



MBH CORPORATION PLC

UNAUDITED
**FINANCIAL
STATEMENTS**

FOR THE HALF YEAR
ENDED 30 JUNE 2020

MBH
CORPORATION

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Officers and Professional Advisers – 30 September 2020

The Board of Directors	Mr Callum Laing Ms Victoria Sylvester Ms Svetlana Coronado (appointed 29 May 2020) Mr Stanislaw Patey (appointed 1 August 2020)
Company registration number	10238873
Registered office	7 Royal Victoria Patriotic Building John Archer Way London SW18 3SX United Kingdom
Share registrar	Avenir Registrars Limited 5 St John's Lane Farringdon London EC1M 4BH United Kingdom
UK solicitors to the Company	Bryan Cave Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom
Stock exchange listing	MBH Corporation plc is listed on: <ul style="list-style-type: none">• Primärmarkt of the Düsseldorf Stock Exchange (M8H:GR)• Frankfurt Stock Exchange (M8H)

Chairperson's Statement



Svetlana Coronado
Non-Executive Chairperson

Welcome. This is my first half yearly update as Chair of the board for the MBH Corporation.

It is both heart-warming and empowering to bear witness to the resilience, acumen and benevolence of the MBH Group companies during these uncertain times. The MBH Group company Principals continue to take bold and decisive actions and decisions to ensure their businesses keep operating through setbacks and driving towards the greater good. Each principal is a seasoned entrepreneur with vast experience in their field. They have faced and overcome disappointments and have thrived. Still, their true power is revealed when they unite. I have had the personal pleasure of observing them interact, collaborate and support each other and I am incredibly proud to be part of such an amazing team.

Our organisation has been very active during the first six months of this year; welcoming three companies to the Group and confirming our position as one of Europe's fastest growing newly listed companies.

Our values, our culture, and our fundamentals will remain strong. We carry on with bringing new companies into our unique organisation platform and welcoming new business owners to the MBH family. Our model has been tested by the Covid-19 pandemic and shown to withstand the winds of change and our name is ever more recognisable thanks to the efforts of our CEO Callum Laing and the MBH leadership team. I am looking forward to continuing our expansion into new geographies and industries and to continuing to see our Group companies grow and prosper.

Thank you.

A handwritten signature in blue ink that reads "S. Coronado".

Svetlana Coronado
Non-Executive Chairperson

CEO's Statement

Revenue
£27.4m
Up 31%
on 1H19

EBITDA
£1.5m
Up 13%
on 1H19



Callum Laing
Chief Executive Officer

Welcome to my CEO's update for the first half of 2020. And what an 'interesting' year it has been. As is to be expected, all businesses in our group were affected to some degree by the various measures put in place by governments around the world over the past six months. I am thankful that relatively few of our team were directly affected by the virus itself and incredibly pleased to say that the care home in our Group, Samuel Hobson, has remained Covid-19 free. This is due to the very professional effort by Managing Director Vicky Smith and her team which should be applauded.

The various shutdowns and restrictions did, of course, have an impact on most of the companies in our Group. Beyond the immediate loss of earnings, there is the subsequent loss of confidence amongst clients which leads to delayed decisions and delayed contracts being signed. However, despite this, I hope you will share my pride in the results that we have delivered. If we are still able to achieve 31% increase in revenue and 13% increase on EBITDA year on year, despite everything that has happened so far this year, then we are well poised for what comes next and I will expand on that later.

There are two specific areas worthy of mention that have helped us to show these positive results. Despite agreeing to unwinding one deal in the first quarter, I am pleased to say that the rest of the Group had successfully built on the

momentum from 2019 and Q1 was very strong for most Group companies – which definitely helped and gave them a cushion going into the first lockdowns caused by the pandemic. Secondly, we continued to welcome new companies to the Group. Adding Samuel Hobson Care Home, Robinsons Caravans & Logistica Training has allowed us to incorporate their revenue and profits from the time they joined us. And with every company that we welcome, we add new talent, wisdom and opportunities that can be leveraged.

