



Mediterranean Investments Holding p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Mediterranean Investments Holding p.l.c. pursuant to the Listing Rules issued by the Listing Authority.

Approval of Interim Unaudited Financial Report

The Board of Directors of Mediterranean Investments Holding p.l.c. approved the attached Group's unaudited interim Financial Statements for the six-month period ended 30 June 2020.

A copy is enclosed to this company announcement and is also available for viewing on the Company's website <http://www.mihplc.com/content.aspx?id=432264&subId=118072>.

A handwritten signature in blue ink, appearing to read 'Stephen Bajada'.

Stephen Bajada
Company Secretary

25 August 2020

Encl.

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