MMH HOLDINGS LIMITED
(formerly Ablecare Oilfield Services Holdings Limited)

Annual Report and Consolidated Financial Statements
31 December 2016

Company Registration Number: C45547

Directors' report

The directors of MMH Holdings Limited (formerly Ablecare Oilfield Services 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 2016.

Directors, Officers & Other Information

Directors:

Mr Paul Abela (Chairman)
Mr Jason Azzopardi
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 28154

Auditors:

PricewaterhouseCoopers,
78, Mill Street,
Qormi QRM 3010
Malta

Principal bankers:

Bank of Valletta plc,
58, Zachary Street
Valletta VLT 1130
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.

Change in the financial reporting framework

The directors have prepared the Group's and the Company's financial statement for the year ended 31 December, 2016 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

The principal focus and activity of the Group in 2016 has been the development of a site measuring almost 170,000m^2 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 2016 and Outlook for 2017

The importance of the Mediterranean Maritime Hub to the Group necessitated that the Group focuses primarily on the development of Hub. This was in fact the main business activity of the Group in 2016 and is still ongoing.

The commencement of the development of the Site was delayed due to the issues that were encountered in the course of its transfer to the Group. Delays were also encountered in the initiation of key infrastructural works that necessitated permits and authorisations from various entities.

In parallel with the development of the Hub, the Group has been pursuing efforts to market the Hub internationally, recognising the current limitations of the oil and gas industry which are still facing a challenging period. However, interest in the Hub is being expressed by an increasing number of companies some of which command innovative operational concepts and which are being carefully evaluated.

The offshore oil and gas industry has continued to go through a challenging period throughout 2016, which sees the industry as a whole having to transform itself in order to meet the rapidly-changing energy requirements of the international market. As these challenges grow, the opportunities that they present grow in tandem.

Directors' report - continued

Performance for 2016 and Outlook for 2017 - continued

Operators, service companies and major equipment manufacturers are beginning to establish master service agreements (MSAs) with potential suppliers. They are also looking carefully to rationalize their operations into better strategically located and efficient regional hubs. The Group is seeking to establish a broad range of MSAs with key potential client companies, as well as strategic alliance partnerships with key supply chain entities. The location, site size and facilities of the Mediterranean Maritime Hub offers clients with unique regional operational flexibility. This applies to the oil and gas industry as well as to companies within the diverse maritime industries.

The results have been considerably impacted by the significant costs incurred on the development of the Hub which has so far not generated any material revenue. The ground rent incurred on the Hub in 2016 alone amounted to €849,260, whilst the Site was still in development stage. The results were also impacted by the increase in the costs involved to improve the management team in its transition to meet industry requirements. However, the Site is now in a better position to start attracting relevant business activity. In 2017, the dredging of the seabed immediately abutting Quay 5 and the fairway has now been completed, and now affords sufficient draft for a wider range of vessels to enter the Site and be serviced there. This enables the Group to start attracting projects that formerly could not be admitted into the Site due to the physical restrictions that existed. The hard paving on a large part of the Site and the rehabilitation of Shed 4, which will be used as a maintenance shed are now also complete.

Results and Dividends

The income statement for the year ended 31 December 2016 is set out on page 11 hereof. No interim dividend was declared or paid out during the year (2015 – €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 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.

Directors' report - continued

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

Mr. Raymond Ciantar
Director

pwc

Independent auditor's report

To the Shareholders of MMH Holdings Limited (formely Albecare Oilfield Services Holdings Limited)

Report on the audit of the financial statements

Our opinion

In our opinion:

- MMH Holdings Limited's (formely Albecare Oilfield Services Holdings Limited) 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 2016, 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 8 to 39, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2016;
- 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 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 the IESBA Code.

Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited (formely Albecare Oilfield Services Holdings Limited)

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 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 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 (formely Albecare Oilfield Services Holdings Limited)

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 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 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 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 (formely Albecare Oilfield Services Holdings Limited)

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

Stefan Bonello
Partner

28 April 2017

Statements of financial position

		As at 31 December			
		Group		Company	
	Notes	**2016**	2015	**2016**	2015
		€	€	**€**	€
ASSETS					
Non-current assets					
Intangible assets	3	**809,155**	725,000	**-**	-
Property, plant and equipment	4	**7,417,403**	2,188,603	**-**	-
Investment property	5	**-**	-	**1,915,749**	-
Financial assets:					
Investments in subsidiaries	6	**-**	-	**568,941**	222,140
Trade and other receivables	8	**1,181,375**	766,702	**1,224,700**	3,421,256
Deferred taxation	11	**138,075**	40,282	**-**	-
Total non-current assets		**9,546,008**	3,720,587	**3,709,390**	3,643,396
Current assets					
Inventories	7	**56,122**	157,850	**-**	-
Trade and other receivables	8	**5,132,560**	3,344,519	**528,805**	8,000
Cash and cash equivalents	9	**8,196,303**	2,587,222	**279,400**	100,508
Total current assets		**13,384,985**	6,089,591	**808,205**	108,508
Total assets		**22,930,993**	9,810,178	**4,517,595**	3,751,904

Statements of financial position - continued

		As at 31 December			
		Group		Company	
	Notes	**2016**	2015	**2016**	2015
		€	€	**€**	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	**500,000**	500,000	**500,000**	500,000
Reporting currency conversion reserve		**(71,628)**	(8,185)	**(295)**	(295)
Other reserves		**18,305**	18,305	**-**	
Retained earnings		**3,978,921**	4,513,423	**36,496**	77,049
		4,425,598	5,023,543	**536,201**	576,754
Non-controlling interest		**37,888**	-	**-**	-
Total equity		**4,463,486**	5,023,543	**536,201**	576,754
Non-current liabilities					
Borrowings	12	**14,653,191**	1,226,733	**1,800,000**	1,226,733
Trade and other payables	13	**425,000**	425,000	**1,551,306**	1,362,071
Total non-current liabilities		**15,078,191**	1,651,733	**3,351,306**	2,588,804
Current liabilities					
Borrowings	12	**263,059**	607,695	**-**	581,346
Trade and other payables	13	**2,638,776**	1,777,174	**630,088**	5,000
Current tax liabilities		**487,481**	750,033	**-**	-
Total current liabilities		**3,389,316**	3,134,902	**630,088**	586,346
Total liabilities		**18,467,507**	4,786,635	**3,981,394**	3,175,150
Total equity and liabilities		**22,930,993**	9,810,178	**4,517,595**	3,751,904

The notes on pages 15 to 39 are an integral part of these financial statements.

The financial statements on pages 9 to 39 were authorised for issue by the board on 28 April 2017 and were signed on its behalf by:

Mr. Paul Abela
Director

Mr. Raymond Ciantar
Director

Income statements

	Notes	Group 2016 €	Group 2015 €	Company 2016 €	Company 2015 €
		Year ended 31 December			
Revenue	14	**12,624,691**	13,706,594	**849,260**	-
Cost of sales	15	**(8,949,137)**	(9,920,020)	**(849,260)**	-
Gross profit		**3,675,554**	3,786,574	**-**	-
Distribution costs	15	**(254,339)**	(283,947)	**-**	-
Administrative expenses	15	**(3,892,964)**	(2,675,929)	**(44,490)**	(19,294)
Other income	17	**97,526**	-	**-**	-
Operating (loss)/profit		**(374,223)**	826,698	**(44,490)**	(19,294)
Finance income	18	**5,913**	9,925	**121,648**	2,535
Finance costs	19	**(265,783)**	(130,827)	**(117,464)**	-
(Loss)/profit before tax		**(634,093)**	705,796	**(40,306)**	(16,759)
Tax credit/(expense)	20	**97,479**	(275,393)	**(247)**	(380)
(Loss)/profit for the year		**(536,614)**	430,403	**(40,553)**	(17,139)
Attributable to:					
Equity holders		**(534,502)**	430,403	**(40,553)**	(17,139)
Non-controlling interest		**(2,112)**	-	**-**	-
		(536,614)	430,403	**(40,553)**	(17,139)

Statements of comprehensive income

	Group 2016 €	Group 2015 €	Company 2016 €	Company 2015 €
	Year ended 31 December			
(Loss)/profit for the year	**(534,502)**	430,403	**(40,553)**	(17,139)
Other comprehensive income				
Transfer to foreign exchange reserve	**(63,443)**	29,088	**-**	107
Transfer to other reserve	**-**	156	**-**	-
Total comprehensive income for the year	**(597,945)**	459,647	**(40,553)**	(17,032)

The notes on pages 15 to 39 are an integral part of these financial statements.