One of the key tenets of MBH is our need to protect the value of our shares. Around 70% of the issued shares are owned by the businesses in the Group. Whilst the share price itself will of course fluctuate, we have taken three very deliberate steps to ensure the long term value of owning a stake in MBH.

Geographic diversity.

Although we currently have many Group companies based in the UK, it has always been the intent to have a blend of Group companies from across the world. This not only offers protection in the event that one country has economic issues, but also provides companies in the group with access to new markets should they wish to expand. To date, in the second half of this year we have been pleased to welcome Learning Wings from Singapore and also Meeting of the Minds & Everyday Realty from the US.

We fully intend to keep adding new companies in these geographies and others.

Industry agnostic approach.

Whilst our 'buy and hold' strategy means we are far less impacted than Private Equity when it comes to timing our acquisitions, an industry downturn can still have a dramatic affect on our earnings. By focusing on a policy of having great companies join the Group, regardless of industry, we will often be able to offset a downturn in one industry by a corresponding uplift in another. It has been commented by observers that our acquisition of Robinsons Caravan at the beginning of the global pandemic, when international travel would slow to a trickle, was great foresight. As easy as it would be to take those plaudits, the truth is very different. We welcomed Robinsons Caravan into the group because it is an excellent company and its subsequent record sales are well deserved but from MBH's perspective nothing more than luck. It could just as easily have gone the other way if we had acquired a similarly great company in the travel sector. As always we have faith in all the Group companies in their ability to weather a storm.

Finally the unknown.

The 'black swan' event, that unknown quantity that can knock the wind from your sales. When it comes to an individual company we do our best to protect all shareholders from anything unexpected in the first year with our right to 'unwind' a deal that is not delivering to expectations. It is a tactic we consider a last resort but it is the ultimate in derisking for our shareholders.

But what about the macro environment? Some unforeseen occurrence? A global pandemic for example. How do we solve for that? My answer has always been the same. 'We don't know what we don't know', but we are pulling together a strong group of seasoned business owners from around the world. Without publishing the ages of any of our Principals, I can confidently state that in our Group today there is certainly a couple of centuries worth of business experience! That's an awful lot of mistakes made and lessons learnt between them. And remember that combined they are the biggest owners of MBH stock by a long way.

Having that experience is worth its weight in gold in dealing with new unknowns. This has never been more tested than in the past year but week on week it has been an absolute pleasure to see how the Principals have managed with this unique situation. It has left me convinced that we are assembling a team that can handle any circumstances that come our way. Allow me to expand on this point a little more because I believe it is fundamental to creating the longevity that we are looking for in MBH. Dealing with a downturn for the first time is normally a brutal and terrifying experience for entrepreneurs, but it is also a right of passage



and one that every single one of our Principals has been through before. Whilst many people, through no fault of their own, go straight to fear and blame when dealing with the unknown, seasoned business owners tend to be more pragmatic. Shirt sleeves are rolled up, hard conversations are had, but there is the core belief earned through years of dealing with trials and tribulations that there is nothing that can't be solved.

The average age of businesses in our Group is more than two decades since establishment and no one shepherds a business to that age without dealing with some tough times and coming out the other side stronger.

It has been an absolute privilege to sit in on our regular update calls and learn from each of the Principals as they have adapted and innovated to keep things moving forward. It has also been an important reminder of how much harder my role would be if we had adopted the traditional top down management approach. I empathise for CEOs who are trying to make the best decisions for their companies when they are so far removed from the coalface. CEO's that cannot allow innovation to flourish on one side of the business for fear of the disruption it might cause on the other side. Centralised management might look attractive in text

books, but there is nothing attractive about the current market conditions and whether it is Ian Elsey, Founder of Gaysha redeploying foremen as Social Distancing Monitors on building sites, or Gabriel Goh, the Founder of Learning Wings, staffing IT coaches to quickly retrain teachers on how to use Zoom to teach lessons in Singapore, I remain convinced that the Principals in our Group are the best people to make those decisions on the ground.

