FINANCIAL ANALYSIS SUMMARY

Mediterranean Maritime Hub Finance plc

28 June 2017

The Directors
Mediterranean Maritime Hub Finance plc.
Head Office Building
Xatt il-Mollijiet, Mdina Road,
Marsa MRS 1152, Malta

28 June 2017

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority Rules, we have compiled the Financial Analysis Summary (the "FAS" or the "Analysis") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Mediterranean Maritime Hub Finance plc. ("the Issuer"). The data is derived from various sources or is based on our own computations as follows:

(a) The forecast data for the financial years ending 31st December 2017 have been provided by management.
(b) Our commentary on the results of MMH Holdings Limited (formerly Ablecare Oilfield Services Holdings Limited) ("the Guarantor") and the MMH Group of Companies (the "Group") and on its financial position is based on the explanations set out by the Issuer in the Prospectus.
(c) The ratios quoted in the FAS have been computed by us applying the definitions set out in the "Glossary and Definitions" section of the Analysis.
(d) The principal relevant market players listed in the "Comparative Analysis" section of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The FAS is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace independent financial and/or investment advice. The FAS does not constitute an endorsement by our firm of the listed bonds that the issuer has outstanding on the Official List of the Malta Stock Exchange and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the FAS and no representation or warranty is provided in respect of the reliability of the information contained in the updated FAS. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

Nick Calamatta
Director

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1. Scope of Analysis

In line with the Listing Authority Rules of the MFSA, this Financial Analysis Summary "FAS" represents an update to the one originally published on the 16th September 2016 as part of the Prospectus in relation to the issue of the €15 million Unsecured Bonds issuance programme and any update provided by the Group thereafter. The scope of this FAS is to provide an update on the performance and financial position of MMH Holdings Limited (formerly Ablecare Oilfield Services Holdings Limited) ("the Guarantor") and Mediterranean Maritime Hub Finance Plc ("the Issuer"). The term "Group" refers to all the companies forming part of the MMH Group of Companies, as set out in section 2.

2. Information about the Issuer and Group

2.1 Issuer's key activities

Mediterranean Maritime Hub Finance Plc was incorporated on 26th July 2016 and is a fully owned subsidiary company of the Guarantor. MMH Holdings Limited (formerly Ablecare Oilfield Services Holdings Limited) was incorporated in Malta in 2008 and as the holding company holds the shares in a number of subsidiary companies primarily operating in the marine and oil & gas services sector.

2.2 Directors and Executive Management

During 2014, the Group employed an average number of 54 employees, increasing to 60 by the end of 2015 and further to 82 by May 2016. New appointees were mainly recruited in operations and logistics, site management and site surveillance, and engineering. As at May 2016, Engineering was the largest department carrying 13 employees, at par with Operations & Logistics (13 employees), and followed by Site management & maintenance (11 employees) and Site surveillance (8 employees).

As the business continues to transform into a model where most services will increasingly be provided in-house, the Group is streamlining its workforce in order to be better-equipped to provide one-stop-shop services to its clients.

BOARD OF DIRECTORS

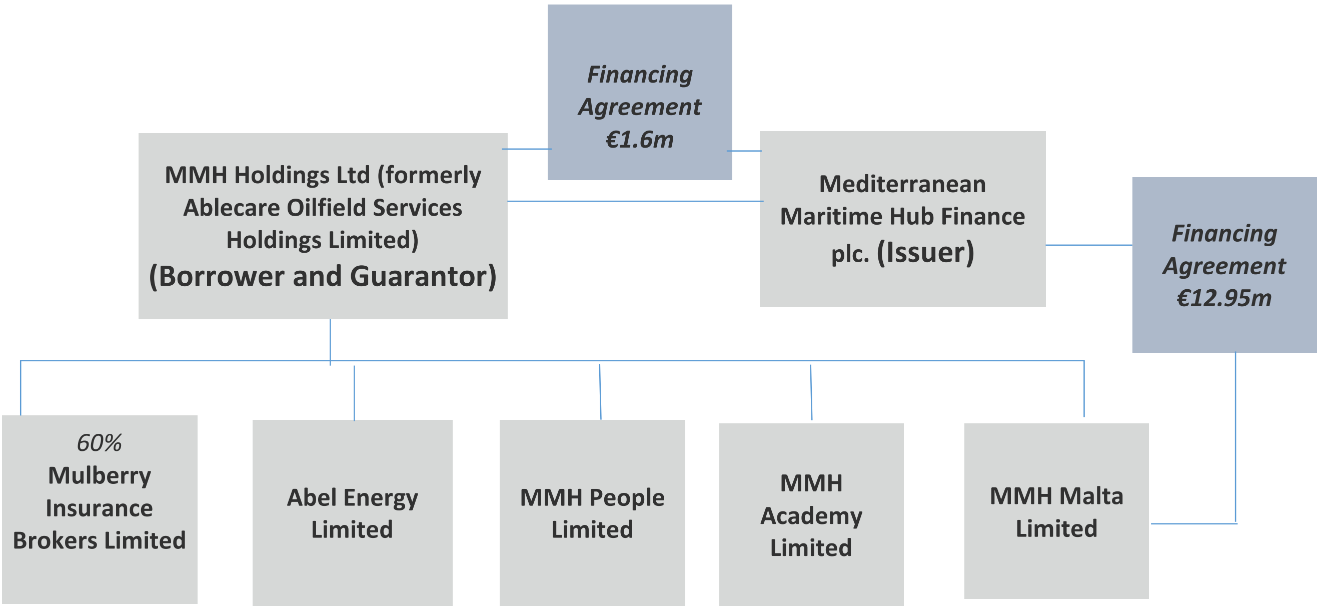
The Board of Directors of the Issuer is composed of the following persons:

Name	Designation
Paul Abela	Chairman
Ms. Angelique Maggi	Deputy Chairperson
Raymond Ciantar	Executive Director
Dr Michael Borg Costanzi	Non-Executive Director
Mr Lino Casapinta	Non-Executive Director
Mr Victor Denaro	Non- Executive Director

The board of Directors of the Guarantor consists of the following persons:

Name	Designation
Mr. Paul Abela	Chairman
Ms. Angelique Maggi	Deputy Chairperson
Mr. Joseph Maggi	Director – Quality & Planning
Mr. Raymond Ciantar	Director & CFO
Mr. Duncan Brincat	Director – Administration

2.3 Group Structure



The two main operating companies of the Group are MMH Malta Limited, whose main objective is the provision of maintenance, engineering and support services to the marine and oil & gas drilling companies and their service providers; and MMH People Limited, whose main objective is the provision of offshore/onshore personnel and related logistical and training arrangements to oil rig operators; . Both companies were set up in 2001.

In 2014, MMH Academy Limited, was set up to provide vocational training and educational courses to personnel deployed in Oil & Gas activities.

2.4 Current shareholders

MMH Holdings Limited, is the holding company holding the majority of the shares in all the subsidiary operations.

MMH Holdings Ltd shareholders are Paul Abela, Elesolar Company Limited and Elesolar Holdings Company Limited, with Paul Abela being the ultimate beneficiary owner (UBO) through the following companies:

• Elesolar Company Limited (50% shareholding in MMH Holdings Limited) is a limited liability company set up on the 25 of May 1981, under registration ref number C5511. The shareholders of this entity are Paul Abela (99.8%) and Elesolar Holdings Company Limited (0.2%).

• Elesolar Holdings Company Limited (49.996% shareholding in MMH Holdings Limited) is a limited liability company set up on 29 December 1994, under registration number C17386. The shareholders of this entity are Paul Abela (99.9%) and Elesolar Company Limited (0.1%).

The Guarantor's authorised and issued share capital

The authorised, issued and fully paid up share capital of MMH Holdings Limited, as at 31 December 2015, is 500,000 Ordinary shares, made up of equal proportions of A and B Shares of €1 each.

3. Review of the business

The main business focus of the group is that of providing a range of services to the marine and oil & gas service sector through both the provision of manpower and technical personnel to offshore and onshore oil well operators, as well as logistical support, yard operations, procurement and engineering services to oil rigs service companies. As a key element of its services portfolio, the Group operates the Mediterranean Maritime Hub in the innermost part of Valletta's Grand Harbour, the inauguration of which has allowed the Group to widen its range of marine-based services and products. The Group's portfolio of services are targeted at oil rigs and related operators in the Mediterranean region and west Africa, as well as the supply of personnel to operators in the North Sea.

The principal business operations of the Group are provided by the two main entities, i.e.; MMH Malta Limited and MMH People Limited.

The Group's track record is marked by the management team's ability to forge ongoing business relationships with key players in the oil & gas sector. Over time the Group has grown by increasingly catering for a wider range of services to its clients. The management team has embarked on the next phase of the business's development and is currently expanding the physical facilities within the Hub, enabling the Group to provide a wider range of services and reduce dependence on bought out subcontracted services.

3.1 Group entities

MMH Malta Limited

• MMH Malta Limited focuses on the supply of tailor-made services supporting the oil and gas industry, as well as marine services through its operation of the Mediterranean Maritime Hub. Its services are mainly of an operational, logistical and maintenance nature, as may be required by oil drilling companies and their support service providers referred to as the International Oil Companies or 'IOC's.

MMH People Limited

• MMH People Limited focuses on the recruitment, contracting and secondment of specialised maintenance personnel and related manning logistical services for the oil and gas industry, together with the career planning and follow-up of the same personnel.

MMH Academy Limited

• The MMH Academy Limited's objective is to provide education, training, conferences and related services in the field of oil exploration and engineering.

Abel Energy Limited

• Abel Energy Limited was set up to operate a vehicle fuel service station and related services including a car wash, convenience store and cafeteria.

• In 2015, the company acquired a fuel station licence in Malta and is in process of acquiring property on which to operate a service station. In March 2016, a development permit submitted by the company to build a fuel station at Maghtab, Naxxar, was not approved by the Planning Authority. The Company has lodged an appeal to this decision that is yet to be determined.

Mulberry Insurance Brokers Limited

• Mulberry Insurance Brokers Limited (Mulberry) is a limited liability company registered on 4 December 2015. It is 60% owned by MMH Holdings Limited, with the remaining 40% owned by Primus V.M. Limited, representing the shareholding interest of company employees. The company obtained an insurance brokerage licence on 24 June 2016 and commenced operations immediately after.

3.2 Core Operating Entities

MMH Malta Limited

MMH Malta Limited's service offering is very vast, and classified within the following categories: marine services through the operation of the Mediterranean Maritime Hub; rig and vessel stop services; storage, logistics and shore support; berthing; fabrication, inspection and provision of technical personnel.