Statements of changes in equity

Group	Share capital €	Other reserves €	Foreign exchange reserve €	Retained earnings €	Non-controlling interest €	Total €
	Attributable to shareholders					
Balance as at 1 January 2015	500,000	18,149	(37,273)	4,083,176	-	4,564,052
Comprehensive income						
Profit for the year	-	-	-	430,403	-	430,403
Total comprehensive income	-	-	-	430,403	-	430,403
Other comprehensive income						
Transfer to foreign exchange reserve	-	-	29,088	-	-	29,088
Transfer to other reserve	-	156	-	(156)	-	-
Total other comprehensive income	-	156	29,088	(156)	-	29,088
Balance at 31 December 2015	**500,000**	**18,305**	**(8,185)**	**4,513,423**	**-**	**5,023,543**
Balance as at 1 January 2016	500,000	18,305	(8,185)	4,513,423	-	5,023,543
Comprehensive income						
Loss for the year	-	-	-	(534,502)	(2,112)	(536,614)
Total comprehensive income	-	-	-	(534,502)	(2,112)	(536,614)
Other comprehensive income						
Transfer to foreign exchange reserve	-	-	(63,443)	-	-	(63,443)
Total other comprehensive income	-	-	(63,443)	-	-	(63,443)
Transactions with owners						
Investment in non-controlling interest	-	-	-	-	40,000	40,000
Balance at 31 December 2016	**500,000**	**18,305**	**(71,628)**	**3,978,921**	**37,888**	**4,463,486**

Statements of changes in equity - continued

Company	Share capital €	Foreign exchange reserve €	Retained earnings €	Total €
Balance at 1 January 2015	500,000	(402)	94,188	593,786
Comprehensive income				
Loss for the year	-	-	(17,139)	(17,139)
Other comprehensive income				
Transfer to foreign exchange reserve	-	107	-	107
Balance at 31 December 2015	**500,000**	**(295)**	**77,049**	**576,754**
Balance at 1 January 2016	500,000	(295)	77,049	576,754
Comprehensive income				
Loss for the year	-	-	(40,553)	(40,553)
Balance at 31 December 2016	**500,000**	**(295)**	**36,496**	**536,201**

The notes on pages 15 to 39 are an integral part of these financial statements.

Statements of cash flows

	Notes	Group 2016 €	Group 2015 €	Company 2016 €	Company 2015 €
		Year ended 31 December			
Cash flows used in operating activities					
Cash (used in)/from operations	22	**(1,349,202)**	3,282,681	**2,457,944**	274,404
Finance income		**5,913**	9,925	**121,648**	2,535
Finance costs		**(265,783)**	(130,827)	**(117,464)**	-
Tax paid		**(262,866)**	(442,796)	**(247)**	(28,994)
Net cash (used in)/from operating activities		**(1,871,938)**	2,718,983	**2,461,881**	247,945
Cash flows used in investing activities					
Purchase of intangible assets		**(84,155)**	(725,000)	**-**	-
Purchase of property, plant and equipment		**(5,556,648)**	(1,946,133)	**-**	-
Purchase of investment property		**-**	-	**(1,928,109)**	-
Purchase of investment in subsidiaries		**-**	-	**(346,801)**	(12,000)
Net cash used in investing activities		**(5,640,803)**	(2,671,133)	**(2,274,910)**	(12,000)
Cash flows from financing activities					
Repayment of borrowings		**(1,661,810)**	(358,709)	**(1,640,660)**	(308,709)
Issue of loan from subsidiary		**-**	-	**1,800,000**	-
Proceeds from bond issue		**15,000,000**	-	**-**	-
Bond issue costs		**(346,809)**	-	**-**	-
Issue of shares in non-controlling interest		**40,000**	-	**-**	-
Net cash from/(used in) financing activities		**13,031,381**	(358,709)	**159,340**	(308,709)
Net movement in cash and cash equivalents		**5,518,640**	(310,859)	**346,311**	(72,764)
Cash and cash equivalents at beginning of year		**2,414,604**	2,725,463	**(66,911)**	5,853
Cash and cash equivalents at end of year	9	**7,933,244**	2,414,604	**279,400**	(66,911)

