Mariner Finance plc

Interim condensed consolidated financial statements and Directors' report

For the six months ended 30 June 2016

Contents

Mariner Finance plc

Interim Directors' report pursuant to Listing Rule 5.75.2

Interim condensed consolidated financial statements 30 June 2016

These interim condensed consolidated financial statements comprise the interim consolidated financial statements of Mariner Finance plc and its subsidiaries Mariner Baltic Holdings SIA, Mariner Finance Baltic SIA, Baltic Container Terminal SIA and Equinor Riga SIA.

Performance review

During the first six months of the year the group continued to operate in its two core markets, precisely operation of sea terminals and property rentals.

The group's operational results for the first six months of 2016 slightly exceeded its projections. The group attained a profit before tax of Eur 2,371,213 (30 June 2015 – Eur 2,168,050). The increase in profits is mainly attributable to higher operational productivity and a 23% drop in administrative expenses.

Baltic Container Terminal SIA volumes for the first six months of the current year remained at the same level of those handled in the first half of the previous year. Despite this both the company and group incurred a 4% drop in turnover. The main reason for this drop was due to an unfavorable container mix with more empties but less full containers handled. Despite this drop in turnover consolidated EBITA increased on last year. The reasons for this increase in EBITA are improved operational efficiency and lower costs.

Total interest cost for the current period amounted to Eur 1,157,306, which is in line with that incurred throughout the same period last year. The group's rental business was also in line with the first 6 months of 2015.

The group has a healthy working capital ratio as at 30 June 2016 of 3.29 (December 2015: 3.29) with current assets exceeding current liabilities by Eur 7,561,279 (December 2015: Eur 5,327,644)

Result and dividends

The result for the period ended 30 June 2016 is shown in the statement of comprehensive income on page two. The group registered a profit after tax for the period of Eur *2,196,343* as compared to Eur *2,023,333* in June 2015. No interim dividend is being recommended.

Approved by the Board of Directors on 29 August 2016 and signed on its behalf by:

Marin Hili
Chairman

Edward Hili
Director

Mariner Finance plc

Condensed consolidated statement of profit and loss and other comprehensive income

Six month period ended 30 June 2016

	Group	
	30 Jun 2016 6 months (unaudited) EUR	30 Jun 2015 6 months (unaudited) EUR
Revenue	**7,340,614**	7,659,455
Cost of sales	**(3,164,659)**	(3,499,832)
Gross profit	**4,175,955**	4,159,623
Administrative expenses	**(902,719)**	(1,176,329)
Other operating income	**193,486**	196,699
Operating profit	**3,466,722**	3,179,993
Investment income	**61,797**	134,147
Finance costs	**(1,157,306)**	(1,146,090)
Profit before tax	**2,371,213**	2,168,050
Income tax expense	**(174,870)**	(144,717)
Profit for the period attributable to equity holders of the holding company	**2,196,343**	2,023,333
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net gain/(loss) on available for-sale financial assets	**(16,649)**	47,200
Other comprehensive income for the period, net of tax	**(16,649)**	47,200
Total comprehensive income for the period attributable to equity holders of the holding company	**2,179,694**	2,070,533

Mariner Finance plc

Condensed consolidated statement of financial position
30 June 2016

	Group	
	30 Jun 2016 (unaudited) EUR	31 Dec 2015 (audited) EUR
ASSETS AND LIABILITIES		
Non-current assets		
Goodwill	**13,184,904**	13,184,904
Intangible asset	**764,718**	668,153
Property, plant and equipment	**35,559,310**	35,396,195
Investment property	**5,183,596**	5,183,596
Available-for-sale investments	**358,981**	375,631
Loan and receivables	**7,278,750**	5,202,716
	62,330,259	60,011,195
Current assets		
Loans and receivables	**4,685,623**	3,379,807
Inventories	**431,726**	396,783
Trade and other receivables	**3,085,662**	2,298,278
Current tax asset	**-**	149,003
Cash and cash equivalents	**2,665,137**	1,434,076
	10,868,148	7,657,947
Total assets	**73,198,407**	67,669,142
Current liabilities		
Trade and other payables	**2,634,109**	1,750,318
Other financial liabilites	**159,974**	273,049
Bank overdraft and loans	**306,937**	306,937
Current tax liability	**205,849**	-
	3,306,869	2,330,304
Non-current liabilities		
Other financial liabilities	**526,306**	527,171
Debt securities in issue	**34,435,826**	34,408,486
Bank loans	**4,230,166**	1,883,635
Deferred tax liability	**2,696,840**	2,696,840
	41,889,138	39,516,132
Total liabilities	**45,196,007**	41,846,436
Net assets	**28,002,400**	25,822,706

