

MBH CORPORATION PLC

UNAUDITED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2023

MBH CORPORATION PLC
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2023

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OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	Ms Victoria Sylvester Ms Victoria Smith Mr Kevin Potter Mr Callum Arthur Michael Laing Mr Stanislaw Jozef Patey Ms Lisa Claire Maynard-Atem Mr Kevin Hanbury (appointed on 3 July 2023) Ms Melissa Jeanette Shea (appointed on 3 July 2023)
Company registration number	10238873
Registered office	7 Royal Victoria Patriotic Building John Archer Way London SW18 3SX United Kingdom
Auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors Charles Lake House Claire Causeway Crossways Business Park Dartford DA2 6QA United Kingdom
Share registrar	Avenir Registrars Limited 5 St John's Lane Farringdon London EC1M 4BH United Kingdom
UK solicitors to the Company	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
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)• Aquis Stock Exchange (M8H)

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INTERIM FINANCIAL REPORT

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by MBH Corporation Plc during the interim reporting period.

MBH Corporation Plc ("the Company") is a public limited company domiciled and incorporated in the United Kingdom (Company Registration Number 10238873). The registered office address is 7 Royal Victoria Patriotic Building, John Archer Way, London SW18 3SX, United Kingdom. Its shares are listed on the Frankfurt Stock Exchange and Aquis Stock Exchange.

These interim financial statements were approved for issue on 29 September 2023.

The interim financial statements have not been audited.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION FOR THE HALF YEAR ENDED 30 JUNE 2023

For the six months ended 30 June 2023 (1H 2023), the Group's revenue declined 9% year-on-year (YoY) to £66.2m amidst a softening sales demand and ongoing supply chain disruption suffered by the Construction vertical while the Engineering vertical continued demonstrating resilient growth in revenue owing to steady revenue stream from new projects awarded, alongside an initial contribution from the newly acquired White Arches Group.

The Group's EBIT derived from its operating segments was £0.9m (Note 3), down 61% from previous year which was mainly attributable to the following contributing verticals:

- a. Construction vertical – The Construction vertical reported an EBIT loss of £0.8m versus prior year EBIT of £0.4m due to a drop in revenue and higher construction material and labour costs as a result of inflationary pressure.
- b. Leisure vertical – The caravan business reported a drop in EBIT of £0.3m or a 32% decrease from prior year due to a drop in gross profit margins from stock discounting which had largely offset the positive impact from the White Arches Group's initial contribution since May 2023.
- c. Education vertical – The EBIT was £0.5m or 87% down from last year as a result of few government contracts not being renewed, coupled with a surge in labour costs due to a shortage in the UK labour market.

Due to a lower EBIT, the Group reported a loss before tax of £0.4m, versus a profit before tax of £1.1m in previous year. The Group reported a tax credit of £0.2m for 1H 2023 versus a tax expense of £0.2m in previous year. The Group recorded net loss after tax (loss attributable to owners of the Company) of £0.2m for 1H 2023 (1H 2022: net profit after tax of £0.9m).

Earnings

The key earnings metrics are as:

	1H2023 (£'000s)	1H2022 (£'000s)	Var (£'000s)	Var %
Revenue	66,248	73,137	(6,889)	(9%)
EBIT from operating segments (Note 3)	945	2,398	(1,453)	(61%)
EBIT from continuing operations	677	2,204	(1,527)	(69%)
Net (loss)/ profit after tax from continuing operations	(248)	934	(1,182)	(127%)

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REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION FOR THE HALF YEAR ENDED 30 JUNE 2023 (continued)

Cash and Financial Position

As at 30 June 2023, the Group had cash on hand of £4.5m (2022: £6.8m). Cash inflow from operating activities for the year was £2.7m (2022: inflow £3.7m). The decrease to last year was mainly due to lower operating profit.

The significant increase in cash outflow from investing activities for 30 June 2023 was mainly attributable to the completion payment of £2.8m for the acquisition of White Arches Group. The completion payment was paid from finances available associated with White Arches bank accounts and facilities prior to the acquisition and was in accordance with the share purchase agreement.

