

Mariner Finance plc

Interim condensed consolidated financial statements and Directors' report

For the six months ended 30 June 2017

Contents

	<i>Page</i>
Interim Directors' report pursuant to Listing Rule 5.75.2	<i>1</i>
Condensed consolidated statement of comprehensive income	<i>2</i>
Condensed consolidated statement of financial position	<i>3 - 4</i>
Condensed consolidated statement of changes in equity	<i>5</i>
Condensed consolidated statement of cash flows	<i>6</i>
Notes to the interim condensed consolidated financial statements	<i>7 - 14</i>
Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority	<i>15</i>

Mariner Finance plc

Interim Directors' report pursuant to Listing Rule 5.75.2

Interim condensed consolidated financial statements 30 June 2017

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 2017 exceeded its projections. The group attained a profit before tax of Eur 2,786,700 (30 June 2016 – Eur 2,371,213). The increase in profits is attributable to both an increase in throughput as well as higher operational productivity.

Baltic Container Terminal SIA volumes for the first six months of the current year increased by 15% on volumes handled in the first half of the previous year. This resulted in an increase in both group turnover and profit after tax despite a slight increase in both administrative expenses and finance cost

Total interest cost for the current period amounted to Eur 1,266,098, which is marginally higher than that incurred throughout the same period last year. The group's rental business was down when compared with the first 6 months of 2016.

The group has a healthy working capital ratio as at 30 June 2017 of 3.70 (December 2016: 3.29) with current assets exceeding current liabilities by Eur 3,580,439 (December 2016: Eur 3,833,063)

Result and dividends

The result for the period ended 30 June 2017 is shown in the statement of comprehensive income on page two. The group registered a profit after tax for the period of Eur 2,666,685 as compared to Eur 2,196,343 in June 2016. No interim dividend is being recommended.

Approved by the Board of Directors on 30 August 2017 and signed on its behalf by:



Kevin Saliba
Director



Edward Hill
Director

Mariner Finance plc

Condensed consolidated statement of comprehensive income

Six-month period ended 30 June 2017

	Group	
	30 Jun 2017 6 months (unaudited) EUR	30 Jun 2016 6 months (unaudited) EUR
Revenue	7,991,009	7,340,614
Cost of sales	(3,200,048)	(3,164,659)
Gross profit	4,790,061	4,175,955
Administrative expenses	(980,976)	(902,719)
Other operating income	174,990	193,486
Operating profit	3,984,975	3,466,722
Investment income	67,823	61,797
Finance costs	(1,266,098)	(1,157,306)
Profit before tax	2,786,700	2,371,213
Income tax expense	(120,015)	(174,870)
Profit for the period attributable to equity holders of the holding company	2,666,685	2,196,343
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net loss on available for-sale financial assets	-	(16,649)
Other comprehensive loss for the period, net of tax	-	(16,649)
Total comprehensive income for the period attributable to equity holders of the holding company	2,666,685	2,179,694

Mariner Finance plc

Condensed consolidated statement of financial position

30 June 2017

	Group	
	30 Jun 2017 (unaudited) EUR	31 Dec 2016 (audited) EUR
ASSETS AND LIABILITIES		
Non-current assets		
Goodwill	13,184,904	13,184,904
Intangible asset	729,847	737,844
Property, plant and equipment	35,227,810	35,569,960
Investment property	5,107,596	5,107,596
Loan and receivables	14,188,298	11,039,798
	<u>68,438,455</u>	<u>65,640,102</u>
Current assets		
Loans and receivables	500,000	500,000
Inventories	377,699	340,223
Trade and other receivables	2,397,758	2,194,492
Current tax asset	-	81,209
Cash and cash equivalents	1,633,068	3,361,405
	<u>4,908,525</u>	<u>6,477,329</u>
Total assets	<u>73,346,980</u>	<u>72,117,431</u>
Current liabilities		
Trade and other payables	797,087	2,279,132
Bank overdraft and loans	306,937	306,937
Current tax liability	224,062	58,197
	<u>1,328,086</u>	<u>2,644,266</u>
Non-current liabilities		
Other financial liabilities	346,595	341,599
Debt securities in issue	34,491,176	34,463,613
Bank loans	1,423,229	1,576,699
Deferred tax liability	2,710,720	2,710,766
	<u>38,971,720</u>	<u>39,092,677</u>
Total liabilities	<u>40,299,806</u>	<u>41,736,943</u>
Net assets	<u>33,047,174</u>	<u>30,380,489</u>

Mariner Finance plc

Condensed consolidated statement of financial position (continued)

30 June 2017

	Group	
	30 Jun 2017	31 Dec 2016
	(unaudited)	(audited)
	EUR	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
Other reserves	(1,898,805)	(1,898,805)
Reveluation reserve	1,123,731	1,123,731
Retained earnings	23,322,248	20,655,563
Total equity	33,047,174	30,380,489

Mariner Finance plc

Condensed consolidated statement of changes in equity

Period ended 30 June 2017

	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 2016	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 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
Profit for the period	-	-	-	-	-	2,589,287	1,722,957
Other comprehensive loss for the period	-	-	(211,198)	-	-	-	1,124,185
Total comprehensive income for the period	-	-	(211,198)	-	1,123,731	2,589,287	2,847,142
Balance at 31 December 2016	500,000	10,000,000	-	(1,898,805)	1,123,731	20,655,563	30,380,489
Profit for the period	-	-	-	-	-	2,666,685	2,666,685
Total comprehensive income for the period	-	-	-	-	-	2,666,685	2,666,685
Balance at 30 June 2017	500,000	10,000,000	-	(1,898,805)	1,123,731	23,322,248	33,047,174

