

MEDITERRANEAN MARITIME HUB FINANCE P.L.C.

Half-Yearly Report
30 June 2020

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Half-yearly directors' report

This Half-Yearly Report is being published in terms of Chapter 5, Rule 5.74 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, Chapter 476 of the Laws of Malta). The condensed set of financial statements included in this report has been extracted from the unaudited financial information of Mediterranean Maritime Hub Finance p.l.c. (the Company) for the six months ended 30 June 2020 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report has not been audited or reviewed by the Company's auditors.

Principal Activities

The Company's business is that of raising funds to support and finance the operations and capital projects of the MMH Group of Companies (the 'Group').

Business Review

The main business activity of the Company has been the issue in October 2016 of €15m worth of bonds to the public that were fully subscribed, following which the Company advanced the proceeds to two companies within the Group to finance the development of a site measuring almost 170,000m² in Malta's Grand Harbour, formerly known as the Marsa Shipbuilding Site (the 'Site'), to serve as a regional hub for the provision of the Group's shore-based services and facilities in connection with the marine and oil and gas industry. MMH Holdings Limited, which is the guarantor of the above-mentioned bonds, acquired the Site, which is currently under development, by means of a public deed published on 1 August 2016.

During the six-month period that ended on 30 June 2020, the Company registered a profit before tax of €24,856 (2019: €24,778). The net assets of the Company at the end of the period amounted to €394,998 compared to €378,843 as at 31 December 2019.

The published figures have been extracted from the unaudited management financial statement for the six-month period ending 30 June 2020, and the audited accounts for the full-year period January-December of 2019.

The Company recognises that the key risk and uncertainty of its business is that of the potential non-fulfilment by the borrowers (that is, the two Group members) of their obligations; and due to the borrowers' operations, this risk is impacted by the performance of the marine and oil and gas industry.

During the period under review, the Group registered an operating profit of €821,742 (June 2019: €487,871) on revenues of €7,762,774 (June 2019: €9,373,660)

Risks and Uncertainties for Remaining Six-Month Period of 2020

The Group's diversification strategy in promoting the Site as a regional facility to the marine and oil and gas industry has continued to progress at a good pace. The new revenue streams, which include service offerings to the marine industry, have picked up. Those related to the oil and gas industry have remained challenging. The return on the commercial activity for the remaining six-month period of 2020 is likely to be below the forecasted levels mainly due to the Covid19 pandemic, however the Group is still expected to generate a positive cashflow.

Half-yearly directors' report - continued

Risks and Uncertainties for Remaining Six-Month Period of 2020 - continued

The present COVID-19 pandemic with its underlying uncertainties has hit most industries in Malta and abroad. The industrial and commercial sectors which are serviced by the Group are no exception. The Company recognises that the key risk and uncertainty of its operations is that of the potential non fulfilment by the borrowers, MMH Malta Limited and MMH Holdings Limited - the main operating subsidiary and the holding company of the Group, of their obligations under the relative loan agreements.

Notwithstanding the crisis being caused by the pandemic, the Group's operations have remained and still are all open for business and could be pursued to a certain extent during the pandemic. The global impact of the pandemic has and will surely have a significant effect on the Group's operations during 2020 and on the financial results expected to be registered during the year with material adverse impacts on the profitability, cash flows and financial position of the Group. This is due to the far reaching implications of the pandemic, amongst which are the consequences of the fall of crude oil prices, which are reaching unprecedented lows that no one would have ever foreseen.

The Group has prepared cash flow forecasts to measure the impact of the reduction in the Group's revenue and of the several cost-cutting measures that are being taken to minimise the effect of the crisis. Cash flow forecasts were prepared for the 12-month period ending June 2021.

This cash flow forecasts indicate that sufficient cash will be generated throughout the next twelve months to enable the Group to meet its financial commitments. These include amongst others honouring the loan agreements obligation that the Group has with the Company.

Dividends

The directors do not recommend the payment of an interim dividend (2019: €Nil).

On behalf of the Board



Paul Abela
Director



Raymond Ciantar
Director

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Head Office Building
Mediterranean Maritime Hub
Xatt il-Mollijiet
Marsa MRS 1152
Malta

27th July 2020

Condensed statement of financial position

	As at 30 June	As at 31 December
	2020 € (unaudited)	2019 € (audited)
ASSETS		
Non-current assets	14,750,000	14,750,000
Current assets	937,345	534,268
Total assets	15,687,345	15,284,268
EQUITY AND LIABILITIES		
Total equity	394,998	378,843
Total non-current liabilities	14,756,705	14,741,187
Total current liabilities	535,642	164,238
Total liabilities	15,292,347	14,905,425
Total equity and liabilities	15,687,345	15,284,268

The notes on page 7 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 3 to 8 were authorised for issue by the board of directors on 24th July, 2020 and were signed on its behalf by:

Paul Abela
Director

Raymond Ciantar
Director

Condensed statement of comprehensive income

		Six-months ended 30 June	Six-months ended 30 June
	Note	2020	2019
		€	€
		(unaudited)	(unaudited)
Finance income		435,206	435,206
Finance costs		(357,041)	(357,041)
Net interest income		78,165	78,165
Administrative expenses		(53,311)	(53,387)
Profit before tax		24,854	24,778
Tax expense		(8,699)	(8,672)
Profit for the period – total comprehensive income		16,155	16,106
Earnings per share (cents)	2	0.07	0.07

The notes on page 7 are an integral part of this interim condensed financial information.

Condensed statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2020	250,000	128,843	378,843
Comprehensive income			
Profit for the period - total comprehensive income	-	16,155	16,155
Balance at 30 June 2020	250,000	144,998	394,998

The notes on page 7 are an integral part of this interim condensed financial information.

Condensed statement of cash flows

	Six-months ended 30 June	Six-months ended 30 June
	2020	2019
	€	€
	(unaudited)	(unaudited)
Net cash generated from operating activities	71,782	61,817
Net cash generated from investing activities	83,393	492,916
Movement in cash and cash equivalents	155,175	554,733
Cash and cash equivalents at beginning of period	558,791	4,058
Cash and cash equivalents at end of period	713,966	558,791

The notes on page 7 are an integral part of this interim condensed financial information.

Notes to the half-yearly report

1. Basis of preparation

Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2019.

2. Significant accounting policies

The accounting policies applied in the preparation of the half-yearly report are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those financial statements.

3. Earnings per share

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue during the period.

4. Related party transactions

The Company forms part of the MMH Group of Companies. All companies forming part of the MMH Group are related parties since these companies are all ultimately owned by MMH Holdings Limited. Trading transactions between these companies include items which are normally encountered in a group context. The Group is ultimately fully owned by Paul Abela. Companies owned directly by Paul Abela are also considered to be related parties. The main related party with whom transactions are entered into are MMH Malta Limited and MMH Holdings Limited, the guarantor of the borrowings.

The principal transactions carried out with related parties during the period were as follows:

	Six-months ended 30 June
	2020
	€
Income from services	
Finance income from parent and fellow subsidiary	435,206

The Company's balances with fellow subsidiaries and parent as at the end of the period are as follows:

	As at 30 June	As at 31 December
	2020	2019
	€	€
Non-current		
Loans to parent company and fellow subsidiary	14,750,000	14,750,000
Current		
Net amounts owed from parent company & fellow subsidiary	216,755	402,565

Director's statement pursuant to Listing Rule 5.75.3

I hereby confirm that to the best of my knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
2. the interim directors' report includes a fair review of the information required in terms of Listing Rule 5.81.



Paul Abela
Director



Raymond Ciantar
Director