Cash outflow from financing activities for 30 June 2023 was £1.9m (2022: outflow £3.4m) which was £1.5m lower than last year as a result of additional drawdowns on loan facilities.

Total cash outflow for the half year 2023 was £2.3m (2022: inflow £0.3m). The Group's net cash position was £3.8m which includes £0.7m of bank overdraft.

Net assets of the Group as at 30 June 2023 are £72.3m (2022: £71.7m).

Principal Risks and Uncertainties

MBH Group and each business considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties for the remaining six months of the financial year are discussed below. Further details of the Group's risk profile analysis can be found on pages 6 to 7 of our Annual Report for the year ended 31 December 2022.

Continued uncertainty in the global economy due to ongoing geopolitical developments and the continuing impact of the pandemic has caused volatility in financial markets and adversely impacting business conditions.

Going Concern

The Group has considerable financial resources, together with committed contracts with numerous customers and suppliers across different geographic areas and market sectors. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the uncertainties in the global economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that these interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report

The directors of MBH Corporation Plc are listed on page 3 of this report.

These unaudited consolidated financial statements were approved by the Directors and authorised for issue on 29 September 2023 and were signed on their behalf by:



Victoria Sylvester
Chief Executive Officer
MBH Corporation plc

Approved by the Directors on 29 September 2023

MBH CORPORATION PLC
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Consolidated Statement of Comprehensive Income
Half Year Ended 30 June 2023

	Note	30 June 2023 (Unaudited) £'000	30 June 2022 (Unaudited) £'000	Increase / (Decrease) %
Continuing operations				
Revenue from contracts with customers	4	66,248	73,137	(9)
Cost of sales		(54,098)	(57,427)	(6)
Gross profit		12,150	15,710	(23)
Other income	6	92	77	19
Administrative expenses	6	(11,604)	(13,982)	(17)
Finance costs, net	5	(1,086)	(1,062)	2
Operating (loss)/ profit		(448)	743	NM
Fair value gain		39	399	(90)
(Loss)/ profit before income tax		(409)	1,142	NM
Income tax income/ (expense)		161	(208)	NM
(Loss)/ profit after income tax		(248)	934	NM
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Foreign exchange differences on translation of foreign		(214)	199	NM
Other comprehensive (loss)/ income for the period, net		(214)	199	NM
Total comprehensive (loss)/ income for the period		(462)	1,133	NM
Earnings per share for profit from continuing operations				
Basic earnings per share (pence)	7	(0.21)	0.95	NM
Diluted earnings per share (pence)	7	(0.21)	0.92	NM

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

NM – Not meaningful

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Consolidated Statement of Financial Position
As at 30 June 2023

	Note	30 June 2023 (Unaudited) £'000	31 December 2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		11,326	8,673
Intangible assets		1,911	2,151
Right-of-use assets		4,155	4,220
Goodwill	9	99,438	96,658
Investment		50	-
Deferred tax assets		545	403
Total non-current assets		117,425	112,105
Current assets			
Cash and cash equivalents		4,522	6,837
Trade and other receivables	10	20,958	23,386
Inventories	11	16,074	8,957
Total current assets		41,554	39,180
Total assets		158,979	151,285
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,504	3,680
Deferred tax liabilities		593	582
Loan and other borrowings	12	7,646	5,737
Bonds	13	18,323	18,095
Contingent consideration	14	11,111	9,988
Other payables	15	6,672	5,230
Total non-current liabilities		47,849	43,312
Current liabilities			
Lease liabilities		1,250	1,159
Loan and other borrowings	12	6,423	6,866
Bonds	13	1,768	2,285
Contingent consideration	14	2,449	2,449
Trade and other payables	15	26,020	22,660
Provisions		145	86
Current tax liabilities		795	776
Total current liabilities		38,850	36,281
Total liabilities		86,699	79,593
Net assets		72,280	71,692
EQUITY			
Share capital and share premium	16	81,331	80,280
Other reserves	17	(16,225)	(16,225)
Translation reserve		(11)	203
Retained earnings		7,185	7,434
Total equity		72,280	71,692

