

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Mediterranean Maritime Hub Finance plc [C 76597] (hereinafter the 'Company') of Mediterranean Maritime Hub Head Office, Xatt il-Mollijiet, Marsa MRS 1152, pursuant to Chapter 5 of the Malta Financial Services Authority Listing Rules:

Quote

The Company announces that the Board of Directors has today approved the Company's Annual Financial Statements for the year ending 31st December, 2018.

A copy of the signed Financial Statements is attached to this Company Announcement and may also be viewed on the company's website: www.mmh.com.mt/mmh-finance.

Furthermore, the Guarantor's Audited Annual Financial Statements for the year ending 31st December, 2018 are also attached to this Company Announcement and are also available for viewing on the same site.

Unquote

By order of the Board.



DR. MICHAEL ZAMMIT MAEMPEL
COMPANY SECRETARY

29th April, 2019



MEDITERRANEAN MARITIME HUB FINANCE p.l.c.

Annual Report and Financial Statements
31 December 2018

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Directors' report

The directors have prepared this report in accordance with Article 177 of the Companies Act (Chapter 386 of the Laws of Malta) ('the Act') including the further provisions as set out in the Sixth Schedule to the Act together with the financial statements of the Company for the year ended 31 December 2018.

Directors, Officers & Other Information

Directors: Mr Paul Abela (Chairman)
Dr Michael Borg Costanzi
Mr Lino Casapinta
Mr Raymond Ciantar
Mr Victor Denaro
Ms Angelique Maggi

Company Secretary:
Dr Michael Zammit Maempel

Registered Office:
Mediterranean Maritime Hub,
Xatt il-Mollijiet,
Marsa MRS 1152
Malta

Country of Incorporation: Malta

Company Registration Number: C 76597

Auditors: PricewaterhouseCoopers,
78, Mill Street,
Qormi QRM 3010
Malta

Principal bankers:
Bank of Valletta plc,
58, Zachary Street
Valletta VLT 1130
Malta

Principal Activities

The Company's business is that of raising funds to support and finance the operations and capital projects of the MMH Group of Companies (hereinafter the 'Group'), which provides offshore and shore-based logistics to the marine and oil and gas industries, as well as engineering services, supply chain management and human resources to support the same industries.

Directors' report - continued

Review of the Business

The main business activity of the Company has been the issue of bonds to the public in October 2016, following which the Company advanced the proceeds to two companies within the Group to finance the development of a site measuring almost 170,000m² in Malta's Grand Harbour formerly known as the Marsa Shipbuilding Site, to serve as a regional hub for the provision of the Group's shore-based services and facilities (hereinafter the 'Mediterranean Maritime Hub' or the 'Site/Hub'). Following a public deed published on 1st August, 2016, the Guarantor (MMH Holdings Limited) took full possession of this Site which is partly operational and partly under development.

The Company recognises that the key risk of its business is that of the potential non-fulfilment by the borrowers (that is, the two Group members) of their obligations under the relative loan agreements; and due to the borrowers' operations, this risk is impacted by developments in the oil and gas industry.

Financial risk management

The company's financial risk management objectives and policies, and the exposure to market risk, credit risk and liquidity risk have been disclosed in note 2 of these financial statements.

Guarantor's Performance for 2018 and Outlook for 2019

MMH Holdings Limited is the guarantor of the Company's bonds and is also the parent company of the Group. As such, its performance is dependent on the performance of the Group as a whole.

During the year under review, the Group continued with the development of its facilities in line with its plan and pursued its efforts to increase its business. The investment executed by the Group in the Mediterranean Maritime Hub (the 'Hub') throughout the year under review included, amongst others, the development of additional offices, the roofing of one of the larger sheds and the setting up of dedicated workshops to provide the industry with inspection, maintenance and repair (IMR) services. Two 45-metre piers to accommodate vessel travel-hoists were also constructed, equipping the Group with the capability to lift commercial and pleasure vessels of up to 700 tonnes from sea to dry ground for IMR services and return to sea. The total investment in the Hub until the end of the financial year under review reached circa €25 million.

The Group pursued its efforts to increase its presence in the oil and gas industry where it remains both determined and equipped to provide the industry with a servicing platform within the central Mediterranean region and North Africa. However, industry activity remained sluggish notwithstanding the fact that during 2018 the price of oil averaged US\$69 per barrel (source: www.statista.com).

On the other hand, the Group intensified its efforts to broaden its services portfolio and its customer base. Its investment in additional facilities has started to bear fruit in 2019. It also sought to mitigate the externally-imposed conditional factors that result from the road network development around the Hub.

2018 was another challenging year for the Group. It registered a loss after tax of €1,012,229 (2017: profit of €335,471) after charging depreciation and finance costs of €871,013 and €899,464 respectively.

The directors of the Guarantor expect the results for 2019 to improve. This is being said in the context of the materialisation of increasingly diverse market offerings not only in the oil and gas sector, but also in the various new business streams that the Group has started to pursue.

Directors' report - continued

Guarantor's Performance for 2018 and Outlook for 2019 - continued

The latent stabilisation of the oil and gas market is slowly but surely increasing the market's appetite to invest in current oil and gas infrastructure and possible extensions. This may lead to new offshore projects which are expected to come into stream in the latter part of 2019 and throughout 2020.

Simultaneously, the investment carried out by the Group insofar as the vessel-hoisting facilities are concerned will fully materialise in 2019 and will increase the usage of facilities both by the Group itself, its clients and its respective industry contractors to fulfil the aim of establishing an engineering base with IMR offerings. These new business streams are expected to stabilise and supplement the Hub's scope as a regional maritime and oil and gas centre.

Results and Dividends

The results for the year ended 31 December 2018 are shown in the income statement on page 17 hereof. No interim dividend was declared or paid out during the year. No final dividend is being recommended.

Statement of Directors' Responsibilities for the Financial Statements

The directors are required by the Act to prepare financial statements that give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with international financial reporting standards as adopted within the European Union;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statement are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Mediterranean Maritime Hub Finance p.l.c. for the year ended 31 December 2018 are included in the Annual Report 2018, which is published in hard-copy printed form and may be made available on the company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report - continued

Statement of Responsibility pursuant to the Listing Rules issued by the Listing Authority

We confirm to the best of our knowledge:

- (a) In accordance with the Listing Rules, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted within the European Union; and
- (b) In accordance with the Listing Rules, the directors' report includes a fair review of the performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that they face.

Going Concern Statement

Pursuant to Listing Rule 5.62, the directors declare that after making enquiries, at the time of approving the financial statements, they have determined that it is reasonable to assume that the Company has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Paul Abela
Director



Raymond Ciantar
Director

Registered office:
Head Office Building
Mediterranean Maritime Hub
Xatt il-Mollijiet
Marsa
Malta

Michael Zammit Maempel
Company secretary

29 April 2019

Corporate governance - Statement of compliance

Introduction

Pursuant to the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, Mediterranean Maritime Hub Finance p.l.c. (the 'Issuer' or the 'Company') (a subsidiary of MMH Holdings Limited – the 'Guarantor') hereby reports on the extent to which the Company has adopted the "Code of Principles of Good Corporate Governance" (the "Code") appended to Chapter 5 of the Listing Rules as well as the measures adopted to ensure compliance with these same Principles.

The Board of Directors of the Company (the 'Board') notes that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. Nonetheless, the Board strongly maintains that the Principles are in the best interest of both shareholders as well as investors, since they ensure that the directors adhere to internationally recognised high standards of corporate governance.

The Board recognises that in line with Listing Rule 5.101, the Company is exempt from making available the information set out in Listing Rules 5.97.1 to 5.97.3; 5.97.6 and 5.97.7.

Roles and responsibilities

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for:

- the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds;
- monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, other external financiers and all relevant laws and regulations.

The Board is also responsible for ensuring that the Company installs and operates effective internal control and management information systems and that it communicates effectively with the market.

Board of Directors

The Company has six directors who are appointed by its ultimate principal shareholder, MMH Holdings Limited.

For the financial year ended 31 December 2018, three of the directors, Mr Paul Abela, Mr Raymond Ciantar and Ms Angelique Maggi, occupied senior executive positions within the Group. The remaining three directors, Dr Michael Borg Costanzi, Mr Lino Casapinta and Mr Victor Denaro serve as non-executive and independent directors since they are each free of any business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair their judgement.

In assessing the independence of Dr Borg Costanzi, Mr Casapinta and Mr Denaro, due notice has been taken of Section 5.117 of the Listing Rules.

Corporate governance - Statement of compliance - continued

The exercise of the role of the Board

The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Company and protect the interests of bondholders, external borrowers and the shareholders.

Meetings of the Board were held as frequently as considered necessary. Individual directors, apart from attendance at formal Board meetings, participate in other informal meetings during the year as may be required, either to assure good corporate governance, or to contribute more effectively to the decision-making process.

The Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting documents as necessary which were then discussed during the Board meetings held during 2018.

Apart from setting the strategy and direction of the Company, the Board retains direct responsibility for approving and monitoring:

- direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
- that the proceeds of the bonds are applied for the purposes for which they were sanctioned as specified in the offering memoranda of the bonds in issue;
- proper utilisation of the resources of the Company;
- approval of the annual report and financial statements and of relevant public announcements and for the Company's compliance with its continuing listing obligations.