But there is one more competitive edge that we have; a secret weapon of sorts that I believe will allow us to look at this time as one of the most pivotal of MBH's hopefully long history. Every single one of our seasoned and experienced Principals has one extra skill that for the most part will elude their competitors on the outside. Every single one of our Principals has been through an 'acquisition' and has come out the other side stronger for it. This fundamentally changes forever the way they look at the market. Every conversation with a supplier, partner or even client, can potentially lead to a conversation about joining MBH. Every competitor that cuts prices to stay in business becomes an opportunity, not a threat. There is a confidence that comes with being part of a winning team and a generosity of spirit that says I can not only help your company get through this time, I can help you come out ahead and have more fun doing so.

Our purpose at MBH therefore remains very simply to continue to create an environment where great businesses, across multiple countries and multiple industries, realise that they can play a bigger game in our group than on their own. The increased frequency of companies joining us this year suggests we are very much on the right track.

I do not pretend to know whether we are heading for a 'V shaped' recovery or some other letter of the alphabet. What I do know is that I have never been more confident that we have the right team to handle this whichever way the wind blows. If you share even 1% of my belief I hope you will continue to stay with us on that journey.



Callum Laing

Chief Executive Officer
MBH Corporation plc

1H2020 Key Highlights

Financials

Key Financial Highlights

Profit and Loss

Revenue
£27.4m
Up 31%
on 1H19

EBITDA
£1.5m
Up 13%
on 1H19

EBIT
£0.8m
Down 15%
on 1H19

PAT
£0.7m
Flat on
1H19

EPS – Fully Diluted
1.4p
Down 28%
on 1H19

Balance Sheet

Cash at bank
£3.5m

Current Ratio 1.8 times
(31 Dec 19: 1.7)

Debt/Equity Ratio 0.35

Interest Coverage Ratio
8 times

Operating Cashflow – Outflow of
£2m

Note: All amounts are in GBP unless otherwise stated.

Verticals – Year on Year Performance

The below table highlights the year on year underlying performance of each vertical ignoring the timing of the acquisition for statutory accounting purposes. The Construction Services sector was heavily impacted by closure of construction sites during the quarter ended 30 June 2020 however the impact was largely cushioned by a strong first quarter in 2020. Being a diversified Company has helped MBH minimise the impact of Covid-19 issues and the Company's aim is to continue to diversify across industries and geographies.

	Education			Construction Svc			Health			Leisure		
	1H20	1H19	Var %	1H20	1H19	Var %	1H20	1H19	Var %	1H20	1H19	Var %
Revenue	5,501	5,701	-4%	17,481	24,601	-29%	486	460	6%	7,485	11,991	-38%
EBITDA	1,073	1,042	3%	76	823	-91%	107	41	161%	695	561	24%
EBIT	661	750	-12%	(130)	745	-117%	50	37	33%	654	551	19%
No. of Companies	5			4			1			1		

Corporate

Acquisitions

MBH completed 3 acquisitions in 1H2020 and in total 8 acquisitions at the date of this report.



EVERY DAY REALTY SERVICES*

Date of Completion:
2 September 2020
Industry Vertical:
Property
Location:
USA



SAMUEL HOBSON HOUSE

Date of Completion:
10 January 2020
Industry Vertical:
Health
Location:
UK



ROBINSONS CARAVANS

Date of Completion:
16 March 2020
Industry Vertical:
Leisure
Location:
UK



LOGISTICA TRAINING

Date of Completion:
9 June 2020
Industry Vertical:
Education
Location:
UK



MEETING OF THE MINDS*

Date of Completion:
2 September 2020
Industry Vertical:
Property
Location:
USA



ASHLEY DAVID TAXIS*

Date of Completion:
17 August 2020
Industry Vertical:
Transport
Location:
UK



GS CONTRACTS (JOINERY)*

Date of Completion:
31 July 2020
Industry Vertical:
Construction Services
Location:
UK

