MMH HOLDINGS LIMITED

Annual Report and Consolidated Financial Statements
31 December 2023

Company Registration Number: C45547

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 2023.

Directors, Officers & Other Information

Directors: Ms Angelique Abela (Chair)
Ms Louisa Abela
Mr Paul J. Abela
Dr Ann Fenech
Mr Sergio Vella
Mr Joshua Zammit

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 and remains the development of a site measuring almost 170,000m^2 in Malta's Grand Harbour known as the Mediterranean Maritime Hub, to serve as a regional hub for the provision of the Group's shore-based services and facilities (hereinafter 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. Various areas within the Site are 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 2023 and Outlook for 2024

Financial

The Group's recorded turnover for the end of 2023 was €20,332,882 (2022: €17,165,643). During the year under review, the Group's gross profit was €3,886,294 (2022: €2,324,994) with an operating profit of €952,424 (2022: profit of €19,490)

The Group's net assets at the end of 2023 amounted to €1,986,076 (2022: €2,291,053).

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

The Group's current ratio ("current assets divided by current liabilities") stands at 0.58:1 (2022: 0.85:1).

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 €2,305,747 (2022: €1,080,846).

After accounting for investment income and finance costs, the Group registered a pre-tax loss of €205,229 (2022: loss of €1,649,039).

During the year under review, the Group slowed down its development of the Site, preferring to focus 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 €5,141,610. 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 2023 reached €41 million.

Directors' report - continued

Group's Performance for 2023 and Outlook for 2024 - continued

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
- 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 2023 was $83 per barrel compared to $94 for 2022. During 2023 the oil and gas market experienced a positive trend, resulting in an increased interest in exploration and production projects in the Mediterranean region and beyond. In fact, previously shelved projects for new onshore and subsea facilities, requiring fabrication and installation works, as well as substantial logistical support, were once again considered, and remain active into the current period. Whilst these projects are projected to materialise in full during the second half of 2024 and into 2025, the Group is still following up on requests for facility support services from leading oil and gas contractors and service companies. The Group has good reason to believe that the positive trend the market is experiencing, coupled with the sanctions imposed on Russian fuels due to the Ukraine conflict, and the current situation in the Middle East will result in an increase in the resolve of the major oil companies to resume exploration and increased production in the Mediterranean and North African regions.

Following the increase in personnel recruitment during 2022, the same steady trend was observed in the year under review, and an increase in revenue of €3.4m was registered at the end of 2023, compared to an increase of €400K in 2022. In revenue terms this represented a jump to €8.3m in 2023 from €3.0m in 2022. The Group's incessant pursuing of every possible opportunity remains a top priority to ensure growth for the coming year. This increase in revenue is also a self-evident indicator that there is increased activity in the oil and gas industry.

Commercial Marine Support Activities

The commercial marine support activities in the Site have, as their primary target, the berthing of vessels within the Site, 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.

During the year under review, revenue derived from the berthing of vessels within the Site remained in line with that of 2022. The current levels of occupancy may be attributed to the increased activity in the energy sector, which has resulted in an increased demand for offshore supply vessels, which were scarce on the market. This has meant that practically all offshore supply vessels were being engaged for offshore contracts. While this is positive for the industry generally, it has had the direct effect of reducing port service calls in Malta drastically, affecting the overall berthing occupancy rate and hence the related revenues.

Directors' report - continued

Group's Performance for 2023 and Outlook for 2024 - continued

The Group anticipates that the revenues from berthing shall start recovering as from 2024, by improving the mix of vessels calling in port. 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.

Vessel Hoisting, hard standing and maintenance facilities – Vessel Care

VesselCare is now in its fifth full year of operation and notwithstanding the entire period of the COVID-19 pandemic, the war in Ukraine, and the conflict in the Middle East, activity has experienced growth year-on-year against 2023, and resulting in an increase of approximately €800,000 in revenue over 2022. The forecasts indicate that 2024 will experience further growth in revenue as a result of the increase in more services provided through the Group directly, and increased focus on long-term technical value-added projects. Growth is also spurred through the positive response and satisfaction rate of the Facility within the industry.

This activity has an increased seasonality factor which sees activity slowing down over the summer period. To counterbalance this seasonality slow-down, the Group has approved a further investment of €1.3million during 2024, for the provision of a dry marina, a service offering which will contribute to the Group's revenue in the shoulder months, June to October. This project will be commissioned before the start of Summer 2024.

Group's likely future business developments

The Directors consider that, taking all into consideration, the Site is still a project-in-the-making, and is not yet fully utilised for revenue generation. The Directors therefore understand that the Group requires additional investment in order to achieve its full potential in terms of the utilisation of the Site and business streams arising therefrom. In view of this, the Group has embarked on negotiations with third party investors, with the aim of these investors acquiring a majority shareholding in the Guarantor (or in any restructured corporate structure having a similar net effect). As at the date of this report, negotiations are well underway to achieving this target subject to the conditions better described in Note 1.1 in the Basis of Preparation Statement to these Financial Statements. Notwithstanding these latest developments, the Group remains focused on pursuing new opportunities and business development in the Mediterranean region – especially in the oil and gas, and maritime sectors.

Group's Cash flow projections

The Group has prepared cash flow forecasts for the year ending 31 December 2024. This forms part of the Group's business plan for the years ending 31 December 2024-28 (FY24-28).