MMH Malta Limited's key focus is on servicing the needs of oil drilling companies in the EMEA region (Europe, Middle East and Africa region), and service providers thereto. The strength of MMH Malta Limited's provision of services is primarily owed to ongoing relationships, backed by vendor agreements and Master Service Agreements (MSAs) with some of the world's largest drilling companies.

The facilities and support functions typically required to service rig stops comprise:

Quay - This is to facilitate berthing and mooring;

Yard area - This is to load, unload and store equipment and acts as an extension of the rig deck;

Engineering workshop - To facilitate on-shore maintenance of equipment, prior to placing this back onto the rig;

Procurement services/ ship chandler services - This comprises the procurement of all the goods that may be required by the rig, which could range from the replacement of the items required, such as machine parts, to motors and food supplies;

Logistical support - This includes all types of logistics required by the rig, which could range from Freeport services, customs declarations, permits, physical logistics including the sending and receiving of rig equipment from hubs etc.; and

Provision of additional manpower - This involves the provision of personnel, often working under the supervision of the Original Equipment Manufacturers (OEM). This service is typically provided by MMH People Limited.

It may be noted that prior to the acquisition of the Hub for the purpose of servicing Malta based rig stops, the Group made use of sub-contracted facilities from other local operators. For the purpose of servicing non-Malta based rig stops, the Group will continue to make use of sub-contracted foreign facilities as the need arises.

MMH People Limited

MMH People Limited's service offering includes handling human resources requirements for the offshore/onshore oilfield industry, such as manpower planning, project recruitment, training, as well as provision and contracting of pre-screened and qualified personnel. Logistics and travel administration are an integral part of the service.

MMH People Limited's business is, to a large extent, driven by the same MSAs with oil drilling companies, however it has a somewhat wider geographic reach as it provides manpower to operations as far as the North Sea and Africa.

3.3 Major Assets and Development Projects

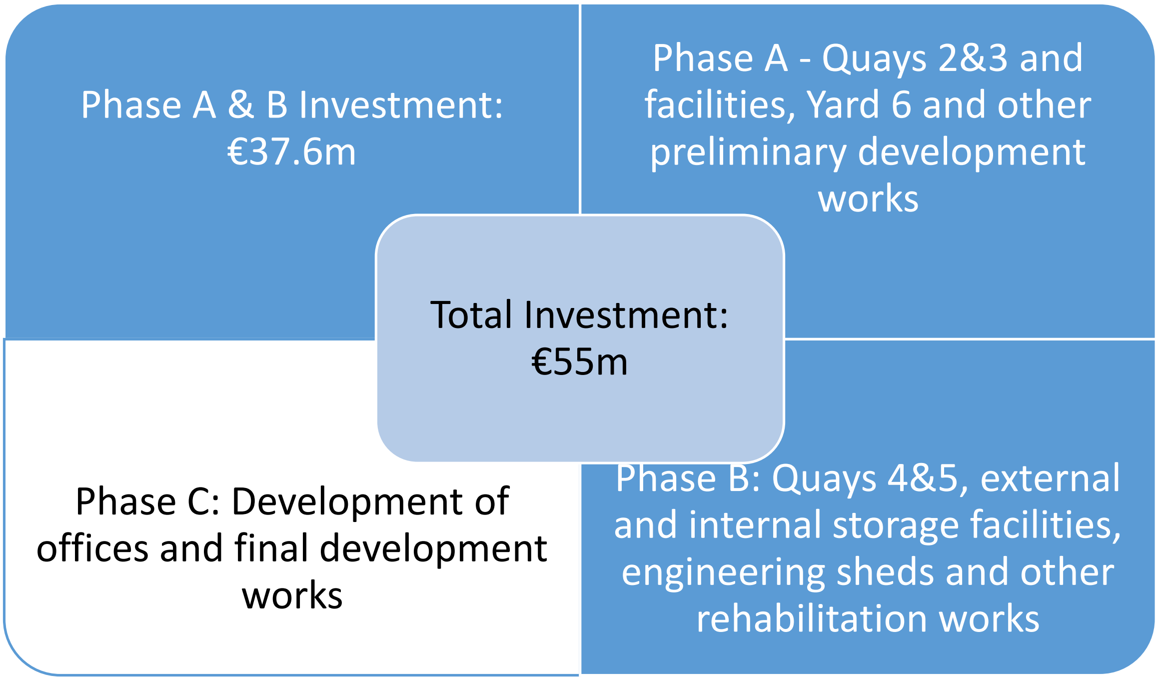
In January 2015, the Group was selected as the preferred bidder for the concession, to be awarded by the Government of Malta to rehabilitate the ex-Malta Shipbuilding site – now known as the Mediterranean Maritime Hub (or the "Hub").

The Group intends to invest a total of c. €55 million, in several phases, to rehabilitate this site and fully exploit it to its maximum potential as a maritime hub, with all the facilities that typically come with this, including a dedicated rig servicing centre, facilities for support engineering services and also a training centre.

The concession is for a period of 65 years under a title of temporary emphyteusis and consists of c. 169,000 square metres of land, mainly comprising:

- Quays 2 & 3, including lay down area, storage yards, main entrance to site and a warehouse;
- Quay 4 & 5, including yard space
- Dock
- Stand-alone external yards for open storage
- Four hangars / shed space for engineering works and internal storage
- Three main buildings which comprise warehouse space and space that could be converted into office space, engineering workshops and additional storage space.
- Connecting road infrastructure

The Group is currently in phase A and phase B of the investment plan, which in total amounts to an investment of €37.6m.



