

**MMH HOLDINGS LIMITED**

**Annual Report and Consolidated  
Financial Statements  
31 December 2018**

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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 170,000m<sup>2</sup> 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 1<sup>st</sup> 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](http://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*

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#### *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.

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#### *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

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### *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.

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### *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.

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### *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

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### *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



Stefan Bonello  
Partner

29 April 2019

## Statements of financial position

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

**Statements of financial position - continued**

		<b>As at 31 December</b>			
Notes	<b>Group</b>		<b>Company</b>		
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	
	€	€	€	€	
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	10	1,000,000	500,000	1,000,000	500,000
Reporting currency conversion reserve		(91,993)	(86,596)	(295)	(295)
Other reserves		18,305	18,305	-	-
Retained earnings		2,786,270	4,305,357	27,253	62,518
		<b>3,712,582</b>	4,737,066	<b>1,026,958</b>	562,223
Non-controlling interest		54,321	46,923	-	-
<b>Total equity</b>		<b>3,766,903</b>	4,783,989	<b>1,026,958</b>	562,223
<b>Non-current liabilities</b>					
Borrowings	12	18,047,242	15,105,125	3,549,362	1,800,000
Trade and other payables	13	-	-	1,588,632	1,354,376
Grants designated for specific purposes	14	1,704,891	1,664,860	-	-
Total non-current liabilities		<b>19,752,133</b>	16,769,985	<b>5,137,994</b>	3,154,376
<b>Current liabilities</b>					
Borrowings	12	2,110,794	200,058	2,110,794	200,058
Trade and other payables	13	8,195,236	7,161,699	3,826,713	1,731,477
Grants designated for specific purposes	14	42,980	41,179	-	-
Current tax liabilities		316,585	319,067	23,986	24,025
Total current liabilities		<b>10,665,595</b>	7,722,003	<b>5,961,493</b>	1,955,560
Total liabilities		<b>30,417,728</b>	24,491,988	<b>11,099,487</b>	5,109,936
<b>Total equity and liabilities</b>		<b>34,184,631</b>	29,275,977	<b>12,126,445</b>	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
		€	€	€	€
<b>Revenue</b>	15	<b>14,469,908</b>	15,733,451	<b>1,013,378</b>	792,614
Cost of sales	16	<b>(11,571,427)</b>	(12,544,049)	<b>(713,378)</b>	(672,614)
<b>Gross profit</b>		<b>2,898,481</b>	3,189,402	<b>300,000</b>	120,000
Distribution costs	16	<b>(255,983)</b>	(246,281)	-	-
Administrative expenses	16	<b>(2,710,677)</b>	(2,184,900)	<b>(133,337)</b>	(136,459)
Other income	18	<b>42,845</b>	82,332	<b>11,873</b>	750
<b>Operating (loss)/profit</b>		<b>(25,334)</b>	840,553	<b>178,536</b>	(15,709)
Investment income	19	<b>18,872</b>	19,411	<b>770,032</b>	238,634
Finance costs	20	<b>(929,235)</b>	(755,373)	<b>(214,483)</b>	(110,724)
<b>(Loss)/profit before tax</b>		<b>(935,697)</b>	104,591	<b>734,085</b>	112,201
Tax (expense)/credit	21	<b>(76,532)</b>	230,880	<b>(269,350)</b>	(86,179)
<b>(Loss)/profit for the year</b>		<b>(1,012,229)</b>	335,471	<b>464,735</b>	26,022
<b>Attributable to:</b>					
Equity holders		<b>(1,019,087)</b>	326,436	<b>464,735</b>	26,022
Non-controlling interest		<b>6,858</b>	9,035	-	-
		<b>(1,012,229)</b>	335,471	<b>464,735</b>	26,022

## Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
		2018	2017	2018	2017
		€	€	€	€
(Loss)/profit for the year		<b>(1,019,087)</b>	326,436	<b>464,735</b>	26,022
<b>Other comprehensive income</b>					
Transfer to foreign exchange reserve		<b>(5,397)</b>	(14,968)	-	-
<b>Total comprehensive income for the year</b>		<b>(1,024,484)</b>	311,468	<b>464,735</b>	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	
<b>Comprehensive income:</b>								
Profit for the year		-	-	-	326,436	9,035	335,471	
<b>Other comprehensive income:</b>								
Transfer to foreign exchange reserve		-	-	(14,968)	-	-	(14,968)	
<b>Total comprehensive income</b>		-	-	(14,968)	326,436	9,035	320,503	
<b>Balance at 31 December 2017</b>		<b>500,000</b>	<b>18,305</b>	<b>(86,596)</b>	<b>4,305,357</b>	<b>46,923</b>	<b>4,783,989</b>	
Balance as at 1 January 2018		500,000	18,305	(86,596)	4,305,357	46,923	4,783,989	
<b>Comprehensive income:</b>								
Loss for the year		-	-	-	(1,019,087)	6,858	(1,012,229)	
<b>Other comprehensive income:</b>								
Transfer to foreign exchange reserve		-	-	(5,397)	-	-	(5,397)	
<b>Total comprehensive income</b>		-	-	(5,397)	(1,019,087)	6,858	(1,017,626)	
<b>Transactions with owners:</b>								
Capitalisation of reserves	10	500,000	-	-	(500,000)	-	-	
Creation of non-controlling interest		-	-	-	-	540	540	
		500,000	-	-	(500,000)	540	540	
<b>Balance at 31 December 2018</b>		<b>1,000,000</b>	<b>18,305</b>	<b>(91,993)</b>	<b>2,786,270</b>	<b>54,321</b>	<b>3,766,903</b>	

**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
<b>Comprehensive income</b>					
Profit for the year		-	-	26,022	26,022
<b>Balance at 31 December 2017</b>		<b>500,000</b>	<b>(295)</b>	<b>62,518</b>	<b>562,223</b>
Balance at 1 January 2018		500,000	(295)	62,518	562,223
<b>Comprehensive income</b>					
Profit for the year		-	-	464,735	464,735
<b>Transactions with owners</b>					
Capitalisation of reserves	10	500,000	-	(500,000)	-
<b>Balance at 31 December 2018</b>		<b>1,000,000</b>	<b>(295)</b>	<b>27,253</b>	<b>1,026,958</b>

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	
	€	€	€	€	
<b>Cash flows from operating activities</b>					
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
<b>Cash flows used in investing activities</b>					
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)
<b>Cash flows from financing activities</b>					
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	-
<b>Net movement in cash and cash equivalents</b>		<b>(1,597,000)</b>	<b>(6,789,420)</b>	<b>(1,489,515)</b>	<b>(376,156)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,143,824</b>	<b>7,933,244</b>	<b>(96,756)</b>	<b>279,400</b>
<b>Cash and cash equivalents at end of year</b>	9	<b>(453,176)</b>	<b>1,143,824</b>	<b>(1,586,271)</b>	<b>(96,756)</b>

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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
<b>Carrying amounts</b>		
Trade receivables - net	<b>5,029,893</b>	4,681,529
Amounts due from parent	<b>860,461</b>	853,711
Other receivables	<b>298,226</b>	274,006
Indirect taxation	<b>409,461</b>	616,280
Cash and cash equivalents (Note 9)	<b>1,235,645</b>	1,343,882
	<b>7,833,686</b>	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 €
<b>31 December 2018</b>					
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	-	-
	<b>28,643,376</b>	<b>34,779,820</b>	<b>9,337,209</b>	<b>5,268,392</b>	<b>18,485,398</b>

	Carrying Amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
<b>31 December 2017</b>					
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	-	-
	<b>22,361,757</b>	<b>28,841,757</b>	<b>7,881,699</b>	<b>2,880,000</b>	<b>17,880,000</b>

**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 €
<b>At 1 January 2017</b>			
Cost and net book amount	84,155	725,000	809,155
<b>Year ended 31 December 2017</b>			
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
<b>At 31 December 2017</b>			
Cost	101,466	725,000	826,466
Accumulated amortisation	(20,293)	-	(20,293)
<b>Net book amount</b>	<b>81,173</b>	<b>725,000</b>	<b>806,173</b>
<b>Year ended 31 December 2018</b>			
Opening net book amount	81,173	725,000	806,173
Additions	11,293	-	11,293
Amortisation	(21,423)	-	(21,423)
Closing net book amount	<b>71,043</b>	<b>725,000</b>	<b>796,043</b>
<b>At 31 December 2018</b>			
Cost	112,759	725,000	837,759
Accumulated depreciation	(41,716)	-	(41,716)
<b>Net book amount</b>	<b>71,043</b>	<b>725,000</b>	<b>796,043</b>

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 €
<b>At 1 January 2017</b>						
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
<b>Year ended 31 December 2017</b>						
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
<b>At 31 December 2017</b>						
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
<b>Year ended 31 December 2018</b>						
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
<b>At 31 December 2018</b>						
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**