The Business Plan sets out a number of strategic measures which Management is proposing in order to optimise Site utilisation and increase profitability, as well as measures to improve the Group's management structure, controls, and other internal processes over both the short and medium-term.

Cash flow forecasts for the period 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.

Directors' report - continued

Financial risk management and Going Concern statement

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.

As reported in a company announcement for Mediterranean Maritime Hub Finance plc dated 3 July 2023, the beneficial owners of the Group entered into a conditional Share Purchase Agreement dated 30 June 2023 by means of which the new investors have agreed to purchase shareholding in the Group following completion of a number of conditions precedent. The transaction with the new investors has to date not been finalised. Despite that the Group is in advanced discussions, it is difficult to predict when this transaction will be concluded consequently projections have been prepared by management that factor no financing from the investors for the next 12 months. Projected cash flows expected to be generated from operations indicate that adequate financing, despite with a slim headroom, will be available to honour commitments as and when they fall due for the next 12 months. Such projections assume; (a) revenue and costs in line with recent trends, factoring seasonality; (b) exclude any investment in fixed assets and any related new revenue generating operations; and (c) the landlord will continue to apply credit terms allowed by the concession agreement and in line with the practice applied in the past years.

The board of directors of the parent company recognises that taking cognisance of the equity position of the Group as at 31 December 2023 there remains significant uncertainty should ((a) the parties not reach an agreement on the final definitive contract; or (b) local competent authorities not agree with introduction of the new investors to the business; or (c) the required financing not materialise within a reasonable timeframe; or (d) any of the terms and conditions related to the said definitive contracts between the present shareholders and the new investors not be satisfied. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this, the board of directors, at the time of approving the Group financial statements, and after having considered the above, have determined that the adoption of the going concern basis in preparing the financial statements is appropriate. Refer to Note 1.1 for detail covering the Basis of Preparation Statement to these Financial Statements.

Results and Dividends

The results for the year ended 31 December 2023 are shown in the Statement of Comprehensive Income hereof. No interim dividend was declared or paid out during the year. No final dividend is being recommended.

Directors' report - continued

Statement of directors' responsibilities for the financial statements

The Directors are required by the Maltese Companies Act, (Cap. 386) to prepare financial statements that give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period. In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, (Cap. 386). The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of MMH Holdings Limited for the year ended 31 December 2023 are included in the Annual Report 2023, which is to be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditors

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

On behalf of the board

Angelique Abela
Director

Paul Abela
Director

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

26 April 2024

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") of MMH Holdings Limited give a true and fair view of the Group's and the Parent Company's financial position as at 31 December 2023, and of their 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 48, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2023;
- 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 significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the Group and the Parent Company in accordance with the International 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.

To the Shareholders of MMH Holdings Limited

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to these financial statements, dealing with the basis of preparation which describes the Board of Directors' assessment on the Group's ability to continue operating as a going concern. The note states that the directors recognise that, taking cognisance of the equity and liquidity position of the Group as at 31 December 2023, there remains uncertainty should (a) the parties not reach an agreement on the final definitive contract; or (b) local competent authorities not agree with introduction of the new investors to the business; or (c) the required financing not materialise within a reasonable timeframe; or (d) any of the terms and conditions related to the said definitive contracts between the present shareholders and the new investors not be satisfied. These events and conditions, along with other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.
- 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 2023* 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 2023* and the related Directors' responsibilities	**Our responsibilities**	**Our reporting**
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.	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. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. 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.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Independent auditor's report - continued

To the Shareholders of MMH Holdings Limited

Area of the *Annual Report and Financial Statements 2023* and the related Directors' responsibilities	Our responsibilities	Our reporting
	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.

Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

26 April 2024

Statements of financial position

		As at 31 December			
		Group		Company	
	Notes	**2023**	2022	**2023**	2022
		€	€	**€**	€
ASSETS					
Non-current assets					
Intangible assets	3	**729,516**	730,645	**-**	-
Property, plant and equipment	4	**31,469,218**	28,032,627	**-**	-
Investment property	5	**-**	-	**8,828,949**	8,216,766
Investment in subsidiaries	6	**-**	-	**457,203**	457,203
Investment in associate	7	**10,000**	10,000	**10,000**	10,000
Trade and other receivables	9	**2,646,236**	2,522,983	**9,363,072**	8,520,398
Total non-current assets		**34,854,970**	31,296,255	**18,659,224**	17,204,367
Current assets					
Inventories	8	**2,705**	31,159	**-**	-
Trade and other receivables	9	**4,820,902**	5,200,067	**-**	60,000
Current tax assets		**21,320**	21,320	**-**	-
Cash and cash equivalents	10	**925,416**	712,505	**2,733**	10,601
Total current assets		**5,770,343**	5,965,051	**2,733**	70,601
Total assets		**40,625,313**	37,261,306	**18,661,957**	17,274,968

