

Mariner Finance plc

Interim condensed consolidated financial statements and Directors' report

For the six months ended 30 June 2015

Contents

	<i>Page</i>
Interim Directors' report pursuant to Listing Rule 5.75.2	<i>1</i>
Condensed consolidated statement of profit and loss and other 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 - 15</i>
Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority	<i>16</i>

Mariner Finance plc

Interim Directors' report pursuant to Listing Rule 5.75.2

Interim condensed consolidated financial statements 30 June 2015

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 2015 were in line with its projections. The group attained a profit before tax of Eur 2,168,049 (30 June 2014 – Eur 3,531,651). The drop in profits is mainly attributable to lower throughput handled by Baltic Container Terminal (BCT) and a higher interest cost when compared to the same period last year. This was partially set off by a reduction in cost of sales.

Throughput at Baltic Container Terminal SIA decreased by 9%, which resulted in a decrease in both revenue and EBITA generated. This reflects similar trends in directly competing ports. These decreases are due to the devaluation of the Russian rouble, coupled with a decline in the price of oil. On a positive note in May 2015, BCT has managed to secure a new client and therefore volumes in the second half of the year are expected to exceed those handled in the first six month period.

Total interest cost for the current period was Eur 1,146,090, implying an increase of Eur 620,079 on the same period last year. The reason for this increase was the bond issue which was undertaken in the second half of 2014.

The group's rental business attained a marginal increase in revenue when compared to the first 6 months of 2014.

The group has a healthy working capital ratio as at 30 June 2015 of 3.11 (December 2014: 3.07) with current assets exceeding current liabilities by Eur 6,409,889 (December 2014: Eur 4,488,300)

Result and dividends

The result for the period ended 30 June 2015 is shown in the statement of comprehensive income on page two. The group registered a profit after tax for the period of Eur 2,023,332 as compared to Eur 3,358,474 in June 2014. No interim dividend is being recommended.

Approved by the Board of Directors on 19 August 2015 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 2015

	Group	
	30 Jun 2015	30 Jun 2014
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Revenue	7,659,455	8,451,737
Cost of sales	(3,499,832)	(3,774,235)
Gross profit	4,159,623	4,677,502
Administrative expenses	(1,176,329)	(1,158,707)
Other operating income	196,699	194,066
Operating profit	3,179,993	3,712,861
Investment income	134,147	344,801
Finance costs	(1,146,090)	(526,011)
Profit before tax	2,168,050	3,531,651
Income tax expense	(144,717)	(173,177)
Profit for the period attributable to equity holders of the Holding Company	2,023,333	3,358,474
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net gain on available for-sale financial assets	47,200	25,474
Other comprehensive income for the period, net of tax	47,200	25,474
Total comprehensive income for the period attributable to equity holders of the Holding Company	2,070,533	3,383,948

Mariner Finance plc

Condensed consolidated statement of financial position

30 June 2015

	Group	
	30 Jun 2015 (unaudited) EUR	31 Dec 2014 (audited) EUR
ASSETS AND LIABILITIES		
Non-current assets		
Goodwill	13,184,905	13,184,905
Intangible assets	631,843	283,514
Property, plant and equipment	31,127,393	31,461,531
Investment property	5,183,596	5,183,596
Available-for-sale investments	375,177	335,820
Loan and receivables	2,972,610	2,929,998
	<u>53,475,524</u>	<u>53,379,364</u>
Current assets		
Loans and receivables	500,000	500,000
Inventories	404,754	399,594
Trade and other receivables	3,480,491	3,548,051
Current tax asset	-	45,118
Cash and cash equivalents	5,068,569	2,162,137
	<u>9,453,814</u>	<u>6,654,900</u>
Total assets	<u>62,929,338</u>	<u>60,034,264</u>
Current liabilities		
Trade and other payables	2,518,063	1,704,162
Other financial liabilities	160,533	274,251
Bank overdraft and loans	188,184	188,187
Current tax liabilities	177,145	-
	<u>3,043,925</u>	<u>2,166,600</u>
Non-current liabilities		
Other financial liabilities	831,519	827,293
Debt securities in issue	34,392,032	34,354,953
Bank loans	1,176,170	1,270,259
Deferred tax liability	510,128	510,128
	<u>36,909,849</u>	<u>36,962,633</u>
Total liabilities	<u>39,953,774</u>	<u>39,129,233</u>
Net assets	<u>22,975,564</u>	<u>20,905,031</u>

