

MMH HOLDINGS LIMITED

Annual Report and Consolidated Financial Statements
31 December 2021

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Directors' report

The directors have prepared this report in accordance with Article 177 of the Companies Act (Chapter 386 of the Laws of Malta) ('the Act') including the further provisions as set out in the Sixth Schedule to the Act together with the financial statements of the Company for the year ended 31 December 2021.

Directors, Officers & Other Information

<i>Directors:</i>	Mr Paul Abela (Chairman)	(until 10 May, 2021)
	Ms Angelique Abela	(formerly Maggi)
	Ms Louisa Ann Abela	(from 10 May, 2021)
	Mr Paul J. Abela	(from 10 May, 2021)
	Mr Duncan Brincat	(until 10 May, 2021)
	Mr Ray Ciantar	(until 10 May, 2021)
	Dr Ann Fenech	(from 10 May, 2021)
	Mr Joseph Maggi	(until 10 May, 2021)
	Mr Sergio Vella	(from 10 May, 2021)
	Mr Joshua Zammit	(from 10 May, 2021)

Company Secretary:
Dr Michael Zammit Maempel

Registered Office:
Mediterranean Maritime Hub,
Jetties Wharf,
Marsa MRS 1152
Malta

Country of Incorporation: Malta

Company Registration Number: C 45547

Auditors: PricewaterhouseCoopers,
78, Mill Street,
Zone 5, Central Business District
Qormi CBD 5090
Malta

Principal bankers:
APS Bank p.l.c.
APS Centre
Tower Street
Birkirkara BKR 4012
Malta

Principal Activities

MMH Holdings Limited (the 'Company') is the 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

Review of the Business

Introduction

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

MMH Holdings Limited is the parent company of the Group. As such, its performance is dependent on the performance of the Group as a whole.

Group's Performance for 2021 and Outlook for 2022

The Group's recorded turnover for the end of 2021 was €14,025,196 (2020: €14,866,746). During the year under review, the Group's gross profit was €1,286,101 (2020: €2,468,872) with an operating loss of €656,107 (2020: profit of €1,765,787).

The Group's net assets at the end of 2021 amounted to €2,853,485 (2020: €4,738,420).

The Group measures the achievement of its objectives using the following other key performance indicators.

Financial

The Group's current ratio ("current assets divided by current liabilities") stands at 0.74:1 (2020: 1.09:1).

The Group measures its performance based on EBITDA. EBITDA is defined as the Group profit before depreciation, amortisation, net finance expense and taxation. During the year under review, EBITDA amounted to €928,834 (2020: € 3,285,311).

After accounting for investment income and finance costs, the Group registered a pre-tax loss of €1,761,687 (2020: profit of €676,236).

During the year under review, the Group slowed down development on the Site, mainly focusing on consolidating its position and concentrating on the Site's essential areas. Nonetheless, the investment within the Site continued during the year with a total investment of €1,015,473. This consisted mainly of investment in plant and machinery and improvements to the Site. The total investment by the Group in the Site at cost at the end of 2021 reached €27 million.

Group Operations

The Group's current revenue streams can be segmented as follows:

- Oil and gas and energy services for operators and support vessels
- Project equipment storage and logistical support
- Provision of trained and qualified personnel for deployment in the oil and gas industry
- Specialised training courses for the oil and gas industry

Directors' report - continued

Group's Performance for 2021 and Outlook for 2022 - continued

- Maritime services including berthing facilities and shore base support for visiting vessels
- Fabrication and engineering works
- Repair and maintenance works for vessels and yachts
- Vessel hoisting up to 700 tons and hard standing facilities

Oil & Gas Operations

The average price of crude oil for 2021 was \$70.68 per barrel compared to \$41.96 for 2020. Consequently, activity in the Mediterranean has seen an increased interest in exploration and production projects which will start materialising from 2023 onwards but requests for quotations and planning will start in 2022.

The Group is following on requests for facility support services from leading oil and gas contractors. The oil price increase to an average of \$94 per barrel, coupled with the sanctions imposed on Russian fuels, is set to increase the resolve of the major oil companies to resume exploration and increased production in the Mediterranean and North African region. Hence previously shelved projects for new onshore and sub sea facilities, requiring fabrication and installation works, as well as substantial logistical support, are being once again considered.

2021 registered a significant increase in personnel recruitment on offshore rigs and platforms for the Group's logistic and personnel operations. Activity in 2020 was heavily restricted and negatively impacted due to travel restrictions imposed by Covid-19. However as a result of the Group's incessant pursuing of every possible opportunity, in the latter part of 2021 the Group saw an increase in demand, reaching total revenue of €4m, which continued to spill over into 2022.

Commercial Marine Support Activities

The commercial Marine support activities in the Facility have, as their primary target, the berthing of vessels within the Facility, which in turn require other support services.

This activity has been made possible through the initial multi million investment carried out by the Group to dredge the seabed for the fairway and the berths.

The Covid-19 restrictions on crew movements also had an impact on the number of vessels which bypassed the Maltese ports to other ports where crew movements and entry restrictions were facilitated. This also affected the overall berthing occupancy rate and hence the related revenues which in 2021 saw a decline of approximately €500K when compared to 2020.