Statements of financial position - continued

		As at 31 December			
		Group		**Company**	
	Notes	**2023**	2022	**2023**	2022
		€	€	**€**	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**2,208,155**	2,208,155	**2,208,155**	2,208,155
Reporting currency conversion reserve		**(40,498)**	(39,863)	**(295)**	(295)
Other reserves		**18,305**	18,305	**-**	-
(Accumulated losses)/retained earnings		**(217,886)**	104,456	**(1,099,031)**	(755,382)
Total equity		**1,968,076**	2,291,053	**1,108,829**	1,452,478
Non-current liabilities					
Trade and other payables	14	**9,632,890**	8,445,928	**8,988,458**	8,450,990
Grants designated for specific purposes	15	**1,796,004**	1,835,260	**-**	-
Deferred tax liability	12	**154,850**	44,380	**-**	-
Borrowings	13	**17,157,518**	17,605,774	**4,077,604**	4,114,152
Total non-current liabilities		**28,741,262**	27,931,342	**13,066,062**	12,565,142
Current liabilities					
Trade and other payables	14	**6,376,021**	4,069,631	**1,433,369**	796,988
Grants designated for specific purposes	15	**61,920**	84,583	**-**	-
Current tax liabilities		**-**	-	**663**	663
Borrowings	13	**3,478,034**	2,884,697	**3,053,034**	2,459,697
Total current liabilities		**9,915,975**	7,038,911	**4,487,066**	3,257,348
Total liabilities		**38,657,237**	34,970,253	**17,553,128**	15,822,490
Total equity and liabilities		**40,625,313**	37,261,306	**18,661,957**	17,274,968

The notes on pages 18 to 48 are an integral part of these financial statements.

The financial statements on pages 12 to 48 were authorised for issue by the board on 26 April 2024 and were signed on its behalf by:

Ms. Angelique Abela
Director

Mr. Paul Abela
Director

Income statements

		Year ended 31 December			
		Group		Company	
	Notes	**2023**	2022	**2023**	2022
		€	€	**€**	€
Revenue	16	**20,332,882**	17,165,643	**2,120,770**	2,107,624
Cost of sales	17	**(16,446,588)**	(14,840,649)	**(1,757,968)**	(1,640,771)
Gross profit		**3,886,294**	2,324,994	**362,802**	466,853
Distribution costs	17	**(244,209)**	(206,933)	**-**	-
Administrative expenses	17	**(2,697,667)**	(2,276,337)	**(203,938)**	(72,333)
Other income	19	**8,006**	177,766	**-**	-
Operating profit		**952,424**	19,490	**158,864**	394,520
Provision for impairment of investment in subsidiary		**-**	-	**-**	(349,999)
Net investment income/(loss)	20	**17,299**	(126,908)	**-**	-
Finance costs	21	**(1,174,952)**	(1,541,621)	**(502,513)**	(814,761)
Loss before tax		**(205,229)**	(1,649,039)	**(343,649)**	(770,240)
Tax expense	22	**(117,113)**	(130,698)	**-**	-
Loss for the year		**(322,342)**	(1,779,737)	**(343,649)**	(770,240)
Attributable to:					
Equity holders		**(322,342)**	(1,819,522)	**(343,649)**	(770,240)
Non-controlling interest		**-**	39,785	**-**	-
		(322,342)	(1,779,737)	**(343,649)**	(770,240)

The notes on pages 18 to 48 are an integral part of these financial statements.

Statements of changes in equity

	Attributable to shareholders					
Group	**Share capital** €	**Other reserves** €	**Foreign exchange reserve** €	**Retained earnings** €	**Non-controlling interest** €	**Total** €
Balance as at 1 January 2022	1,000,000	18,305	(130,424)	1,923,978	41,626	2,853,485
Loss for the year	-	-	-	(1,819,522)	39,785	(1,779,737)
Transfer to foreign exchange reserve	-	-	90,561	-	-	90,561
Issue of ordinary shares (Note 11)	1,208,155	-	-	-	-	1,208,155
Elimination of non-controlling interest on disposal of investment in subsidiary	-	-	-	-	(81,411)	(81,411)
	1,208,155	-	90,561	(1,819,522)	(41,626)	(562,432)
Balance at 31 December 2022	**2,208,155**	**18,305**	**(39,863)**	**104,456**	**-**	**2,291,053**
Balance as at 1 January 2023	2,208,155	18,305	(39,863)	104,456	-	2,291,053
Loss for the year	-	-	-	(322,342)	-	(322,342)
Transfer to foreign exchange reserve	-	-	(635)	-	-	(635)
	-	-	(635)	(322,342)	-	(322,977)
Balance at 31 December 2023	**2,208,155**	**18,305**	**(40,498)**	**(217,886)**	**-**	**1,968,076**

Statements of changes in equity - continued

Company	Share capital €	Foreign exchange reserve €	Retained earnings €	Total €
Balance at 1 January 2022	1,000,000	(295)	14,858	1,014,563
Issue of ordinary shares (Note 11)	1,208,155	-	-	1,208,155
Loss for the year	-	-	(770,240)	(770,240)
Balance at 31 December 2022	**2,208,155**	**(295)**	**(755,382)**	**1,452,478**
Balance at 1 January 2023	2,208,155	(295)	(755,382)	1,452,478
Loss for the year	-	-	(343,649)	(343,649)
Balance at 31 December 2023	**2,208,155**	**(295)**	**(1,099,031)**	**1,108,829**

The notes on pages 18 to 48 are an integral part of these financial statements.

