COMPANY ANNOUNCEMENT

Half-Yearly Report

The Board of Directors of Mediterranean Investments Holding p.l.c. has approved the attached Group Half-Yearly Financial Report for the period ended 30th June 2011.

This Report can also be viewed on the Company's website on www.mihplc.com.

Reginald A Cuschieri
Company Secretary

19th August 2011

Encl.

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Company Registration Number: C37513

Mediterranean Investments Holding p.l.c.

GROUP HALF-YEARLY FINANCIAL REPORT

For the Period 1 January to 30 June 2011

Condensed Income Statement

	1 January to 30 June 2011	1 January to 30 June 2010
	€	€
Revenue	5,142,736	3,255,977
Operating expenses	(1,120,634)	(873,899)
Gross profit	4,022,102	2,382,078
Marketing expenses	(711,743)	(218,887)
Administrative expenses	(83,853)	(676,381)
Operating Profit	3,226,507	1,486,810
Finance income	251,257	19,907
Finance costs	(3,358,722)	(1,735,089)
Profit / (Loss) before income tax	**119,041**	**(228,372)**
Tax expense	-	(1,049)
Profit / (Loss) for the period	**119,041**	**(229,421)**
Other comprehensive income	-	-
Total comprehensive profit / (loss)	**119,041**	**(229,421)**
Basic profit (loss) per share	**0.002**	**(0.005)**

Condensed Balance Sheet

	At 30 June 2011	At 31 December 2010
	€	€
ASSETS		
Non-current	252,763,922	251,263,718
Current	34,434,978	36,881,592
Total assets	**287,198,900**	**288,145,310**
EQUITY		
Total equity	**106,118,975**	**105,999,934**
LIABILITIES		
Non-current	148,963,131	150,062,900
Current	32,116,794	32,082,476
Total liabilities	**181,079,925**	**182,145,376**
Total equity and liabilities	**287,198,900**	**288,145,310**

Condensed Statement of Changes in Equity

	Share Capital	**Retained Earnings**	**Total**
	€	**€**	**€**
At 1 January 2010	48,002,000	58,786,020	106,788,020
Loss for the period	-	(229,421)	(229,421)
At 30 June 2010	48,002,000	58,556,599	106,558,599
Loss for the period	-	(558,665)	(558,665)
At 31 December 2010	48,002,000	57,997,934	105,999,934
Profit for the period	-	119,041	119,041
At 30 June 2011	**48,002,000**	**58,116,975**	**106,118,975**

Condensed Cash Flow Statement

	1 January to 30 June 2011	1 January to 30 June 2010
	€	€
Net cash from (used in) operating activities	6,360,284	1,105,739
Net cash used in investing activities	(4,318,772)	(5,288,660)
Net cash (used in) received from financing activities	(3,230,746)	(1,182,229)
Net (decrease) increase in cash and cash equivalents	**(1,189,235)**	**(5,365,150)**
Cash and cash equivalents at beginning of period	28,195,307	13,025,410
Cash and cash equivalents at end of period	**27,006,072**	**7,660,260**

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2011 and its comparative period in 2010. Comparative balance sheet information as at 31 December 2010 has been extracted from the audited financial statements for the year ended on that date. This report is being publised 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 2010.

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 venture.

Review of performance

During the period under review, the Group achieved an operating profit of €3,226,507 against an operating profit of €1,486,810 achieved during the corresponding period last year. The profit after tax for the period amounted to €119,041 (2010 - Loss after tax- €229,421). This turnaround in performance on the corresponding period last year was primarily the result of the income generated from the leasing out of units at Palm City Residences notwithstanding that finance costs increased to € 3,358,722 (2010 - €1,735,089) due to the fact that during the period under review, interest has also been accrued on the third bond issued by the company during the second part of 2010 and which therefore did not affect the corresponding comparative period last year

State of Affairs

During the first 2 months of the period under review Palm City Residences continued with negotiations to secure more lease contracts. However, due to the turmoil brought about by the unrest in Libya, the increase in contracts sign ups was heavily disrupted thereby significantly adversely affecting the operational performance.

During the period under review MIH has provided for a sinking fund with respect to the first two bonds issued by the Company for the amount of €593,427. The funds will be utilised to cancel part of its own bonds.

Outlook

MIH's wholly owned subsidiary, Palm City Limited, completed its development project of 413 residential units and supporting amenities in Janzour, Libya during 2010. More than 70 per cent of these units had been leased by the end of 2010, with most of the remaining units also reserved for future rentals starting in 2011 in favour of corporate clients.

Following the positive response to the Palm City development, MIH has already embarked on its second development, the Medina Tower, in the heart of Tripoli. MIH's share of investment in this second project is limited to 25 per cent of this development. Detailed design plans have been finalized and planning approval has been received for the construction of a 40-storey tower above ground level and four floors of underground parking at basement level.

Unfortunately, however, the extraordinary developments and uncertainties in Libya, which have now run into their sixth month, have brought about significant disruption to the business environment in the country. Palm City Residences has not suffered any damage to its assets. It is also worth mentioning that the unrest has so far affected areas which are at a considerable distance from the village. Notwithstanding the above, MIH and Palm City Limited have continued their operational activities in Libya albeit on a reduced level commensurate with current business demands. At the beginning of the year under review there were 282 signed contracts, out of which 162 contracts have been cancelled to-date. Notwithstanding the prevailing challenging circumstances management has managed to partially replace contract leases by short term lets mostly to the local community.

The Directors and management of the Company remain committed to monitor and obtain reliable information to enable management to make a proper assessment of the possible impact that these developments may have on its business in the immediate and foreseeable future. Since the entry into force of international sanctions on designated Libyan entities the Group has complied with the relevant conditions. At the same time it has obtained the necessary licences from the United Nations and Governments in various European Union jurisdictions that enabled it to carry on with its business operations.

Property in Libya

The conflict in Libya in the past months impacted negatively both the operational capacity and the financial performance of the Palm City Residences. The Group took immediate and appropriate measures to protect its staff and its property and to minimise the impact on the operational results. All expatriate staff were evacuated with the exception of a small nucleus of executives that is entrusted with managing the day-to-day operations with the primary objective of maximising revenues, matching costs with current demand levels, and maintaining and safeguarding the property.

Given the downturn in business, the value of the Group's property in Libya as at the reporting date would normally need to be tested for impairment. Such an exercise is based on projected cash flows discounted to present day value. In view of the unpredictable situation in Libya, such a test would necessarily need to take into account a number of alternative scenarios which would however exacerbate the sensitivity of the whole exercise. Although it is evident that the value of the property in Libya has been impaired, the extremely fluid and volatile situation in the country does not allow a reliable quantification of the anticipated decrease.

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 o the information required in terms of Listing Rules 5.81 to 5.84.

Alfred Pisani
Chairman

Khalil E.A.M. Alabdullah
Vice-Chairman