3.4 Project Development Update

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

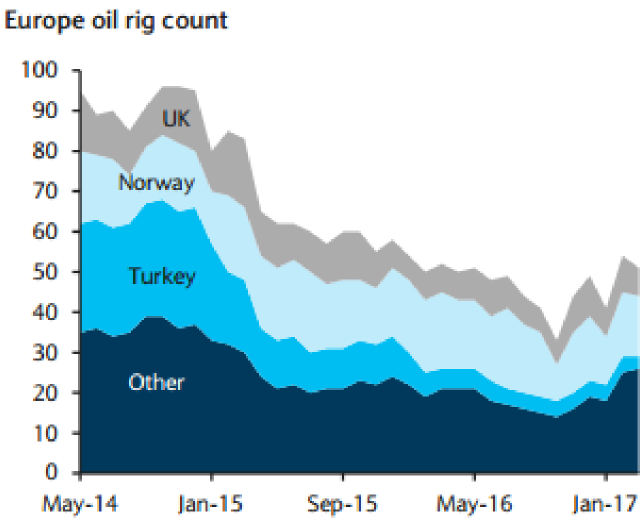
The commencement of the development of the Hub was delayed due to issues that were encountered in the course of its transfer to the Guarantor. The Group has been pursuing efforts to market the Hub internationally, recognising the current limitations of the oil and gas industry which are still facing a challenging period. However, interest in the Hub is being expressed by an increasing number of companies some of which command innovative operational concepts and which are being carefully evaluated.

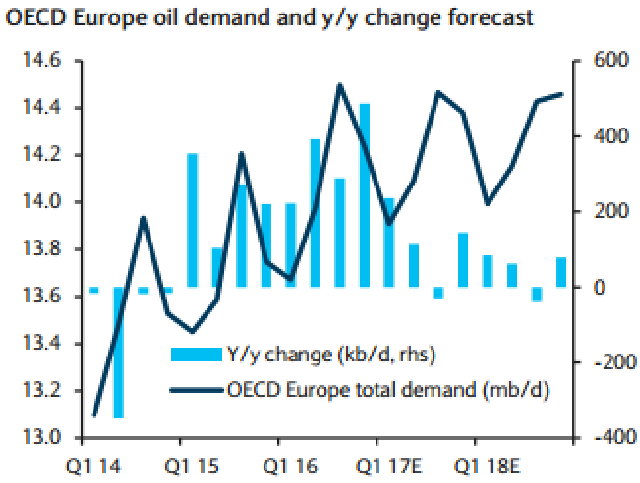
The results for 2016 have been considerably impacted by the significant costs incurred on the development of the Hub which has so far not generated any material revenue. The ground rent incurred on the Hub in 2016 alone amounted to €849,260, whilst the Site was still in development stage. The results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

3.5 Industry Update

The main industry driver, directly impacting the operations of the Group is the price of oil. This has a direct bearing on the extent of drilling operations carried out by International Oil Companies (IOCs) and the number of rigs in operation, which in turn determines the demand for services provided by the Group.

More specifically, when the oil price is high, IOCs may explore deposits that were previously deemed too costly. However, when the price is low, investment in drilling and exploration could fall, which would increase competition between suppliers and the decline of the number of oil rigs in operation.

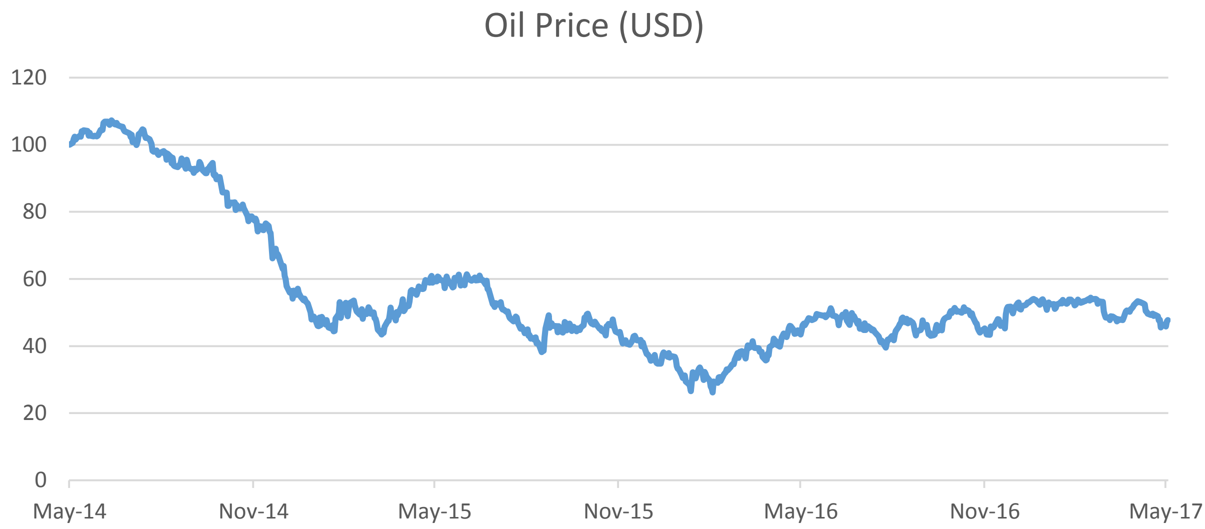




(Source: Baker Hughes, Barclays Research)

The offshore oil and gas industry is slowly emerging from a challenging period, which has seen the industry as a whole having to transform itself in order to meet the rapidly-changing energy requirements of the international market. As these challenges grow, the opportunities that they present grow in tandem. Operators, service companies and major equipment manufacturers are beginning to establish MSAs with potential suppliers in order to meet renewed expected growth. They are also looking carefully to rationalize their operations into better strategically located and efficient regional hubs.