The notes on pages 15 to 39 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). The Group and the Company first adopted GAPSME during the year ended 31 December 2016, with a date of transition to GAPSME of 1 January 2015. The Group's and the Company's financial statements for the year ended 31 December 2016 are the first financial statements that comply with GAPSME. The prior year financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU were for the year ended 31 December 2015. Although IFRSs as adopted by the EU differ in certain respects from GAPSME, these differences did not have an impact on MMH Holdings Limited. Accordingly, no amendments to accounting and valuation methods were made to the IFRSs financial statements to comply with GAPSME, and no reconciliations showing the effect on the Group's and the Company's equity and its profit of the transition from IFRSs as adopted by the EU to GAPSME are necessary.

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

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.

In the Company's separate financial statements, investments in subsidiaries are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and movements in reserves of the investee after the date on which control, or significant influence, is acquired. The Company's investments in subsidiaries include goodwill identified on acquisition, net of any accumulated impairment loss.

The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the subsidiary.

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. **Summary of significant accounting policies** - continued

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

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)'.

1.4 Intangible assets

(a) Licences

Separately acquired licences are initially shown at cost. 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. Borrowing costs are recognised in profit or loss as incurred, in accordance with accounting policy 1.19.

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.

1. **Summary of significant accounting policies** - continued

1.5 Property, plant and equipment - continued

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:

	%
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 improvements included within land and buildings are depreciated over the term of the lease, i.e. 65 years.

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.

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. 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.

Land is not depreciated as it is deemed to have an indefinite life. The capitalised cost of buildings is amortised using the straight-line method over a period of 65 years, in accordance term of the lease. Useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

1. **Summary of significant accounting policies** - continued

1.6 Investment property - continued

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.

Dividend income from held-for-trading financial assets is recognised in profit or loss when the Group's right to receive payments is established.

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.

1. **Summary of significant accounting policies** - continued

1.8 Financial assets - continued

1.8.3 Impairment - continued

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.

1.9 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. **Summary of significant accounting policies** - continued

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.

1.15 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.

1.16 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.

1.17 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.

1. **Summary of significant accounting policies** - continued

1.17 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.

1.18 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.

1.19 Borrowing costs

Borrowing costs are recognised in profit or loss as incurred.

1.20 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 by the company's shareholders.

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. The Group's operating revenues, operating expenditure and financing are mainly denominated in euro.

Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the reporting date is not deemed necessary.

(ii) Cash flow interest rate risk

As the Group has no significant variable interest-bearing assets and liabilities, the Group's income and operating cash flows are not dependent of changes in market interest rates.

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	
	2016	2015
	€	€
Carrying amounts		
Trade receivables	**2,669,017**	2,536,710
Amounts due from parent	**829,225**	440,792
Other receivables	**218,861**	453,934
Indirect taxation	**402,915**	348,757
Cash and cash equivalents (Note 9)	**8,196,303**	2,587,222
	12,316,321	6,367,415

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 only with local financial institutions with high quality standing or rating

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 three 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's receivables include significant 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. These amounts 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.