The Board does not consider necessary to institute separate committees such as the remuneration and the nomination committees, as would be appropriate in an operating company. This is largely due to the fact that the Company does not have any employees.

Risk Management and Internal Control

The Board recognises that the Company must manage a range of risks in the course of its activities and the failure to adequately manage these risks could adversely impact the business. Whilst no system can provide absolute guarantees and protection against material loss, the risk management systems are designed to give the directors reasonable assurance that problems can be identified promptly and remedial action can be taken as appropriate.

The Board maintains sound risk management and internal control systems. It is responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board establishes formal and transparent arrangements to apply risk management and internal control principles, as well as maintaining an appropriate relationship with the company's auditors.

Audit Committee

The Terms of Reference of the Audit Committee, which were approved by the Listing Authority of the Malta Financial Services Authority, are modelled on the principles set out in the Listing Rules themselves. The Audit Committee assists the Board in fulfilling its supervisory and monitoring responsibility by reviewing the group financial statements and disclosures, monitoring the system of internal control established by management as well as the audit process.

Corporate governance - Statement of compliance - continued

Audit Committee - continued

The Board established the Audit Committee, which meets regularly, with a minimum of four times annually, and is currently composed of the following individuals:

- Mr Lino Casapinta (Chairman)
- Dr Michael Borg Costanzi
- Mr Victor Denaro

All three members are non-executive directors on the Board. Furthermore, Mr Lino Casapinta is an independent non-executive director of the Company who the Board considers to be competent in accounting and/or auditing in terms of the Listing Rules.

The Chief Financial Officer and the Senior Executive of the Finance Function are regularly invited to attend Audit Committee meetings.

The Audit Committee held six meetings throughout 2018. Communication with and between the Company Secretary, top level management and the Committee is ongoing and considerations that required the Committee's attention are acted upon between meetings and decided by the Members (where necessary) through electronic circulation and correspondence.

As required by the Companies Act (Chapter 386 of the Laws of Malta) and the Malta Financial Services Authority Listing Rules, the financial statements of the Company are subject to annual audit by its external auditors. Moreover, the non-executive directors have direct access to the external auditors of the Company, who attend the Board meetings at which the Company's financial statements are approved. Moreover, in ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense.

The Company has formal mechanisms to monitor dealings by directors and senior officials in the bonds of the Company and has also put in place the appropriate mechanisms for the advance notification of such dealings.

Relations with the Market

The market is kept up to date with all relevant information, and the Company regularly publishes such information on its website to ensure consistent relations with the market.

Remuneration Statement

Pursuant to the Company's Memorandum and Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors is approved by the shareholders in General Meeting. Furthermore, the remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

During the year under review, the directors received emoluments amounting in total to €50,000.

Corporate governance - Statement of compliance - continued

Approved by the Board of Directors and signed on its behalf on 29 April 2019 by:



Mr. Paul Abela
Director



Mr. Raymond Ciantar
Director



Independent auditor's report

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- Mediterranean Maritime Hub Finance p.l.c.'s financial statements give a true and fair view of the company's financial position as at 31 December 2018, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Mediterranean Maritime Hub Finance p.l.c.'s financial statements set out on pages 16 to 35 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January 2018 to 31 December 2018, are disclosed in note 12 to the financial statements.

Independent auditor's report - continued

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Our audit approach

Overview



- Overall materiality: €76,000, which represents 0.5% of total assets
-
- Recoverability of loans issued to parent company and fellow subsidiary.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



Independent auditor's report - continued

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Overall materiality	€76,000 (2017: €76,000)
How we determined it	0.5% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is an appropriate measure for this type of entity. We chose 0.5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €3,800 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
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Recoverability of loans issued to parent company and fellow subsidiary

Loans and receivables include funds advanced to the parent company, MMH Holdings Limited (the Guarantor of the bonds), and a fellow subsidiary, MMH Malta Limited. Loan balances with these related parties as at 31 December 2018 amounted to €14.8 million.

As explained in accounting policy note 1.3, the recoverability of the loans is assessed at the end of each financial year.

The loans are the principal asset of the company, which is why we have given additional attention to this area.

We have agreed the terms of these loans to supporting loan agreements.

We have assessed the financial soundness of the parent company, MMH Holdings Limited, which is also the guarantor of the company's bonds, and that of the fellow subsidiary, MMH Malta Limited. In doing this, we referred to the latest audited financial statements, management accounts, cash flow projections, forecasts and other prospective information made available to us.

Based on evidence and explanations obtained, we concur with management's view with respect to the recoverability of these loans.



Independent auditor's report - continued

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.



Independent auditor's report - continued

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent auditor's report - continued

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Auditor's responsibilities for the audit of the financial statements - continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the statement of compliance with the Principles of Good Corporate Governance

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 5 to 8 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.



Independent auditor's report - continued

To the Shareholders of Mediterranean Maritime Hub Finance p.l.c.

Other matters on which we are required to report by exception

We also have responsibilities:

- under the Maltese Companies Act (Cap.386) to report to you if, in our opinion:
 - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
 - The financial statements are not in agreement with the accounting records and returns.
 - We have not received all the information and explanations we require for our audit.
 - Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed as auditors of the Company on 26 July 2016. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of three years.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta



Stefan Bonello
Partner

29 April 2019

Statement of financial position

	Notes	At 31 December	
		2018 €	2017 €
ASSETS			
Non-current assets			
Loans receivable from related parties	4	14,750,000	14,750,000
Total non-current assets		14,750,000	14,750,000
Current assets			
Trade and other receivables	5	470,259	371,808
Cash and cash equivalents	6	1,662	41,815
Total current assets		471,921	413,623
Total assets		15,221,921	15,163,623
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	250,000	250,000
Retained earnings		79,794	47,335
Total equity		329,794	297,335
Non-current liabilities			
Borrowings	8	14,709,896	14,680,125
Total non-current liabilities		14,709,896	14,680,125
Current liabilities			
Trade and other payables	9	182,231	186,163
Total current liabilities		182,231	186,163
Total liabilities		14,892,127	14,866,288
Total equity and liabilities		15,221,921	15,163,623

The notes on pages 20 to 35 are an integral part of these financial statements.

The financial statements on pages 16 to 35 were authorised for issue by the board of directors on 29 April 2019 and were signed on its behalf by:



Paul Abela
Director



Raymond Ciantar
Director

Statement of comprehensive income

	Notes	Year ended 31 December	
		2018 €	2017 €
Finance income	10	877,625	877,625
Finance costs	11	(749,771)	(746,934)
Net interest income		127,854	130,691
Administrative expenses	12	(77,917)	(67,810)
Profit before tax		49,937	62,881
Tax expense	13	(17,478)	(22,008)
Profit for the year - total comprehensive income		32,459	40,873

The notes on pages 20 to 35 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Retained earnings €	Total €
As at 1 January 2017	250,000	6,462	256,462
Comprehensive income			
Profit for the year - total comprehensive income	-	40,873	40,873
Balance at 31 December 2017	250,000	47,335	297,335
As at 1 January 2018	250,000	47,335	297,335
Comprehensive income			
Profit for the year - total comprehensive income	-	32,459	32,459
Balance at 31 December 2018	250,000	79,794	329,794

The notes on pages 20 to 35 are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December	
	Notes	2018 €	2017 €
Cash flows used in operating activities			
Cash used in operations	15	(40,153)	(77,571)
Net cash used in operating activities		(40,153)	(77,571)
Net movement in cash and cash equivalents		(40,153)	(77,571)
Cash and cash equivalents at beginning of year		41,815	119,386
Cash and cash equivalents at end of year	6	1,662	41,815

The notes on pages 20 to 35 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2018

In 2018, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2018. Other than changing its accounting policies for financial assets as a result of adopting IFRS 9, 'Financial Instruments', the adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies impacting the company's financial performance and position.

IFRS 9 – Financial Instruments

IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement; the company adopted IFRS 9 on 1 January 2018, which is the date of initial application of the standard. IFRS 9 has resulted in changes in accounting policies related to the classification and measurement and impairment of financial assets. The company has taken advantage of the exemption in IFRS 9 allowing it not to restate comparative information for prior periods with respect to classification and measurement and impairment charges.

(a) Classification of Financial assets under IFRS 9

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

The transition from IAS 39 to IFRS 9 did not have a material impact on the company's measurement models applied to its financial assets; the differences between IAS 39 and IFRS 9 consists solely of reclassifications. Reclassification adjustments reflect the movement of balances between categories of financial assets with no impact to shareholders' equity. There is no change to the carrying value of financial instruments as a result of reclassifications.

The application of IFRS 9 resulted in the reclassification of all the company's financial assets from the 'Loans and receivables' category in IAS 39 to 'Financial assets at amortised cost' under IFRS 9. These assets comprise loans, trade and other receivables and cash and cash equivalents.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

The new classification requirements have not had a material impact on the company's accounting for loans and receivables, which continued to be measured at amortised cost upon the adoption of IFRS 9, and they did not have an impact on the classification of the company's financial liabilities.