Statements of cash flows

	Notes	Group 2023 €	Group 2022 €	Company 2023 €	Company 2022 €
Cash flows from operating activities					
Cash from operations	25	**6,074,424**	4,025,732	**(169,244)**	2,840,348
Finance income	20	**17,299**	17,304	**-**	-
Finance costs	21	**(1,136,259)**	(1,505,286)	**(395,413)**	(814,761)
Tax paid		**(6,644)**	(93,529)	**-**	-
Net cash generated from/(used in) operating activities		**4,948,820**	2,444,221	**(564,657)**	2,025,587
Cash flows used in investing activities					
Purchase of property, plant and equipment	4	**(4,833,405)**	(2,234,704)	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	1,402,789	**-**	-
Additions to investment property	5	**-**	-	**-**	(1,096,829)
Derecognition of cash on disposal of investment in subsidiary		**-**	(285,623)	**-**	-
Net cash used in investing activities		**(4,833,405)**	(1,117,538)	**-**	(1,096,829)
Cash flows used in financing activities					
Movement in borrowings	13	**(463,077)**	(1,824,613)	**(12,676)**	(903,037)
Net movement in cash and cash equivalents		**(347,662)**	(497,930)	**(577,333)**	25,721
Effect of exchange rate changes on cash and cash equivalents		**(8,892)**	-	**-**	-
Cash and cash equivalents at beginning of year		**(1,281,423)**	(783,493)	**(1,983,327)**	(2,009,048)
Cash and cash equivalents at end of year	10	**(1,637,977)**	(1,824,423)	**(2,560,660)**	(1,983,327)

The notes on pages 18 to 48 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 assumption

The Group reported EBITDA for the financial year ending 31 December 2023 amounting to €2.3million, an improvement of €1.1million over that recorded in 2022. The Group reported losses amounting to €0.3million (2022: loss of €1.8million) and these results are included in the Group's retained earnings which as at 31 December 2023 amounted to accumulated losses of €0.2million. Net current liabilities at Group level amount to €4.1million (2022: €1.0million). These results and financial position demonstrate that the Group continues to require financial support from shareholders, bond holders and financial institutions.

During the financial year management continued pursuing discussions with potential investors with a view to secure further financing which is deemed fundamental for the Group to continue to operate on a going concern basis for the next twelve months and beyond.

As reported in a company announcement for Mediterranean Maritime Hub Finance plc dated 3 July 2023, the beneficial owners of the Group entered into a conditional Share Purchase Agreement dated 30 June 2023 by means of which the new investors have agreed to purchase a 70% shareholding in the Group following completion of a number of conditions precedent, which conditions were expected to be fulfilled by the 31 December 2023. These conditions included the issuing of all necessary authorisations for the transaction to proceed from the local competent authorities, in line with the guarantor's obligations arising from a public deed dated 1 August, 2016 concerning the transfer by temporary emphyteusis of the land in Marsa. The transaction with the new investors has to date not been finalised. Despite that the Group is in advanced discussions, it is difficult to predict when this transaction will be concluded consequently projections have been prepared by management that factor no financing from the investors for the next 12 months. Projected cash flows expected to be generated from operations indicate that adequate financing, despite with a slim headroom, will be available to honour commitments as and when they fall due for the next 12 months. Such projections assume; (a) revenue and costs in line with recent trends, factoring seasonality; (b) exclude any investment in fixed assets and any new related revenue generating operations; and (c) the landlord will continue to apply credit terms allowed by the concession agreement and in line with the practice applied in the past years.

The Group is optimistic that agreement on a final definitive contract will be concluded subject to the approval by Government, regulatory and local competent authorities. The Group is confident that approval by the local competent authorities to introduce the new shareholders should be cleared given the calibre and reputation of the said investors. The plan with the new investors, subject to the conditions that need to be fulfilled before the deal is finalised, is to provide advanced financing to an amount of up to €7.0million.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Going concern assumption - continued

Beyond the initial 12 month period, the business plan prepared by management indicates that the Group will be required to obtain alternative financing for the redemption of the Bond amounting to €15.0 million which is due for repayment in 2026. Such financing is not yet contracted and concluded.

The board of directors of the parent company recognises that taking cognisance of the equity position of the Group as at 31 December 2023 there remains significant uncertainty should (a) the parties not reach an agreement on the final definitive contract; or (b) local competent authorities not agree with introduction of the new investors to the business; or (c) the required financing not materialise within a reasonable timeframe; or (d) any of the terms and conditions related to the said definitive contracts between the present shareholders and the new investors not be satisfied. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this, the board of directors, at the time of approving the Group financial statements, and after having considered the above, have determined that the adoption of the going concern basis in preparing the financial statements is appropriate.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

1.2 Consolidation - continued

(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 which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.6 Investment property

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

Investment property is measured initially at its historical cost, including related transaction costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. These include ground rents due on uncommissioned leasehold land. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

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.

1. Summary of significant accounting policies - continued

1.6 Investment property – continued

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

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

1.8.1 Classification - 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

1.8.3 Impairment - continued

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 1.10.

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.

(d) Rental income from investment property

Rental income from investment property is recognised in profit or loss on a straight-line basis over the lease term.

1. Summary of significant accounting policies - continued

1.20 Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss over the period of the lease.

The group acquired title of an extensive tract of land based on a temporary emphyteusis of 65 years. Parts of the areas pertaining to the emphyteusis were not converted or developed following timelines originally intended and parts of the land were also utilised by the landlord over the period of the emphyteusis to date. As a result and beyond the lease terms, various discussions with the landlord have enabled the Group to defer lease payments to future periods where the Group will commence the development and utilisation of areas which currently remain unutilised. Operating lease charges are reflected in the financial statements in line with such accord.