2.2 Fair values of financial instruments

At 31 December 2016 and 2015, 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 2016			
Cost and net book amount	-	725,000	725,000
Year ended 31 December 2016			
Opening net book amount	-	725,000	725,000
Additions	84,155	-	84,155
Closing net book amount	**84,155**	**725,000**	**809,155**
At 31 December 2016			
Cost and net book amount	**84,155**	**725,000**	**809,155**

The Group's intangible assets have not been commissioned and hence 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 2016						
Cost	203,217	600,735	1,813,007	430,559	259,547	3,307,065
Accumulated depreciation	(6,408)	-	(582,886)	(316,579)	(212,589)	(1,118,462)
Net book amount	196,809	600,735	1,230,121	113,980	46,958	2,188,603
Year ended 31 December 2016						
Opening net book amount	196,809	600,735	1,230,121	113,980	46,958	2,188,603
Additions	3,534,258	-	1,737,483	245,520	39,387	5,556,648
Commissioned assets	600,735	(600,735)	-	-	-	-
Depreciation charge	(48,976)	-	(176,351)	(70,509)	(32,012)	(327,848)
Closing net book amount	**4,282,826**	**-**	**2,791,253**	**288,991**	**54,333**	**7,417,403**
At 31 December 2016						
Cost	4,338,210	-	3,550,490	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**	**-**	**2,791,253**	**288,991**	**54,333**	**7,417,403**

The improvement to premises include capitalised labour costs of €674,259 (2015: Nil).

The Group acquired the land on a title of temporary emphyteusis grant through a successful competitive tender bidding process. The directors expect that 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 at its historical cost, which comprises preliminary costs 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.

5. Investment property

Company	Leasehold land and buildings €
Year ended 31 December 2016	
Opening net book amount	-
Additions	1,928,109
Depreciation charge	(12,360)
Closing net book amount	**1,915,749**
At 31 December 2016	
Cost	1,928,109
Accumulated depreciation	(12,360)
Net book amount	**1,915,749**

The above additions relate to preliminary and transaction costs incurred by the Company during the year related to a temporary emphyteutical grant of 65 years entered into with the Government of Malta on 16 September 2016 with respect to property in Marsa. 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

	€
Year ended 31 December 2016	
At beginning of the year	**222,140**
Additions	**346,801**
At end of the year	**568,941**

The principal subsidiaries at 31 December is shown below:

	Registered office	Class of shares held	Percentage of shares held 2016 %	2015 %
MMH People Limited (formerly Ableman International Limited)	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	**99.99**	99.99
MMH Malta Limited (formely Mainticare 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 (formerly Ableman Drilling Careers Academy Limited)	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	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**	-

7. Inventories

	Group 2016 €	2015 €
Work-in-progress	**56,122**	157,850

8. Trade and other receivables

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Non-current				
Advanced payments	**352,150**	325,910	**-**	-
Amounts due from parent	**829,225**	440,792	**-**	-
Amounts due from subsidiaries	**-**	-	**1,224,700**	3,421,256
	1,181,375	766,702	**1,224,700**	3,421,256
Current				
Trade receivables	**2,669,017**	2,536,710	**-**	-
Advanced payments	**389,152**	-	**-**	-
Indirect taxation	**402,915**	348,757	**-**	-
Prepayments and accrued income	**1,452,615**	5,118	**509,556**	-
Other receivables	**218,861**	453,934	**19,249**	8,000
	5,132,560	3,344,519	**528,805**	8,000
Total trade and other receivables	**6,313,935**	4,111,221	**1,753,505**	3,429,256

The amounts due from subsidiaries are unsecured, interest free and have no fixed date of repayment.

At 31 December 2016, the amounts due from parent are unsecured, interest free and repayable in 2026. As from 2017, the amounts due from the parent company bear interest at 5%.

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.

9. Cash and cash equivalents

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

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Cash at bank and in hand	**8,196,303**	2,587,222	**279,400**	100,508
Bank balance overdrawn	**(263,059)**	(172,618)	**-**	(167,419)
	7,933,244	2,414,604	**279,400**	(66,911)

The cash and cash equivalents are disclosed net of unrealised differences on exchange. Included within the cash and cash equivalents of the Group is an amount of €7,209,640 received from the proceeds of the bond issue that have not been utilised by the year end.

10. Share capital

	Group & Company	
	2016	2015
	€	€
Authorised, issued, called-up and fully paid		
250,000 ordinary shares class A of €1 each	**250,000**	250,000
250,000 ordinary shares class B of €1 each	**250,000**	250,000
	500,000	500,000

'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% (2015: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property i.e. tax effect of 8% of the transfer value.