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity
Half Year Ended 30 June 2023

	Share capital and premium	Other reserves	Translation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	73,933	(16,829)	(47)	5,729	62,786
Profit for the half year	-	-	-	934	934
Other comprehensive income	-	-	199	-	199
Total comprehensive income for the half year	-	-	199	934	1,133
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	4,825	604	-	-	5,429
Credit to equity for equity-settled share-based payments	75	-	-	-	75
Dividends declared	421	-	-	(477)	(56)
	5,321	604	-	(477)	5,448
Balance at 30 June 2022	79,254	(16,225)	152	6,186	69,367
Balance at 1 January 2023	80,280	(16,225)	203	7,434	71,692
Loss or the half year	-	-	-	(249)	(249)
Other comprehensive loss	-	-	(214)	-	(214)
Total comprehensive loss for the half year	-	-	(214)	(249)	(463)
Transactions with owners in their capacity as owners					
Credit to equity for equity-settled share-based payments	41	-	-	-	41
Issue of ordinary shares	1,010	-	-	-	1,010
Dividends declared	-	-	-	-	-
	1,051	-	-	-	1,051
Balance at 30 June 2023	81,331	(16,225)	(11)	7,185	72,280

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows
Half Year Ended 30 June 2023

		30 June 2023 (Unaudited) £'000	30 June 2022 (Unaudited) £'000
Operating activities			
(Loss)/ profit before income tax from continuing operations		(408)	1,142
Adjustments for:			
Interest income	5	(15)	(4)
Interest expense	5	1,101	1,066
Depreciation and amortisation expense	6	1,367	1,426
Fair Value gain	6	(40)	(399)
Loss/ (gain) on disposal of plant and equipment	6	66	(26)
Loss allowance on trade receivables	6	80	946
Acquisition related cost	18(d)	69	-
Share-based payments expense		103	30
Operating cash flows before movements in working capital		2,323	4,181
Decrease/ (increase) in trade and other receivables		2,308	(5,453)
Decrease in inventory		40	250
(Decrease)/ increase in trade and other payables		(2,077)	4,889
Increase in provisions		68	-
Cash generated by operations		2,662	3,867
Income tax paid		-	(165)
Net cash generated by operating activities from continuing operations		2,662	3,702
Investing activities			
Interest received		15	4
Proceeds from sale of property, plant and equipment		62	105
Purchase of plant and equipment		(211)	(393)
Addition to assets held for sale		(40)	-
Acquisition related costs paid		(69)	-
Acquisition of subsidiaries, net of cash acquired		(2,838)	365
Net cash (used in)/ generated by investing activities from continuing operations		(3,081)	81
Financing activities			
Interest paid		(997)	(797)
Proceeds from borrowings		2,600	1,903
Repayments of loans and borrowings		(2,759)	(2,625)
Repayment of bonds		(309)	(1,056)
Dividends paid		-	(56)
Payment of lease liabilities		(401)	(804)
Net cash used in financing activities from continuing operations		(1,866)	(3,435)
Net increase in cash and cash equivalents from continuing operations		(2,285)	348
Cash and cash equivalents at beginning of the half year		6,318	5,451
Effect of foreign exchange rate charges		(214)	197
Cash and cash equivalents at end of the half year		3,819	5,996

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements
Half Year Ended 30 June 2023

1. GENERAL INFORMATION

MBH Corporation plc ("the Company") is a public limited company domiciled and incorporated in the United Kingdom (Company Registration Number 10238873). The registered office address is 7 Royal Victoria Patriotic Building, John Archer Way, London SW18 3SX, United Kingdom.

The principal activity of the Company is that of investment holding.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 were approved by the board of directors on 28 April 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements have not been audited.