The changes in classification accordingly had no impact on the company's equity and tax balances.

(b) Impairment

From 1 January 2018, the company has to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to the company's financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

The new policy is disclosed in more detail in note 1.3.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the Company's accounting periods beginning after 1 January 2018. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

The directors are of the opinion that there are no requirements that will have a significant impact on the financial statements of the company in the period of initial application.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within administrative expenses.

1. Summary of significant accounting policies - continued

1.3 Financial assets

Accounting policies applied from 1 January 2018

Classification

The company classifies its financial assets as financial assets measured at amortised costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The company classifies its financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

1. Summary of significant accounting policies - continued

1.3 Financial assets - continued

Impairment

The company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company's financial assets are subject to the expected credit loss model.

Expected credit loss model

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

1. Summary of significant accounting policies - continued

1.3 Financial assets - continued

Accounting policy applied until 31 December 2017

Classification

The company classified its financial assets as loans and receivables. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

Loans and receivables relate to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These were classified as non-current assets. The company's loans and receivables comprised loans receivable, trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and measurement

The company recognised a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets were recognised on the trade date, which was the date on which the company committed to purchase or sell the asset

Financial assets were initially recognised at fair value plus transaction costs. They were subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets were derecognised when the rights to receive cash flows from the financial assets expired or have been transferred and the company had transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Impairment

The company assessed at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The company first assessed whether objective evidence of impairment exists. The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

1. Summary of significant accounting policies - continued

1.3 Financial assets - continued

For financial assets carried at amortised cost, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount was reduced and the amount of the loss recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

1.4 Trade and other receivables

Trade receivables comprise amounts due from parent and fellow subsidiary for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Details about the company's impairments policies and the calculation of loan allowance are provided in note 1.3.

1.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term which are subject to an insignificant risk of changes in value.

1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.7 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Issue costs incurred in connection with the issue of the bonds include professional fees, publicity, printing, listing, registration, underwriting, management fees, selling costs and other miscellaneous costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

1. Summary of significant accounting policies - continued

1.8 Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities'). These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1. Summary of significant accounting policies - continued

1.12 Finance income and costs

Finance income and costs are recognised in profit or loss for all interest-bearing instruments on a time-proportion basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the company's borrowings. Finance income and costs are recognised as they accrue, unless collectability is in doubt.

2. Financial risk management

2.1 Financial risk factors

The company constitutes a financing special purpose vehicle whose bonds are matched by equivalent amounts due from loans receivable from related parties and guaranteed by MMH Holdings Limited. The company's principal risk exposures relate to credit risk and liquidity risk. The company is not exposed to currency risk and the directors deem interest rate risk exposure to be minimal due to matching of its interest costs on borrowings with finance income from its loans receivable from related parties referred to above.

(a) Credit risk

The company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The company's exposures to credit risk as at the end of the reporting period are analysed as follows:

	2018	2017
	€	€
Financial assets measured at amortised cost (classified as loans and receivables in 2017)		
Loans receivable from related parties (Note 4)	14,750,000	14,750,000
Trade and other receivables	460,011	362,457
Cash and cash equivalents (Note 6)	1,662	41,815
	15,211,673	15,154,272

The company does not hold collateral as security on its loans receivable. As disclosed in note 8, MMH Holdings Limited has issued corporate guarantees with respect to the company's bonds. These borrowings have been loaned to MMH Holdings Limited and MMH Malta Limited through the issue of the company's loans receivable.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Credit risk - continued

In 2018, the company had to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. Management consider 'low credit risk' for instruments, which have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In case of the loans issued and related advances, the assessment takes into consideration the financial position, performance and other factors of the related parties. Management monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default. The application of the expected credit risk model of IFRS 9, resulted in an immaterial loss allowance on the issuance of the loans receivable and related amounts due, and was therefore not reflected in the financial statements.

At 31 December 2018, cash and short-term deposits are held with counterparties with a credit rating of BB or higher and are due to be settled within a short period of time. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses, as any such impairment would be wholly insignificant to the company.

(b) Liquidity risk

The company is exposed to liquidity risk arising primarily from its ability to satisfy liability commitments depending on cash inflows receivable in turn from MMH Holdings Limited and MMH Malta Limited.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period to ensure that no additional financing facilities are expected to be required over the coming period. This process is performed through a rigorous assessment of detailed cash flow projections of the Group headed by its parent company where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

The following tables analyse the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2. Financial risk management - continued

2.1 Financial risk factors - continued

	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2018					
Unsecured bonds	15,000,000	20,760,000	720,000	2,880,000	17,160,000
Trade and other payables	182,231	182,231	182,231	-	-
	15,182,231	20,942,231	902,231	2,880,000	17,160,000
31 December 2017					
Unsecured bonds	15,000,000	21,480,000	720,000	2,880,000	17,880,000
Trade and other payables	186,163	186,163	186,163	-	-
	15,186,163	21,666,163	906,163	2,880,000	17,880,000

2.2 Capital risk management

The company's bonds are guaranteed by MMH Holdings Limited. Related finance costs are also guaranteed by this company. The capital management of the company therefore consists of a process of regularly monitoring the financial position of the guarantor (Note 2.1).

2.3 Fair values of financial instruments

At 31 December 2018 and 2017, the carrying amounts of receivables (net of impairment provisions if any) and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

As at the end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the company directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Loans receivable from related parties

	2018	2017
	€	€
Loans to parent company and fellow subsidiary		
At beginning and end of year	14,750,000	14,750,000
At 31 December		
Cost and net book amount	14,750,000	14,750,000

Loans receivable reflect the transfer of funds to MMH Holdings Limited and MMH Malta Limited generated by the company from its bond. These loans are repayable in 2026.

Weighted average effective interest rate as at 31 December:

	2018	2017
Loans to parent company and fellow subsidiary	5.95%	5.95%

During 2018, the company was required to revise its impairment methodology under IFRS 9 for all classes of assets. The identified expected credit loss on loans receivable was immaterial. Information about the company's exposure to credit risk is disclosed in note 2.

5. Trade and other receivables

	2018	2017
	€	€
Current		
Amounts due from parent	220,577	230,123
Amounts due from fellow subsidiary	239,434	132,334
Prepayments and accrued income	10,248	9,351
	470,259	371,808

Amounts due from parent and fellow subsidiary are unsecured, interest-free and repayable on demand.

During 2018, the company was required to revise its impairment methodology under IFRS 9 for all classes of assets. The identified expected credit loss on trade and other receivables was immaterial. Information about the company's exposure to credit risk is disclosed in note 2.

6. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2018 €	2017 €
Cash and cash equivalents	1,662	41,815

During 2018, the Group was required to revise its impairment methodology under IFRS 9 for all classes of assets. The identified expected credit loss on cash and cash equivalents was immaterial.

7. Share capital

	2018 €	2017 €
Authorised, issued and fully paid up 250,000 ordinary shares of €1 each	250,000	250,000

8. Borrowings

	2018 €	2017 €
Non-current 15,000,000 4.80% unsecured bonds 2026	14,709,896	14,680,125

The unsecured bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	2018 €	2017 €
Face value 15,000,000 4.80% bonds 2026	15,000,000	15,000,000
	15,000,000	15,000,000
Issue costs	(354,188)	(354,188)
Accumulated amortisation	64,084	34,313
Closing net book amount	(290,104)	(319,875)
Amortised cost at 31 December	14,709,896	14,680,125

8. Borrowings - continued

The interest rate exposure of the borrowings of the company was as follows:

	2018	2017
Total borrowings:		
At fixed rates	4.80%	4.80%

The effective interest rates as at the end of the reporting period were as follows:

	2018	2017
Bonds 2026	4.80%	4.80%

This note provides information about the contractual terms of the company's borrowings. For more information about the company's exposure to interest rate and liquidity risk, refer to note 2.

By virtue of an offering memorandum dated 16 September 2016, the company issued €15,000,000 bonds with a face value of €1,000 each. The bond's interest is payable annually in arrears on 14 October. The bonds are redeemable at par and are due for redemption on 14 October 2026 but the issuer may at any time purchase Bonds in the open market or otherwise at any price. The bonds are guaranteed by MMH Holdings Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 19 October 2016. The quoted market price as at 31 December 2018 for the bonds was €104 (2017: €104.50). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

9. Trade and other payables

	2018	2017
	€	€
Current		
Accruals and deferred income	164,753	164,155
Amounts owed to fellow subsidiary	17,478	22,008
	182,231	186,163

Amounts owed to fellow subsidiary are unsecured, interest-free and repayable on demand.