1.21 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment and investment property are capitalised as par of its cost. Borrowing costs are capitalised while acquisition or construciton is actively underway, during the period of time that is required to complete and prepare the asset for its inteded use. Capitalisation of borrwoing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the group's interest-bearing borrowings.

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 €1,368 (2022: €14,776) 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(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 2023 and 2022, 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.

Sensitivity analysis

The sensitivity analysis for interest rate risk illustrates how changes in future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. At 31 December 2023, if interest rates at that date would have been 3% lower with all other variables held constant, the pre-tax profit for the year would have increased by approximately €82,926 (2022: €96,899). An increase of 3%, with all other variables held constant, would have resulted in pre-tax profits decreasing by approximately €82,926 (2022: €96,899).

(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	
	2023	2022
	€	€
Carrying amounts		
Trade receivables - net (Note 9)	**4,633,152**	4,971,842
Amounts due from parent (Note 9)	**2,400,730**	2,338,069
Amounts due from ultimate controlling party (Note 9)	**229,994**	184,914
Other receivables (Note 9)	**114,293**	100,872
Indirect taxation (Note 9)	**15,512**	-
Cash at bank and in hand (Note 10)	**925,416**	712,505
	8,319,097	8,308,202

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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

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 2023 of €300,000 (2022: €300,000). 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, subsidiary and ultimate controlling party (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 (2022: €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 2023					
Unsecured bonds	15,000,000	17,160,000	720,000	16,440,000	-
Borrowings	5,755,638	3,478,034	3,478,034	-	-
Trade and other payables	16,008,912	16,008,912	6,376,021	9,632,891	-
	36,764,550	**36,646,946**	**10,574,055**	**26,072,891**	**-**

Group	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2022					
Unsecured bonds	15,000,000	18,600,000	720,000	17,880,000	-
Borrowings	5,648,884	6,187,697	3,054,818	2,458,560	674,319
Trade and other payables	12,515,559	12,515,559	4,069,631	8,445,928	-
	33,164,443	**37,303,256**	**7,844,449**	**28,784,488**	**674,319**

Projections have been prepared by management factoring no further external financing for the next 12 months. Projected cash flows expected to be generated from operations indicate that adequate liquidity, despite with a slim headroom, will be available to honour commitments as and when they fall due for the next 12 months. Such projections assume; (a) revenue and costs in line with recent trends, factoring seasonality; (b) exclude any investment in fixed assets and any related new revenue generating operations; and (c) the landlord will continue to apply credit terms allowed by the concession agreement and in line with the practice applied in the past years. Beyond the initial 12 month period, the business plan prepared by management indicates that the Group will be required to obtain alternative financing for the redemption of the Bond amounting to €15.0 million which is due for repayment in 2026. Such financing is not yet contracted and concluded.

2. Financial risk management - continued

2.2 Fair values of financial instruments

At 31 December 2023 and 2022, 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 2021			
Cost	112,759	725,000	837,759
Accumulated amortisation	(105,984)	-	(105,984)
Net book amount	6,775	725,000	731,775
Year ended 31 December 2022			
Opening net book amount	6,775	725,000	731,775
Amortisation	(1,130)	-	(1,130)
Closing net book amount	**5,645**	**725,000**	**730,645**
At 31 December 2022			
Cost	112,759	725,000	837,759
Accumulated depreciation	(107,114)	-	(107,114)
Net book amount	**5,645**	**725,000**	**730,645**
Year ended 31 December 2023			
Opening net book amount	5,645	725,000	730,645
Amortisation	(1,129)	-	(1,129)
Closing net book amount	**4,516**	**725,000**	**729,516**
At 31 December 2023			
Cost	112,759	725,000	837,759
Accumulated depreciation	(108,243)	-	(108,243)
Net book amount	**4,516**	**725,000**	**729,516**

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, buildings and leasehold improvements €	Assets under construction €	Plant and machinery €	Furniture and fittings €	Motor vehicles €	Total €
At 1 January 2022						
Cost	25,376,850	363,922	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	**23,972,689**	**363,922**	**3,673,080**	**431,659**	**31,079**	**28,472,429**
Year ended 31 December 2022						
Opening net book amount	23,972,689	363,922	3,673,080	431,659	31,079	28,472,429
Additions	2,073,907	-	118,926	29,194	12,677	2,234,704
Disposals	(1,401,627)	-	-	(1,162)	-	(1,402,789)
Commissioned assets	283,109	(283,109)	-	-	-	-
Depreciation charge	(321,074)	-	(834,721)	(103,922)	(12,000)	(1,271,717)
Closing net book amount	**24,607,004**	**80,813**	**2,957,285**	**355,769**	**31,756**	**28,032,627**
At 31 December 2022						
Cost	26,332,239	80,813	7,720,644	1,334,591	795,702	36,263,989
Accumulated depreciation	(1,725,235)	-	(4,763,359)	(978,822)	(763,946)	(8,231,362)
Net book amount	**24,607,004**	**80,813**	**2,957,285**	**355,769**	**31,756**	**28,032,627**
Year ended 31 December 2023						
Opening net book amount	24,607,004	80,813	2,957,285	355,769	31,756	28,032,627
Additions	4,138,251	-	495,637	199,517	-	4,833,405
Commissioned assets	80,813	(80,813)	-	-	-	-
Depreciation charge	(382,708)	-	(857,223)	(142,347)	(14,536)	(1,396,814)
Closing net book amount	**28,443,360**	**-**	**2,595,699**	**412,939**	**17,220**	**31,469,218**
At 31 December 2023						
Cost	30,551,303	-	8,216,281	1,534,108	795,702	41,097,394
Accumulated depreciation	(2,107,943)	-	(5,620,582)	(1,121,169)	(778,482)	(9,628,176)
Net book amount	**28,443,360**	**-**	**2,595,699**	**412,939**	**17,220**	**31,469,218**