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

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**

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



**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
	<b>453,046</b>	<b>446,634</b>

**8. Trade and other receivables**

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
<b>Non-current</b>				
Amounts due from parent	860,461	853,711	-	-
Amounts due from subsidiaries	-	-	5,814,158	1,041,465
	<b>860,461</b>	<b>853,711</b>	<b>5,814,158</b>	<b>1,041,465</b>
<b>Current</b>				
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
	<b>6,012,198</b>	<b>6,756,096</b>	<b>187,152</b>	<b>680,184</b>
<b>Total trade and other receivables</b>	<b>6,872,659</b>	<b>7,609,807</b>	<b>6,001,310</b>	<b>1,721,649</b>

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)
	<b>(453,176)</b>	<b>1,143,824</b>	<b>(1,586,271)</b>	<b>(96,756)</b>

**10. Share capital**

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

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

The balance at 31 December represents:

	<b>2018</b>	<b>2017</b>
	€	€
Temporary differences arising on depreciation of property, plant and equipment	<b>(484,889)</b>	(484,892)
Temporary differences on unutilised capital allowances	<b>486,070</b>	486,070
Temporary differences arising on trading tax losses	<b>24,334</b>	59,540
Temporary differences on provision for impairment of receivables	<b>-</b>	33,486
Temporary differences on unutilised tax credits	<b>312,798</b>	312,798
<b>Net deferred tax assets</b>	<b>338,313</b>	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 €
<b>Non-current</b>				
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	-	-
<b>Total non-current</b>	<b>18,047,242</b>	<b>15,105,125</b>	<b>3,549,362</b>	<b>1,800,000</b>
<b>Current</b>				
Bank loans	421,973	-	421,973	-
Bank overdraft	1,688,821	200,058	1,688,821	200,058
<b>Total current</b>	<b>2,110,794</b>	<b>200,058</b>	<b>2,110,794</b>	<b>200,058</b>
<b>Total borrowings</b>	<b>20,158,036</b>	<b>15,305,183</b>	<b>5,660,156</b>	<b>2,000,058</b>

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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	€	€
<b>Face value</b>		
15,000,000 4.80% bonds 2026	<b>15,000,000</b>	15,000,000
	<b>15,000,000</b>	15,000,000
Issue costs	<b>(354,188)</b>	(354,188)
Accumulated amortisation	<b>64,084</b>	34,313
	<b>(290,104)</b>	(319,875)
<b>Amortised cost at 31 December</b>	<b>14,709,896</b>	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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
<b>Total borrowings:</b>		
Unsecured bonds	<b>4.80%</b>	4.80%
Bank loans	<b>3.50%</b>	-
Bank overdraft	<b>5.00%</b>	6.40%
	<b>5.00%</b>	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 €
<b>Non-current</b>				
Amounts due to subsidiaries	-	-	416,703	182,447
Amounts due to related parties	-	-	1,171,929	1,171,929
	-	-	<b>1,588,632</b>	1,354,376
<b>Current</b>				
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
	<b>8,195,236</b>	7,161,699	<b>3,826,713</b>	1,731,477
<b>Total trade and other payables</b>	<b>8,195,236</b>	7,161,699	<b>5,415,345</b>	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 €
<b>Year ended 31 December</b>		
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	<b>1,747,871</b>	1,706,039
	<b>2018</b> €	2017 €
<b>Disclosed as:</b>		
Current	42,980	41,179
Non-current	1,704,891	1,664,860
	<b>1,747,871</b>	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
	<b>14,469,908</b>	<b>15,733,451</b>	<b>1,013,378</b>	<b>792,614</b>

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
	<b>59,600</b>	<b>75,980</b>

**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)	-	-
<b>Tax expense/(credit)</b>	<b>76,532</b>	<b>(230,880)</b>	<b>269,350</b>	<b>86,179</b>

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	-	-
<b>Tax expense/(credit)</b>	<b>76,532</b>	<b>(230,880)</b>	<b>269,350</b>	<b>86,179</b>

**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 or 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	<b>2,512,739</b>	1,912,860	<b>(1,734,158)</b>	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	<b>978,212</b>	-

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	-	-	<b>1,013,378</b>	792,614
Dividend income from subsidiary	-	-	<b>769,230</b>	237,620
Interest payable to subsidiary	-	-	<b>(107,100)</b>	(107,100)
Interest income from parent	<b>17,261</b>	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.