is €12 million more than that reported as at 31 December when only the first two above-mentioned bonds were classified as current liabilities. Without this re-classification of bonds to current liabilities, the Group would have reported a positive working capital position of €9.90 million at the end of June 2020 compared to an adjusted working capital position of €2.80 million at the end of last year.

Outlook

The conflict in Libya is now past its first year and now that hostilities have shifted well away from Tripoli, management is experiencing renewed interest from various sectors. The situation on the ground is further compounded by the COVID-19 pandemic.

As at the date of this report, a new €20 million 5.5% bond was successfully issued for a term of three years to redeem the 5.5% bond maturing in July 2020.

Management is also actively working on issuing a new unlisted bond to replace the maturing unlisted bond in October 2020.

As always, management remains in contact with clients in an effort to understand their requirements, and measures are constantly taken in order to keep the property in pristine condition, allowing Palm City to be able to accommodate clients as soon as leases are concluded.



Alfred Pisani
Chairman



Ahmed Wahedi
Director

Registered office:
22, Europa Centre,
Floriana FRN 1400,
Malta

25 August 2020

Statement of total comprehensive income

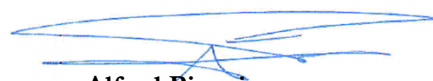
| | 1 January to 30 June 2020 € | 1 January to 30 June 2019 € |
|---|-----------------------------------|-----------------------------------|
| Revenue | 12,479,142 | 13,934,826 |
| Operating expenses | (2,122,209) | (2,628,278) |
| Gross profit | 10,356,933 | 11,306,548 |
| Administrative expenses | (1,172,576) | (1,246,584) |
| Marketing expenses | (4,363) | (559) |
| Operating profit | 9,179,994 | 10,059,405 |
| Finance income | 272,738 | 270,135 |
| Finance costs | (2,564,589) | (2,838,210) |
| Profit before tax | 6,888,143 | 7,491,330 |
| Tax expense | | |
| - Current tax | (192,306) | (206,119) |
| Profit for the period | 6,695,837 | 7,285,211 |
| | | |
| Earnings per share (basic and diluted) | 0.139 | 0.152 |

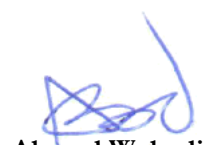
Statement of financial position

| | 30 Jun 2020 | 31 Dec 2019 |
|--|--------------------|--------------------|
| | € | € |
| Assets | | |
| Non-current | | |
| Intangible assets | 2,258 | 2,258 |
| Property, plant and equipment | 9,425,616 | 9,511,292 |
| Investment property | 272,562,415 | 272,541,797 |
| Investment accounted for using the equity method | 12,789,791 | 12,789,791 |
| | 294,780,080 | 294,845,138 |
| Current | | |
| Inventories | 1,078,872 | 1,004,710 |
| Trade and other receivables | 4,299,353 | 5,874,377 |
| Cash and cash equivalents | 20,264,372 | 13,158,175 |
| Tax recoverable | 309,362 | 309,362 |
| | 25,951,959 | 20,346,624 |
| Total assets | 320,732,039 | 315,191,762 |
| Equity | | |
| Share capital | 48,002,000 | 48,002,000 |
| Other components of equity | (225,563) | (225,563) |
| Retained earnings (accumulated losses) | 126,400,813 | 119,704,976 |
| Total equity | 174,177,250 | 167,481,413 |
| Liabilities | | |
| Non-current | | |
| Bank and other borrowings | 5,000,000 | 5,000,000 |
| Bonds | 39,728,324 | 51,663,464 |
| Shareholders' loan | 5,203,300 | 5,203,300 |
| Deferred tax liability | 36,177,383 | 36,177,383 |
| Other non-current liabilities | 2,990,370 | 2,714,827 |
| | 89,099,377 | 100,758,974 |
| Current | | |
| Bank borrowings | 1,671,277 | 3,511,077 |
| Bonds | 41,407,800 | 29,407,800 |
| Trade and other payables | 13,850,882 | 13,398,929 |
| Lease liability | 68,878 | 116,994 |
| Current taxation | 456,575 | 516,575 |
| | 57,455,412 | 46,951,375 |
| Total liabilities | 146,554,789 | 147,710,349 |
| Total equity and liabilities | 320,732,039 | 315,191,762 |

The notes on page 8 are an integral part of this Half-Yearly Financial Report.