The Land, Buildings and Leasehold Improvements include capitalised labour costs of €414,093 (2022: €496,153) and capitalised finance costs of €436,801 (2022: €373,132).

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 2023, assets amounting to €Nil (2022: €80,813) 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 2022	
Opening net book amount	7,157,412
Additions	1,096,829
Depreciation charge	(37,475)
Closing net book amount	**8,216,766**
At 31 December 2022	
Cost	8,446,166
Accumulated depreciation	(229,400)
Net book amount	**8,216,766**
Year ended 31 December 2023	
Opening net book amount	8,216,766
Additions	649,659
Depreciation charge	(37,476)
Closing net book amount	**8,828,949**
At 31 December 2023	
Cost	9,095,825
Accumulated depreciation	(266,876)
Net book amount	**8,828,949**

This property is leased out to a subsidiary of the Company and is disclosed in the Group financial statements as land and buildings (note 4). Capitalized interest of €63,669 (2022: €11,940) is included within the additions for the year.

6. Investments in subsidiaries

Company	**2023 €**	2022 €
Year ended 31 December		
Opening net book amount	**457,203**	867,202
Disposals	-	(60,000)
Provision for impairment	-	(349,999)
Closing net book amount	**457,203**	457,203
At 31 December		
Cost	**857,202**	857,202
Accumulated provision for impairment	**(399,999)**	(399,999)
Net book amount	**457,203**	457,203

6. **Investments in subsidiaries** - continued

The principal subsidiaries at 31 December is shown below:

	Registered office	Class of shares held	Percentage of shares held 2023 %	2022 %
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
Mediterranean Maritime Hub Finance plc	Mediterranean Maritime Hub Building, Xatt il-Mollijiet, Marsa	Ordinary 'A' shares	**100**	100
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
Acare Oil and Gas Services Limited	7, Masada Street 4 BSR Tower Bnei Brak 5126112 Israel	Ordinary 'A' shares	**100**	100
Ablecare Oilfield Services (Egypt) Limited	Building 179, Zone 3/4 Fourth District, Fifth Settlement New Cairo Cairo Egypt	Ordinary 'A' shares	**90**	90

In 2022, the company disposed all its investment in Mulberry Insurance Brokers Limited (as per Note 24).

7. Investment in associate

	Group & Company 2023 €	2022 €
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** 2023 %	2022 %
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 2023 €	2022 €
Work in progress and finished goods	**2,705**	31,159

9. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current				
Amounts due from ultimate controlling party	**229,994**	184,914	**-**	-
Amounts due from parent	**2,400,730**	2,338,069	**97,999**	52,999
Amounts due from subsidiaries	**15,512**	-	**9,265,073**	8,467,399
	2,646,236	2,522,983	**9,363,072**	8,520,398
Current				
Trade receivables – gross	**4,933,152**	5,271,842	**-**	-
Less: provision for impairment of receivables	**(300,000)**	(300,000)	**-**	-
Trade receivables – net	**4,633,152**	4,971,842	**-**	-
Amounts due from parent	**-**	45,000	**-**	45,000
Amounts due from related parties	**101,703**	-	**-**	-
Other receivables	**12,590**	100,872	**-**	15,000
Prepayments and accrued income	**73,457**	82,353	**-**	-
	4,820,902	5,200,067	**-**	60,000
Total trade and other receivables	**7,467,138**	7,723,050	**9,363,072**	8,580,398

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 (2022: €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 made by the Company from its subsidiaries.

As at year ended 2022, an amount of €15,000 is due from minority interest and €45,000 from parent in relation to the sale of a subsidiary of the Group (refer to Note 6).

10. Cash and cash equivalents

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

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Cash at bank and in hand	**925,416**	712,505	**2,733**	10,601
Bank overdraft	**(2,563,393)**	(1,993,928)	**(2,563,393)**	(1,993,928)
	(1,637,977)	(1,281,423)	**(2,560,660)**	(1,983,327)

11. Share capital

	Group & Company 2023 €	2022 €
Authorised, issued, called-up and fully paid		
Ordinary shares class A of €1 each	**547,209**	547,209
Ordinary shares class B of €1 each	**1,660,946**	1,660,946
	2,208,155	2,208,155

In 2022, 47,209 ordinary shares class A and 1,160,946 ordinary shares class B were issued and allotted having a nominal value of €1 each following capitalisation of amounts that were due by the parent company.

'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% (2022: 35%).