The Group is seeking to establish a broad range of MSAs with key potential client companies, as well as strategic alliance partnerships with key supply chain entities. The location, site size and facilities of the Mediterranean Maritime Hub offers clients with unique regional operational flexibility. This applies to the oil and gas industry as well as to companies within the diverse maritime industries. It may be noted that the industry has been trading in a similar range of $43-53 / barrel in the past three years after a sharp drop off in 2014. As of Q2 2017, the price of oil was selling at approximately $45-50 / barrel. Albeit gradual, the industry is showing signs of a slight upward trend.



3.6 The Group's Competitive Environment

To date the Group's competitive environment has comprised local and foreign market players, including local and foreign shipyards, local and foreign terminals, ship chandlers, ship agents, and neighbouring countries with oil and gas pro-legislature, engineering facilities, and personnel recruitment agencies.

As it transforms its business, the Group's competitive strength will increasingly lie in the range of services it provides, resulting in a one-stop shop for rigs within a cost effective, multi-faceted hub in the centre of the Mediterranean.

The Group is subject to regulation by the local transport regulator –Transport Malta. It is also regulated by the SEC under the Foreign Corrupt Practices Act of 1977 (FCPA), a United States federal law known primarily for two of its main provisions, one that addresses accounting transparency requirements under the Securities Exchange Act of 1934 and another concerning bribery of foreign officials; as well as the UK Bribery Act of 2010.

It is also an accredited member of the International Association of Drilling Contractors (IADC) and is ISO9001: 2015 compliant, OHSAS 18001:2007 certified and 14001:2004 compliant. These certifications demonstrate that the Group aims to ensure client satisfaction, that work is performed in a safe environment, and with the least environmental impact possible.

4. Performance Review and Projections - Guarantor

All financial information presented in this section was derived from the audited accounts and from data provided by the Group. The performance review is based upon the Group.

4.1 Income Statement

€	FY15	FY16	FY17F		Projected 2016	Variance
Revenue	13,706,594	12,624,691	14,401,388		13,015,000	(390,309)
Cost of sales	9,920,020	8,949,137	9,267,189		8,731,000	218,137
Gross Profit	**3,786,576**	**3,675,554**	**5,134,200**		**4,284,000**	(608,446)
Distribution Costs	283,947	254,339	356,680		n/a	
Administrative Expenses	2,675,929	3,892,964	5,194,901		n/a	
Other Income	-	97,526	789,021		-	
Total Operating Costs	2,959,876	4,049,777	4,762,560		3,538,000	511,777
Operating (loss) / profit	**826,698**	**(374,223)**	**371,640**		**379,000**	(753,223)
Finance Income	9,925	5,913	2,068		-	
Finance Costs	130,827	265,783	761,811		199,000	66,783
Profit / (Loss) before tax	**705,796**	**(634,093)**	**(388,103)**		**180,000**	(814,093)
Tax credit / expense	(275,393)	97,479	135,836		77,000	20,479
Profit for the year	**430,403**	**(536,614)**	**(252,267)**		**103,000**	(639,614)

Revenue in 2016 amounted to €12,624,691 (2015: €13,706,594), missing the forecasted revenue of €13m due largely to the Group's focus on the development of the Hub, as well as delays in the handover of the site to the Group, and in the awarding of contracts. Despite numerous potential offers for different uses of the facilities of the Hub, the Group is committed to the development of the Hub as a maritime service centre of excellence. Projected revenue for 2017 is expected to be €14,401,388.

Gross Profit of €3,675,554 in 2016 (2015: €3,786,576) missed projection of €4,284,000 due to weaker than expected revenue as stated above. Cost of sales was contained, resulting in a slight improvement in gross margins to 29.1% (2015: 27.6%). Projected cost of sales for 2017 are expected to be € 9,267,189, resulting in a gross profit margin of 35.6%.

Operating costs increased significantly to €4,049,777 (2015: €2,959,876) mainly as a result of the significant ground rent that became payable upon acquisition of the Hub (2016: €849,260, 2015: €183,956). Due to the Group's shift of its activities to the Hub, the ground rent became immediately payable on the full extent of the site, even though large tracts of this are still under development. The group also incurred additional expenses in the gearing up of the Hub which included a significant spike in the wages and salaries of employees (2016: €2,510,796, 2015; €1,083,344).

As a result of the above, the group incurred a loss of €536,614 in 2016 compared to a profit of €430,403 registered in 2015, and missing management projections of €103,000 profit. Management is forecasting a loss of €252,267 for 2017 – which figure is susceptible to positive change since at the time of this report a number of contracts by the Group were still under negotiation, and the outcome of which is not easily quantifiable. The contracts in question are expected to come into stream in the third and fourth quarters of 2017, and if satisfactorily concluded, they would alter figures favourably.