2. ACCOUNTING POLICIES

(a) Basis of preparation

This consolidated interim financial report for the half year reporting period ended 30 June 2023 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Accounting Standard IAS 34 *Interim Financial Reporting*, as adopted by the European Union.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting in IFRS in conformity with the requirements of the Companies Act 2006. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by MBH Corporation Plc during the interim reporting period.

These financial statements are presented in British Pounds Sterling.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. There are no changes to the accounting policies as described in the 2022 annual financial statements except for the adoption of new and amended standards as set out below. The Group has not early adopted any other standard or amendments that have been issued but not yet effective.

Interpretations and amendments to published standard effective in 2023

A number of new standards and amendments were effective from 1st January 2023. The more important standards and amendments applicable to the Group are as follows:

Amendments to IAS 12-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1st January 2023)

The amendment requires deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities.

Amendments to IAS 12-International Tax Reform - Pillar Two Model Rules (effective for annual reporting period commencing on or after 1st January 2023)

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements.

(b) Critical estimates and critical judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022, with the exception of changes in estimates that are required in determining the provision for income taxes and the critical estimates in the impairment of goodwill.

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3. OPERATING SEGMENTS

(a) Basis for segmentation

The Group's Board of Directors (the chief operating decision-makers) monitor the operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment. The Group's operating segments are organised by industry sector and the nature of products and services offered. Operating segments for the half year ended 30 June 2023 were determined based on reporting at regular Board meetings of the Group.

The following summary describes the operations of each reportable segment:

Reportable Segments	Operations
Education	Includes the provision of education and learning related services for apprentices.
Construction Services	Includes commercial interior fit-out and construction contractor services.
Leisure	Includes the sale of new and pre-owned touring caravans and related caravan accessories and awnings.

Other operations include the provision of care services and residential elderly-care, food and beverage, engineering services, transportation services including taxis and licensed private hire operators and property services including state brokerage, commercial funding company and a real estate investor association and mentoring programme. None of these segments met the quantitative thresholds for reportable segments in 2023.

(b) Information about reportable segments

Information related to each reportable segment is set out below.

The Board primarily uses a measure of adjusted earnings before interest and tax (EBIT, see below) to assess the performance of the operating segments. For the purposes of monitoring segment performance and allocating resources between segments, the Board also receives information about the segments' revenue, assets and liabilities on a monthly basis. Disaggregated information about segment revenue including by geographic location is disclosed in note 4.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

The previous year's segment information has been re-presented to show the comparative figures in a similar manner to the current year.

	Reportable segments				All Other Segments	Total
	Education	Construction Services	Leisure	Total Reportable segments		
	£'000	£'000	£'000	£'000	£'000	£'000
Half year 2023						
Total Segment Revenue from continuing operations (Note 4) *	5,886	31,744	18,189	55,819	10,429	66,248
Adjusted EBIT	75	(837)	535	(227)	1,172	945
Half year 2022						
Total Segment Revenue from continuing operations (Note 4) *	7,727	41,488	13,144	62,359	10,778	73,137
Adjusted EBIT	560	370	789	1,719	679	2,398
Segment Assets						
30 June 2023	29,520	16,575	17,281	63,376	15,396	78,772
31 December 2022	28,002	21,052	9,482	58,536	13,185	71,721
Segment Liabilities						
30 June 2023	(5,375)	(12,535)	(20,067)	(37,977)	(7,460)	(45,437)
31 December 2022	(4,449)	(15,993)	(7,704)	(28,146)	(7,948)	(36,094)

* Transactions between segments are carried out at arm's length basis and are eliminated on consolidation. There was no inter-segment revenue in the half year (2022: Nil).

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3. OPERATING SEGMENTS (continued)

(c) Reconciliations of information on reportable segments to the amounts reported in the financial statements

(i) Adjusted EBIT

Adjusted EBIT excludes the allocation of central administration costs and directors' salaries; management fee charges; the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, legal expenses, and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of unrealised gains or losses on financial instruments.