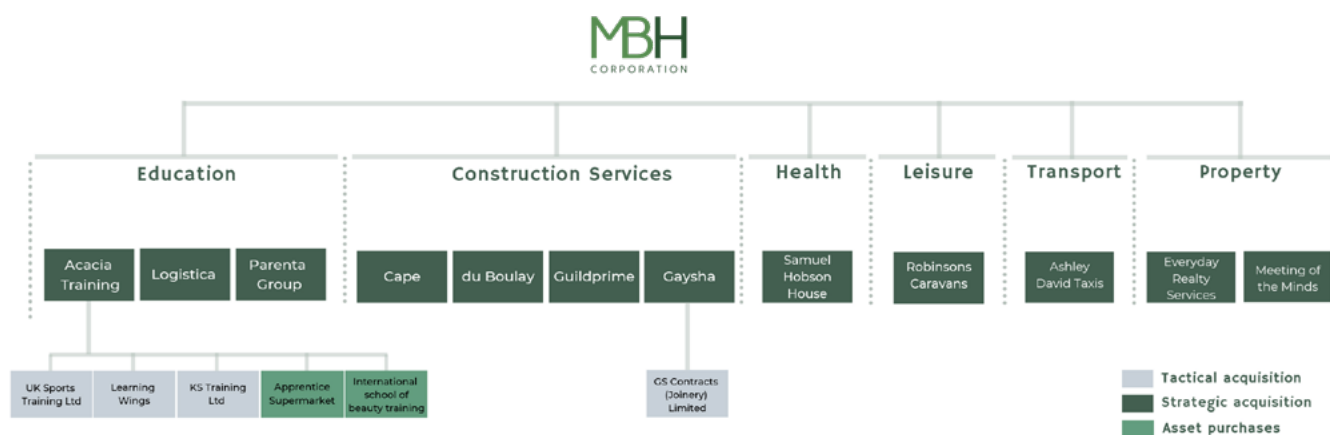


LEARNING WINGS*

Date of Completion:
30 June 2020
Industry Vertical:
Education
Location:
Singapore



*Due to the timing of these acquisitions, the financials are not included in this financial report.



Based on the most recent full year figures, the companies collectively generated £31.6m in revenue and £3.7m.

EUR 50m Bond Listing

In June, MBH launched a bond programme specifically built for acquisitions – the MBH EXTRA Bond (**EX**change **TR**aded **A**cquisition Bond). Unlike conventional bonds used for raising funds, our bond is more commonly used as part of the consideration for incoming business owners. This serves the dual purpose of offering a hedge to small business owners against any share price volatility, whilst also allowing us to proceed with accretive acquisitions even when our stock might be under valued.

The Sentinel Entrepreneur of the Year Awarded to Acacia Training Managing Director, Victoria Sylvester

This year Victoria Sylvester, Executive Director at MBH and Principal of Acacia Training Limited, won the Sentinel Entrepreneur of the Year Award. Victoria won the award for her demonstration of leading with integrity, compassion, ambition, creativity and vision. Victoria cares passionately about learning, equality, wellbeing and ensuring people have the opportunity to grow adding more value to their own lives and through education. She believes in empowering and trusting her team and creating opportunities for her employees to grow, while encouraging us all to play our part in the community.



ESG Strategy [Environmental, Social & Governance]

*“Bringing entrepreneurial minds together
for people, our planet and prosperity”*

MBH Corporation Plc fully recognises as a group of business leaders, the value and responsibility we have with regards to our people and our planet. This is driven by the culture of the Group to ensure as leaders we use our position for a positive impact on the world and also the recognition of the benefits for our businesses.

Our strategy has been developed by our people – who are ultimately the members not just of our businesses in the Group, but also the communities in which we serve and their engagement is key to its success. It is aligned with the UN Sustainable Development Goals (UNSDG) and we actively measure the impact to ensure that whatever we do is has a purpose and is tangible.

MBH's overarching goal is UNSDG 8 “Decent work and Economic Growth”. In working towards this goal we overlap into other UNSDG broadening our impact. The diversity of

the companies and countries in our Group through our agglomeration model, adds incredible value to our reach and creativity, which keeps growing as more companies join.

In the spirit and key strengths of the Agglomeration model, organisations in the group have the autonomy to implement their own activities and metrics relevant to their business, people, customers and communities, to ensure that we maximise the impact we can have as a Group. The businesses align themselves with the overarching vision, values and objectives with the freedom to deliver against those without restriction. At board level the ESG Champion is responsible for ensuring understanding of the expectations of the companies in the Group and impact the group can have.