10. Finance income

	2018	2017
	€	€
Interest on loans to parent and fellow subsidiary	877,625	877,625

11. Finance costs

	2018	2017
	€	€
Coupon interest payable on bonds	720,000	720,000
Amortisation of bond issue costs	29,771	26,934
	749,771	746,934

12. Expenses by nature

Administrative expenses are classified by their nature as follows:

	2018	2017
	€	€
Listing and related compliance costs	17,327	4,801
Directors' fees (Note 14)	50,000	50,000
Other expenses	10,590	13,009
	77,917	67,810

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2018 and 2017 relate to the following:

	2018	2017
	€	€
Annual statutory audit	7,000	7,000
Tax advisory and compliance services	200	200
	7,200	7,200

13. Tax expense

	2018 €	2017 €
Current tax expense - Group relief	17,478	22,008

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2018 €	2017 €
Profit before tax	49,937	62,881
Tax on profit at 35%	17,478	22,008
Tax expense	17,478	22,008

14. Directors' emoluments

	2018 €	2017 €
Directors' fees	50,000	50,000

15. Cash used in operations

Reconciliation of profit before tax to cash used in operations:

	2018 €	2017 €
Profit before tax	49,937	62,881
Adjustment for:		
Amortisation of bond issue costs	29,771	26,934
Changes in working capital:		
Trade and other receivables	(98,451)	(165,025)
Trade and other payables	(21,410)	(2,361)
Cash used in operations	(40,153)	(77,571)

16. Related party transactions

The company forms part of the MMH Group of Companies. All companies forming part of the MMH Group are related parties since these companies are all ultimately owned by MMH Holdings Limited. Trading transactions between these companies include items which are normally encountered in a group context. The group is ultimately fully owned by Paul Abela. Companies owned directly by Paul Abela are also considered to be related parties. The main related parties with whom transactions are entered into by the Company are MMH Malta Limited and MMH Holdings Limited, the guarantor of the borrowings (Note 8).

The following are the transactions that were carried out with related parties:

	2018	2017
	€	€
Income statement		
Finance income from parent and fellow subsidiary	877,625	877,625

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in note 14 to the financial statements.

Period end balances arising from related party transactions are disclosed in notes 4, 5 and 9 to the financial statements.

17. Statutory information

Mediterranean Maritime Hub Finance p.l.c. is a limited liability company and is incorporated in Malta.

The ultimate and immediate parent company of Mediterranean Maritime Hub Finance p.l.c. is MMH Holdings Limited, a company registered in Malta, with its registered address at Head Office Building, Mediterranean Maritime Hub, Xatt il-Mollijiet, Marsa.

The ultimate controlling party of MMH Holdings Limited is Mr. Paul Abela.

MMH HOLDINGS LIMITED

Annual Report and Consolidated
Financial Statements
31 December 2018

Company Registration Number: C45547

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Directors' report

The directors of MMH Holdings Limited have prepared this report in accordance with Article 177 of the Companies Act (Chapter 386 of the Laws of Malta) ('the Act') including the further provisions as set out in the Sixth Schedule to the Act together with the financial statements of the Company for the year ended 31 December 2018.

Directors, Officers & Other Information

Directors: Mr Paul Abela (Chairman)
Mr Duncan Brincat
Mr Raymond Ciantar
Ms Angelique Maggi
Mr Joseph M. Maggi

Company Secretary:
Dr Michael Zammit Maempel

Registered Office:
Mediterranean Maritime Hub,
Xatt il-Mollijiet,
Marsa MRS 1152
Malta

Country of Incorporation: Malta

Company Registration Number: C 45547

Auditors: PricewaterhouseCoopers,
78, Mill Street,
Qormi QRM 3101
Malta

Principal bankers:
APS Bank Limited
APS Centre
Tower Street
Swatar – Birkirkara BKR 4012
Malta

Principal Activities

MMH Holdings Limited (the 'Company') is a parent company within the MMH Group of Companies (the 'Group') which provides specialised services to the marine oil and gas industries. The Group caters for the specific requirements of drilling contractors and their service providers with services ranging from manpower planning, project requirements, contracting of pre-screened and qualified personnel for the offshore/onshore oilfield industry, training of personnel, logistics, supply chain solutions, project management, rig agency services and rig stop services and facilities.

Directors' report - continued

Principal Activities - continued

The Company is the principal parent and Guarantor of Mediterranean Maritime Hub Finance plc [C76597] which in 2016 issued bonds to the value of €15,000,000 – which were fully subscribed by the general public, and the proceeds of which were in part advanced to the Company.

Financial reporting framework

The directors have prepared the Group's and the Company's financial statements for the year ended 31 December, 2018 in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015, and the requirements of the Maltese Companies Act (Chapter 386 of the Laws of Malta).

Review of the Business

Similarly to 2017, the principal focus and activity of the Group in 2018 has been the development of a site measuring almost 170,000m² in Malta's Grand Harbour formerly known as the Marsa Shipbuilding Site, to serve as a regional hub for the provision of the group's shore-based services and facilities (hereinafter the 'Mediterranean Maritime Hub' or the 'Site/Hub'). Following a public deed published on 1st August, 2016, the Company took full possession of this Site and leased this directly to MMH Malta Limited – which is a subsidiary company. The Site is currently under redevelopment and rehabilitation.

The Company recognises that the key risk and uncertainty of the business of the Group is chiefly that posed by the current performance of the oil and gas industry.

Financial risk management

The Company's financial risk management objectives and policies, and the exposure to market risk, credit risk and liquidity risk have been disclosed in note 2 of these financial statements.

Performance for 2018 and Outlook for 2019

MMH Holdings Limited is the parent company of the MMH Group (the 'Group') and the Guarantor of the bonds issued by Mediterranean Maritime Hub Finance plc in 2016. As such, the Company's performance is dependent on the performance of the Group as a whole.

During the year under review, the Group continued with the development of its facilities in line with its plan and pursued its efforts to increase its business. The investment executed by the Group in the Mediterranean Maritime Hub (the 'Hub') throughout the year under review included, amongst others, the development of additional offices, the roofing of one of the larger sheds and the setting up of dedicated workshops to provide the industry with inspection, maintenance and repair (IMR) services. Two 45-metre piers to accommodate vessel travel-hoists were also constructed, equipping the Group with the capability to lift commercial and pleasure vessels of up to 700 tonnes from sea to dry ground for IMR services and return to sea. The total investment in the Hub until the end of the financial year under review reached circa €25 million.

The Group pursued its efforts to increase its presence in the oil and gas industry where it remains both determined and equipped to provide the industry with a servicing platform within the central Mediterranean region and North Africa. However, industry activity remained sluggish notwithstanding the fact that during 2018 the price of oil averaged US\$69 per barrel (source: www.statista.com).

Directors' report - continued

Performance for 2018 and Outlook for 2019 - continued

On the other hand, the Group intensified its efforts to broaden its services portfolio and its customer base. Its investment in additional facilities has started to bear fruit in 2019. It also sought to mitigate the externally-imposed conditional factors that result from the road network development around the Hub.

2018 was another challenging year for the Group. It registered a loss after tax of €1,012,229 (2017: profit of €335,471) after charging depreciation and finance costs of €871,013 and €899,464 respectively.

The directors of the Company expect the results for 2019 to improve. This is being said in the context of the materialisation of increasingly diverse market offerings not only in the oil and gas sector, but also in the various new business streams that the Group has started to pursue.

The latent stabilisation of the oil and gas market is slowly but surely increasing the market's appetite to invest in current oil and gas infrastructure and possible extensions. This may lead to new offshore projects which are expected to come into stream in the latter part of 2019 and throughout 2020.

Simultaneously, the investment carried out by the Group insofar as the vessel-hoisting facilities are concerned will fully materialise in 2019 and will increase the usage of facilities both by the Group itself, its clients and its respective industry contractors to fulfil the aim of establishing an engineering base with IMR offerings. These new business streams are expected to stabilise and supplement the Hub's scope as a regional maritime and oil and gas centre.

Results and Dividends

The income statement for the year ended 31 December 2018 is set out on page 11 hereof. No interim dividend was declared or paid out during the year (2017: €Nil). No final dividend is being recommended by the Board of Directors.

Statement of Directors' Responsibilities for the Financial Statements

The directors are required by the Act to prepare financial statements that give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statement are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report - continued

Statement of Directors' Responsibilities for the Financial Statements - continued

The financial statements of MMH Holdings Limited for the year ended 31 December 2018 are included in the Annual Report 2018, which is published in hard-copy printed form and may be made available on the company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board of Directors



Mr. Paul Abela
Director

29 April 2019



Mr. Raymond Ciantar
Director



Independent auditor's report

To the Shareholders of MMH Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- MMH Holdings Limited's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group's and the Parent Company's financial position as at 31 December 2018, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME); and
- the financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

MMH Holdings Limited's financial statements, set out on pages 9 to 42, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2018;
- the Consolidated and Parent Company income statements for the year then ended;
- the Consolidated and Parent Company statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited - continued

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with GAPSME and the requirements of the Maltese Companies Act, (Cap.386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited - continued

Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited - continued

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act, (Cap.386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

PricewaterhouseCoopers

78, Mill Street

Qormi

Malta

A handwritten signature in blue ink, appearing to read 'Stefan Bonello', is written over the printed name and title. The signature is fluid and cursive, with the first name 'Stefan' being more prominent.

