

Mariner Finance plc

Interim condensed consolidated financial statements and Directors' report

For the six months ended 30 June 2020

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Mariner Finance plc

Interim Directors' report pursuant to Listing Rule 5.75.2

Interim condensed consolidated financial statements for the period ended 30 June 2020

These interim condensed consolidated financial statements comprise the interim consolidated financial statements of Mariner Finance plc and its subsidiaries Mariner Finance Baltic SIA, Baltic Container Terminal SIA and Mariner Baltic Holdings SIA (merged into Mariner Finance plc on 1 July 2019).

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 rental.

The group's operational results for the first six months of 2020 fell short of those attained in the same period last year. As a result of this, the group's profit before tax of Eur 2,392,308 (30 June 2019 – Eur 2,896,322), was lower than that attained last year. The main reason for this drop in profitability were lower volumes handled, mainly due to the Covid-19 pandemic impact, resulting in a lower turnover generation. Volumes handled at Baltic Container Terminal SIA during the first six months of the current year were 2% lower than those handled in the same period of the previous year. This implied that turnover for the first six months of the current year fell short of that attained in the previous year. Both administrative expenses and finance costs for the current period were marginally higher than those incurred in the previous year.

Revenue generated through the group's rental business was lower than that attained in the first 6 months of 2019 despite average occupancy remaining at 97%. The reason for this drop was due to Covid-19 related one-time discounts given to current tenants. Furthermore, other operating expenses incurred in the generation of this income increased to Eur 75,946 (30 June 2019 – Eur 65,772)

The group has a net current liability position as at 30 June 2020 of Eur 2,606,446 (December 2019: net current liability of Eur 4,175,284). The reason for this is that the group's Year 2019 investments have been initially financed via a bank overdraft as specific financing is still being concluded. Subsequent to period end, the group is in the process of finalizing a five-year term loan facility of Eur 5,000,000 to refinance its overdraft facility. Had this term loan facility been in place at 30 June 2020, the Group would have had a working capital ratio of 1.30 with current assets exceeding current liabilities by Eur 1,393,554. The group maintains a strong financial position with net assets as at 30 June 2020 amounting to Eur 49,371,085 (December 2019: Eur 47,099,747).

The Board makes reference to the company announcement of 7th April 2020 and confirms that the group maintains a strong financial position and has significant liquid reserves which will assist it during the slowdown in the international logistics chain, even if one cannot accurately forecast the impact of the Covid-19 pandemic.

Result and dividends

The result for the period ended 30 June 2020 is shown in the condensed consolidated statement of profit and loss and other comprehensive income on page 2. The group registered a profit after tax for the period of Eur 2,271,338 as compared to Eur 2,888,571 in June 2019. No interim dividend is being recommended.

Approved by the Board of Directors on 28 August 2020 and signed on its behalf by:



Lawrence Zammit
Director



Kevin Saliba
Director

Mariner Finance plc

Condensed consolidated statement of profit and loss and other comprehensive income Six-month period ended 30 June 2020

	Group	
	30 Jun 2020 6 months (unaudited) EUR	30 Jun 2019 6 months (unaudited) EUR
Revenue	7,976,187	8,563,665
Cost of sales	(3,736,195)	(3,818,724)
Gross profit	4,239,992	4,744,941
Administrative expenses	(1,079,759)	(1,033,771)
Other operating income	188,255	220,361
Other operating expenses	(75,946)	(65,772)
Operating profit	3,272,542	3,865,759
Investment income	170,277	71,731
Finance costs	(1,050,511)	(1,041,168)
Profit before tax	2,392,308	2,896,322
Income tax expense	(120,970)	(7,751)
Profit for the period representing total comprehensive income attributable to equity holders of the holding company	2,271,338	2,888,571

Mariner Finance plc

Condensed consolidated statement of financial position

As at 30 June 2020

	Group	
	30 Jun 2020 (unaudited) EUR	31 Dec 2019 (audited) EUR
ASSETS AND LIABILITIES		
Non-current assets		
Goodwill	13,184,904	13,184,904
Intangible asset	586,118	613,956
Property, plant and equipment	50,585,692	48,737,317
Investment property	5,115,000	5,115,000
Right-of-use assets	2,491,826	2,538,402
Loans receivable	21,719,870	20,583,087
	<u>93,683,410</u>	<u>90,772,665</u>
Current assets		
Inventories	470,531	465,255
Trade and other receivables	3,208,383	3,396,813
Current tax asset	-	59,914
Cash and cash equivalents	2,368,653	615,296
	<u>6,047,567</u>	<u>4,537,278</u>
Total assets	<u>99,730,977</u>	<u>95,309,943</u>
Current liabilities		
Trade and other payables	2,641,229	2,340,153
Lease liability	49,074	49,074
Bank overdraft and loans	5,786,382	6,323,335
Current tax liability	177,328	-
	<u>8,654,013</u>	<u>8,712,562</u>
Non-current liabilities		
Other financial liabilities	234,982	42,843
Lease liability	2,510,328	2,534,907
Debt securities in issue	34,693,722	34,648,036
Bank loans	4,035,890	2,040,890
Deferred tax liability	230,958	230,958
	<u>41,705,880</u>	<u>39,497,634</u>
Total liabilities	<u>50,359,893</u>	<u>48,210,196</u>
Net assets	<u>49,371,085</u>	<u>47,099,747</u>