The movement on the deferred tax account is as follows:

	Group	
	2016	2015
	€	€
At beginning of year	**40,282**	-
Recognised directly in profit or loss		
Deferred tax credit for the year (Note 20)	**97,793**	40,282
At end of year	**138,075**	40,282

The balance at 31 December represents:

	2016	2015
	€	€
Temporary differences arising on depreciation of property, plant and equipment	**(155,339)**	-
Temporary differences on unutilised capital allowances	**233,945**	40,282
Temporary differences arising on trading tax losses	**59,469**	-
Deferred tax asset	**138,075**	40,282

At 31 December 2016 the Group had unrecognised deferred tax assets of €15,495 (2015: €Nil) arising from unabsorbed capital allowances 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.

12. Borrowings

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Non-current				
15,000,000 4.8% bonds 2026	**14,653,191**	-	**-**	-
Loan from subsidiary	**-**	-	**1,800,000**	-
Bank loan	**-**	1,226,733	**-**	1,226,733
Total non-current	**14,653,191**	1,226,733	**1,800,000**	1,226,733
Current				
Overdrawn bank balance	**263,059**	172,618	**-**	167,419
Bank loan	**-**	413,927	**-**	413,927
Other borrowings	**-**	21,150	**-**	-
Total current	**263,059**	607,695	**-**	581,346
Total borrowings	**14,916,250**	1,834,428	**1,800,000**	1,808,079

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

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
	2016
	€
Face value	
15,000,000 4.80% bonds 2026	**15,000,000**
	15,000,000
Issue costs	**(354,188)**
Accumulated amortisation	**7,379**
Closing net book amount	**(346,809)**
Amortised cost at 31 December	**14,653,191**

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

	Group
	2016
	€
Total borrowings:	
At fixed rates	**4.80%**

12. Borrowings - continued

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

	Group 2016
Bonds 2026	**4.80%**

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.

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 2016 for the bonds was €103.50. In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

13. Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Non-current				
Other payables	**425,000**	425,000	**-**	-
Amounts due to subsidiaries	**-**	-	**379,377**	190,142
Amounts due to related parties	**-**	-	**1,171,929**	1,171,929
	425,000	425,000	**1,551,306**	1,362,071
Current				
Trade and capital payables	**2,009,853**	1,628,491	**475,471**	-
Other payables	**154,978**	32,411	**143,867**	-
Accruals and deferred income	**473,945**	116,272	**10,750**	5,000
Non-current	**2,638,776**	1,777,174	**630,088**	5,000
Total trade and other payables	**3,063,776**	2,202,174	**2,181,394**	1,367,071

The amounts due to subsidiaries and related parties are unsecured, interest free and have no fixed date of repayment.

14. Revenue

All the Group's revenue was derived from the provision of specialised 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	
	2016	2015	**2016**	2015
	€	€	**€**	€
Rendering of services	**12,624,691**	13,706,594	**-**	-
Rental income	**-**	-	**849,260**	-
	12,624,691	13,706,594	**849,260**	-

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

15. (Loss)/profit

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

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Depreciation on property, plant and equipment (Note 4)	**327,848**	251,996	**-**	-
Depreciation of investment property (Note 5)	**-**	-	**12,360**	-
Ground rent payable	**849,260**	183,956	**849,260**	-
Employee benefit expense (Note 16)	**1,988,013**	1,191,280	**-**	-

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2016 and 2015 relate to the following:

	Group	
	2016	2015
	€	€
Annual statutory audit	**46,300**	21,000
Tax compliance services	**2,050**	-
Other non-audit services	**122,490**	23,050
	170,840	44,050

The other non-audit services relate to costs incurred with respect to the bond issue that were recognised with bond issue costs (Note 12).