A reconciliation of adjusted EBIT to Profit from continuing operations in the Statement of Comprehensive Income is provided as follows:

	Half year	
	2023	2022
	£'000	£'000
Total segment Adjusted EBIT	945	2,398
Other income	-	(13)
Central administration costs and directors' salaries	(174)	(143)
Professional and Marketing Fees	(126)	(437)
Depreciation and amortisation	(8)	-
Finance costs, net	(1,086)	(1,062)
Fair value gain	39	399
(Loss)/ profit before income tax	(410)	1,142
Income tax expense	161	(208)
(Loss)/ profit for the half-year from continuing operations	(249)	934

(ii) Segment Assets and Liabilities

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Goodwill has been allocated to reportable segments as described in note 9. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Unallocated corporate assets mainly represent bank balances and cash, other receivables, deposits and prepayments at corporate level. Unallocated corporate liabilities represent other payables and bonds at corporate level.

	Assets		Liabilities	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Total Segment Assets/(Liabilities)	78,772	71,721	(45,437)	(36,094)
Unallocated assets/(liabilities)	3,183	6,161	(10,660)	(10,576)
Goodwill recognised on acquisition (note 9)	99,438	96,658	-	-
Bonds issued on acquisition	-	-	(16,935)	(20,380)
Contingent consideration recognised on acquisition	-	-	(13,560)	(12,437)
Group eliminations	(22,414)	(23,255)	(107)	(106)
Total assets/(liabilities) as per the Balance Sheet	158,979	151,285	(86,699)	(79,593)

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3. OPERATING SEGMENTS (continued)

(d) Geographical information

The Group's information about its segment non-current assets and Group non-current assets including goodwill by geographical location are detailed below:

	2023	2022
	£'000	£'000
Primary geographical location		
United Kingdom	78,668	77,579
Oceania	30,507	26,034
Asia	1,115	1,158
North America	7,135	7,334
	117,425	112,105

(e) Information about major customers

There is no single customer which contributes 10% or more of the revenue in 2023 (2022: NIL) of the Group's total revenues. There are no other single customers which contributes 10% or more of the revenue in the half year ended 30 June 2023 and 30 June 2022, respectively.

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4. REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products/services, primary geographical locations and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Groups three reportable segments (see note 3).

Half year ended	Reportable segments						All Other Segments				Total	
	Education		Construction		Leisure		Total Reportable					
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Primary geographical												
United Kingdom	5,735	7,543	21,741	24,908	18,189	13,144	45,665	45,595	7,470	7,028	53,135	52,623
Oceania	-	-	10,003	16,580	-	-	10,003	16,580	-	-	10,003	16,580
Asia	151	184	-	-	-	-	151	184	-	-	151	184
North America	-	-	-	-	-	-	-	-	2,065	2,207	2,065	2,207
Other	-	-	-	-	-	-	-	-	894	1,543	894	1,543
	5,886	7,727	31,744	41,488	18,189	13,144	55,819	62,359	10,429	10,778	66,248	73,137
Major products/ services												
Course Training services	5,886	7,714	-	-	-	-	5,886	7,714	-	-	5,886	7,714
Other Education Training	-	13	-	-	-	-	-	13	-	-	-	13
Commercial Refurbishment	-	-	31,744	41,488	-	-	31,744	41,488	-	-	31,744	41,488
Sale of goods (caravans)	-	-	-	-	18,189	13,144	18,189	13,144	-	-	18,189	13,144
Transportation services	-	-	-	-	-	-	-	-	3,831	4,503	3,831	4,503
Health and care services	-	-	-	-	-	-	-	-	633	901	633	901
Property related services	-	-	-	-	-	-	-	-	357	481	357	481
Food and beverage sector	-	-	-	-	-	-	-	-	3,900	1,726	3,900	1,726
Engineering sector	-	-	-	-	-	-	-	-	1,708	3,167	1,708	3,167
Other services	-	-	-	-	-	-	-	-	-	-	-	-
	5,886	7,727	31,744	41,488	18,189	13,144	55,819	62,359	10,429	10,778	66,248	73,137
Timing of Revenue												
At a point in time	-	-	-	-	18,189	13,144	18,189	13,144	5,539	6,228	23,728	19,372
Over time	5,886	7,727	31,744	41,488	-	-	37,630	49,215	4,890	4,550	42,520	53,765
	5,886	7,727	31,744	41,488	18,189	13,144	55,819	62,359	10,429	10,778	66,248	73,137