Mariner Finance plc

Condensed consolidated statement of financial position (continued)

30 June 2015

	Group	
	30 Jun 2015	31 Dec 2014
	(unaudited)	(audited)
	EUR	EUR
EQUITY		
Share capital	500,000	500,000
Other equity	10,000,000	10,000,000
Other reserves	(1,898,805)	(1,898,805)
Fair value reserve	227,393	180,193
Retained earnings	14,146,976	12,123,643
Total equity	22,975,564	20,905,031

Mariner Finance plc

Condensed consolidated statement of changes in equity

Period ended 30 June 2015

	Share capital Eur	Other equity Eur	Fair value reserve Eur	Other reserves Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2014	500,000	-	122,275	(1,898,805)	6,956,117	5,679,587
Profit for the period	-	-	-	-	3,358,474	3,358,474
Other comprehensive income for the period	-	-	25,474	-	-	25,474
Total comprehensive income for the period	-	-	25,474	-	3,358,474	3,383,948
Shareholders' loan earmarked for capitalisation	-	10,000,000	-	-	-	10,000,000
Balance at 30 June 2014	500,000	10,000,000	147,749	(1,898,805)	10,314,591	19,063,535
Profit for the period	-	-	-	-	1,809,052	1,809,052
Other comprehensive income for the period	-	-	32,444	-	-	32,444
Total comprehensive income for the period	-	-	32,444	-	1,809,052	1,841,496
Balance at 31 December 2014	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

Mariner Finance plc

Condensed consolidated statement of cash flows

Six month period ended 30 June 2015

	Group	
	30 Jun 2015	30 Jun 2014
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Cash flows from operating activities	3,121,897	3,747,265
Cash flows used in investing activities	(6,348)	(2,445,962)
Cash flows used in financing activities	(209,118)	(2,185,147)
Net movement in cash and cash equivalents	2,906,431	(883,844)
Cash and cash equivalents at the beginning of the period	2,162,137	1,156,921
Cash and cash equivalents at the end of the period	5,068,568	273,077

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors of the 19 August 2015.

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 2015 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 2015 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 ended 31 December 2014 and the unaudited results for the period ended 30 June 2014.

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 2014.

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 2014.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 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 2017, 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. On 22 July 2015, the IASB confirmed a one-year deferral of the effective date of this Standard to 1 January 2018. The formal amendment to the Standard, specifying the new effective date, has not been issued at the date of authorisation of this interim report.

The December 2014 amendments to IAS 1 are effective from 1 January 2016. This amendment has yet not been endorsed by the European Union. The amendments aim to clarify IAS 1 and to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

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.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

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 2015	30 Jun 2014
	6 months	6 months
	(unaudited)	(unaudited)
	Eur	Eur
Total profit for reportable segments	3,598,323	3,951,788
Unallocated amounts:		
Other unallocated amounts/finance cost	1,430,274	420,137
	2,168,049	3,531,651

Assets

	30 Jun 2015	31 Dec 2014
	(unaudited)	(audited)
	Eur	Eur
Total assets for reportable segments	45,404,626	45,376,737
Unallocated amounts:		
Goodwill	13,184,905	13,184,905
Other unallocated amounts	4,339,807	1,472,622
	62,929,338	60,034,264