Mariner Finance plc

Condensed consolidated statement of financial position (continued)

As at 30 June 2020

	Group	
	30 Jun 2020	31 Dec 2019
	(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	9,368,400	9,368,400
Retained earnings	31,401,490	29,130,152
Total equity	49,371,085	47,099,747

Mariner Finance plc

Condensed consolidated statement of changes in equity

Period ended 30 June 2020

	Share capital Eur	Other equity Eur	Other reserves Eur	Revaluation reserve Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2019	500,000	10,000,000	(1,898,805)	3,351,015	32,226,162	44,178,372
Profit for the period	-	-	-	-	2,888,571	2,888,571
Total comprehensive income for the period	-	-	-	-	2,888,571	2,888,571
Balance at 30 June 2019	500,000	10,000,000	(1,898,805)	3,351,015	35,114,733	47,066,943
Profit for the period	-	-	-	-	2,015,419	2,015,419
Revaluation of land and buildings	-	-	-	6,017,384	-	6,017,384
Total comprehensive income for the period	-	-	-	6,017,384	2,015,419	8,032,803
Dividend paid	-	-	-	-	(8,000,000)	(8,000,000)
Balance at 31 December 2019	500,000	10,000,000	(1,898,805)	9,368,400	29,130,152	47,099,747
Profit for the period	-	-	-	-	2,271,338	2,271,338
Total comprehensive income for the period	-	-	-	-	2,271,338	2,271,338
Balance at 30 June 2020	500,000	10,000,000	(1,898,805)	9,368,400	31,401,490	49,371,085

Mariner Finance plc

Condensed consolidated statement of cash flows

Six-month period ended 30 June 2020

	Group	
	30 Jun 2020	30 Jun 2019
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Cash flows from operating activities	4,006,465	4,015,089
Cash flows used in investing activities	(3,732,262)	(7,056,455)
Cash flows used in financing activities	1,479,154	(1,139,386)
Net movement in cash and cash equivalents	1,753,357	(4,180,752)
Cash and cash equivalents at the beginning of the period	615,296	1,162,841
Cash and cash equivalents at the end of the period	2,368,653	(3,017,911)

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2020

1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors of the 28 August 2020.

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 2020 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 2020 and for the six months then ended reflect the financial position and the performance of Mariner Finance plc and its subsidiaries Mariner Finance Baltic SIA and Baltic Container Terminal SIA. The comparative amounts reflect the position of the group as included in the audited financial statements for the year ended 31 December 2019 and the unaudited results for the period ended 30 June 2019.

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 2019. These interim financial statements are intended to provide an update on the latest complete set of financial statements and accordingly focus on the new activities, events and circumstances during the interim period.

As further explained in the Directors' report, as a result of the Covid-19 pandemic, the group incurred a marginal drop in both its handling volumes and rental income. This notwithstanding, the group has a strong financial position and significant resources at its disposal, which will assist it during the economic slowdown. Furthermore, the group's container terminal as well as the property in Latvia, are both well-positioned to continue to be a long-term sustainable businesses.

Significant accounting policies

The accounting policies adopted and the methods of computation in these 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 2019.

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

Initial application of International Financial Reporting Standards

During the period, the company has adopted the IAS1 and IAS8 amendment. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

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Notes to the interim condensed consolidated financial statements

30 June 2020

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

International Financial Reporting Standards in issue but not yet effective

At the date of approval of these interim financial statements, a number of International Financial Reporting Standards were in issue but not yet effective. The directors anticipate that the adoption of these 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, the judgements which can significantly affect the amounts recognised in the financial statements and the key assumptions made at the end of the reporting period 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, are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

As at the end of the reporting period the Director's have assessed the fair value of the investment property and the revalued amounts of land and buildings and there were no significant changes from the amounts reported in the group's annual financial statements for the year ended 31 December 2019.

5. Operating segment information

The group, which operates solely in Latvia, 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.

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, other than that related to the bonds issued by the holding company, 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.