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5. FINANCE COSTS, NET

	Half year	
	2023 £'000	2022 £'000
<u>Financial income</u>		
Interest income	(15)	(4)
<u>Financial expense</u>		
Interest expenses on bonds	401	618
Interest expense on bank overdraft	1	9
Interest expense on borrowings	251	261
Interest expense on lease liabilities	144	142
Interest expense on other	304	36
Total Financial expense	1,101	1,066
Finance costs, net	1,086	1,062

6. PROFIT FOR THE HALF YEAR

Profit for the half year has been arrived at after charging/(crediting):

	Half year	
	2023 £'000	2022 £'000
Depreciation and amortisation expenses		
Depreciation of plant and equipment	449	428
Amortisation of intangible assets	473	331
Amortisation of right-of-use assets	445	667
Total	1,367	1,426
Loss allowance on trade receivables	80	946
Net foreign exchange losses	201	81
Loss/ (gain) on sale/disposal of fixed assets	66	(26)
Fair value gain on bond redemption	(40)	(399)
Other income		
Government grant income	26	14
Other income	66	63
Total	92	77
Salaries and wages		
Salaries and wages	5,007	6,109
Directors' remuneration – Directors of the Company	144	101
Total salaries and wages	5,151	6,210

Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. The Group reported a tax credit of £0.2m for the first half ended 30 June 2023 which corresponded with the loss before tax position. The estimated average annual tax rate used for the year to 30 June 2022 was 18% for the six months ended 30 June 2022.

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9. GOODWILL

Cost	Group £'000
At 1 January 2022	105,195
Adjustments to previous business combinations	(4,461)
Disposal of subsidiaries	(4,076)
At 31 December 2022	96,658
Arising on acquisition of subsidiaries (note 18)	2,780
At 30 June 2023	99,438
Net book value at 30 June 2023	99,438
Net book value at 31 December 2022	96,658

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:

	30 June 2023 £'000	31 December 2022 £'000
Education sector	29,139	29,139
Construction service sector	37,323	37,323
Leisure sector	13,280	10,500
Health sector	1,030	1,030
Transportation services sector	9,308	9,308
Property service sector	3,850	3,850
Food and beverage sector	2,000	2,000
Engineering sector	3,508	3,508
	99,438	96,658

	Growth rates		Pre-tax discount rates	
	30 June 2023 %	31 December 2022 %	30 June 2023 %	31 December 2022 %
Education sector	5-20	5-20	9.04-9.40	9.04-9.40
Construction service sector	5-18	5-18	8.67-8.87	8.67-8.87
Leisure sector	5-10	5-10	9.08	9.08
Health services sector	5-10	5-10	8.26	8.26
Transportation services sector	5-10	5-10	9.08	9.08
Property service sector	5-10	5-10	6.25	6.25
Food and beverage sector	5-10	5-10	8.26-8.87	8.26-8.87
Engineering sector	5-10	5-10	7.59	7.59

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9. GOODWILL (continued)

Assumption	Description
Growth rates	The forecasted growth rates are based on published industry research, potential of growth within the industry, and do not exceed the long-term average growth rate for the industries relevant to the CGUs.
Pre-tax discount rates	Discount rates represent the current market assessment of the risks specific to each entity within the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for both CGUs, the Group believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

10. TRADE AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	£'000	£'000
Trade receivables	11,766	13,653
Contract assets	5,074	4,341
Loss allowance	(1,286)	(1,549)
	15,554	16,445
Other debtors	2,644	5,014
Prepayments	2,470	1,682
Tax recoverable	290	245
	20,958	23,386