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

5. Operating segment information (continued)

Liabilities

	30 Jun 2015 (unaudited) Eur	31 Dec 2014 (audited) Eur
Total liabilities for reportable segments	3,596,913	3,834,116
Unallocated amounts:		
Debt Securities in Issue	34,392,032	34,354,953
Bank Loans	1,364,354	-
Other unallocated amounts	600,475	940,163
	<u>39,953,774</u>	<u>39,129,232</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 2015 Eur	Property rental 2015 Eur	Unallocated 2015 Eur	Total 2015 Eur
Continuing operations				
Revenue	7,659,455	-	-	7,659,455
Other operating income	-	196,699	-	196,699
Operating income	<u>7,659,455</u>	<u>196,699</u>	<u>-</u>	<u>7,856,154</u>
Profit before tax	<u>3,490,196</u>	<u>108,127</u>	<u>(1,430,274)</u>	<u>2,168,049</u>
Depreciation and amortisation	<u>594,304</u>	<u>36,195</u>	<u>107,923</u>	<u>738,422</u>
Segment assets	<u>37,020,077</u>	<u>8,384,549</u>	<u>17,524,712</u>	<u>62,929,338</u>
Capital expenditure	<u>711,711</u>	<u>-</u>	<u>-</u>	<u>711,711</u>
Segment liabilities	<u>3,488,307</u>	<u>108,606</u>	<u>36,356,861</u>	<u>39,953,774</u>
Income tax expense	<u>102,078</u>	<u>18,896</u>	<u>23,743</u>	<u>144,717</u>

6. Intangibles

During the first six months ended 30 June 2015 the group undertook capital expenditure amounting to Euro 393,746

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

7. Property, plant and equipment

During the first six months ended 30 June 2015 the group's capital expenditure amounted to Euro 317,965.

8. Available-for-sale financial assets

	Foreign listed debt Eur	Foreign listed equity Eur	Total Eur
Fair value			
At 31 December 2014	7,844	327,976	335,820
At 30 June 2015	1	375,176	375,177

These financial assets represent investments in foreign listed equity and debt securities 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 94,092.

10. Related party disclosures

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

	30.06.15			30.06.14		
	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	1,176,329	28	300,000	1,158,707	26

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

10. Related party disclosures (continued)

	30.06.15			30.06.14		
	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	49,735	134,147	37	43,389	344,801	13

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.

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
2015				
Available-for-sale investments				
- foreign listed equity instruments	375,176	-	-	375,176
- foreign listed debt instruments	-	1	-	1
	375,176	1	-	375,177

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

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

	Fair value measurement at end of the reporting period using:			
	Level 1	Level 2	Level 3	Total
	Eur	Eur	Eur	Eur
2015				
<i>Financial liabilities</i>				
<i>At fair value through profit and loss</i>				
- Derivative financial instruments	-	512,021	-	512,021
2014				
<i>Financial assets</i>				
<i>Available-for-sale investments</i>				
- Foreign listed equity instruments	327,976	-	-	327,976
- Foreign listed debt instruments	-	7,844	-	7,844
	327,976	7,844	-	335,820
<i>Financial liabilities</i>				
<i>At fair value through profit and loss</i>				
- Derivative financial instruments	-	512,021	-	512,021

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value, grouped into Levels 1 to 3.

	Fair value measurement at end of the reporting period using:				Carrying amount Eur
	Level 1	Level 2	Level 3	Total	
	Eur	Eur	Eur	Eur	
2015					
<i>Financial assets</i>					
<i>Loans and receivables</i>					
- Loans to related parties	-	3,470,989	-	3,470,989	3,470,989

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2015

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

	Fair value measurement at end of the reporting period using:				Carrying amount
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Eur
2015					
Financial liabilities:					
Financial liabilities at amortised cost					
- Debt securities	38,815,000	-	-	38,815,000	34,392,032
- Bank loans	-	1,364,354	-	1,364,354	1,364,354
- Other loans	-	226,800	-	226,800	226,800
	<u>38,815,000</u>	<u>1,591,154</u>	<u>-</u>	<u>40,406,154</u>	<u>35,983,186</u>

At 30 June 2015 and 31 December 2014, the carrying amounts of the Group's financial assets and financial liabilities classified with current assets and current liabilities approximated their fair values due to their short-term maturities. The fair values of the Group's material non-current financial assets and non-current financial liabilities that are not measured at fair value, other than debt securities in issue, are not materially different from their carrying amounts due to their current rates of interest. The fair value of debt securities at 30 June 2015 is Eur 38,815,000 (31 December 2014 – Eur 37,460,500).

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 2015

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 2015, 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