16. Employee benefit expense

	Group	
	2016	2015
	€	€
Wages and salaries	**2,510,796**	1,083,344
Social security costs	**147,022**	106,673
Maternity fund contributions	**4,454**	1,263
	2,662,272	1,191,280
Capitalised payroll costs	**(674,259)**	-
	1,988,013	1,191,280

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

	Group	
	2016	2015
Direct and administrative	**90**	60

17. Other income

	Group	
	2016	2015
	€	€
Other income	**97,526**	-

18. Finance income

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Bank interest receivable	**5,913**	9,925	**1,648**	2,535
Interest receivable from fellow subsidiary	**-**	-	**120,000**	-
	5,913	9,925	**121,648**	2,535

19. Finance costs

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Bond interest	**157,360**	-	**-**	-
Amortisation of bond issue costs	**7,379**	-	**-**	-
Interest payable to subsidiary	**-**	-	**25,235**	
Bank interest	**101,044**	113,039	**92,229**	-
Other interest	**-**	17,788	**-**	-
	265,783	130,827	**117,464**	-

20. Tax (credit)/expense

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Current tax expense	**314**	315,675	**247**	380
Deferred tax credit (Note 11)	**(97,793)**	(40,282)	**-**	-
Tax (credit)/expense	**(97,479)**	275,393	**247**	380

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	
	2016	2015	**2016**	2015
	€	€	**€**	€
(Loss)/profit before tax	**(634,093)**	705,796	**(40,306)**	(16,759)
Tax at 35%	**(221,933)**	247,029	**(14,107)**	(5,866)
Tax effect of:				
Expenses not deductible for tax purposes	**65,023**	13,434	**14,684**	5,843
Unrecognised deferred tax	**15,495**	4,001	**-**	-
Under provision in unrecognised deferred tax in prior year	**44,305**	-	**-**	-
Income subject to foreign tax	**-**	9,617	**-**	-
Unrealised exchange differences	**50**	4,773	**-**	910
Income subject to reduced rates of tax	**(419)**	(3,461)	**(330)**	(507)
Tax (credit)/expense	**(97,479)**	275,393	**247**	380

21. Directors' emoluments

	Group	
	2016	2015
	€	€
Salaries and other emoluments	**264,366**	224,782

22. Cash (used in)/from operations

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

	Group		Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Operating (loss)/profit	**(374,223)**	826,698	**(44,490)**	(19,294)
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	**327,848**	251,996	**-**	-
Depreciation of investment property (Note 5)	**-**	-	**12,360**	-
Movement in foreign exchange reserve	**(63,443)**	29,088	**-**	107
Changes in working capital:				
Inventories	**101,728**	117,926	**-**	-
Trade and other receivables	**(2,202,714)**	3,764,123	**1,675,751**	293,591
Trade and other payables	**861,602**	(1,707,150)	**814,323**	-
Cash (used in)/from operations	**(1,349,202)**	3,282,681	**2,457,944**	274,404

23. Contingencies

The Group received claims for additional charges of €1,005,297 (2015: €563,646) for the use of operational property which it is contesting on the basis that such claims are not covered by contractual obligations. The Group is presently rebutting these claims and the directors are of the opinion that settlement of this contestation will not have an adverse impact on the cash flows of the Group.

24. Commitments

Contracted commitments

On 22 May 2012, the Group entered into a contract whereby its parent (Elesolar Company Limited) had transferred to a subsidiary all the rights and obligations of a promise of sale agreement to acquire land from third parties at a cost of €873,515. The purpose to acquire land was to build a petrol station with all the necessary amenities. As at year end, the Group had not yet signed the contract of sale and has paid advances to the third parties totalling €352,150 (2015: €325,910) as disclosed in Note 8.

24. **Commitments** - continued

Capital commitments

	Group 2016 €	Group 2015 €
Authorised and contracted for	**5,992,803**	-

25. 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, who is therefore considered to be related party. 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

	Company 2016 €	Company 2015 €
Rental income from subsidiary	**849,260**	-
Interest income from subsidiary	**120,000**	-
Interest payable to subsidiary	**(25,235)**	-

Amounts paid to key management personnel in respect of services provided during the current and previous year including short-term benefits, and are disclosed in Note 21.

26. Statutory information

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

The immediate parent company of MMH Holdings Limited is Elesolar 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.

27. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance 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, (Cap.386).