Mariner Finance plc

Condensed consolidated statement of cash flows

Six-month period ended 30 June 2017

	Group	
	30 Jun 2017	30 Jun 2016
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Cash flows from operating activities	2,628,754	4,120,839
Cash flows used in investing activities	(4,208,617)	(1,740,522)
Cash flows used in financing activities	(148,474)	(1,149,256)
Net movement in cash and cash equivalents	(1,728,337)	1,231,061
Cash and cash equivalents at the beginning of the period	3,361,405	1,434,076
Cash and cash equivalents at the end of the period	<u>1,633,068</u>	<u>2,665,137</u>

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors of the 30 August 2017.

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 and significant accounting policies

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2017 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 2017 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 2016 and the unaudited results for the period ended 30 June 2016.

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 2016.

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 2016.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

3. International Financial Reporting Standards in issue but not yet effective

Initial application of International Financial Reporting Standards

At the date of approval of this interim report, 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's interim report.

IFRS16 Leases, which was issued on 13 January 2016, brings most leases on-balance sheet for lessees 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 authorization of this interim report.

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'.

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.

IFRS 15, Revenue from Contracts with Customers specifies how and when an IFRS reporter will recognise 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. The Standard applies to nearly all contracts with customers, the main exceptions being leases, financial instruments and insurance customers. By virtue of an amendment issued on 11 September 2015, the effective date of the Standard was deferred by one year to annual periods beginning on or after 1 January 2018, with earlier application being permitted.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

3. International Financial Reporting Standards in issue but not yet effective (continued)

The amendments to IAS 7, Statement of Cash Flows, are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. This standard has not been endorsed by the EU as at the date of authorisation of these financial statements.

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 *Eur13,184,904* arises on a business combination made in 2014 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.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

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.

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 2017	30 Jun 2016
	6 months	6 months
	(unaudited)	(unaudited)
	Eur	Eur
Total profit for reportable segments	3,774,668	3,295,549
Unallocated amounts:		
Bond interest expense	(919,877)	(919,877)
Other unallocated amounts	(68,091)	(4,459)
	2,786,700	2,371,213

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

5. Operating segment information (continued)

Assets

	30 Jun 2017 (unaudited) Eur	31 Dec 2016 (audited) Eur
Total assets for reportable segments	51,516,899	51,303,259
Unallocated amounts:		
Goodwill	13,184,904	13,184,904
Trade and other receivables	7,513	13,147
Loan and receivables	8,077,639	7,186,829
Cash and cash equivalents	560,025	429,292
	<u>73,346,980</u>	<u>72,117,431</u>

Liabilities

	30 Jun 2017 (unaudited) Eur	31 Dec 2016 (audited) Eur
Total liabilities for reportable segments	5,535,007	6,303,748
Unallocated amounts:		
Debt Securities in Issue	34,491,176	34,463,613
Trade and other payables	273,623	969,582
	<u>40,299,806</u>	<u>41,736,943</u>

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 2017 Eur	Property rental 2017 Eur	Unallocated 2017 Eur	Total 2017 Eur
Continuing operations				
Revenue	8,030,925	-	-	8,030,925
Profit before tax	3,686,932	87,736	(987,968)	2,786,700
Segment assets	43,278,181	8,238,718	21,830,081	73,346,980
Segment liabilities	5,437,879	97,128	34,764,799	40,299,806

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

5. Operating segment information (continued)

	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	43,174,333	8,128,926	20,814,172	72,117,431
Segment liabilities	6,211,119	92,629	35,433,195	41,736,943

6. Intangibles

During the first six months ended 30 June 2017 the group undertook capital expenditure amounting to Eur32,442 (Jan to Jun 2016: Eur 141,253).

7. Property, plant and equipment

During the first six months ended 30 June 2017 the group's capital expenditure amounted to Eur467,599 (Jan to Jun 2016: Eur797,788).

9. Borrowings

Repayments of bank loans undertaken during the first six month of the year amounted to Eur153,470 (Jan to Jun 2016: Eur153,468).

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

10. Related party disclosures

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

	30.06.17			30.06.16		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Administration expenses						
<i>Related party transactions with:</i>						
Other related parties	330,000	980,976	34	330,000	902,179	37

	30.06.17			30.06.16		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Investment income						
<i>Related party transactions with:</i>						
Other related parties	49,464	67,823	73	49,464	61,797	80

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.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2017

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 Eur	Level 2 Eur	Level 3 Eur	Total Eur
30 June 2017				
<i>Financial liabilities</i>				
<i>At fair value through profit and loss</i>				
- Derivative financial instruments	-	272,545	-	272,545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2016				
<i>Financial liabilities</i>				
<i>At fair value through profit and loss</i>				
- Derivative financial instruments	-	272,545	-	272,545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. Subsequent events

There were no material events which occurred subsequent to Balance Sheet Date, which need to be reflected in these interim financial statements in terms of IAS 10.

Mariner Finance plc

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

30 June 2017

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 2017, 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.



Kevin Saliba
Director



Edward Hili
Director