

Mariner Finance p.l.c.

Report and financial statements

31 December 2009

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Mariner Finance p.l.c.

Directors, officer and other information

<i>Directors:</i>	Marin Hili (Chairman) Carmelo Hili (sive Melo) Joseph Hili (sive Beppe) Richard Abdilla Castillo Lawrence Zammit
<i>Secretary:</i>	Richard Abdilla Castillo
<i>Registered office:</i>	Nineteen Twenty Three, Valletta Road, Marsa, Malta.
<i>Country of incorporation:</i>	Malta
<i>Company registration number:</i>	C 31514
<i>Auditor:</i>	Deloitte, Deloitte Place, Mriehel Bypass, Mriehel Malta.
<i>Bankers:</i>	Bank of Valletta p.l.c., Corporate Centre, BOV Centre, Santa Venera, Malta.
<i>Legal advisor:</i>	Camilleri Preziosi, Level 3, Valletta Buildings, South Street, Valletta, Malta.

Mariner Finance p.l.c.

Directors' report

Year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009.

Principal activities

The company acts as a finance and investment company, including the financing of acquisitions in seaport terminals. In 2003 the company raised *EUR13,000,000* through a public bond issue and the proceeds were advanced to its parent company, Mariner S.p.A, to finance the acquisition of equity interests in seaport terminals. Mariner S.p.A acted as guarantor of the issue. The bond is due for redemption on 15 July 2010.

Performance review

During the year under review the company registered a profit before tax of *EUR26,717* after earning net interest income of *EUR30,779*, investment income of *EUR32,698* and incurring administrative expenses of *EUR36,760*. The net assets at 31 December 2009 amounted to *EUR638,857*.

Result and dividend

The result for the year ended 31 December 2009 is shown in the statement of comprehensive income on page nine. The profit for the year after taxation was *EUR20,027*.

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were:

Marin Hili (Chairman)
Melo Hili
Beppe Hili
Richard Abdilla Castillo
Lawrence Zammit

In accordance with the company's articles of association the directors are eligible for reappointment. The interests of the directors holding office at the end of the year, in the ordinary shares of the company, are shown in note 17 to the financial statements.

Auditors

A resolution to reappoint Deloitte as auditor of the company will be proposed at the forthcoming annual general meeting.

Mariner Finance p.l.c.

Directors' report

Year ended 31 December 2009

Going concern

Listing Rule 9.44e.13 requires the directors to make a statement that the business is a going concern with supporting assumptions or qualifications as necessary. For the reasons set out in detail in note 1 to these financial statements the financial statements are not prepared on a going concern basis.

Approved by the board of directors and signed on its behalf on 21 June 2010 by:



Marin Hili
Chairman



Richard Abdilla Castillo
Director

Mariner Finance p.l.c.

Statement of directors' responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enables the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PURSUANT TO LISTING RULE 9.36.2

We the undersigned declare that to the best of our knowledge:

1. The financial statements give a true and fair view of the financial position of the company as at 31 December 2009, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
2. The directors' report and the financial statements include a fair review of the information required in terms of Listing Rule 9.44c together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the board of directors on 21 June 2010 by:


Marin Hili
Chairman


Richard Abdilla Castillo
Director

Mariner Finance p.l.c.

Corporate governance – Statement of compliance

Pursuant to Listing Authority Listing Rules 8.36 to 8.38 issued by the Malta Financial Services Authority, Mariner Finance p.l.c. (the Company) is hereby reporting on the extent of its adoption of the “Code of Principles of Good Corporate Governance” (the Code) previously established by the Malta Stock Exchange. The Board has reviewed its Corporate Governance practices and an explanation of how the Principles of Good Governance have been applied is contained in this report.

Mariner Finance p.l.c. was admitted to the Official Company List of the Malta Stock Exchange on the 11 July 2003 with a total of 130,000 bonds of *Euro100* each. All the Ordinary Share Capital remains in the hands of the original promoters of the company. The purpose of the bond issue was to finance the acquisition of equity interests in seaport terminals undertaken by its parent company, Mariner S.p.A. which is engaged in the management and operation of two seaport terminals, one in Riga, Latvia, through a 100% subsidiary company namely SIA Baltic Container Terminal (‘BCT’), and the other in Venice, Italy, through a 50% interest in Terminal Intermodale Venezia S.p.A. (‘TIV’).

The board considers that the company has complied with the Code throughout the year under review.

Board of directors

The company’s memorandum and articles of association provide that the board of directors shall consist of not less than three and not more than five directors. The directors are appointed by shareholders who hold not less than 25% of the issued share capital whether individually or in conjunction with other shareholders, and in accordance with the Corporate Governance principles, one of the directors so appointed Lawrence Zammit is unconnected with Mariner S.p.A. As at the date of this statement the members of the board are as follows:

Marin Hili
Melo Hili
Beppe Hili
Richard Abdilla Castillo
Lawrence Zammit

Meetings of the board are held as frequently as is considered necessary. The board members are notified of the forthcoming meetings by the company secretary with the issue of an agenda and supporting documents as necessary. The board of Mariner Finance p.l.c. is responsible for the company’s strategy and decisions with respect to the issue and redemption of its bonds and for ensuring that its operations are in conformity with its Prospectus and all relevant laws and regulations. The board is also responsible for ensuring that the company installs and operates effective internal control and management information systems and that it communicates effectively with the market. The statement of directors’ responsibilities for preparing the financial statements is set out on page three. Whilst the directors of the parent company, Mariner S.p.A. are responsible for determining group policy and the appointment of directors on each of the operating companies, BCT and TIV have their own board of directors and management structure which supports the operations undertaken by the respective companies.