4.2 Balance Sheet

€	FY15	FY16		FY17F
Assets				
Non-current assets				
Intangible assets	725,000	809,155		805,170
Property, plant and equipment	2,188,603	7,417,403		18,758,232
Trade and other receivables	766,702	1,181,375		854,548
Deferred tax assets	40,282	138,075		139,921
Total Non- current assets	**3,720,587**	**9,546,008**		**20,557,871**
Current Assets				
Inventories	157,850	56,122		709,873
Trade and other receivables	3,344,519	5,132,560		9,270,244
Cash	2,587,222	8,196,303		1,342,220
Total current assets	**6,089,591**	**13,384,985**		**11,322,337**
Total assets	**9,810,178**	**22,930,993**		**31,880,208**
Equity and Liabilities				
Share capital	500,000	500,000		500,000
Reporting currency conversion reserve	(8,185)	(71,628)		(71,628)
Other reserve	18,305	18,305		18,305
Retained earnings	4,513,423	3,978,921		3,709,125
Non-controlling interest	-	37,888		57,262
Total equity	**5,023,543**	**4,463,486**		**4,213,065**
Liabilities				
Non-current Liabilities				
Borrowings	1,226,733	14,653,191		19,680,125
Trade and other payables	425,000	425,000		425,000
Deferred tax liability	-	-		-
Total non-current liabilities	**1,651,733**	**15,078,191**		**20,105,125**
Current Liabilities				
Borrowings	607,695	263,059		-
Trade and other payables	1,777,174	2,638,776		7,537,121
Current tax liabilities	750,033	487,481		24,897
Other current liabilities	-	-		-
Total current liabilities	**3,134,902**	**3,389,316**		7,562,018
Total liabilities	**4,786,635**	**18,467,507**		**27,667,143**
Total equity and liabilities	**9,810,178**	**22,930,993**		**31,880,208**

The Guarantor's asset base grew from €9.8m in 2015 to €22.9m in 2016 as a result of the deployment of the funds generated from the bond issue and subsequently invested in the Hub. This increase is reflected in PP&E, which increased from €2.2m in 2015 to €7.4m in 2016. The Group retains a healthy cash balance level, commensurate to management's plans to further enhance the facilities at the Hub over the coming year.

The equity base of the Guarantor fell marginally as a resulting of transposing the 2016 loss into retained earnings, thereby decreasing the amount of retained earnings from €4.5m to €4m. The total equity now stands at €4.5m from €5m in 2015.

As expected following the bond issue, the Guarantor's leverage increased considerably, with total liabilities increasing from €4.8m to €18.5m. Net debt to equity increased to 230.1% in 2016 from 43.8% in 2015. While net debt to total assets increased to 44.8% in 2016 from 22.4% in 2015. The level of leverage is expected to increase further in 2017, as the Group borrows additional funds in order to finance and complete the development of the hub.

4.3 Cash Flow Statement

€	FY15	FY16		FY17F
Cash flows from operating activities				
Cash (used in) / from operations	3,282,681	(1,349,202)		1,534,823
Finance income	9,925	5,913		2,068
Finance costs	(130,827)	(265,783)		(761,811)
Tax Paid	(442,796)	(262,866)		(326,748)
Net operating cash flows	**2,718,983**	**(1,871,938)**		**448,333**
Cashflows used in investing activities				
Purchase of intangible assets	(725,000)	(84,155)		-
Purchase of plant and equipment	(1,946,133)	(5,556,648)		(12,039,357)
Net cash used in investing activities	**(2,671,133)**	**(5,640,803)**		**(12,039,357)**
Cash flows from financing activities				
Net Repayment/bank borrowings	(358,709)	(1,661,810)		5,000,000
Proceeds from bond issue	-	15,000,000		-
Bond issue costs	-	(346,809)		-
Issue of shares in non-controlling interest	-	40,000		-
Net cash used in financing activities	**(358,709)**	**13,031,381**		**5,000,000**
Net movement in cash flows	**(310,859)**	**5,518,640**		**(6,591,024)**
Cash and cash equivalents at beg of year	**2,725,463**	**2,414,604**		**7,933,244**
Cash and cash equivalents at end of year	**2,414,604**	**7,933,244**		**1,342,220**

During FY2016, the Guarantor’s reduced operating activities and increase in the workforce prompted a reduction in cash from operations to an outflow of €1.3m compared to an inflow of €3.3m in FY2015. An increased in the level of finance costs following the bond issue also contributed to the net operating cashflows reducing to of an outflow of € 1.9m).

Net cash used in investing activities increased from €2.7m in FY2015 to €5.6m in FY2016 as a result of an investment in the Hub, as reflected in the sharp increase in the purchase of plant and equipment.

As a result of the bond issue of €15m in 2016, when removing the costs of issue and repayment of bank debt, the Group registered an increase in cash from financing activities of €13m in FY2016 compared to an outflow of €0.4 in FY2015.

As a result of the Guarantor’s commitment to invest in the Hub, witnessed by the €12m outflow from investing activities, cash and cash equivalents at the end of financial year 2017 are expected to decrease by €6.6m to €1.3m.