Mariner Finance plc

Condensed consolidated statement of financial position (continued)
30 June 2016

	Group	
	30 Jun 2016 (unaudited) EUR	31 Dec 2015 (audited) EUR
EQUITY		
Equity attributable to the owners of the holding company		
Share capital	**500,000**	500,000
Other equity	**10,000,000**	10,000,000
Fair value reserve	**211,198**	227,847
Other reserves	**(1,898,805)**	(1,898,805)
Reveluation reserve	**1,123,731**	1,123,731
Retained earnings	**18,066,276**	15,869,933
Total equity	**28,002,400**	25,822,706

Mariner Finance plc

Condensed consolidated statement of changes in equity

Period ended 30 June 2016

	Share capital Eur	Other equity Eur	Fair value reserve Eur	Other reserves Eur	Revaluation reserve Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2015	**500,000**	**10,000,000**	**180,193**	**(1,898,805)**	**-**	**12,123,643**	**20,905,031**
Profit for the period	-	-	-	-	-	2,023,333	2,023,333
Other comprehensive income for the period	-	-	47,200	-	-	-	47,200
Total comprehensive income for the period	-	-	47,200	-	-	2,023,333	2,070,533
Balance at 30 June 2015	**500,000**	**10,000,000**	**227,393**	**(1,898,805)**	**-**	**14,146,976**	**22,975,564**
Profit for the period	-	-	-	-	-	1,722,957	1,722,957
Other comprehensive income for the period	-	-	454	-	1,123,731	-	1,124,185
Total comprehensive income for the period	-	-	454	-	1,123,731	1,722,957	2,847,142
Balance at 31 December 2015	**500,000**	**10,000,000**	**227,847**	**(1,898,805)**	**1,123,731**	**15,869,933**	**25,822,706**
Profit for the period	-	-	-	-	-	2,196,343	2,196,343
Other comprehensive loss for the period	-	-	(16,649)	-	-	-	(16,649)
Total comprehensive income/(loss) for the period	-	-	(16,649)	-	-	2,196,343	2,179,694
Balance at 30 June 2016	**500,000**	**10,000,000**	**211,198**	**(1,898,805)**	**1,123,731**	**18,066,276**	**28,002,400**

Mariner Finance plc

Condensed consolidated statement of cash flows
Six month period ended 30 June 2016

	Group	
	30 Jun 2016 6 months (unaudited) EUR	30 Jun 2015 6 months (unaudited) EUR
Cash flows from operating activities	**4,120,839**	3,121,897
Cash flows used in investing activities	**(1,740,522)**	(6,348)
Cash flows used in financing activities	**(1,149,256)**	(209,118)
Net movement in cash and cash equivalents	**1,231,061**	2,906,431
Cash and cash equivalents at the beginning of the period	**1,434,076**	2,162,137
Cash and cash equivalents at the end of the period	**2,665,137**	5,068,568

1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors of the 29 August 2016.

The principal activities of the group are investment, development, operation and management of sea terminals namely in Riga Latvia as well as property development.

2. Basis of preparation, significant accounting policies and International Financial Reporting Standards in issue but not yet effective.

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2016 have been extracted from the unaudited management accounts of the group and have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and in terms of the Malta Financial Services Authority Listing Rules.

The financial information of the group as at 30 June 2016 and for the six months then ended reflect the financial position and the performance of Mariner Finance plc and its subsidiaries Mariner Baltic Holdings SIA, Mariner Finance Baltic SIA, Baltic Container Terminal SIA and Equinor Riga SIA. The comparative amounts reflect the position of the group as included in the audited financial statements for the year ended 31 December 2015 and the unaudited results for the period ended 30 June 2015.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group annual financial statements as at 31 December 2015.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2015.