11. INVENTORIES

	30 June 2023	31 December 2022
	£'000	£'000
Raw materials	295	292
Work in progress	1,335	2,388
Finished goods	14,444	6,277
Total	16,074	8,957

12. LOAN AND OTHER BORROWINGS

	30 June 2023	31 December 2022
	£'000	£'000
<u>Current</u>		
Bank overdraft	(a) 703	519
Bank loans	1,190	835
Stock financing	4,325	5,249
Other non-bank Loans	205	263
	6,423	6,866
<u>Non-current</u>		
Bank loans	6,730	4,845
Loan notes	800	800
Other non-bank Loans	116	92
	7,646	5,737
Total	14,069	12,603

(a) Bank overdraft

Bank overdrafts are repayable on demand. Overdrafts have been secured by a charge over certain of the Group's assets.

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13. BONDS

	30 June 2023 £'000	31 December 2022 £'000
<u>Current</u> Bonds	1,768	2,285
<u>Non-current</u> Listed bonds	15,167	18,095
Unlisted bonds	3,156	-
	18,323	18,095
Total	20,091	20,380

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

The terms and conditions of outstanding bonds are as follows:

Type of loan	Currency	Nominal interest rate	Year of maturity	2023 Carrying amount £'000	2022 Carrying amount £'000
Unsecured loan	EUR	2.00%	2023	1,768	2,285
Unsecured loan	GBP	5.00%	2025	9,182	9,182
Unsecured loan	GBP	5.00%	2025	2,858	2,858
Unsecured loan	USD	5.00%	2025	178	186
Unsecured loan	GBP	5.00%	2025	-	188
Unsecured loan	GBP	5.00%	2026	1,479	1,479
Unsecured loan	GBP	5.00%	2026	2,070	2,070
Unsecured loan	EUR	5.00%	2026	1,884	2,132
Unsecured loan	GBP	5.00%	2027	672	-
				20,091	20,380

14. CONTINGENT CONSIDERATION

	30 June 2023 £'000	31 December 2022 £'000
Amount due for settlement within 12 months (shown under current liabilities)	2,449	2,449
Amount due for settlement after 12 months (shown under non-current liabilities)	11,111	9,988
	13,560	12,437

15. TRADE AND OTHER PAYABLES

	30 June 2023 £'000	31 December 2022 £'000
Current		
Trade payables	12,471	10,217
Other taxation and social security	3,864	3,171
Other payables	3,726	3,343
Accruals	1,468	1,186
Advances received	93	8
Deferred consideration	3,388	3,305
Contract liabilities	946	1,326
Bonds interest payable	64	104
	26,020	22,660
Non-current		
Other payables	6,672	5,230
	32,692	27,890
Total		

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15. TRADE AND OTHER PAYABLES (continued)

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Included in other payables (non-current) are listed bonds which were converted to unlisted loan notes amounting to £4,653,000 held by the sellers of the companies acquired by the Company. The terms of the unlisted loan notes are similar to the listed bonds.

16. ISSUED CAPITAL AND SHARE PREMIUM

	Allotted and issued – Number of shares	Class	Nominal Value Euro	30 June 2023 £'000	31 December 2022 £'000
Share capital	72,577,164	Deferred	0.99	63,909	63,909
Share capital	122,701,504	Ordinary	0.01	1,072	1,034
				64,981	64,943
Share premium				16,350	15,337
				81,331	80,280

The following table reconciles the movements in the number of shares on issued and the movement in share capital by class of share and share premium:

	Share Capital				Share premium	Total	
	Number of shares	Ordinary Share Capital at Euro 1.00	Ordinary Share Capital at Euro 0.01	Deferred Share Capital at Euro 0.99	Total Share Capital		
		£'000	£'000	£'000			£'000
At 1 January 2023	118,229	-	1,034	63,909	64,943	15,337	80,280
Credit to equity for equity-settled share-based payments	537	-	5	-	5	36	41
Issuance of ordinary shares	3,935	-	34	-	34	976	1,010
At 30 June 2023	122,701	-	1,073	63,909	64,982	16,349	81,331