The interim financial statements on pages 2 to 8 were approved by the board of directors, authorised for issue on 25 August 2020 and signed on its behalf by:


Alfred Pisani
Chairman


Ahmed Wahedi
Director

Statements of changes in equity

| | Share capital € | Other components of equity € | Retained earnings € | Total equity € |
|---|-----------------------|---------------------------------------|---------------------------|----------------------|
| Balance at 1 January 2019 | 48,002,000 | (465,525) | 105,173,380 | 152,709,855 |
| Profit for the period | - | - | 7,285,211 | 7,285,211 |
| Total comprehensive income for the period | - | - | 7,285,211 | 7,285,211 |
| Balance at 30 June 2019 | 48,002,000 | (465,525) | 112,458,591 | 159,995,066 |
| Balance at 1 July 2019 | 48,002,000 | (465,525) | 112,458,591 | 159,995,066 |
| Profit for the period | - | - | 7,246,385 | 7,246,385 |
| Other comprehensive income | - | 239,962 | - | 239,962 |
| Total comprehensive income for the period | - | 239,962 | 7,246,385 | 7,486,347 |
| Balance at 31 December 2019 | 48,002,000 | (225,563) | 119,704,976 | 167,481,413 |
| Balance at 1 January 2020 | 48,002,000 | (225,563) | 119,704,976 | 167,481,413 |
| Profit for the period | - | - | 6,695,837 | 6,695,837 |
| Total comprehensive income for the period | - | - | 6,695,837 | 6,695,837 |
| Balance at 30 June 2020 | 48,002,000 | (225,563) | 126,400,813 | 174,177,250 |

Statement of cash flows

| | 1 January to 30 June 2020 | 1 January to 30 June 2019 |
|---|------------------------------|------------------------------|
| | € | € |
| Operating activities | | |
| Profit before tax | 6,888,143 | 7,491,330 |
| Adjustments | 2,898,929 | 2,644,817 |
| Net changes in working capital | 116,755 | (40,214) |
| Tax paid | (60,000) | (296,870) |
| Net cash generated from operating activities | 9,843,827 | 9,799,063 |
| Investing activities | | |
| Payments to acquire property, plant and equipment | (3,281) | (69,061) |
| Payments to acquire investment property | (20,618) | (389,405) |
| Interest received | - | 914 |
| Net cash used in investing activities | (23,899) | (457,552) |
| Financing activities | | |
| Repayment of bank loan | (1,758,942) | (1,514,527) |
| Repayment of shareholders' loan | - | (2,000,000) |
| Repayment of bonds | - | (1,592,200) |
| Interest paid | (873,932) | (1,064,814) |
| Net cash used in financing activities | (2,632,874) | (6,171,541) |
| Net change in cash and cash equivalents | 7,187,054 | 3,169,970 |
| Cash and cash equivalents, beginning of year | 13,077,318 | 9,853,949 |
| Cash and cash equivalents, end of period | 20,264,372 | 13,023,919 |

Notes to the Group Half-Yearly Report

1 Bonds

| | Interest Rate | Jun 2020 | Dec 2019 |
|-------------|---------------|-------------------|-------------------|
| | | € | € |
| Bond IV | 6% | 12,000,000 | 12,000,000 |
| Bond V | 5.5% | 18,407,800 | 18,407,800 |
| Bond VI | 6% | 11,000,000 | 11,000,000 |
| Bond VII | 5% | 39,728,324 | 39,663,464 |
| | | 81,136,124 | 81,071,264 |
| Comprising: | | | |
| | | Jun 2020 | Dec 2019 |
| | | € | € |
| Current | | 41,407,800 | 29,407,800 |
| Non-current | | 39,728,324 | 51,663,464 |
| | | 81,136,124 | 81,071,264 |

The redemption date of bond V is the 31st July 2020 whilst the redemption date of bond IV is 22nd June 2021. Both bonds are classified as current liabilities.

The redemption date of unlisted bond VI is the 3rd October 2020 and is therefore also listed under current liabilities. Management is actively working on issuing a new unlisted bond to replace the maturing unlisted bond.

The redemption date of bond VII is 6th July 2022. This bond is classified as non-current.

2 Post-reporting date events

A €20 million 5.5% Bond was successfully issued in July 2020 to replace the maturing 5.5% bond. The new bond is for a term of three years.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of Mediterranean Investments Holding Plc as at 30 June 2020, and of its financial performance and its cashflows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting), and
- The interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Alfred Pisani
Chairman



Ahmed Wahedi
Director