3. Initial application of an International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

International Financial Reporting Standards in issue but not yet effective

At the date of approval of these interim results, a number of International Financial Reporting Standards were in issue but not yet effective. The directors are assessing the potential impact of these International Financial Reporting Standards on the group financial statements.

The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement.' IFRS 9 introduce a logical approach for the classification. The Standard supersedes all previous versions of IFRS 9.

IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held.

The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses. IFRS 9 is effective from 1 January 2018 and has not yet been endorsed by the EU.

IFRS 15 *Revenue from Contracts with Customers* specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of Financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 *Revenue,* IAS 11 *Construction contracts* and a number of revenue related interpretations. Application of this standard is mandatory for all IFRS reports and it applies to nearly all contracts with customers: the main exceptions being leases, financial instruments and insurance contracts.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier application being permitted. This Standard, has not as yet been endorsed by the EU at the date of authorisation of this interim report.

IFRS 16 Leases, which was issued on 13 January 2016, brings most leases on-balance sheet for leases under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains substantially unchanged (except for a requirement to provide enhanced disclosures) and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 Leases and related interpretations. IFRS 16 is effective for periods beginning on or after 1 January 2019. Early application is permitted for companies that also apply IFRS 15. The standard has not been endorsed by the EU at the date of authorisation of these Financial Statements. Given the significance of the Group's and the company's leasing transactions, this Standard will be given due attention by the board prior to its effective date.

3. Initial application of an International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

The directors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of this interim report, but not yet effective, will have no material impact on the interim report of the group in the period of initial application.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the group's accounting policies management has made no judgements which can significantly affect the amounts recognised in the financial statements and at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below.

The group reviews property, plant and equipment, investments and loans and receivables, including trade receivables, to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable. The company reviews investment in subsidiaries, loans and receivables and other investments for impairment. At the period-end there was no objective evidence of impairment in this respect.

In addition, the group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount of the cash generating units.

Goodwill arising on a business combination is allocated, to the cash generating units ("CGUs") that are expected to benefit from that business combination.

The carrying amount of goodwill amounting to *Eur*13,184,904 arises on a business combination and has been allocated to the business of Baltic Container Terminal SIA. At the end of the current period there was no objective evidence that goodwill might be impaired.

5. Operating segment information

The group operates one main business activity which is the operation of a sea terminal in Riga Latvia. Apart from this the group also owns an investment property in Riga which it rents to third parties. Each of these operating segments is managed separately as each of these lines requires local resources.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

5. Operating segment information (continued)

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The group's reportable segments under IFRS 8 are direct sales attributable to each business activity.

The group operates solely in Latvia.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs and finance costs based on services and finance provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

Profit before tax

	30 Jun 2016 6 months (unaudited) Eur	30 Jun 2015 6 months (unaudited) Eur
Total profit for reportable segments	**3,295,549**	3,598,323
Unallocated amounts:		
Other unallocated amounts/finance cost	**924,336**	1,430,273
	2,371,213	2,168,050

Assets

	30 Jun 2016 (unaudited) Eur	31 Dec 2015 (audited) Eur
Total assets for reportable segments	**49,553,833**	49,261,873
Unallocated amounts:		
Goodwill	**13,184,904**	13,184,904
Other unallocated amounts	**10,459,670**	5,222,365
	73,198,407	67,669,142

5. Operating segment information (continued)

Liabilities

	30 Jun 2016 (unaudited) Eur	31 Dec 2015 (audited) Eur
Total liabilities for reportable segments	**4,241,784**	4,232,649
Unallocated amounts:		
Debt Securities in Issue	**34,435,826**	34,408,486
Bank Loans	**4,537,103**	2,190,572
Other unallocated amounts	**1,981,294**	1,014,729
	45,196,007	41,846,436

The group's revenue and results from continuing operations from external customers and information about its asset and liabilities by reportable segment are detailed below.