As the majority of our businesses operate in the developed world, to ensure we support less developed parts of the world we partner with ‘B1G1’ (www.b1g1.com) supporting projects aligned to our overarching goal for decent work and economic growth – our entrepreneurs supporting other entrepreneurs, again linking to impact. These projects are supported by the voluntary donations from the Companies, Principals and Board members and you can track our impact here on our website www.mbhcorporation.com/esg



Acacia Training Limited won the B1G1 award for creative giving.

Consolidated Statement of Comprehensive Income

Half Year Ended 30 June 2020

		1H 2020 (Unaudited)	1H 2019 (Unaudited/ Restated)	Increase / (Decrease)
	Note	£'000	£'000	%
Continuing operations				
Revenue from contracts with customers	2	27,367	20,968	30.5
Cost of sales		(21,723)	(15,917)	36.5
Gross profit		5,644	5,051	11.7
Administrative expenses		(5,216)	(4,095)	27.4
Other income		390	-	NM
Finance costs, net		(104)	(21)	NM
Operating profit		714	935	(23.6)
Fair value loss		(1)	-	NM
Profit before income tax		713	935	(23.7)
Income tax expense		(52)	(266)	(80.5)
Profit for the period	3	661	669	(1.2)
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign exchange differences on translation of foreign operations		36	3	NM
Other comprehensive income for the period, net of tax		36	3	NM
Total comprehensive income for the period		697	672	3.7
		pence	pence	
Earnings per share for profit from continuing operations				
Basic earnings per share	13	1.43	2.19	(34.7)
Diluted earnings per share	13	1.43	2.00	(28.5)

NM – Not meaningful

Consolidated Balance Sheet

As at 30 June 2020

		30 June 2020 (Unaudited) £'000	31 December 2019 £'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		5,384	1,150
Intangible assets		3,312	3,215
Right-of-use assets		1,700	1,844
Goodwill	4	51,358	36,540
Investment		1	2
Deferred tax assets		287	438
Total non-current assets		62,042	43,189
Current assets			
Cash and cash equivalents		4,118	4,508
Trade and other receivables	5	20,591	21,197
Inventories	6	2,534	172
Total current assets		27,243	25,877
Total assets		89,285	69,066
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,376	1,468
Deferred tax liabilities		51	97
Loan and other borrowings	7	5,162	709
Bonds and unlisted bonds	8	14,265	-
Contingent consideration	9	2,877	3,175
Total non-current liabilities		23,731	5,449
Current liabilities			
Lease liabilities		434	389
Loan and other borrowings	7	1,174	1,072
Contingent consideration	9	658	3,258
Contract liabilities		490	448
Trade and other payables	10	11,166	14,839
Current tax liabilities		127	330
Total current liabilities		14,049	20,336
Total liabilities		37,780	25,785
Net assets		51,505	43,281

		30 June 2020 (Unaudited) £'000	31 December 2019 £'000
	Note		
EQUITY			
Share capital and share premium	11	46,283	38,455
Other reserves		-	30
Translation reserve		(32)	(68)
Retained earnings		5,254	4,864
Total equity		51,505	43,281

Consolidated Statement of Changes in Equity

As at 30 June 2020

	Share capital and premium £'000	Other reserves £'000	Translation reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019	27,039	63	7	1,246	28,355
Profit for the period (Restated)	-	-	-	669	669
Other comprehensive income (Restated)	-	-	3	-	3
Total comprehensive income for the year	-	-	3	669	672
Transactions with owners in their capacity as owners					
Credit to equity for equity settled share-based payments	140	-	-	-	140
Conversion of convertible notes	403	(50)	-	-	353
Total contributions by owners	543	(50)	-	-	493
Balance at 30 June 2019	27,582	13	10	1,915	29,520
Balance at 1 January 2020	38,455	30	(68)	4,864	43,281
Profit for the period	-	-	-	661	661
Other comprehensive income	-	-	36	-	36
Total comprehensive income for the year	-	-	36	661	697
Transactions with owners in their capacity as owners					
Credit to equity for equity settled share-based payments	572	-	-	-	572
Issue of ordinary shares as consideration for a business combination	340	-	-	-	340
Issue of ordinary shares as consideration for contingent performance	6,916	-	-	-	6,916
Dividends declared	-	-	-	(271)	(271)
Early termination of convertible notes	-	(30)	-	-	(30)
Total contributions by owners	7,828	(30)	-	(271)	7,527
Balance at 30 June 2020	46,283	-	(32)	5,254	51,505