4.4 Summary and Ratio Analysis

	2015	*2016*
Income Statement	**€**	**€**
Revenue	13,706,594	12,624,691
Growth (YoY)	-66.4%	-7.9%
Operating Income (EBIT) / (loss)	826,698	(374,223)
Operating Margin	6.0%	-3.0%
Net Income (loss)	430,403	(536,614)
Net Margin	3.1%	-4.3%
Balance Sheet		
Cash and Cash Equivalents	2,587,222	8,196,303
Total Current Assets	6,089,591	13,384,985
Total Non-Current Assets	3,720,587	9,546,008
Total Assets	9,810,178	22,930,993
Total Current Liabilities	3,134,902	3,389,316
Total Non-Current Liabilities	1,651,733	15,078,191
Total Debt	4,786,635	18,467,507
Total Equity	5,023,543	4,463,486
Net Debt	2,199,413	10,271,204
Ratios		
Profitability		
Return on Common Equity	8.6%	-12.0%
Return on Assets	4.4%	-2.3%
Solvency		
Net Debt / Total Equity	44%	230%
Net Debt / Debt + Equity	22%	45%
Net Debt / EBIT	266%	-2745%
Current Ratio	1.94	3.95
Net Debt/CFO	0.81	-5.49
CFO/EBIT	329%	500%
Interest Cover	6.32	-1.41

FY 2016 was a challenging year for the Group in terms of financial results, with a decline in the overall performance of the Group. Revenue declined, coupled with additional costs resulted in operating income and net income turning negative, along with the operating and net margins, as well as profitability ratios.

The balance sheet also deteriorated as a result of the negative performance, coupled with the increased leverage of the Group amplifying the loss. The leverage of the Group increased as a result of the bond issue, increasing the leverage on equity to 2.3 times from 0.4 times in 2015.

5. Performance Review and Projections – Issuer

All financial information presented in this section was derived from the audited accounts. The performance review is based upon the Issuer, Mediterranean Maritime Hub Finance plc. The Issuer was registered and incorporated on 26 July 2016 to issue the Bonds and loan the proceeds to the Group.

The Issuer did not conduct any business and has no trading record prior to the financial year 2016. The issuer's function is solely to act as the financing vehicle for the group, and as such does not reflect the performance or financial position of the Group. Forecasts are based on management's projections for the coming year.

5.1 Income Statement

€	FY16	FY17F		Projected 2016	Variance
Finance Income	206,783	877,625		261,000	(54,217)
Finance Costs	(163,215)	(720,000)		(188,000)	24,785
Net Interest Income	**43,568**	**157,625**		**73,000**	**(29,432)**
Administrative Expenses	(33,626)	(85,683)		(54,000)	20,374
Profit / (Loss) before tax	**9,942**	**71,942**		**127,000**	**(117,058)**
Tax credit / expense	(3,480)	(25,180)		(7,000)	3,520
Profit for the year	**6,462**	**46,762**		**13,000**	**(6,538)**

Net Interest Income for the financial year was lower than originally forecast as a result of the timing difference between the actual date of the bond issue and the forecast date – which was necessarily pushed backwards due to the delay in the acquisition of the Hub. On the other hand, administration expenses were lower than expected resulting in a marginally lower net profit for the year.

Finance income is projected to total €9.3m over the life of the bond, reflecting the interest paid by MMH Malta Limited on the loan from the issuer at a 5.95% interest rate (5% coupon plus 0.95% margin).

The Guarantor also pays the Issuer a facility fee, which is intended to cover the bonds amortisation costs, directors' fees and other administrative expenses incurred by the Issuer. In FY16, this facility fee is assumed at €140,000, increasing by 2% inflation from FY17 to FY26.

5.2 Balance Sheet

€	FY16		FY17F
Assets			
Non-current assets			
Loans and receivables	14,750,000		14,750,000
Total Non- current assets	**14,750,000**		**14,750,000**
Current Assets			
Trade and other receivables	206,783		360,928
Cash and cash equivalents	119,386		67,792
Total current assets	**326,169**		**428,720**
Total assets	**15,076,169**		**15,178,720**
Equity and Liabilities			
Share capital	250,000		250,000
Retained earnings	6,462		53,225
Total equity	**256,462**		**303,225**
Liabilities			
Non-current Liabilities			
Borrowings	14,653,191		14,680,125
Total non-current liabilities	**14,653,191**		**14,680,125**
Current Liabilities			
Trade and other payables	166,516		195,371
Total current liabilities	**166,516**		**195,371**
Total liabilities	**14,819,707**		**14,875,496**
Total equity and liabilities	**15,076,169**		**15,178,720**

As at 31 December 2016, total assets are €15m comprising Loans to MMH Malta Limited and MMH Holdings Limited of €14.75m, which are projected to continue to be carried until eventual redemption in 2026; and Cash balance of €0.12m.

As at 31 December 2016, total equity and liabilities of €15m, including liabilities of €14.8m and equity of €0.25m.

5.3 Cashflow Statement

€	FY16	FY17F
Cash flows from operating activities		
Cash (used in) / from operations	(26,426)	(51,594)
Net operating cash flows	(26,426)	(51,594)
Cashflows used in investing activities		
Proceeds of loans and receivables from subsidiaries	(14,750,000)	-
Net cash used in investing activities	**(14,750,000)**	**-**
Cash flows from financing activities		
Issue of share capital	250,000	-
Issue of €15,000,000 4.8% bonds	15,000,000	-
Bond issue costs	(354,188)	-
Net cash from /used in financing activities	14,895,812	-
Net movement in cash flows	119,386	(51,594)
Cash and cash equivalents at beg of year	-	119,386
Cash and cash equivalents at end of year	119,386	67,792

As a result of the proceeds from the bond issue and subsequent loan to the Group, the net cash balance at the end of the financial year amounted to €119,386.

