

MEDITERRANEAN MARITIME HUB FINANCE P.L.C.

Half-Yearly Report
30 June 2021

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Half-yearly directors' report

This Half-Yearly Report is being published in terms of Chapter 5, Rule 5.75 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 2021 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' or 'Hub'), 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 a public deed published on 1 August 2016.

During the six-month period that ended on 30 June 2021, the Company registered a profit before tax of €25,123 (2020: €24,856). The net assets of the Company at the end of the period amounted to €442,674 compared to €426,344 as at 31 December 2020.

These figures have been extracted from the unaudited management financial statement for the six-month period ending 30 June 2021, and the audited accounts for the full year period January-December of 2020.

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 €342,393 (June 2020: €821,742) on revenues of €7,981,322 (June 2020: €7,762,774)

Risks and Uncertainties for Remaining Six-Month Period of 2021

The Group's diversification strategy in promoting the Site as a regional facility to the marine and oil and gas industry has continued. However, during the year under review, the Group primarily continue to focus its operations on mitigating the impact caused by the COVID-19 pandemic. This was achieved by increasing efforts to attract work in the local market whilst incessantly pursuing international major oil and gas projects.

The Group also slowed down development in the Hub to conserve cash flow due to the uncertainty behind the effects of the pandemic.

Half-yearly directors' report - continued

Risks and Uncertainties for Remaining Six-Month Period of 2021 - continued

The Group's strong efforts in diversifying its revenue streams in 2019, yielded results in 2020 and this trend continued during the first six months of 2021. The return on the commercial activity for the remaining six-month period of 2021 is likely to be in line with the return generated in the first six months of 2021 and in line with 2020. The Group is expected to generate a positive cashflow during the year under review.

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. However, the maritime sector has proven itself to be a resilient sector that adapted to the pandemic. Against this context, the Group looks ahead at 2021 with a positive outlook. The Group nonetheless understands the importance of remaining diligent in assessing and mitigating the impact by the ever-present COVID-19 pandemic. At the same time, the Group is confident that the vaccine programmes underway in Malta and in the Group's key markets will surely be a boost to the sector and will facilitate new ways of working.

Notwithstanding the crisis being caused by the pandemic, the Group's operations are all open for business and could be pursued to a certain extent. However, the global impact of the pandemic has, and will surely have, a significant effect on the Group's operations during 2021, 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.

As stated above, 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.

Assuming that the pandemic will persist throughout most of 2021, the Group has prepared cash flow forecasts taking into consideration a conservative sales-mix and maintaining certain cost-cutting measures taken in 2020. Cash flow forecasts were prepared for the period ending December 2021, based on a number of assumptions, which were deemed by management to be as realistic as possible, considering the information and data in hand at the time.

The cash flow forecast presented by the Group indicates 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 obligations under the loan agreements that the Group companies have with the Company, notwithstanding the challenges brought about by the pandemic.

Dividends

The directors do not recommend the payment of an interim dividend (2020: €Nil).

On behalf of the Board



Paul Abela
Director



Raymond Ciantar
Director

Registered office:
Head Office Building
Mediterranean Maritime Hub
Xatt il-Mollijiet
Marsa MRS 1152
Malta
27th July 2021

Condensed statement of financial position

	As at 30 June	As at 31 December
	2021	2020
	€	€
	(unaudited)	(audited)
ASSETS		
Non-current assets	14,750,000	14,750,000
Current assets	1,007,679	614,464
Total assets	15,757,679	15,364,464
EQUITY AND LIABILITIES		
Total equity	442,674	426,344
Total non-current liabilities	14,788,798	14,772,479
Total current liabilities	526,207	165,641
Total liabilities	15,315,005	14,938,120
Total equity and liabilities	15,757,679	15,364,464

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 20th July, 2021 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	2021 € (unaudited)	2020 € (unaudited)
Finance income		435,206	435,206
Finance costs		(357,041)	(357,041)
Net interest income		78,165	78,165
Administrative expenses		(53,042)	(53,311)
Profit before tax		25,123	24,854
Tax expense		(8,793)	(8,699)
Profit for the period – total comprehensive income		16,330	16,155
Earnings per share (cents)	2	0.06	0.06

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 2021	250,000	176,344	426,344
Comprehensive income			
Profit for the period - total comprehensive income	-	16,330	16,330
Balance at 30 June 2021	250,000	192,674	442,674

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
	2021	2020
	€	€
	(unaudited)	(unaudited)
Net cash generated from operating activities	72,221	71,782
Net cash (used in)/generated from investing activities	(339,292)	83,393
Movement in cash and cash equivalents	(267,071)	155,175
Cash and cash equivalents at beginning of period	713,966	558,791
Cash and cash equivalents at end of period	446,895	713,966

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 2020. 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 2020.

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 2020, 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
	2021
	€
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
	2021	2020
	€	€
Non-current		
Loans to parent company and fellow subsidiary	14,750,000	14,750,000
Current		
Net amounts owed from parent company & fellow subsidiary	556,046	604,173

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 2021, 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