Stefan Bonello
Partner

29 April 2019

Statements of financial position

		As at 31 December			
Notes		Group		Company	
		2018	2017	2018	2017
		€	€	€	€
ASSETS					
Non-current assets					
	3	796,043	806,173	-	-
	4	24,488,925	18,662,479	-	-
	5	-	-	5,105,383	3,278,267
Financial assets:					
	6	-	-	917,202	568,941
	8	860,461	853,711	5,814,158	1,041,465
	11	338,313	407,002	-	-
Total non-current assets		26,483,742	20,729,365	11,836,743	4,888,673
Current assets					
	7	453,046	446,634	-	-
	8	6,012,198	6,756,096	187,152	680,184
	9	1,235,645	1,343,882	102,550	103,302
Total current assets		7,700,889	8,546,612	289,702	783,486
Total assets		34,184,631	29,275,977	12,126,445	5,672,159

Statements of financial position - continued

		As at 31 December			
		Group		Company	
Notes		2018	2017	2018	2017
		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
		1,000,000	500,000	1,000,000	500,000
	10	(91,993)	(86,596)	(295)	(295)
		18,305	18,305	-	-
		2,786,270	4,305,357	27,253	62,518
		3,712,582	4,737,066	1,026,958	562,223
		54,321	46,923	-	-
Total equity		3,766,903	4,783,989	1,026,958	562,223
Non-current liabilities					
	12	18,047,242	15,105,125	3,549,362	1,800,000
	13	-	-	1,588,632	1,354,376
	14	1,704,891	1,664,860	-	-
Total non-current liabilities		19,752,133	16,769,985	5,137,994	3,154,376
Current liabilities					
	12	2,110,794	200,058	2,110,794	200,058
	13	8,195,236	7,161,699	3,826,713	1,731,477
	14	42,980	41,179	-	-
		316,585	319,067	23,986	24,025
Total current liabilities		10,665,595	7,722,003	5,961,493	1,955,560
Total liabilities		30,417,728	24,491,988	11,099,487	5,109,936
Total equity and liabilities		34,184,631	29,275,977	12,126,445	5,672,159

The notes on pages 15 to 42 are an integral part of these financial statements.

The financial statements on pages 9 to 42 were authorised for issue by the board on 29 April 2019 and were signed on its behalf by:



Mr. Paul Abela
Director



Mr. Raymond Ciantar
Director

Income statements

		Year ended 31 December			
		Group		Company	
Notes	2018	2017	2018	2017	
	€	€	€	€	
Revenue	15	14,469,908	15,733,451	1,013,378	792,614
Cost of sales	16	(11,571,427)	(12,544,049)	(713,378)	(672,614)
Gross profit		2,898,481	3,189,402	300,000	120,000
Distribution costs	16	(255,983)	(246,281)	-	-
Administrative expenses	16	(2,710,677)	(2,184,900)	(133,337)	(136,459)
Other income	18	42,845	82,332	11,873	750
Operating (loss)/profit		(25,334)	840,553	178,536	(15,709)
Investment income	19	18,872	19,411	770,032	238,634
Finance costs	20	(929,235)	(755,373)	(214,483)	(110,724)
(Loss)/profit before tax		(935,697)	104,591	734,085	112,201
Tax (expense)/credit	21	(76,532)	230,880	(269,350)	(86,179)
(Loss)/profit for the year		(1,012,229)	335,471	464,735	26,022
Attributable to:					
Equity holders		(1,019,087)	326,436	464,735	26,022
Non-controlling interest		6,858	9,035	-	-
		(1,012,229)	335,471	464,735	26,022

Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
	2018	2017	2018	2017	
	€	€	€	€	
(Loss)/profit for the year		(1,019,087)	326,436	464,735	26,022
Other comprehensive income					
Transfer to foreign exchange reserve		(5,397)	(14,968)	-	-
Total comprehensive income for the year		(1,024,484)	311,468	464,735	26,022

The notes on pages 15 to 42 are an integral part of these financial statements.

Statements of changes in equity

Group	Note	Attributable to shareholders					Non-controlling interest	Total
		Share capital	Other reserves	Foreign exchange reserve	Retained earnings			
		€	€	€	€	€	€	
Balance as at 1 January 2017		500,000	18,305	(71,628)	3,978,921	37,888	4,463,486	
Comprehensive income:								
Profit for the year		-	-	-	326,436	9,035	335,471	
Other comprehensive income:								
Transfer to foreign exchange reserve		-	-	(14,968)	-	-	(14,968)	
Total comprehensive income		-	-	(14,968)	326,436	9,035	320,503	
Balance at 31 December 2017		500,000	18,305	(86,596)	4,305,357	46,923	4,783,989	
Balance as at 1 January 2018		500,000	18,305	(86,596)	4,305,357	46,923	4,783,989	
Comprehensive income:								
Loss for the year		-	-	-	(1,019,087)	6,858	(1,012,229)	
Other comprehensive income:								
Transfer to foreign exchange reserve		-	-	(5,397)	-	-	(5,397)	
Total comprehensive income		-	-	(5,397)	(1,019,087)	6,858	(1,017,626)	
Transactions with owners:								
Capitalisation of reserves	10	500,000	-	-	(500,000)	-	-	
Creation of non-controlling interest		-	-	-	-	540	540	
		500,000	-	-	(500,000)	540	540	
Balance at 31 December 2018		1,000,000	18,305	(91,993)	2,786,270	54,321	3,766,903	

Statements of changes in equity - continued

Company	Note	Share capital €	Foreign exchange reserve €	Retained earnings €	Total €
Balance at 1 January 2017		500,000	(295)	36,496	536,201
Comprehensive income					
Profit for the year		-	-	26,022	26,022
Balance at 31 December 2017		500,000	(295)	62,518	562,223
Balance at 1 January 2018		500,000	(295)	62,518	562,223
Comprehensive income					
Profit for the year		-	-	464,735	464,735
Transactions with owners					
Capitalisation of reserves	10	500,000	-	(500,000)	-
Balance at 31 December 2018		1,000,000	(295)	27,253	1,026,958

The notes on pages 15 to 42 are an integral part of these financial statements.

Statements of cash flows

		Year ended 31 December			
		Group		Company	
Notes	2018	2017	2018	2017	
	€	€	€	€	
Cash flows from operating activities					
Cash from/(used in) operations	23	2,512,739	1,912,860	(1,734,158)	61,982
Finance income		18,872	19,411	770,032	238,634
Finance costs		(899,464)	(728,439)	(214,483)	(110,724)
Tax paid		(10,325)	(206,461)	(269,389)	(59,557)
Net cash from/(used in) operating activities		1,621,822	997,371	(1,447,998)	130,335
Cash flows used in investing activities					
Purchase of intangible assets		(11,293)	(17,311)	-	-
Purchase of property, plant and equipment		(6,630,128)	(9,514,802)	-	-
Additions to investment property		-	-	(1,864,591)	(506,491)
Additions to investment in subsidiaries		-	-	(348,800)	-
Disposal of investment in subsidiary		-	-	539	-
Net cash used in investing activities		(6,641,421)	(9,532,113)	(2,212,852)	(506,491)
Cash flows from financing activities					
Movement in borrowings		3,334,319	-	2,171,335	-
Additions to non-controlling interest		540	-	-	-
Proceeds from grants designated for specific purposes		87,740	1,745,322	-	-
Net cash from financing activities		3,422,599	1,745,322	2,171,335	-
Net movement in cash and cash equivalents		(1,597,000)	(6,789,420)	(1,489,515)	(376,156)
Cash and cash equivalents at beginning of year		1,143,824	7,933,244	(96,756)	279,400
Cash and cash equivalents at end of year	9	(453,176)	1,143,824	(1,586,271)	(96,756)

The notes on pages 15 to 42 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements include the financial statements of MMH Holdings Limited and its subsidiaries. The consolidated financial statements have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015 (GAPSME), and the requirements of the Maltese Companies Act, (Cap.386).

These financial statements have been prepared under the historical cost convention.

At 31 December 2018, the Group registered a loss after accounting for depreciation and tax of €1,012,229 and net current liabilities of €2,964,706. The Group also reported net equity of €3,766,903. The board has taken cognisance of the overall financial position of the Group and management plans for the coming years. In assessing the Group's ability to operate as a going concern, the directors have taken into consideration the support obtained from the shareholders, the expected net future cash inflows of the Group, its commitments related to the repayment of current borrowings and committed and contracted future capital investments as well as the support of its bankers.

Having made an appropriate assessment of going concern especially after taking into consideration the above, the directors have determined that there is a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, these accounts have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future and will meet its financial obligations as and when they fall due.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is initially measured as the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

Business combinations between entities under common control are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control and for which consolidated financial statements are prepared. When the controlling party does not prepare consolidated financial statements because it is not a parent Company, the financial statement amounts of the acquired entity are used.

No new goodwill arises in predecessor accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity, is included in equity in a separate reserve. The financial statements incorporate the acquired entity's results only from the date on which the business combination between entities under common control occurred.

Under both methods of accounting, upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Unrealised gains on transactions between the Company and its subsidiary or associate are eliminated to the extent of the Company's interest in the subsidiary or associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

1.3 Foreign currency translation

(a) Functional and presentation currency

The Group's financial results and financial position are measured in the functional currency, i.e. euro ("€"), which is the currency of the primary economic environment in which the Company operates. Items included in the financial statements of each of the Group's entities are measured using the respective entity's functional currency. These consolidated financial statements are presented in euro ("€"), i.e. the presentation currency, which is the currency in which the Company's share capital is denominated.