The current situation in ship movements and long-term berthing is still recovering both from the Covid crisis and from the increased number of decommissioned vessels, and the Group anticipates that the revenues from berthing shall start recovering as from 2023.

Notwithstanding this, as with the provision of offshore personnel, the Group plans to follow up on all opportunities to continue attracting vessels and maximising its revenues.

Directors' report - continued

Group's Performance for 2021 and Outlook for 2022 - continued

Vessel Hoisting, hard standing and maintenance facilities – Vessel Care

VesselCare is in its third full year of operation, which has spanned the entire period of the pandemic. Activity has experienced growth year on year with 2021 having an increase of approximately €900K over 2020 and the forecasts indicate that 2022 will experience another growth in revenue. Further growth is anticipated with the increase of more services provided through the Group directly and also through the positive response and satisfaction rate of the Facility within the industry, as being the top and best-rated facility.

This activity has an increased seasonality factor which sees activity slowing down over the summer period and to counterbalance this seasonality slow down, the Group is finalising a set of attractive offers for the yachting and commercial vessel industry to avail themselves of the Group's facilities during the shoulder months.

Cash flow projections

The Group has prepared cash flow forecasts considering a conservative sales mix and maintaining specific cost efficiency measures in 2021.

Cash flow forecasts were prepared for the period ending December 2022 based on several assumptions, which were deemed by management to be as realistic as possible with the information and data in hand at the time of approving these financial statements.

The cash flow forecast presented by the Group indicates that sufficient cash will be generated throughout the year to enable the Group to meet its financial commitments. A major consideration is that 2022 should be the year from Covid recovery and normality restored in free movement of people without ignoring the reality of the war in Ukraine.

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.

Likely future business developments

The Directors consider that taking all into consideration, that the Site is still a project-in-the-making, and is not yet fully utilised for revenue generation as well as the effects of the Covid pandemic, the year-end financial position of the Group was satisfactory. Future performance will require focus in seizing every opportunity in a post-pandemic recovering market while keeping a watchful eye on the developing Ukraine war and its possible effects on various economies.

Directors' report - continued

Post balance sheet events on the Group Operations

Towards the end of February 2022, the armed conflict between the Russian Federation and Ukraine set in motion a chain of diplomatic efforts and other major geopolitical events which led several western nations, including the EU Member States and its institutions and the United States government, to impose several sanctions on the Russian Federation and Belarus. The sanctions currently in place include several restrictive measures of a direct financial nature that have a significant direct impact on the broad economy of the affected nations and result in a downgrading of their sovereign and private debt by international credit rating agencies.

The consequences of these restrictive measures are also expected to significantly impact the economies of the countries implementing such trade restrictions, with a spill-over on the world economy, as uncertainty and market volatility remains high across all industries with increasing tensions and rhetoric on both sides. The cost of doing business is expected to rise further, compounded by the remaining effects of the Covid-induced shocks on the global economy seen in the last couple of years, as the ongoing conflict in Ukraine and Covid-related measures continue to rock global supply chains. Both the International Monetary Fund and the World Bank have indicated that the resulting impact of the conflict on global growth and recovery from Covid effects will be significant. As oil and gas prices shift upwards due to the war, transport and other procurement costs required for business will also increase. Due to the nature and decisiveness of these restrictive measures, the global economic impact is expected to be long-lasting, even if the conflict ceases in the immediate future. The dynamics of international trade between the EU, the USA and Asia are also significantly impacted, possibly long-term.

It is still too early to quantify the ongoing war in Ukraine on the Group's business and operations in the short and medium-term. Management is preparing itself to implement such measures necessary should a decline in revenue be anticipated and to implement any further course of action as deemed applicable in the circumstances. Management and the directors continue to actively monitor all developments taking place internationally to take any action for unforeseen effects that such conflict might have on the economies and industries in which the Group operates.

Following the current raft of sanctions implemented by the member states of the European Union, the Group has assessed the effect these may have on the servicing or berthing of vessels owned by specific Russian or Belarusian individuals. So far, the Group has not had business links with any such sanctioned individuals, nor are there currently any prospects of conducting such business. In recent days, the EU has ramped up sanctions that include a complete ban on offering porting or berthing facilities to vessels sailing under the Russian flag (or which have changed flag from a Russian one after the end of February 2022), which measure could affect the Group's revenue in the form of missed opportunities to offer quayside berthing services and yacht maintenance or servicing. The core business of the Group, however, remains firmly focused on the Mediterranean region and on business opportunities arising in that area, and not on the Ukraine or Russian regions. The economic effects of the War are therefore unlikely to be exclusively endemic to the Group, but – as has been the case with the Covid pandemic – will affect business supply chains and the costs of transport and logistics.

Directors' report - continued

On behalf of the Board of Directors



Angelique Abela
Director

26 April 2022



Louisa Ann Abela
Director



Independent auditor's report

To the Shareholders of MMH Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The 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 of MMH Holdings Limited as at 31 December 2021, 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 12 to 46, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2021;
- the Consolidated and Parent Company income statements 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.



Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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.

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 and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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



Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and the overall economy.
- 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

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Report and Financial Statements 2021 and the related Directors' responsibilities	Our responsibilities	Our reporting
<p>Directors' report (on pages 1 to 6) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> 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). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>



Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited

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 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 which, to the best of our knowledge and belief, we require for our audit.

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

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Stefan Bonello
Partner

26 April 2022

Statements of financial position


		As at 31 December			
		Group		Company	
Notes	2021	2020	2021	2020	
	€	€	€	€	
ASSETS					
Non-current assets					
Intangible assets	3	731,775	753,197	-	-
Property, plant and equipment	4	28,472,429	27,954,675	-	-
Investment property	5	-	-	7,157,412	6,512,721
Financial assets:					
Investment in subsidiaries	6	-	-	867,202	867,202
Investment in associate	7	10,000	10,000	10,000	10,000
Trade and other receivables	9	2,113,930	885,063	8,299,566	7,782,134
Deferred taxation	12	-	49,391	-	-
Total non-current assets		31,328,134	29,652,326	16,334,180	15,172,057
Current assets					
Inventories	8	68,952	273,511	-	-
Trade and other receivables	9	5,709,005	6,457,692	684,824	597,035
Current tax assets		19,656	-	-	-
Cash and cash equivalents	10	1,226,518	1,910,438	963	7,532
Total current assets		7,024,131	8,641,641	685,787	604,567
Total assets		38,352,265	38,293,967	17,019,967	15,776,624


Statements of financial position - continued

		As at 31 December			
		Group		Company	
Notes		2021	2020	2021	2020
		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
		1,000,000	1,000,000	1,000,000	1,000,000
	11	(130,424)	(76,195)	(295)	(295)
		18,305	18,305	-	-
		1,923,978	3,767,200	14,858	3,983
		2,811,859	4,709,310	1,014,563	1,003,688
		41,626	29,110	-	-
		2,853,485	4,738,420	1,014,563	1,003,688
Non-current liabilities					
	13	18,056,851	19,818,596	5,051,464	5,496,338
	14	6,014,880	3,777,421	6,758,418	5,622,015
	15	1,919,799	2,002,583	-	-
	12	5,557	-	-	-
		25,997,087	25,598,600	11,809,882	11,118,353
Current liabilities					
	13	4,237,981	2,789,985	2,441,505	2,256,560
	14	5,179,085	4,978,538	1,753,354	1,396,028
	15	84,627	86,426	-	-
		-	101,998	663	1,995
		9,501,693	7,956,947	4,195,522	3,654,583
		35,498,780	33,555,547	16,005,404	14,772,936
		38,352,265	38,293,967	17,019,967	15,776,624

The notes on pages 18 to 46 are an integral part of these financial statements.

The financial statements on pages 12 to 46 were authorised for issue by the board on 26 April 2022 and were signed on its behalf by:


Ms. Angelique Abela
Director


Ms. Louisa Ann Abela
Director

Income statements

		Year ended 31 December				
		Group		Company		
Notes		2021	2020	2021	2020	
		€	€	€	€	
	Revenue	16	14,025,196	14,866,746	1,995,929	1,906,757
	Cost of sales	17	(12,739,095)	(12,397,874)	(1,515,929)	(1,426,757)
	Gross profit		1,286,101	2,468,872	480,000	480,000
	Distribution costs	17	(226,251)	(194,477)	-	-
	Administrative expenses	17	(2,156,681)	(1,669,836)	(87,642)	(82,428)
	Other income	19	440,724	1,161,228	-	-
	Operating (loss)/profit		(656,107)	1,765,787	392,358	397,572
	Investment income	20	17,635	18,077	-	10
	Finance costs	21	(1,123,215)	(1,107,628)	(382,853)	(378,941)
	(Loss)/profit before tax		(1,761,687)	676,236	9,505	18,641
	Tax (expense)/credit	22	(69,019)	(289,019)	1,370	(1,773)
	(Loss)/profit for the year		(1,830,706)	387,217	10,875	16,868
	Attributable to:					
	Equity holders		(1,843,222)	384,103	10,875	16,868
	Non-controlling interest		12,516	3,114	-	-
			(1,830,706)	387,217	10,875	16,868

The notes on pages 18 to 46 are an integral part of these financial statements.