The movement on the deferred tax account is as follows:

	Group 2023 €	2022 €
At beginning of year	**(44,425)**	(5,557)
Recognised directly in profit or loss		
Deferred tax charge for the year (Note 22)	**(110,425)**	(38,823)
At end of year	**(154,850)**	(44,380)

The balance at 31 December represents:

	2023 €	2022 €
Temporary differences arising on depreciation of property, plant and equipment	**(853,772)**	(733,934)
Temporary differences on unutilised capital allowances	**274,539**	274,542
Temporary differences arising on trading tax losses	**58,064**	64,109
Temporary differences on unutilised tax credits	**366,319**	350,903
Net deferred tax assets/(liabilities)	**(154,850)**	(44,380)

12. Deferred taxation - continued

At 31 December 2023, the Group had unrecognised deferred tax assets of €934,720 (2022: €857,621) 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	
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current				
15,000,000 4.8% bonds 2026	**14,879,914**	14,841,722	-	-
Bank loans	**2,277,604**	2,764,052	**2,277,604**	2,764,052
Loan from subsidiary	-	-	**1,800,000**	1,350,100
Total non-current	**17,157,518**	17,605,774	**4,077,604**	4,114,152
Current				
Bank loans	**489,641**	465,769	**489,641**	465,769
Bank overdraft	**2,563,393**	1,993,928	**2,563,393**	1,993,928
Other borrowings	**425,000**	425,000	-	-
Total current	**3,478,034**	2,884,697	**3,053,034**	2,459,697
Total borrowings	**20,635,552**	20,490,471	**7,130,638**	6,573,849

At 31 December 2023, the Group had banking facilities of €7,793,607 (2022: €7,793,607) and the Company had banking facilities of €7,793,607 (2022: €7,793,607) which are secured by a guarantee in the form of a grant from Malta Enterprise, a guarantee over properties owned by the ultimate shareholder and a guarantee issued by the Government of Malta. The overdraft facility, included in the above banking facilities, is of €2,500,000 (2022: €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.

13. Borrowings -continued

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

	Group	
	2023	2022
	€	€
Face value		
15,000,000 4.80% bonds 2026	**15,000,000**	15,000,000
Issue costs	**(354,188)**	(354,188)
Accumulated amortisation	**234,101**	159,575
Closing net book amount	**(120,087)**	(194,613)
Amortised cost at 31 December	**14,879,913**	14,805,387

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 2023 for the bonds was €95 (2022: €99). 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	
	2023	2022
	%	%
Unsecured bonds	**4.80**	4.80
Bank loans	**4.38 - 5.50**	4.90
Bank overdraft	**5.50**	5.50

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	
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current				
Amounts due to subsidiaries	**-**	-	**480,738**	823,538
Deferred income	**700,000**	-	**-**	-
Indirect taxation	**418,464**	732,312	**-**	-
Other creditors	**8,514,426**	7,713,616	**8,507,720**	7,627,452
Total non-current	**9,632,890**	8,445,928	**8,988,458**	8,450,990
Current				
Trade and capital payables	**3,320,696**	3,208,089	**473,700**	464,396
Indirect taxation	**1,173,085**	434,203	**375,087**	307,608
Other creditors	**559,533**	-	**559,533**	-
Accruals and deferred income	**1,322,707**	427,339	**25,049**	24,984
Total current	**6,376,021**	4,069,631	**1,433,369**	796,988
Total trade and other payables	**16,008,911**	12,515,559	**10,421,827**	9,247,978

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 and the invoiced ground rents by the respective government agency in accordance with the agreements signed by both parties such owed balances bear a compounding interest of 3% per annum and have to be repaid from 2024 to 2046.

15. Grants designated for specific purposes

	Group	
	2023	2022
	€	€
Year ended 31 December		
Opening net book amount	**1,919,843**	2,004,426
Amortisation for the year	**(61,919)**	(84,583)
Closing net book amount	**1,857,924**	1,919,843

	2023	2022
	€	€
Disclosed as:		
Non-current	**1,796,004**	1,835,260
Current	**61,920**	84,583
	1,857,924	1,919,843

15. Grants designated for specific purposes - continued

As at 31 December 2023, grants amounting to €1,857,924 (2022: €1,919,843) 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	
	2023	2022	**2023**	2022
	€	€	**€**	€
Rendering of services	**20,332,882**	17,165,643	**-**	-
Rental income	**-**	-	**2,120,770**	2,107,624
	20,332,882	17,165,643	**2,120,770**	2,107,624

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

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

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Amortisation of intangible assets (Note 3)	**1,129**	1,130	**-**	-
Depreciation on property, plant and equipment (Note 4)	**1,396,814**	1,271,717	**-**	-
Depreciation of investment property (Note 5)	**-**	-	**37,476**	37,475
Ground rent payable	**1,797,940**	1,698,889	**1,757,968**	1,640,771
Amortisation of grant (Note 15)	**(61,919)**	(84,583)	**-**	-
Exchange differences	**8,892**	(50,845)	**-**	-
Movement in provision for impairment of receivables	**-**	50,000	**-**	349,999
Bad debts	**110,177**	-	**-**	-
Employee benefit expense (Note 18)	**3,226,714**	2,675,398	**-**	-

17. Loss - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2023 and 2022 relate to the following:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Annual statutory audit	**70,893**	66,566	**14,000**	3,000

Fees amounting to €116,145 (2022: €8,300) for the Group and €99,330 (2022: €5,735) for the Company have been charged by connected undertakings of the Group's and Company's auditor respectively in respect to other non-audit services.