(b) Transactions and balances

1. Summary of significant accounting policies - continued

1.3 Foreign currency translation - continued

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income/(expense)'.

(c) Group companies

Income statements of foreign entities are translated into the Group's presentation currency at the average exchange rates for the year and statements of financial position are translated at the exchange rates ruling at year-end. All resulting translation differences are recognised in other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to other comprehensive income. On disposal of a foreign entity, such translation differences that were previously recognised in other comprehensive income are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences are recognised in other comprehensive income.

1.4 Intangible assets

(a) Licences

Separately acquired licences are initially shown at cost. Upon commissioning, these costs are amortised over their estimated useful lives of fifteen to twenty years.

(b) Course development

Courses development is capitalised on the basis of the costs incurred to develop a course and to ensure that it meets the prescribed standards. These costs are subject to amortisation over a period of 5 years.

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. All property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. These include ground rents due on uncommissioned leasehold land. Borrowing costs are recognised in profit or loss as incurred, in accordance with accounting policy note 1.20.

1. Summary of significant accounting policies - continued

1.5 Property, plant and equipment - continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	%
Leasehold land and improvements to premises	1 – 2
Plant and equipment	20
Furniture and fittings	10 – 25
Motor vehicles	20

No depreciation is charged on assets in the course of construction since the assets have not yet been brought into use. Leasehold land and related improvements included within land and buildings (refer below) are depreciated over the remaining term of the lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.6 Investment property

The Company owns investment property, principally comprising the land in Marsa held under temporarily emphyteutical grants and is not occupied by the Company but rented out to its subsidiary. This property is included as property, plant and equipment in the Group accounts.

Investment property is measured initially at its historical cost, including related transaction costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. These include ground rents due on uncommissioned leasehold land. Borrowing costs are recognised in profit or loss.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at historical cost, less subsequent depreciation for buildings, and impairment.

Freehold land is not depreciated as it is deemed to have an indefinite life. The commissioned capitalised cost of improvements is amortised using the straight-line method over the remaining term of the lease and in accordance with the term of the lease. Useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1. Summary of significant accounting policies - continued

1.6 Investment property - continued

A property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its cost and accumulated depreciation at the date of the reclassification becomes its cost and accumulated depreciation for subsequent accounting purposes. When the Company decides to dispose of an investment property without development, the Company continues to treat the property as an investment property. Similarly, if the Company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, its cost and accumulated depreciation at the date of the reclassification becomes its cost and accumulated depreciation for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its carrying amount at the date of change in use.

1.7 Impairment of investments in subsidiaries and non-financial assets

Investments in subsidiaries and non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.8 Financial assets

1.8.1 Classification

The Group classifies its financial assets, other than investments in subsidiaries in the loans and receivables category. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.10 and 1.11).

1. Summary of significant accounting policies - continued

1.8 Financial assets - continued

1.8.2 Recognition and measurement

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1.8.3 Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; and
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment loss. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

1. Summary of significant accounting policies - continued

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes direct materials, labour and direct overheads incurred in bringing the product to its present location and condition. Net realisable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

1.10 Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.13 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value, including transaction costs. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. Summary of significant accounting policies - continued

1.15 Grants designated for specific purposes

Grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same reporting periods in which the expenses are incurred. This compensation is disclosed in the same reporting line as the related expense.

Grants that compensate the group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset to match the depreciation charge. Capital grants are recorded as deferred income and released to the income statement over the estimated useful life of the related assets.

1.16 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Issue costs incurred in connection with the issue of the bonds include professional fees, publicity, printing, listing, registration, underwriting, management fees, selling costs and other miscellaneous costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.18 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax arises on temporary differences on non-current assets, provisions, trading losses and investment tax credits.

1. Summary of significant accounting policies - continued

1.18 Current and deferred tax - continued

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised upon delivery of products or performance of services, and is stated net of sales tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) Sales of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.20 Borrowing costs

Borrowing costs are recognised in profit or loss as incurred.

1.21 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's and the company's financial statements in the period in which the dividends are approved for distribution.

2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including cash flow interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group did not make use of derivative financial instruments to hedge risk exposures during the current and preceding financial years. The board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign currency transactions arise when the company buys or sells goods or services of which are denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency. As at year-end, the Group has receivables and cash balances amounting to €1,145,103 (2017: €1,544,545) denominated in Egyptian pound and €344,132 (2017: €NIL) denominated in Israeli Shekel as a result of an operational contractual agreement. These assets denominated in foreign currency are current in nature and are expected to be recovered in the following twelve months.

(ii) Cash flow interest rate risk

As the Group has no significant variable interest-bearing assets, the Group's income and operating cash flows are not dependent of changes in market interest rates. The Group has interest bearing assets from parent related parties that carry a fixed rate of interest. As at 31 December 2018, the Group was exposed to bank borrowings issued at variable rates. The Group has also bond borrowings carrying a fixed rate of interest (note 12). Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's exposure to credit risk is analysed as follows:

	Group	
	2018	2017
	€	€
Carrying amounts		
Trade receivables - net	5,029,893	4,681,529
Amounts due from parent	860,461	853,711
Other receivables	298,226	274,006
Indirect taxation	409,461	616,280
Cash and cash equivalents (Note 9)	1,235,645	1,343,882
	7,833,686	7,769,408

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount. The Group does not hold any collateral as security in this respect.

The Group banks with local financial institutions with high quality standing or rating. Bank balances denominated in Egyptian pound are held with a foreign financial institution.

Financial assets which potentially subject the Group to concentrations of credit risk are trade receivables. This is due to the fact that the Group's trade receivables are almost entirely made up of a limited number of major customers. The Group has policies in place to ensure that sales are made to customers with a proven credit history. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Group's receivables taking into account historical experience in collection of accounts receivable.

The Group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the end of the reporting period.

The Group has no impaired balances at 31 December 2018 (2017: €95,673). The Group does not hold any collateral as security for the impaired assets or past due but not impaired debts.

The Group's receivables include amounts due from parent (refer to Note 8). The Group's treasury monitors related party credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group assesses the credit quality of all the related parties taking into account financial position, performance and other factors. An amount of €345,212 (2017: €345,212) owed by related parties are guaranteed by the ultimate controlling party and after taking cognisance of the related party relationship management does not expect any losses from non-performance or default.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and interest-bearing borrowings (refer to Notes 13 and 12 respectively). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

The following tables analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2018					
Unsecured bonds	15,000,000	20,760,000	720,000	2,880,000	17,160,000
Borrowings	3,759,319	4,135,763	421,973	2,388,392	1,325,398
Bank overdraft	1,688,821	1,688,821	-	-	-
Trade and other payables	8,195,236	8,195,236	8,195,236	-	-
	28,643,376	34,779,820	9,337,209	5,268,392	18,485,398

	Carrying Amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2017					
Unsecured bonds	15,000,000	21,480,000	720,000	2,880,000	17,880,000
Bank overdraft	200,058	200,058	-	-	-
Trade and other payables	7,161,699	7,161,699	7,161,699	-	-
	22,361,757	28,841,757	7,881,699	2,880,000	17,880,000

2.2 Fair values of financial instruments

At 31 December 2018 and 2017, the carrying amounts of cash at bank, trade receivables, trade payables and accrued expenses approximated their fair values in view of the nature of the instruments or their short-term maturity.

3. Intangible assets

Group	Courses development costs €	Licenses €	Total €
At 1 January 2017			
Cost and net book amount	84,155	725,000	809,155
Year ended 31 December 2017			
Opening net book amount	84,155	725,000	809,155
Additions	17,311	-	17,311
Amortisation	(20,293)	-	(20,293)
Closing net book amount	81,173	725,000	806,173
At 31 December 2017			
Cost	101,466	725,000	826,466
Accumulated amortisation	(20,293)	-	(20,293)
Net book amount	81,173	725,000	806,173
Year ended 31 December 2018			
Opening net book amount	81,173	725,000	806,173
Additions	11,293	-	11,293
Amortisation	(21,423)	-	(21,423)
Closing net book amount	71,043	725,000	796,043
At 31 December 2018			
Cost	112,759	725,000	837,759
Accumulated depreciation	(41,716)	-	(41,716)
Net book amount	71,043	725,000	796,043

Licences relate to payments made for the acquisition of a petrol station licence. These intangible assets are not commissioned and are not being amortised in accordance with the policies set out in accounting policy 1.4.