	Cargo handling and storage of containers 2016 Eur	**Property rental 2016 Eur**	**Unallocated 2016 Eur**	**Total 2016 Eur**
Continuing operations				
Revenue	7,340,614	-	-	7,340,614
Profit before tax	3,183,296	112,253	(924,336)	2,371,213
Segment assets	41,161,858	8,391,974	23,644,575	73,198,407
Segment liabilities	4,140,296	101,488	40,954,223	45,196,007

	Cargo handling and storage of containers 2015 Eur	**Property rental 2015 Eur**	**Unallocated 2015 Eur**	**Total 2015 Eur**
Continuing operations				
Revenue	7,659,455	-	-	7,659,455
Profit before tax	3,490,196	108,127	(1,430,274)	2,168,050
Segment assets	40,995,837	8,266,036	18,407,269	67,669,142
Segment liabilities	6,319,683	103,538	35,423,215	41,846,436

6. Intangibles

During the first six months ended 30 June 2016 the group undertook capital expenditure amounting to Euro 141,253 (Jan to Jun 2015: Eur 393,746).

7. Property, plant and equipment

During the first six months ended 30 June 2016 the group's capital expenditure amounted to Euro 797,788 (Jan to Jun 2015: Eur 317,965).

8. Available-for-sale financial assets

	Foreign listed debt Eur	Foreign listed equity Eur	Total Eur
Fair value			
At 31 December 2015	1	375,630	375,631
At 30 June 2016	**1**	**358,980**	**358,981**

These financial assets represent investments in foreign listed equity and debt securities together with foreign listed funds, which present the company with opportunity for return through dividend or interest income and capital appreciation. These investments are denominated in Euros.

9. Borrowings

Repayments of bank loans undertaken during the first six month of the year amounted to Euro 153,468 (Jan to Jun 2015: Eur 94,092).

10. Related party disclosures

During the course of the period, the group entered into transactions with related parties as set out below:

	30.06.16 Related party activity Eur	**30.06.16** Total activity Eur	**30.06.16** %	30.06.15 Related party activity Eur	30.06.15 Total activity Eur	30.06.15 %
Administration expenses						
Related party transactions with:						
Other related parties	**330,000**	**902,719**	**37**	330,000	1,176,329	28

	30.06.16 Related party activity Eur	**30.06.16** Total activity Eur	**30.06.16** %	30.06.15 Related party activity Eur	30.06.15 Total activity Eur	30.06.15 %
Investment income						
Related party transactions with:						
Other related parties	**49,464**	**61,797**	**80**	49,735	134,147	37

11. Fair value of financial assets and financial liabilities

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for assets of liability.

11. Fair value of financial assets and financial liabilities (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

	Fair value measurement at end of the reporting period using:			
	Level 1	Level 2	Level 3	Total
	Eur	Eur	Eur	Eur
30 June 2016				
Financial assets				
Available-for-sale investments				
- foreign listed equity instruments	358,980	-	-	358,980
- foreign listed debt instruments	-	1	-	1
	358,980	**1**	**-**	**358,981**
30 June 2016				
Financial liabilities				
At fair value through profit and loss				
- Derivative financial instruments	**447,038**	**-**	**-**	**447,038**

	Fair value measurement at end of the reporting period using:			
	Level 1	Level 2	Level 3	Total
	Eur	Eur	Eur	Eur
31 December 2015				
Financial assets				
Available-for-sale investments				
- Foreign listed equity instruments	375,630	-	-	375,630
- Foreign listed debt instruments	-	1	-	1
	375,630	**1**	**-**	**375,631**
31 December 2015				
Financial liabilities				
At fair value through profit and loss				
- Derivative financial instruments	**447,038**	**-**	**-**	**447,038**

12. Subsequent Events

There were no material events which occurred subsequent to Balance Sheet Date.

Mariner Finance plc

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

30 June 2016

We confirm that to the best of our knowledge:

a. the condensed consolidated financial statements give a true and fair view of the financial position of the group as at 30 June 2016, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements *(adopted IAS 34 'Interim Financial Reporting')*; and

b. the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Marin Hili
Chairman

Edward Hili
Director