Statements of changes in equity

Group	Attributable to shareholders					Total €
	Share capital €	Other reserves €	Foreign exchange reserve €	Retained earnings €	Non- controlling interest €	
Balance as at 1 January 2020	1,000,000	18,305	(58,279)	3,383,097	25,996	4,369,119
Profit for the year	-	-	-	384,103	3,114	387,217
Transfer to foreign exchange reserve	-	-	(17,916)	-	-	(17,916)
Total	-	-	(17,916)	384,103	3,114	369,301
Balance at 31 December 2020	1,000,000	18,305	(76,195)	3,767,200	29,110	4,738,420
Balance as at 1 January 2021	1,000,000	18,305	(76,195)	3,767,200	29,110	4,738,420
Loss for the year	-	-	-	(1,843,222)	12,516	(1,830,706)
Transfer to foreign exchange reserve	-	-	(54,229)	-	-	(54,229)
Total	-	-	(54,229)	(1,843,222)	12,516	(1,884,935)
Balance at 31 December 2021	1,000,000	18,305	(130,424)	1,923,978	41,626	2,853,485

Statements of changes in equity - continued

Company	Share capital €	Foreign exchange reserve €	Retained earnings €	Total €
Balance at 1 January 2020	1,000,000	(295)	(12,885)	986,820
Profit for the year	-	-	16,868	16,868
Balance at 31 December 2020	1,000,000	(295)	3,983	1,003,688
Balance at 1 January 2021	1,000,000	(295)	3,983	1,003,688
Profit for the year	-	-	10,875	10,875
Balance at 31 December 2021	1,000,000	(295)	14,858	1,014,563

The notes on pages 18 to 46 are an integral part of these financial statements.

Statements of cash flows

		Year ended 31 December			
		Group		Company	
Notes		2021	2020	2021	2020
		€	€	€	€
Cash flows from operating activities					
	24	2,934,772	3,361,724	1,318,343	972,351
		17,635	18,077	-	10
		(1,090,307)	(1,076,336)	(382,853)	(378,941)
		(135,725)	(123,041)	38	(2)
		1,762,375	2,180,424	935,528	593,418
Cash flows used in investing activities					
		(2,063,638)	(1,487,545)	-	-
		-	-	(682,168)	(642,040)
		(2,063,638)	(1,487,545)	(682,168)	(642,040)
Cash flows (used in)/from financing activities					
		(306,414)	93,828	(219,686)	41,931
		-	80,623	-	-
		(306,414)	174,451	(219,686)	41,931
		(643,677)	867,330	33,674	(6,691)
		(139,816)	(1,007,146)	(2,042,722)	(2,036,031)
	10	(783,493)	(139,816)	(2,009,048)	(2,042,722)

The notes on pages 18 to 46 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.

Going concern assessment

At 31 December 2021, the Group registered a loss for the year of €1,830,706 and reported net current liabilities of €2,477,562 and net equity of €2,853,485 in the statement of financial position. The Group measures its performance based on EBITDA. EBITDA is defined as the Group profit before depreciation, amortisation, net finance expense and taxation. During the year under review, EBITDA amounted to €1,047,337 (2020: € 3,164,309).

The negative impact of the reported results on the group's equity resulted in the breach of bank facility covenants. Management and the shareholders took immediate action by earmarking advances by shareholders amounting to €1,208,156 for capitalization. At the date of approval of these financial statements, this process of capitalization is in its final stages. Furthermore, management obtained waivers from its bank with respect to the above noted breaches. These actions demonstrate the continuous support given by the shareholders and the bank.

The Group's senior management team has compiled financial projections for the year ending 31 December 2022. These forecasts were based on several assumptions, which were deemed by management to be as realistic as possible with the information and data in hand at the time of approving these financial statements. The cash flow forecast presented by the Group indicates that sufficient cash will be generated throughout the year to enable the Group to meet its financial commitments. A major consideration is that 2022 should be the year from Covid recovery and normality restored in free movement of people without ignoring the reality of the war in Ukraine.

Based on the outcome of the cash flow projections the Directors and senior management are confident that the group's equity will improve and consider the going concern assumption in the preparation of the Group's and Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 financial statements. The directors also believe that no material uncertainty that may cast significant doubt about the Group's and Company's ability to continue as a going concern exists as at that date.

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.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

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.

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. Summary of significant accounting policies - continued

1.2 Consolidation - continued

(b) Associates and joint ventures

Associates are all entities over which the Group and Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investment in associate and interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's and Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's and Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's and Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group and Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group and Company. The Group's and Company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's and Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group and Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1.7. The Group and Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group and Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Dilution gains and losses arising in investments in associates are recognised in the income statement.

A listing of the Group's and Company's principal associates is set out in note 7 to these financial statements.

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)'.

(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. Summary of significant accounting policies - continued

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.

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	%
Plant and equipment	1 - 2
Furniture and fittings	10 - 25
Motor vehicles	10 - 25
	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.

1. Summary of significant accounting policies - continued

1.6 Investment property - continued

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.

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, associates and non-financial assets

Investments in subsidiaries, associates 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.

1. Summary of significant accounting policies - continued

1.8 Financial assets - continued

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).

1.8.2 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.

1. Summary of significant accounting policies - continued

1.8 Financial assets - 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.

1.13 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. Summary of significant accounting policies - continued

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 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.

1. Summary of significant accounting policies - continued

1.18 Current and deferred tax - continued

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.