4. Property, plant and equipment

Group	Land and buildings €	Assets under construction €	Plant and machinery €	Furniture and fittings €	Motor vehicles €	Total €
At 1 January 2017						
Cost	4,338,210	1,162,400	2,388,090	676,079	298,934	8,863,713
Accumulated depreciation	(55,384)	-	(759,237)	(387,088)	(244,601)	(1,446,310)
Net book amount	4,282,826	1,162,400	1,628,853	288,991	54,333	7,417,403
Year ended 31 December 2017						
Opening net book amount	4,282,826	1,162,400	1,628,853	288,991	54,333	7,417,403
Additions	9,692,491	1,392,181	276,011	187,838	424,091	11,972,612
Depreciation charge	(215,394)	-	(315,825)	(92,486)	(103,831)	(727,536)
Closing net book amount	13,759,923	2,554,581	1,589,039	384,343	374,593	18,662,479
At 31 December 2017						
Cost	14,030,701	2,554,581	2,664,101	863,917	723,025	20,836,325
Accumulated depreciation	(270,778)	-	(1,075,062)	(479,574)	(348,432)	(2,173,846)
Net book amount	13,759,923	2,554,581	1,589,039	384,343	374,593	18,662,479
Year ended 31 December 2018						
Opening net book amount	13,759,923	2,554,581	1,589,039	384,343	374,593	18,662,479
Additions	3,692,759	2,468,042	281,665	187,662	-	6,630,128
Depreciation charge	(253,508)	-	(342,245)	(109,389)	(98,540)	(803,682)
Closing net book amount	17,199,174	5,022,623	1,528,459	462,616	276,053	24,488,925
At 31 December 2018						
Cost	17,723,460	5,022,623	2,945,766	1,051,579	723,025	27,466,453
Accumulated depreciation	(524,286)	-	(1,417,307)	(588,963)	(446,972)	(2,977,528)
Net book amount	17,199,174	5,022,623	1,528,459	462,616	276,053	24,488,925

The improvement to premises include capitalised labour costs of €598,824 (2017: €930,515).

In 2016, the Group acquired land measuring circa 170,000 square meters on a title of temporary emphyteusis grant for 65 years through a successful competitive tender bidding process. The infrastructural works being carried out by the Group, which include dredging and construction works, will significantly enhance the value of the land, as well as increase the Group's revenues as a result of enhancing its ability to attract business. The directors therefore expect that the value of the land should, subject to these expectations being met, increase significantly. Nevertheless, for the time being, they consider it appropriate to measure the land in the financial statements at its historical cost, which comprises preliminary costs, capitalised ground rents due on uncommissioned land and the cost of the infrastructural works being carried out. The directors will continue to assess the value of the land on an ongoing basis, with particular reference made to the level of business attracted as the works are completed.

As at 31 December 2018, additions assets totalling €1,103,451 have not been brought into use and are therefore not being depreciated. These are classified as assets under construction.

5. Investment property

Company	Leasehold land and improvements €
Year ended 31 December 2017	
Opening net book amount	1,915,749
Additions	1,392,181
Depreciation charge	(29,663)
Closing net book amount	<u>3,278,267</u>
At 31 December 2017	
Cost	3,320,290
Accumulated depreciation	(42,023)
Net book amount	<u>3,278,267</u>
Year ended 31 December 2018	
Opening net book amount	3,278,267
Additions	1,864,591
Depreciation charge	(37,475)
Closing net book amount	<u>5,105,383</u>
At 31 December 2018	
Cost	5,184,881
Accumulated depreciation	(79,498)
Net book amount	<u>5,105,383</u>

This property is leased out to a subsidiary of the Company and is disclosed in the Group financial statements as property, plant and equipment (Note 4).

6. Investments in subsidiaries

Company	2018 €
Year ended 31 December	
At beginning of the year	568,941
Additions	348,800
Disposals	(539)
At end of the year	<u>917,202</u>

6. Investments in subsidiaries - continued

The principal subsidiaries at 31 December is shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2018 %	2017 %
MMH People Limited	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	99.99	99.99
MMH Malta Limited	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	99.99	99.99
Abel Energy Limited	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	99.99	99.99
MMH Academy Limited	Unit 22B Industrial Estate San Gwann	Ordinary 'A' shares	99.99	99.99
Mulberry Insurance Brokers Limited	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	60	60
Mediterranean Maritime Hub Finance plc	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	100	100
Mainti Sea Support Limited	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	55	100

7. Inventories

	Group	
	2018 €	2017 €
Finished goods	118,613	124,944
Work-in-progress	334,433	321,690
	453,046	446,634

8. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Non-current				
Amounts due from parent	860,461	853,711	-	-
Amounts due from subsidiaries	-	-	5,814,158	1,041,465
	860,461	853,711	5,814,158	1,041,465
Current				
Trade receivables - gross	5,029,893	4,777,202	-	-
Less: provision for impairment of receivables	-	(95,673)	-	-
Trade receivables - net	5,029,893	4,681,529	-	-
Advanced payments	-	352,019	-	-
Other receivables	298,226	274,006	5,790	10,920
Indirect taxation	409,461	616,280	1,977	159,708
Prepayments and accrued income	274,618	832,262	179,385	509,556
	6,012,198	6,756,096	187,152	680,184
Total trade and other receivables	6,872,659	7,609,807	6,001,310	1,721,649

The amounts due from subsidiaries are unsecured, interest free and have no fixed date of repayment, but are not expected to be received in the next twelve months. Amounts due from parent totalling €345,212 (2017: €345,212) are unsecured, carry interest at 5% and are repayable in 2026.

Movements in non-current trade and other receivables relate to advances made by the Group to the parent and net advances received by the Company from its subsidiaries.

The advanced payments in 2017 were in relation to deposits on a promise of sale agreement in relation to the acquisition of land. In 2018, a contract of sale was entered into and the advanced payments were capitalised (note 4).

9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Cash at bank and in hand	1,235,645	1,343,882	102,550	103,302
Bank overdraft	(1,688,821)	(200,058)	(1,688,821)	(200,058)
	(453,176)	1,143,824	(1,586,271)	(96,756)

10. Share capital

	Group & Company	
	2018	2017
	€	€
Authorised, issued, called-up and fully paid		
500,000 (2017: 250,000) ordinary shares class A of €1 each	500,000	250,000
500,000 (2017: 250,000) ordinary shares class B of €1 each	500,000	250,000
	1,000,000	500,000

By virtue of a resolution dated 10 August 2018, the Company increased the authorised, issued and paid-up share capital by €500,000, divided into 500,000 shares having a nominal value of €1 each. The issued share capital was increased by the capitalisation of reserves in accordance with the said shareholder resolution.

'A' class and 'B' class shares shall each be entitled to appoint up to three members to the Board of Directors. All ordinary shares, whatever the letter by which they are denominated shall rank *pari passu* and each share should give the right to one vote.

11. Deferred taxation

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2017: 35%).

The movement on the deferred tax account is as follows:

	Group	
	2018	2017
	€	€
At beginning of year	407,002	138,075
<i>Recognised directly in profit or loss</i>		
Deferred tax (charge)/credit for the year (Note 21)	(68,689)	268,927
At end of year	338,313	407,002

The balance at 31 December represents:

	2018	2017
	€	€
Temporary differences arising on depreciation of property, plant and equipment	(484,889)	(484,892)
Temporary differences on unutilised capital allowances	486,070	486,070
Temporary differences arising on trading tax losses	24,334	59,540
Temporary differences on provision for impairment of receivables	-	33,486
Temporary differences on unutilised tax credits	312,798	312,798
Net deferred tax assets	338,313	407,002

11. Deferred taxation - continued

At 31 December 2018 the Group had unrecognised deferred tax assets of €392,092 (2017: €52,002) arising from unabsorbed capital allowances, unutilised trading tax losses and temporary differences on property, plant and equipment that have not been recognised in the financial statements due to the uncertainty of the tax benefits through future taxable profits, related to the specific group undertaking and its activity.

12. Borrowings

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Non-current				
15,000,000 4.8% bonds 2026	14,709,896	14,680,125	-	-
Bank loans	2,912,346	-	1,749,362	-
Loan from subsidiary	-	-	1,800,000	1,800,000
Other borrowings	425,000	425,000	-	-
Total non-current	18,047,242	15,105,125	3,549,362	1,800,000
Current				
Bank loans	421,973	-	421,973	-
Bank overdraft	1,688,821	200,058	1,688,821	200,058
Total current	2,110,794	200,058	2,110,794	200,058
Total borrowings	20,158,036	15,305,183	5,660,156	2,000,058

At 31 December 2018, the Group and Company had an overdraft facility of €2,000,000 (2017: €300,000). The Group has bank loan facilities of €4,770,120 (2017: Nil).

The Company has a bank loan facility of €4,770,120 (2017: Nil) which is secured by a guarantee in the form of a grant from Malta Enterprise and a guarantee over properties owned by the ultimate shareholder.

The loan from subsidiary is unsecured, carries interest at 5.95% and is repayable in 2026.

The contracted undiscounted cash flows of the non-current bank loans analysed into relevant maturity groupings based on the remaining period at the reporting date to the maturity date is disclosed in note 2.

12. Borrowings - continued

The unsecured bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	Group	
	2018	2017
	€	€
Face value		
15,000,000 4.80% bonds 2026	15,000,000	15,000,000
	15,000,000	15,000,000
Issue costs	(354,188)	(354,188)
Accumulated amortisation	64,084	34,313
Closing net book amount	(290,104)	(319,875)
Amortised cost at 31 December	14,709,896	14,680,125

By virtue of an offering memorandum dated 16 September 2016, the Group issued €15,000,000 bonds with a face value of €1,000 each. The bond's interest is payable annually in arrears on 14 October. The bonds are redeemable at par and are due for redemption on 14 October 2026 but the issuer may at any time purchase Bonds in the open market or otherwise at any price. The bonds are guaranteed by MMH Holdings Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 19 October 2016. The quoted market price as at 31 December 2018 for the bonds was €104 (2017: €104.50). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

The interest rate exposure of the borrowings of the Group was as follows:

	Group	
	2018	2017
Total borrowings:		
Unsecured bonds	4.80%	4.80%
Bank loans	3.50%	-
Bank overdraft	5.00%	6.40%

This note provides information about the contractual terms of the Group's borrowings. For more information about the Group's exposure to interest rate and liquidity risk, refer to note 2.