18. Employee benefit expense

	Group	
	2023	2022
	€	€
Wages and salaries	**3,406,191**	2,981,204
Social security costs	**227,773**	184,593
Maternity fund contributions	**6,843**	5,754
	3,640,807	3,171,551
Capitalised payroll costs	**(414,093)**	(496,153)
	3,226,714	2,675,398

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

	Group	
	2023	2022
Direct	**80**	69
Administrative	**30**	27
	110	96

In 2022 employee benefit expense above is gross of the COVID-19 wage supplement amounting to €28,307 received from Government during the year which is disclosed as other income in note 19 to these financial statements.

19. Other income

	Group	
	2023	2022
	€	€
COVID-19 wage supplement	**-**	28,307
Other income	**800**	149,459
Rental income	**7,206**	-
	8,006	177,766

20. Net investment income/(loss)

	Group	
	2023	2022
	€	€
Bank interest receivable	**32**	44
Interest receivable from parent	**17,267**	17,260
Loss on disposal of subsidiary (Note 24)	**-**	(144,212)
	17,299	(126,908)

21. Finance costs

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Bond interest	**720,000**	720,000	**-**	-
Amortisation of bond issue costs	**38,191**	36,335	**-**	-
Interest payable to subsidiary	**-**	-	**107,100**	107,100
Bank interest	**225,754**	337,527	**204,406**	259,890
Other interest (Note 14)	**191,007**	447,759	**191,007**	447,771
	1,174,952	1,541,621	**502,513**	814,761

22. Tax expense

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current tax expense	**6,688**	100,359	**-**	-
Deferred tax charge (Note 12)	**110,425**	38,823	**-**	-
Tax expense	**117,113**	139,182	**-**	-

22. **Tax expense** - continued

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	
	2023	2022	**2023**	2022
	€	€	**€**	€
Loss before tax	**(205,229)**	(1,481,212)	**(343,649)**	(770,238)
Tax at 35%	**(71,830)**	(518,425)	**(120,277)**	(269,583)
Tax effect of:				
Expenses not deductible for tax purposes	**151,147**	87,143	**120,277**	147,816
Rent maintenance allowance	**(504)**	(1,840)	-	(1,336)
Unrecognised deferred tax in current year	**77,099**	888,788	-	123,103
Unrecognised deferred tax in prior year	-	(382,860)	-	-
Group loss relief absorbed	-	(6,689)	-	-
Income subject to reduced rates of tax	-	-	-	-
Income not subject to tax	**(21,672)**	(27,294)	-	-
Tax rates applicable to property	**(17,127)**	91,875	-	-
Tax expense	**117,113**	130,698	-	-

23. **Directors' emoluments**

	Group	
	2023	2022
	€	€
Salaries and other emoluments	**319,325**	248,477

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. Derecognition of identifiable assets disposal and liabilities

In October 2022, the company entered into an agreement to dispose Mulberry Insurance Brokers Limited to a minority interest and parent company for a consideration of €60,000. The related identification of the assets and liabilities are:

	2022
	€
Property, plant and equipment	2,604
Trade and other receivables	327,863
Cash and cash equivalents	639,703
Current tax	7,680
Trade and other payables	(692,227)
Net assets disposal	285,623
Minority share	(81,411)
	204,212
Consideration	(60,000)
Shortfall on derecogniton of identifiable assets disposal and liabilities	**144,212**

25. Cash from operations

Reconciliation of operating profit to cash from operations:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Operating profit	**952,424**	19,490	**158,864**	44,521
Adjustments for:				
Amortisation of intangible assets (Note 3)	**1,129**	1,130	-	-
Depreciation of property, plant and equipment (Note 4)	**1,396,814**	1,271,717	-	-
Depreciation of investment property (Note 5)	-	-	**37,476**	37,475
Provision for impairment on receivables	-	50,000	-	349,999
Bad debts	**110,177**	-	-	-
Disposal of investment in subsidiary (Note 6)	-	-	-	60,000
Amortisation of grant (Note 15)	**(61,919)**	(84,583)	-	-
Unrealised foreign exchange loss	**8,892**	-	-	-
Movement in foreign exchange reserve	**(635)**	90,561	-	-
Changes in working capital:				
Inventories	**28,454**	37,793	-	-
Trade and other receivables	**145,735**	(734,355)	**(782,674)**	(279,662)
Trade and other payables	**3,493,353**	3,373,979	**417,090**	2,628,015
Cash generated from operations	**6,074,424**	4,025,732	**(169,244)**	2,840,348

26. Related party transactions

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

The following transactions were carried out with related parties:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Rental income from subsidiary	**-**	-	**2,120,770**	2,107,624
Interest payable to subsidiary	**-**	-	**(107,100)**	(107,100)
Interest income from parent	**17,261**	17,261	**-**	-

Key management personnel compensation including directors' remuneration is disclosed within note 18 and amounts to €329,839 (2022: €371,084). Directors' emoluments are disclosed separately in note 23.

27. Contingent liabilities

In late 2014, MMH Malta Limited transferred the sum of circa €180,000 to COMAP registered in 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.

At 31 December 2023, the company had contingent liabilities amounting to €1,119,112 in respect of guarantees and commitments issued in favour of third parties in the ordinary course of business.

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.

29. 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.