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. Summary of significant accounting policies - continued

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 cash balances amounting to €134,949 (2020: €147,552) denominated in Egyptian pound and €27,589 (2020: €40,814) 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 next 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 2021 and 2020, the Group was exposed to bank borrowings issued at variable rates. The Group also has bond borrowings carrying a fixed rate of interest (note 13). 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(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	
	2021	2020
	€	€
Carrying amounts		
Trade receivables - net	4,348,000	5,508,485
Amounts due from parent	2,113,930	885,063
Other receivables	430,319	258,381
Indirect taxation	160,574	-
Cash at bank and in hand	1,226,518	1,910,438
	8,279,341	8,562,367

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 had impaired balances at 31 December 2021 of €250,000 (2020: €Nil). 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 9). 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 (2020: €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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(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 14 and 13 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.

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.

Group	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2021					
Unsecured bonds	15,000,000	18,600,000	720,000	17,880,000	-
Bank borrowings	7,489,445	8,295,965	4,421,223	2,458,560	1,416,182
Trade and other payables	9,985,809	9,985,809	9,985,809	-	-
	32,475,254	36,881,774	15,127,032	20,338,560	1,416,182

Group	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2020					
Unsecured bonds	15,000,000	19,320,000	720,000	2,880,000	15,720,000
Bank borrowings	7,836,102	7,967,810	2,050,254	3,964,020	1,953,536
Trade and other payables	8,755,959	8,755,959	8,755,959	-	-
	31,592,061	36,043,769	11,526,213	6,844,020	17,673,536

2.2 Fair values of financial instruments

At 31 December 2021 and 2020, 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 2020			
Cost	112,759	725,000	837,759
Accumulated amortisation	(63,139)	-	(63,139)
Net book amount	49,620	725,000	774,620
Year ended 31 December 2020			
Opening net book amount	49,620	725,000	774,620
Amortisation	(21,423)	-	(21,423)
Closing net book amount	28,197	725,000	753,197
At 31 December 2020			
Cost	112,759	725,000	837,759
Accumulated depreciation	(84,562)	-	(84,562)
Net book amount	28,197	725,000	753,197
Year ended 31 December 2021			
Opening net book amount	28,197	725,000	753,197
Amortisation	(21,422)	-	(21,422)
Closing net book amount	6,775	725,000	731,775
At 31 December 2021			
Cost	112,759	725,000	837,759
Accumulated depreciation	(105,984)	-	(105,984)
Net book amount	6,775	725,000	731,775

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

4. Property, plant and equipment

Group	Land and buildings €	Assets under construction €	Plant and machinery €	Furniture and fittings €	Motor vehicles €	Total €
At 1 January 2020						
Cost	20,407,465	5,525,172	4,095,883	1,117,982	747,625	31,894,127
Accumulated depreciation	(812,125)		(1,890,374)	(694,043)	(550,431)	(3,946,973)
Net book amount	19,595,340	5,525,172	2,205,509	423,939	197,194	27,947,154
Year ended 31 December 2020						
Opening net book amount	19,595,340	5,525,172	2,205,509	423,939	197,194	27,947,154
Additions	385,741	642,040	393,563	30,801	35,400	1,487,545
Commissioned assets	-	(2,768,400)	2,768,400	-	-	-
Depreciation charge	(291,828)		(997,325)	(86,175)	(104,696)	(1,480,024)
Closing net book amount	19,689,253	3,398,812	4,370,147	368,565	127,898	27,954,675
At 31 December 2020						
Cost	20,793,206	3,398,812	7,257,846	1,148,783	783,025	33,381,672
Accumulated depreciation	(1,103,953)		(2,887,699)	(780,218)	(655,127)	(5,426,997)
Net book amount	19,689,253	3,398,812	4,370,147	368,565	127,898	27,954,675
Year ended 31 December 2021						
Opening net book amount	19,689,253	3,398,812	4,370,147	368,545	127,898	27,954,675
Additions	502,664	1,046,090	343,872	171,012	-	2,063,638
Depreciation charge	(300,208)		(1,040,939)	(107,918)	(96,819)	(1,545,884)
Closing net book amount	19,891,709	4,444,902	3,673,080	431,659	31,079	28,472,429
At 31 December 2021						
Cost	21,295,870	4,444,902	7,601,718	1,319,795	783,025	35,445,310
Accumulated depreciation	(1,404,161)		(3,928,638)	(888,136)	(751,946)	(6,972,881)
Net book amount	19,891,709	4,444,902	3,673,080	431,659	31,079	28,472,429

The improvement to premises includes capitalised labour costs of €218,425 (2020: €231,420).

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 carried out by the Group, which include dredging and construction works, significantly enhanced the value of the land, with the aim of increasing 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 2021, assets amounting to €4,444,902 (2020: €3,398,812) have not been brought into use and are therefore not being depreciated. These are classified as assets under construction.