13. Trade and other payables

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Non-current				
Amounts due to subsidiaries	-	-	416,703	182,447
Amounts due to related parties	-	-	1,171,929	1,171,929
	-	-	1,588,632	1,354,376
Current				
Trade and capital payables	4,988,542	6,624,150	1,539,261	1,694,056
Accruals and deferred income	3,206,694	537,549	2,287,452	37,421
	8,195,236	7,161,699	3,826,713	1,731,477
Total trade and other payables	8,195,236	7,161,699	5,415,345	3,085,853

In the company's books, the amounts due to subsidiaries and related parties are unsecured, interest free and have no fixed date of repayment, but are not expected to be repaid within the next twelve months.

14. Grants designated for specific purposes

	Group	
	2018 €	2017 €
Year ended 31 December		
Opening net book amount	1,706,039	-
Allocation of grant for the year	87,740	1,745,322
Amortisation for the year	(45,908)	(39,283)
Closing net book amount	1,747,871	1,706,039
	2018 €	2017 €
Disclosed as:		
Current	42,980	41,179
Non-current	1,704,891	1,664,860
	1,747,871	1,706,039

As at 31 December 2018, grants amounting to €1,747,871 (2017: €1,706,039) relating to funds advanced directly by the Government of Malta through its agent Malta Enterprise for the co-financing its capital expenditure of the property, plant and equipment. These funds are treated as deferred income and are credited to profit or loss on a systematic basis over the useful lives of the assets. The impact of these grants on the current year's results are disclosed in note 16.

15. Revenue

All the Group's revenue was derived from the provision of specialised services, as well as related ancillary services, to the marine and oil and gas industry in the local market of Malta together with the provision of other ancillary services.

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Rendering of services	14,469,908	15,733,451	-	-
Rental income	-	-	1,013,378	792,614
	14,469,908	15,733,451	1,013,378	792,614

Rental income is derived by the Company from a fully owned subsidiary on the charging of rent of the commissioned property owned by the company classified as investment property (Note 5).

16. (Loss)/profit

(Loss)/profit is stated after charging/(crediting) the following:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Amortisation of intangible assets (Note 3)	21,423	20,293	-	-
Depreciation on property, plant and equipment (Note 4)	803,682	727,536	-	-
Depreciation of investment property (Note 5)	-	-	37,475	29,663
Ground rent payable	713,378	672,614	713,378	672,614
Amortisation of grant (Note 14)	(45,908)	(39,283)	-	-
Movement in provision for impairment of receivable	(95,673)	-	-	-
Bad debts	95,673	-	-	-
Employee benefit expense (Note 17)	3,028,948	2,286,761	-	-

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2018 and 2017 relate to the following:

	Group	
	2018 €	2017 €
Annual statutory audit	46,700	50,650
Tax compliance services	2,400	2,150
Other non-audit services	10,500	23,180
	59,600	75,980

17. Employee benefit expense

	Group	
	2018	2017
	€	€
Wages and salaries	3,417,210	3,045,853
Social security costs	204,256	166,394
Maternity fund contributions	6,306	5,029
	3,627,772	3,217,276
Capitalised payroll costs	(598,824)	(930,515)
	3,028,948	2,286,761

The average number of persons employed by the Group during the financial reporting period was:

	Group	
	2018	2017
Direct and administrative	117	99

18. Other income

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Other income	42,845	82,332	11,873	750

19. Investment income

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Bank interest receivable	1,611	2,150	802	1,014
Interest receivable from parent	17,261	17,261	-	-
Dividend receivable from subsidiary	-	-	769,230	237,620
	18,872	19,411	770,032	238,634

20. Finance costs

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Bond interest	720,000	720,000	-	-
Amortisation of bond issue costs	29,771	26,934	-	-
Interest payable to subsidiary	-	-	107,100	107,100
Bank interest	179,464	8,439	107,383	3,624
	929,235	755,373	214,483	110,724

21. Tax expense/(credit)

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Current tax expense	7,843	38,047	269,350	83,582
Group relief	-	-	-	2,597
Deferred tax charge/(credit) (Note 11)	68,689	(268,927)	-	-
Tax expense/(credit)	76,532	(230,880)	269,350	86,179

The tax on the Group and the Company's results before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
(Loss)/profit before tax	(935,697)	104,591	734,085	112,201
Tax at 35%	(327,494)	36,607	256,930	39,270
Tax effect of:				
Expenses not deductible for tax purposes	80,523	75,724	12,844	51,627
Unrecognised deferred tax	340,090	-	-	-
Under provision of tax in prior year	(263)	(23,578)	(263)	(4,515)
Recognition of investment tax credits	-	(312,798)	-	-
Income subject to reduced rates of tax	(16,236)	(13,952)	(161)	(203)
Other	(88)	7,117	-	-
Tax expense/(credit)	76,532	(230,880)	269,350	86,179

22. Directors' emoluments

	Group	
	2018 €	2017 €
Salaries and other emoluments	309,822	332,318

The directors of the Company are not remunerated by the Company but by MMH Malta Limited (the principal operating company of the Group). Their emoluments relate to all the functions and roles covered across the Group. All the directors of the Company sit on the board of this subsidiary.

23. Cash from/(used in) operations

Reconciliation of operating (loss)/profit to cash from/(used in) operations:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Operating (loss)/profit	(25,334)	840,553	178,536	(15,709)
Adjustments for:				
Amortisation of intangible assets (Note 3)	21,423	20,293	-	-
Depreciation of property, plant and equipment (Note 4)	803,682	727,536	-	-
Depreciation of investment property (Note 5)	-	-	37,475	29,663
Provision for impairment receivables	(95,673)	95,673	-	-
Amortisation of grant (Note 14)	(45,908)	(39,283)	-	-
Movement in foreign exchange reserve	(5,397)	(14,968)	-	-
Changes in working capital:				
Inventories	(6,412)	(390,512)	-	-
Trade and other receivables	832,821	(1,391,545)	(4,279,661)	31,856
Trade and other payables	1,033,537	2,065,113	2,329,492	16,172
Cash from/(used in) operations	2,512,739	1,912,860	(1,734,158)	61,982

24. Contingencies

Following the acquisition of the property title in August 2016, the Group was requested by Transport Malta to allow a temporary relief road to pass through this property in view of the major road works in Marsa. On 22 April 2019, the Group, Transport Malta and other Government Agencies reached an agreement to compensate the Group for disruption of the original business plan which is intrinsically linked to the full utilisation of this property. The amount negotiated totalled €1.9 million for the period from August 2016 to 31 December 2018 and €800,000 per annum for the coming two financial years ending 31 December 2020.

In 2016, the Group received claims from Transport Malta in the form of occupational fee of €1.0 million for the use of operational property which has been contested on the basis that such claims are not covered by contractual obligations.

This agreement will have a positive impact on the cash flows of the Group which will be compensated for allowing Government agencies to the temporary encroachment on the said property. Transposing the agreed conditions on the pre-tax profit/loss of the Group up to 31 December 2018 results in a net improvement of €930,000 and an improvement of €800,000 per annum for 2019 and 2020.

At the time of approving these financial statements, the above noted agreement was finalised subject to endorsement obtained from all competent Government authorities.

25. Commitments

Capital commitments

	Group	
	2018 €	2017 €
Authorised and contracted for	978,212	-

The capital commitments relates to plant and equipment which was contracted but not commissioned as at year end (refer to note 4). This project relates to travel lifts for large vessels that were commissioned in 2019.

26. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The company has control over all the companies forming part of the MMH Group of Companies. All companies forming part of this Group are considered as related parties. Trading transactions between these companies include items which are normally encountered in a Group context. The Group is ultimately fully owned by Paul Abela, through an immediate parent, Elosolar Company Limited. Both parties are therefore considered to be related parties. Companies owned directly by Paul Abela are also considered to be related parties.

Year-end balances with related parties are disclosed in notes 8 and 13 to the financial statements.

The following transactions were carried out with related parties:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Rental income from subsidiary	-	-	1,013,378	792,614
Dividend income from subsidiary	-	-	769,230	237,620
Interest payable to subsidiary	-	-	(107,100)	(107,100)
Interest income from parent	17,261	17,261	-	-

Key management personnel compensation including directors' remuneration is disclosed within note 17 and amounts to €321,100 (2017: €548,725). Directors' emoluments are disclosed separately in note 22.

27. Statutory information

MMH Holdings Limited is a limited liability company and is incorporated in Malta.

The immediate parent company of MMH Holdings Limited is Elosolar Company Limited, a company registered in Malta, with its registered address at Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa. This company is fully owned by Paul Abela.

The ultimate controlling party of MMH Holdings Limited is Mr. Paul Abela.

28. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.