5.4 Ratio analysis

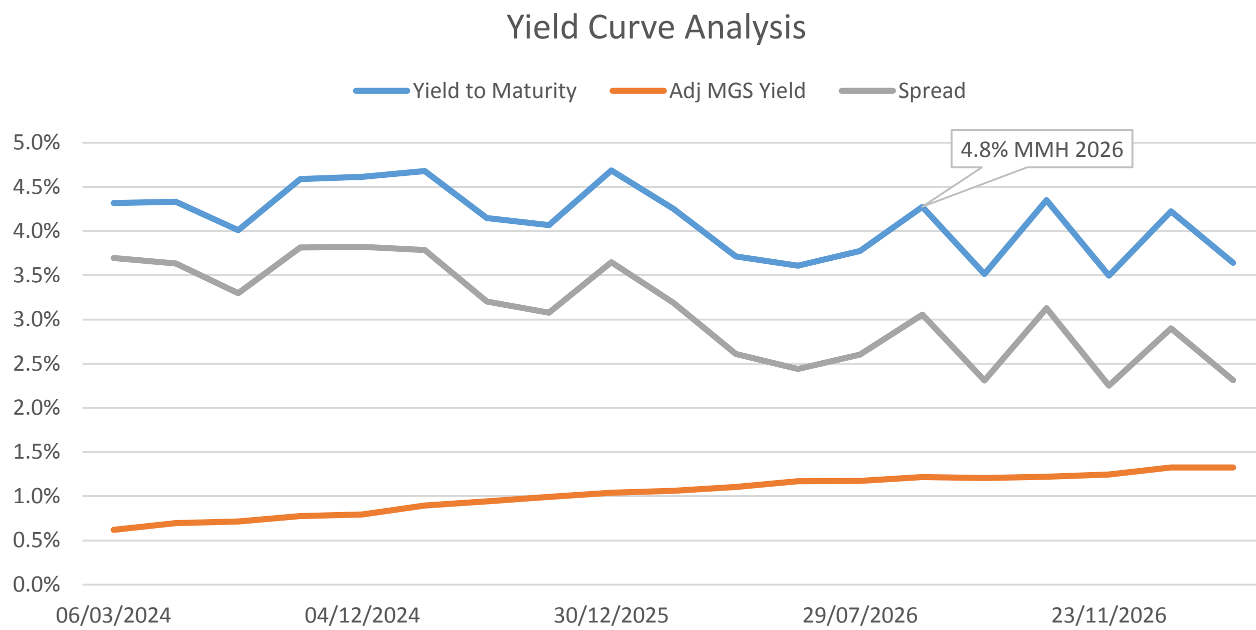
Ratio	2016
Interest Cover	1.27
Net Debt / Total Equity	57.32
Net Debt / Debt + Equity	0.98

6. Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (million)	Net Asset Value (million)	Net Debt/Capital (%)	Net Debt/ Equity (%)
6% AX Investments Plc € 2024	40,000,000	4.32%	2.2	270.4	163.7	37.3%	61.6%
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	4.33%	3.1	72.1	30.4	51.40%	117.60%
5% Tumas Investments plc Unsecured € 2024	25,000,000	4.01%	2.6	181.4	81.4	48.60%	108.40%
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	4.59%	-2.3	82.1	32.3	71.50%	253.40%
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.62%	1.0	71.7	4.8	87.90%	1327.40%
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.68%	-0.2	1220.3	646.8	44.60%	84.10%
5.1% 6PM Holdings plc Unsecured € 2025*	13,000,000	4.15%	2.5	38.2	17.6	50.20%	108.70%
4.5% Hili Properties plc Unsecured € 2025	37,000,000	4.07%	1.2	97.0	28.2	67.90%	233.50%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000,000	4.69%	0.4	16.1	10.3	28.60%	44.90%
4.5% Medserv plc Unsecured € 2026	21,982,400	4.25%	0.0	121.5	26.4	73.10%	336.40%
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.71%	-0.2	1220.3	646.8	44.60%	84.10%
4% MIDI plc Secured € 2026	50,000,000	3.61%	0.4	203.8	67.4	60.00%	181.50%
4% International Hotel Investments plc Secured € 2026	55,000,000	3.78%	-0.2	1220.3	646.8	44.60%	84.10%
5% Dizz Finance plc Unsecured € 2026	8,000,000	4.27%	3.0	17.0	4.7	252.60%	69.10%
3.9% Plaza Centres plc Unsecured € 2026	8,500,000	3.52%	7.6	43.4	26.2	62.00%	164.90%
4.8% Mediterranean Maritime Hub Finance plc € 2026	**15,000,000**	**4.35%**	**-1.4**	**22.9**	**4.5**	**44.80%**	**230.10%**
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.50%	4.6	193.4	41.6	46.3%	215.3%
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.22%	3.2	156.4	56.7	64.70%	178.60%
4% Eden Finance plc Unsecured € 2027	40,000,000	3.64%	2.2	165.5	92.6	43.8%	78.3%

*based on interim financial statements



As at 18th May 2017, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of eight-ten years was 309 basis points. The 4.8% MMHF bond maturing on the 14/10/2026 was yielding 435 basis points to maturity and an equivalent spread of 313 basis points over the current Malta Government Stock Yield with the same maturity.

7. Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, the operations of BCT and EQR
Operating Expenses	Operating expenses include the cost of terminal operations and management expenses in maintaining the investment property of EQR.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Profit before Tax (PBT)	Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
Efficiency	
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings.

Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.