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Notes to the interim condensed consolidated financial statements

30 June 2020

5. Operating segment information (continued)

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 2020	30 Jun 2019
	6 months	6 months
	(unaudited)	(unaudited)
	Eur	Eur
Total profit for reportable segments	3,406,602	3,905,737
Unallocated amounts:		
Bond interest expense	(919,877)	(919,877)
Other unallocated amounts	(94,417)	(89,538)
	2,392,308	2,896,322

Assets

	30 Jun 2020	31 Dec 2019
	(unaudited)	(audited)
	Eur	Eur
Total assets for reportable segments	70,899,907	68,761,108
Unallocated amounts:		
Goodwill	13,184,904	13,184,904
Trade and other receivables	41,211	43,385
Loans receivable	13,356,765	12,886,709
Cash and cash equivalents	2,248,190	433,837
	99,730,977	95,309,943

Liabilities

	30 Jun 2020	31 Dec 2019
	(unaudited)	(audited)
	Eur	Eur
Total liabilities for reportable segments	13,738,205	12,547,602
Unallocated amounts:		
Debt securities in issue	34,693,722	34,648,036
Trade and other payables	1,927,966	1,014,558
	50,359,893	48,210,196

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Notes to the interim condensed consolidated financial statements

30 June 2020

5. Operating segment information (continued)

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 2020 Eur	Property rental 2020 Eur	Unallocated 2020 Eur	Total 2020 Eur
Continuing operations				
Revenue	7,976,187	-	-	7,976,187
Other operating income	-	188,255	-	188,255
Profit before tax	3,326,472	80,130	(1,014,294)	2,392,308
Segment assets	65,654,464	5,245,444	28,831,070	99,730,978
Segment liabilities	13,693,765	44,440	36,621,688	50,359,893

	Cargo handling and storage of containers 2019 Eur	Property rental 2019 Eur	Unallocated 2019 Eur	Total 2019 Eur
Continuing operations				
Revenue	8,563,665	-	-	8,563,665
Other operating income	-	220,361	-	220,361
Profit before tax	3,793,176	112,561	(1,009,415)	2,896,322
Segment assets	63,507,897	5,253,211	26,548,835	95,309,943
Segment liabilities	12,499,417	48,185	35,662,594	48,210,196

The group revenue is made up of revenue from cargo handling amounting to Eur 7,389,556 and and revenue from storage of containers amounting to Eur 577,631.

6. Intangibles

During the first six months ended 30 June 2020 the group undertook capital expenditure amounting to Eur 1,880 (Jan to Jun 2019: Eur 8,000).

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Notes to the interim condensed consolidated financial statements

30 June 2020

7. Property, plant and equipment

During the first six months ended 30 June 2020 the group's capital expenditure amounted to Eur 2,785,736 (Jan to Jun 2019: Eur 1,937,174).

8. Borrowings

During the first six months ended 30 June 2020 the group's bank loan drawdowns amounted to Eur 1,995,000 (Jan to Jun 2019: Eur Nil). Repayments of bank loans undertaken during the first six months of the year amounted to Eur 153,468 (Jan to Jun 2019: Eur 155,802).

9. Cash and cash equivalents

	30 Jun 2020 (unaudited)	30 Jun 2019 (unaudited)
	Eur	Eur
Cash at bank	2,368,653	2,579,949
Bank overdraft	-	(5,597,860)
	2,368,653	(3,017,911)

10. Related party disclosures

The parent and ultimate parent company of the group are Mariner Capital Limited and MEH Holdings Limited, respectively, which are both incorporated in Malta. The registered address of both Mariner Capital Limited and MEH Holdings Limited is 37, Censu Tabone Street, St. Julians STJ 1218 Malta.

The directors consider the ultimate controlling party to be Marin Hili who indirectly owns 60% (2019: 60%) of Mariner Finance p.l.c.

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

	30.06.20			30.06.19		
	Related party activity	Total activity	%	Related party activity	Total activity	%
	Eur	Eur		Eur	Eur	
Administration expenses						
<i>Related party transactions with:</i>						
Other related parties	330,000	1,079,759	31	330,000	1,033,771	32

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Notes to the interim condensed consolidated financial statements

30 June 2020

10. Related party disclosures (continued)

	30.06.20			30.06.19		
	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	126,291	170,277	74	69,471	71,731	97

11. Fair value of financial assets and financial liabilities

At 30 June 2020 and 31 December 2019, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated the fair values due to the short-term maturities of these assets and liabilities. The fair values of non-current financial assets that are not measured at fair value and the fair values of non-current bank loans are not materially different from their carrying amounts due to their current rates of interest. The fair value of debt securities at 30 June 2020 is Eur 36,750,000 (31 December 2019 – Eur 37,450,000).

12. Subsequent events

The following event, which occurred subsequent to the end of the reporting period, is considered relevant and is therefore being disclosed hereunder in these interim financial statements in terms of IAS 10:

Baltic Container Terminal SIA finalised a term loan facility of Eur 5,000,000 with Luminor Bank AS. This term loan is repayable over five years and its purpose will be to reimburse the company for its outlay towards investments undertaken throughout the previous year.

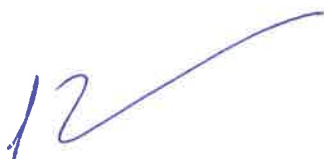
Mariner Finance plc

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

30 June 2020

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 2020, 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.



Lawrence Zammit
Director



Kevin Saliba
Director