5. Investment property

Company	Leasehold land and improvements €
Year ended 31 December 2020	
Opening net book amount	5,908,156
Additions	642,040
Depreciation charge	(37,475)
Closing net book amount	6,512,721
At 31 December 2020	
Cost	6,667,169
Accumulated depreciation	(154,448)
Net book amount	6,512,721
Year ended 31 December 2021	
Opening net book amount	6,512,721
Additions	682,168
Depreciation charge	(37,477)
Closing net book amount	7,157,412
At 31 December 2021	
Cost	7,349,337
Accumulated depreciation	(191,925)
Net book amount	7,157,412

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	2021 €	2020 €
Year ended 31 December		
Opening and closing net book amount	867,202	867,202
At 31 December		
Cost	917,202	917,202
Accumulated provision for impairment	(50,000)	(50,000)
Net book amount	867,202	867,202

6. Investments in subsidiaries - continued

The principal subsidiaries at 31 December is shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2021 %	2020 %
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	100	100

7. Investment in associate

	Group & Company	
	2021	2020
	€	€
Year ended 31 December		
Opening and closing net book amount	10,000	10,000
At 31 December		
Cost and net book amount	10,000	10,000

The associate as at 31 December is as shown below:

Associates	Registered office	Class of shares held	Percentage of shares held	
			2021	2020
OG Med Company Ltd	Mediterranean Maritime Hub Head Office, Xatt il-Mollijiet Marsa, Malta	Ordinary shares	50%	50%

The associate was incorporated on 10 October 2019 and has not traded until the financial year end.

8. Inventories

	Group	
	2021	2020
	€	€
Finished goods	57,084	4,978
Work-in-progress	11,868	268,533
	68,952	273,511

9. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Non-current				
Amounts due from parent	2,113,930	885,063	-	-
Amounts due from subsidiaries	-	-	8,299,566	7,782,134
	2,113,930	885,063	8,299,566	7,782,134
Current				
Trade receivables - gross	4,598,000	5,508,485	-	-
Less: provision for impairment of receivables	(250,000)	-	-	-
Trade receivables - net	4,348,000	5,508,485	-	-
Other receivables	430,319	258,381	-	1,590
Indirect taxation	160,574	-	77	-
Prepayments and accrued income	770,112	690,826	684,747	595,445
	5,709,005	6,457,692	684,824	597,035
Total trade and other receivables	7,822,935	7,342,755	8,984,390	8,379,169

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 (2020: €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.

10. Cash and cash equivalents

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

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Cash at bank and in hand	1,226,518	1,910,438	963	7,532
Bank overdraft	(2,010,011)	(2,050,254)	(2,010,011)	(2,050,254)
	(783,493)	(139,816)	(2,009,048)	(2,042,722)

11. Share capital

	Group & Company	
	2021	2020
	€	€
Authorised, issued, called-up and fully paid		
500,000 ordinary shares class A of €1 each	500,000	500,000
500,000 ordinary shares class B of €1 each	500,000	500,000
	1,000,000	1,000,000

'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.

12. 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% (2020: 35%).

The movement on the deferred tax account is as follows:

	Group	
	2021	2020
	€	€
At beginning of year	49,391	336,531
<i>Recognised directly in profit or loss</i>		
Deferred tax charge for the year (Note 22)	(54,948)	(287,140)
At end of year	(5,557)	49,391

The balance at 31 December represents:

	2021	2020
	€	€
Temporary differences arising on depreciation of property, plant and equipment	(703,994)	(716,954)
Temporary differences on unutilised capital allowances	274,542	314,827
Temporary differences arising on trading tax losses	72,992	100,615
Temporary differences on unutilised tax credits	350,903	350,903
Net deferred tax (liabilities)/assets	(5,557)	49,391

At 31 December 2021, the Group had unrecognised deferred tax assets of €755,397 (2020: €174,264) arising from unabsorbed capital allowances, unabsorbed provisions, 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.

13. Borrowings

	Group		Company	
	2021 €	2020 €	2021 €	2020 €
Non-current				
15,000,000 4.8% bonds 2026	14,805,387	14,772,479	-	-
Bank loans	3,251,464	5,046,117	3,251,464	3,696,338
Loan from subsidiary	-	-	1,800,000	1,800,000
Total non-current	18,056,851	19,818,596	5,051,464	5,496,338
Current				
Bank loans	1,802,970	314,731	431,494	206,306
Bank overdraft	2,010,011	2,050,254	2,010,011	2,050,254
Other borrowings	425,000	425,000	-	-
Total current	4,237,981	2,789,985	2,441,505	2,256,560
Total borrowings	22,294,832	22,608,581	7,492,969	7,752,898

At 31 December 2021, the Group had banking facilities of €9,224,893 (2020: €9,428,201) and the Company had banking facilities of €7,793,607 (2020: €8,004,119) which are secured by a guarantee in the form of a grant from Malta Enterprise and a guarantee over properties owned by the ultimate shareholder. The overdraft facility, included in the above banking facilities, is of €2,000,000 (2020: €2,000,000).

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 to these financial statements.

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	
	2021 €	2020 €
Face value		
15,000,000 4.80% bonds 2026	15,000,000	15,000,000
	15,000,000	15,000,000
Issue costs	(354,188)	(354,188)
Accumulated amortisation	159,575	126,667
Closing net book amount	(194,613)	(227,521)
Amortised cost at 31 December	14,805,387	14,772,479

13. Borrowings - continued

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 2021 for the bonds was €103 (2020: €100). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

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

	Group	
	2021	2020
Total borrowings:		
Unsecured bonds	4.80%	4.80%
Bank loans	4.50%	4.50%
Bank overdraft	5.00%	5.00%

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.

14. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Non-current				
Amounts due to subsidiaries	-	-	743,538	636,438
Amounts due to parent	1,208,156	-	1,208,156	1,208,156
Other creditors	4,806,724	3,777,421	4,806,724	3,777,421
	6,014,880	3,777,421	6,758,418	5,622,015
Current				
Trade and capital payables	3,064,795	2,822,181	873,680	508,422
Indirect taxation	-	29,173	-	93,904
Other creditors	703,187	649,684	703,187	649,684
Accruals and deferred income	1,411,103	1,477,500	176,487	144,018
	5,179,085	4,978,538	1,753,354	1,396,028
Total trade and other payables	11,193,965	8,755,959	8,511,772	7,018,043

In the Company's books, the amounts due to subsidiaries and parent are unsecured, interest free and have no fixed date of repayment, but are not expected to be repaid within the next twelve months. Other creditors represent the difference between the contractual ground rents obligations on the leasehold property to date at the invoiced ground rents by the respective government agency in accordance with the agreements signed by both parties.

15. Grants designated for specific purposes

	Group	
	2021	2020
	€	€
Year ended 31 December		
Opening net book amount	2,089,009	2,090,924
Allocation of grant for the year	-	80,623
Amortisation for the year	(84,583)	(82,538)
Closing net book amount	2,004,426	2,089,009
	2021	2020
	€	€
Disclosed as:		
Current	84,627	86,426
Non-current	1,919,799	2,002,583
	2,004,426	2,089,009

As at 31 December 2021, grants amounting to €2,004,426 (2020: €2,089,009) 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 is disclosed in note 17 to these financial statements.

16. 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	
	2021	2020	2021	2020
	€	€	€	€
Rendering of services	14,025,196	14,866,746	-	-
Rental income	-	-	1,995,929	1,906,757
	14,025,196	14,866,746	1,995,929	1,906,757

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).

17. (Loss)/profit

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

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Amortisation of intangible assets (Note 3)	21,422	21,423	-	-
Depreciation on property, plant and equipment (Note 4)	1,545,884	1,480,024	-	-
Depreciation of investment property (Note 5)	-	-	37,477	37,475
Ground rent payable	1,548,471	1,459,229	1,515,929	1,426,757
Amortisation of grant (Note 15)	(84,583)	(82,538)	-	-
Exchange differences	35,556	(10,874)	-	-
Movement in provision for impairment of receivables	250,000	(20,127)	-	-
Termination benefits	110,000	-	-	-
Bad debts	-	26,371	-	-
Employee benefit expense (Note 18)	2,987,777	2,445,646	-	-

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2021 and 2020 relate to the following:

	Group	
	2021	2020
	€	€
Annual statutory audit	54,225	49,905
Tax compliance services	9,749	4,775
	63,974	54,680

18. Employee benefit expense

	Group	
	2021	2020
	€	€
Wages and salaries	3,024,981	2,511,412
Social security costs	175,375	160,350
Maternity fund contributions	5,846	5,304
	3,206,202	2,677,066
Capitalised payroll costs	(218,425)	(231,420)
	2,987,777	2,445,646

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

	Group	
	2021	2020
Direct	75	70
Administrative	28	27
	103	97

Employee benefit expense above is gross of the COVID-19 wage supplement amounting to €368,916 (2020: €266,159) received from Government during the year which is disclosed as other income in note 19 to these financial statements.

19. Other income

	Group	
	2021	2020
	€	€
Compensation income from Government agencies for use of property	-	800,000
COVID-19 wage supplement	368,916	266,159
Other income	71,808	95,069
	440,724	1,161,228

20. Investment income

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Bank interest receivable	374	816	-	10
Interest receivable from parent	17,261	17,261	-	-
	17,635	18,077	-	10

21. Finance costs

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Bond interest	720,000	720,000	-	-
Amortisation of bond issue costs	32,908	31,265	-	-
Interest payable to subsidiary	-	-	107,100	107,393
Bank interest	370,307	356,363	275,753	271,548
	1,123,215	1,107,628	382,853	378,941

22. Tax expense/(credit)

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Current tax expense/(credit)	14,071	1,879	(1,370)	1,773
Deferred tax charge (Note 12)	54,948	287,140	-	-
Tax expense/(credit)	69,019	289,019	(1,370)	1,773

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	
	2021	2020	2021	2020
	€	€	€	€
(Loss)/profit before tax	(1,761,687)	676,236	9,505	18,641
Tax at 35%	(616,590)	236,683	3,327	6,524
Tax effect of:				
Expenses not deductible for tax purposes	171,194	166,159	30,674	28,851
Rent maintenance allowance	(34,104)	(34,104)	(33,600)	(33,600)
Unrecognised deferred tax in current year	581,133	(50,829)	-	-
Unrecognised deferred tax in prior year	(1,224)	-	-	-
Over provision of tax in prior year	(1,771)	-	(1,771)	-
Income subject to reduced rates of tax	-	(2)	-	(2)
Income not subject to tax	(29,619)	(28,888)	-	-
Tax expense/(credit)	69,019	289,019	(1,370)	1,773