Consolidated Statement of Cash Flows

30 June 2020

	1H 2019 (Unaudited)	1H 2019 (Unaudited/ Restated)
	£'000	£'000
Operating activities		
Profit before income tax	713	935
Adjustments for:		
Interest expense	109	21
Interest income	(3)	-
Depreciation of plant and equipment	143	52
Amortisation of intangible assets	324	286
Depreciation of right of use asset	179	-
Amortisation of transaction costs	35	44
Acquisition related expense	6	-
Share-based payments expense	71	140
Loss on disposal of fixed asset	2	-
Fair value loss	1	-
Operating cash flows before movements in working capital	1,580	1,478
Decrease in trade and other receivables	(2,123)	(1,433)
Increase in inventories	2,089	-
(Increase) Decrease in trade and other payables	(3,287)	215
Cash generated by operations	(1,741)	260
Income tax paid	(276)	(502)
Net cash used in operating activities	(2,017)	(242)
Investing activities		
Purchase of plant and equipment	(20)	(87)
Addition to intangible assets	(216)	(443)
Acquisition of subsidiaries, net of cash acquired	454	160
Interest income received	3	-
Net cash from (used in) investing activities	221	(370)
Financing activities		
Interest paid	(90)	(21)
Proceeds from bank borrowings	1,741	-
Payment of lease liabilities	(80)	-
Repayments of bank loan	(419)	(88)
Net cash from (used in) financing activities	1,152	(109)
Net decrease in cash and cash equivalents	(644)	(721)
Cash and cash equivalents at beginning of year	4,015	1,175
Effect if foreign exchange rate charges	170	(1)
Cash and cash equivalents at end of period	3,541	453

Consolidated Statement of Profit and Loss

Half Year Ended 30 June 2020

1. ACCOUNTING POLICIES

a) Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting in IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

b) Restatement of 30 June 2019

The Company announced on 22 April 2020 the demerger of Asia Pacific Energy Ventures Pte Ltd ("APEV"). As such, the consolidated statement of profit and loss for the 6 months ended 30 June 2019 and consolidated statement of changes in equity as at 30 June 2019 were both restated accordingly to remove the financial impacts from the APEV acquisition.

2. REVENUE

	1H 2020 £'000	1H 2019 £'000
Segment revenue		
<u>United Kingdom</u>		
Education sector	4,721	4,442
Construction service sector	11,933	5,062
Health sector	486	-
Leisure sector	4,628	-
Other revenue	50	-
<u>New Zealand</u>		
Construction service sector	5,549	11,464
Total	27,367	20,968

3. PROFIT FOR THE YEAR

The Group's net profit was arrived after (crediting)/charging the following:

	1H 2020	1H 2019
	£'000	£'000
Bad debt expense	10	11
Rental expense on operating leases	-	177
Amortisation of transaction costs for convertible notes	35	43
Depreciation of property, plant and equipment	143	52
Amortisation of intangible assets	324	286
Depreciation of right of use assets	179	-
Interest expense	109	21
Interest income	(3)	-
	<u> </u>	<u> </u>

4. GOODWILL

	Group
	£'000
<u>Cost and carrying amount</u>	
At 31 December 2019	36,540
Adjustments to prior years' acquisitions	557
Arising on acquisition of subsidiaries	14,261
At 30 June 2020	<u>51,358</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	June 2020	December 2019
	£'000	£'000
Education sector (comprised several CGUs)	21,641	15,540
Construction service sector (comprised several CGUs)	21,556	21,000
Health sector	630	-
Leisure sector	7,531	-
	<u>51,358</u>	<u>36,540</u>