17. OTHER RESERVES

The Other Reserve has arisen through the issue of share capital in consideration for the acquisition of investments in subsidiary companies. Where the fair value of consideration exceeds the nominal value of share capital issued, merger relief would apply. In order for the requirements of IFRS 3 to be complied with by accounting for investments at their fair value, the difference between the fair value of consideration and the nominal value of shares capital issued has been reflected within the Other Reserve.

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18. BUSINESS COMBINATIONS

2023 Acquisitions

(a) Acquisition of subsidiaries

i) White Arches Caravans and White Arches Motorhomes (collectively known as the White Arches Group)

On 12 May 2023, the Group acquired via Robinsons Caravan, the White Arches Group which specialises in the best New and used Caravans in Northamptonshire.

The transaction has been accounted for by the acquisition method of accounting, with a total consideration involved of £8.3m which will be funded partly through a debt financing of £1.0m, cash payment of £3.2m, deferred consideration of £3.0m and contingent consideration of £1.1m which will be settled in MBH shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement.

The consideration and fair value of assets and liabilities acquired 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 within 12 months from acquisition date.

	White Arches Group	Total
	£'000	£'000
<u>Fair value of assets acquired</u>		
Property, plant and equipment	3,050	3,050
Investments	9	9
Inventories	7,157	7,157
Cash and cash equivalents	365	365
Trade and other payables	(4,635)	(4,635)
Loans and borrowings	(389)	(389)
Net identifiable assets acquired	5,557	5,557
Add: goodwill (note 9)	2,780	2,780
Total consideration	8,337	8,337
<u>Breakdown</u>		
Bank loan	1,000	3,000
Cash	3,203	3,203
Deferred consideration	3,011	4,214
Contingent consideration	1,123	1,123
Total consideration	8,337	8,337
<u>Effects on cash flows of the Group</u>		
Cash paid	(3,203)	(3,203)
Add: net of cash and cash equivalents and bank overdraft in businesses acquired	365	365
Cash inflow on acquisition	(2,838)	(2,838)

(b) Goodwill arising on acquisitions

Goodwill amounting to £2.78m (2022: NIL) arose in the acquisition of the above companies and business because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of these companies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(c) Impact of acquisitions on the results of the Group

Included in the revenue and profit after income tax for the half year was £4.9m and £0.3m respectively attributable to the additional business generated by the above acquisition. Had this business combination been effected at 1 January 2023, the revenue and profit after income tax for the half year of the Group from continuing operations would have been as follows:

	Revenue	Profit after income tax
	£'000	£'000
White Arches Group	12,520	512
Total	12,520	512

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18. BUSINESS COMBINATIONS (continued)

(C) Impact of acquisitions on the results of the Group (continued)

The Directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point of comparison in future periods. The total profit/(loss) after tax is not an accurate representation of the trading results for the Group as the pre-acquisition results include significant one-off transactions which would not normally occur under the Group's ownership if the companies have been acquired at the beginning of the current year.

(d) Acquisition-related costs

In 2023, acquisition-related costs amounting to £69k (2022: NIL) had been excluded from the consideration transferred and have been recognised as an expense in the period, within the "non-operating expenses" line item in the statement of comprehensive income.

2022 Acquisitions

There were no new acquisitions in year 2022.

19. SUBSEQUENT EVENTS

On 4 August 2023, the Company completed a reverse stock split of every thirty (30) existing shares held by shareholders into 1 consolidated share ("Share Consolidation"). Following the completion of the Share Consolidation, the share price of each share increased by 30 times from the closing share price on 4 Aug 2023.

The final dividend for 2023 comprising scrip dividend of £104,607 were approved by the shareholders at the 2023 annual general meeting and were paid on 31 July 2023. The payment of this dividend will not have any tax consequences for the Group.