23. Directors' emoluments

	Group	
	2021 €	2020 €
Salaries and other emoluments	284,293	225,708

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

24. Cash from operations

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

	Group		Company	
	2021 €	2020 €	2021 €	2020 €
Operating (loss)/profit	(656,107)	1,765,787	392,358	397,572
Adjustments for:				
Amortisation of intangible assets (Note 3)	21,422	21,423	-	-
Depreciation of property, plant and equipment (Note 4)	1,545,884	1,480,024	-	-
Depreciation of investment property (Note 5)	-	-	37,477	37,475
Provision for impairment receivables	250,000	(20,127)	-	-
Amortisation of grant (Note 15)	(84,583)	(82,538)	-	-
Movement in foreign exchange reserve	(54,229)	(17,916)	-	-
Changes in working capital:				
Inventories	204,559	(67,866)	-	-
Trade and other receivables	(730,180)	(819,328)	(605,221)	(749,226)
Trade and other payables	2,438,006	1,102,265	1,493,729	1,286,530
Cash from operations	2,934,772	3,361,724	1,318,343	972,351

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, 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 9 and 14 to the financial statements.

25. Related party transactions - continued

The following transactions were carried out with related parties:

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Rental income from subsidiary	-	-	1,995,929	1,906,757
Interest payable to subsidiary	-	-	(107,100)	(107,393)
Interest income from parent	17,261	17,261	-	-
	17,261	17,261	-	-

Key management personnel compensation including directors' remuneration is disclosed within note 18 and amounts to €336,942 (2020: €290,190). Directors' emoluments are disclosed separately in note 23.

26. Contingent liabilities

In late 2014, MMH Malta Limited transferred the sum of circa €180,000 to COMAP of Augusta, Sicily. The creditor's email account was intercepted by a cybercrime operation, and as a result the funds in question were not received by COMAP. In view of the fact that payment was made in good faith and according to the seemingly legitimate instructions it received, the group has invoked a provision of Italian law and requested the regional courts of Syracuse, Sicily to declare that the debt was paid in good faith. The case is currently pending before the Courts of Appeal for Sicily, Italy, and is awaiting a date for first hearing.

27. Events after the reporting period

Property transaction

On 13 January 2022, a promise of sale agreement valid for a period of six months with respect to the sale of land situated at the limits of Naxxar known as 'Tal-Maghtab tas-Salina' forming part of the Company's property, plant and equipment, was signed by Mr. Paul Abela (Director) on behalf of Abel Energy Limited with a third party. The value as per promise of sale agreement amounts to €1.75 million.

War in Ukraine

Towards the end of February 2022, the armed conflict between the Russian Federation and Ukraine set in motion a chain of diplomatic efforts and other major geopolitical events which led several western nations, including the EU Member States and its institutions and the United States government, to impose several sanctions on the Russian Federation and Belarus. The sanctions currently in place include several restrictive measures of a direct financial nature that have a significant direct impact on the broad economy of the affected nations.

27. Events after the reporting period - continued

War in Ukraine - continued

The consequences of these restrictive measures are also expected to significantly impact the economies of the countries implementing such trade restrictions, with a spill-over on the world economy, as uncertainty and market volatility remains high across all industries with increasing tensions and rhetoric on both sides. The cost of doing business is expected to rise further, compounded by the remaining effects of the Covid-induced shocks on the global economy seen in the last couple of years, as the ongoing conflict in Ukraine and Covid-related measures continue to rock global supply chains.

The Group notes that to date its exposure to the effects of War has been of limited or negligible effect. The Group as a whole, however is not immune to the likely long-term effects that the War will have on all markets in a generic sense, as described in the preceding section of this report. It is still too early to quantify the ongoing war in Ukraine on the Group's business and operations in the short and medium-term.

Following the current raft of sanctions implemented by the member states of the European Union, the Group has assessed the effect these may have on the servicing or berthing of vessels owned by specific Russian or Belarusian individuals. So far the Group has not had business links with any such sanctioned individuals, nor are there currently any prospects of conducting such business. In recent days, the EU has ramped up sanctions that include a complete ban on offering port or berthing facilities to vessels sailing under the Russian flag (or which have changed flag from a Russian one after the end of February 2022), which measure could affect the Group's revenue in the form of missed opportunities to offer quayside berthing services and yacht maintenance or servicing. The core business of the Group, however, remains firmly focused on the Mediterranean region and on business opportunities arising in that area, and not on the Ukraine or Russian regions.

The economic effects of the War are therefore unlikely to be exclusively endemic to the Group, but – as has been the case with the Covid pandemic – will affect business supply chains and the costs of transport and logistics. Management is preparing itself to implement such measures necessary should a decline in revenue be anticipated and to implement any further course of action as deemed applicable in the circumstances. Management and the directors continue to actively monitor all developments taking place internationally to take any action for unforeseen effects that such conflict might have on the economies and industries in which the Group operates.

28. 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.

30. 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.