5. TRADE AND OTHER RECEIVABLES

	June 2020	December 2019
	£'000	£'000
Trade receivables	6,702	5,152
Contract assets	5,647	5,859
Loss allowance	(39)	(29)
	<u>12,310</u>	<u>10,982</u>
Other debtors	2,728	2,285
Prepayments	1,354	442
Amount due from acquisitions	4,199	7,488
	<u>20,591</u>	<u>21,197</u>

6. INVENTORIES

	June 2020 £'000	December 2019 £'000
Caravan finished goods	2,305	-
Raw materials	229	172
Total	2,534	172

7. LOAN AND OTHER BORROWINGS

		June 2020 £'000	December 2019 £'000
<u>Current</u>			
Bank overdraft		577	493
Bank loans	(a)	597	256
Convertible note	(b)	-	323
		1,174	1,072
<u>Non-current</u>			
Bank loans	(a)	3,362	709
Convertible note	(b)	1,800	-
		5,162	709
Total		6,336	1,781

a) Bank loans

During the year, the operating entities in United Kingdom had applied for government support affected by the coronavirus (COVID-19). As at 30 June 2020, the Group had applied for £1,741,000 of COVID-19 bank loans, with loan facilities ranging from 4 to 6 years.

b) Convertible note

During the year,

i) the convertible notes owner has elected to convert the convertible notes to listed bonds (note 8), and

ii) the convertible bond of £1,800,000 arises from the acquisition of Valorace Limited (note 12(b)).

8. BONDS AND UNLISTED BONDS

On 8 June 2020, the Company listed a €50,000,000 MBH Bond programme on the Irish Stock Exchange (trading as Euronext Dublin). The key features of the bond programme are as follows:

- 5-year maturity term;
- Interest payable semi-annually;
- Interest rate up to 5%; and
- Unsecured.

Further information on the MBH Bond can be found on the Company's website www.mbhcorporation.com/mbh-bond

As at 30 June 2020,

- €6,250,000 and £7,974,000 of Listed Bonds have been issued for the acquisitions of Logistica Training Limited and Robinsons Caravans Limited respectively;
- €209,000 of Unlisted Bonds have been issued for the acquisitions of Logistica Training Limited; and
- £408,000 of Listed Bonds has been issued in lieu of the conversion of the convertible notes as disclosed in note 7(b).

9. CONTINGENT CONSIDERATION

	June 2020 £'000	December 2019 £'000
Amount due for settlement within 12 months	658	3,258
Amount due for settlement after 12 months	2,877	3,175
	3,535	6,433

The Company has an incentive scheme for certain directors and senior employees of the subsidiaries of the Group. The additional equity shares will be allotted and issued upon the release of the Group's results. The fair value of shares awarded is computed based on market value on the date of award.

10. TRADE AND OTHER PAYABLES

	June 2020 £'000	December 2019 £'000
Trade payables	7,680	6,339
Other taxation and social security	692	785
Other payables	831	570
Accruals	492	585
Advances received	651	635
Consideration payable	56	2,359
Deferred consideration	493	3,566
Dividends payable	271	-
	11,166	14,839

11. ISSUED CAPITAL AND SHARE PREMIUM

	June 2020 £'000	December 2019 £'000
Share capital	52,802	34,721
Share premium	(6,519)	3,734
	46,283	38,455

Issued capital comprises of 59,506,921 fully paid ordinary shares of €1.00 each (2019: 39,253,811 fully paid ordinary shares of €1.00 each).

12. SUBSIDIARIES

a) Acquisition of assets

On 13 December 2019, Acacia Training Limited, a wholly-owned subsidiary of the Group, acquired the assets of Apprentice Supermarket C.I.C. The total consideration was £67,000 and was settled on 18 March 2020 via a 100% share issuance.

b) Acquisition of subsidiaries

Acquisition of Valorace Limited

On 10 January 2020, the Group acquired Valorace Limited and its subsidiaries – SHH Topco Limited and Samuel Hobson House Limited (collectively referred as “Valorace Group”). These transactions have been accounted for by the acquisition method of accounting, with no consideration paid in cash.

The total consideration of £150,000 was settled by offsetting against the amount due from acquisitions of the Company (note 3). As at 30 June 2020, no shares have been issued in relation to the acquisition, with the contingent consideration to be settled in shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement between the Company and Valorace Group depending on the results of the Valorace Group. The consideration has only been provisionally determined based on the management’s best estimate of the likely values.

Acquisition of Habunit One Limited

On 16 March 2020, the Group acquired Habunit One Limited and its subsidiaries – Robinsons Caravans Holding Company Ltd and Robinsons Caravans Limited (collectively referred as “Habunit One Group”). These transactions have been accounted for by the acquisition method of accounting, with no consideration paid in cash.

The total consideration is to be settled in loan note to be issued to the acquiree. The notes amounting to £7,974,000 was issued on 18 June 2020 at the following terms: i) 5-year maturity with principal payable at maturity; and ii) 5% coupon rate per annum payable semi-annually. The consideration has only been provisionally determined based on the management’s best estimate of the likely values at the point of acquisition, and will be finalised subjected to the completion of audit for the year ending 31 December 2020.

Acquisition of Habunit Two Limited

On 9 June 2020, the Group acquired Habunit Two Limited and its subsidiary – Logistica Training Limited (collectively referred as “Habunit Two Group”). These transactions have been accounted for by the acquisition method of accounting, of which, £1,817,000 was paid in cash.

The remaining consideration is to be settled in loan note to be issued to the acquiree. The notes amounting to €6,459,000 was issued on 8 June 2020 at the following terms: i) 5-year maturity with principal payable at maturity; and ii) 2% coupon rate per annum payable semi-annually. The consideration has only been provisionally determined based on the management’s best estimate of the likely values at the point of acquisition, and will be finalised subjected to the completion of audit for the year ending 31 July 2020.

	Valorace Group £'000	Habunit One Group £'000	Habunit Two Group £'000	Total £'000
Estimated fair value of assets acquired				
Net identifiable assets acquired	-	1,363	1,945	3,308
Add: goodwill	630	7,531	6,100	14,261
Total consideration	630	8,894	8,045	17,569
Effects on cash flows of the Group				
Cash paid	-	-	1,817	1,817
Less: net of cash and cash equivalents and bank overdraft in businesses acquired	*	289	1,982	2,271
Cash inflow on acquisition	*	289	165	454

The final goodwill amount is subjected to the finalisation of results of the acquired companies.

13. EARNINGS PER SHARE

	1H 2020 Pence	1H 2019 Pence
Basic earnings per share	1.43	2.19
Diluted earnings per share	<u>1.43</u>	<u>2.00</u>

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	1H 2020 £'000	1H 2019 £'000
Profit from continuing operations attributable to the ordinary equity holders of the company	661	669
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	<u>661</u>	<u>669</u>
	1H 2020 Number	1H 2019 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	46,124,699	30,521,806
Effect of dilutive potential ordinary shares from share options and convertible bonds	<u>-</u>	<u>2,891,356</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>46,124,699</u>	<u>33,413,161</u>

14. SUBSEQUENT EVENTS

On 30 June 2020, the Company announced the execution to acquire Learning Wings Pte Ltd, an education company serving non-profit organisations and schools across the Republic of Singapore.

On 20 July 2020, the Company has dual listed the Bonds mentioned in note 8 on the Frankfurt Stock Exchange.

On 31 July 2020, the Company announced the execution to acquire GS Contracts (Joinery) Limited, specialist interior contractor with deep expertise in high end retail and hospitality fit outs and its own in-house manufacturing capabilities in the United Kingdom.

On 17 August 2020, the Company announced the execution to acquire Driven by Riide Ltd, a fast-growing taxi company based in the East Midlands in the United Kingdom.

On 2 September 2020, the Company announced the execution to acquire Meeting of the Minds, Inc doing business as Long Island Real Estate Investors Association, a real estate investor association and investor mentoring programme in the USA, and Everyday Realty Services, Inc doing business as Exit Realty Everyday and Everyday Funding, a real estate brokerage and commercial funding company in the USA.



MBH

CORPORATION

Company registration number: 10238873