Mariner Finance p.l.c.

Corporate governance – Statement of compliance (continued)

Dealings by directors and senior officers

Conscious of its responsibility for monitoring dealings by directors and senior officers in the Company's securities, the Board has in place a Code of Conduct for Securities Transactions by Directors, Executives and Employees in compliance with Listing Rules 8.45 to 8.55. The code provides guidance to the Company's officers and serves as a minimum standard of good practice when dealing in the Company's securities.

During the year under review there were no transactions in the Company's securities involving directors or any of the Company's employees in possession of unpublished price-sensitive information.

Internal control

This function is carried out by the management of the Mariner S.p.A. group of companies, who are responsible for ensuring appropriate controls and procedures are in place to safeguard all of the group's assets and to ensure that proper accounting records are maintained which disclose with reasonable accuracy at any time, the financial position of the group and to ensure compliance with all relevant laws and regulations.

Risk identification

Management is responsible for the identification and evaluation of key risks applicable to their areas of business. Risks may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The Board reviews its risk management policies and strategies and oversees their implementation to ensure that identified operational risks are properly assessed and managed.

Remuneration committee

The company does not have employees. Except for Lawrence Zammit no other director is remunerated by the company and therefore, the board has not considered it necessary to appoint a remuneration committee. Mr. Zammit's remuneration has been set at *EUR7,000* per annum.

Relations with bondholders and the market

As the need arises, the company organises meetings with institutional investors and stockbrokers to keep them informed of company developments and other matters pertaining to related companies.

The board has established a policy of ensuring that proper procedures are followed by company's directors, in respect of the purchase and sale of the bonds issued by the company. The purchase or sales made by these individuals are regularly monitored to ensure that these procedures are complied with.

Mariner Finance p.l.c.

Corporate governance – Statement of compliance (continued)

Approved by the Board of Directors and signed on 21 June 2010 on its behalf by:



Marin Hili
Chairman



Richard Abdilla Castillo
Director

Independent auditor's report to Mariner Finance p.l.c. on corporate governance

Pursuant to the Listing Authority Listing Rules 8.37 and 8.38 issued by the Malta Financial Services Authority, the directors are required to include in their annual report a Statement of Compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance with these principles.

Our responsibility is laid down by Listing Rule 8.39 which requires us to include a report on the Statement of Compliance.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We are not required to perform additional work necessary to, and we do not, express an opinion on the effectiveness of either the company's system of internal control or its corporate governance procedures.

In our opinion, the Statement of Compliance set out on pages five to seven has been properly prepared in accordance with the requirements of Listing Rules 8.37 and 8.38.



Paul Darmanin
Partner, for and behalf of,

DELOITTE
Certified Public Accountants

21 June 2010

Mariner Finance p.l.c.

Statement of comprehensive income

Year ended 31 December 2009

	<i>Notes</i>	2009 EUR	2008 EUR
Continuing operations			
Interest income	6	760,366	772,668
Interest expense	7	(729,587)	(740,575)
Interest margin		30,779	32,093
Administrative expenses		(36,760)	(27,856)
Investment income	8	32,698	20,568
Investment losses	9	-	(45,997)
Profit/(loss) before tax	10	26,717	(21,192)
Income tax	12	(6,690)	(1,569)
Profit/(loss) for the year		20,027	(22,761)
Other comprehensive income/(expenses) for the year			
Net gain on fair value movement on available-for-sale financial assets		30,729	(31,590)
Net gain on disposal on available-for-sale financial assets		76	-
Other comprehensive income /(expense) for the year, net of tax		30,805	(31,590)
Total comprehensive income/(expense) for the year		50,832	(54,351)

Mariner Finance p.l.c.

Statement of financial position

31 December 2009

	Notes	2009 EUR	2008 EUR (restated)	As at 1 January 2008 EUR (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Loans and receivables	13	-	12,165,000	12,530,000
Available-for-sale investments	13	-	561,739	482,647
Deferred tax asset	16	1,581	1,520	-
		<u>1,581</u>	<u>12,728,259</u>	<u>13,012,647</u>
Current assets				
Loans and receivables	13	12,165,000	-	-
Available-for-sale investments	13	421,977	-	-
Trade and other receivables	14	781,187	882,595	930,501
Current tax asset	12	75,953	69,576	54,731
Cash and cash equivalents	19	138,599	90,383	4,837
		<u>13,582,716</u>	<u>1,042,554</u>	<u>990,069</u>
Total assets		<u>13,584,297</u>	<u>13,770,813</u>	<u>14,002,716</u>
Current liabilities				
Trade and other payables	15	353,640	353,088	360,340
Other financial liabilities	17	12,591,800	-	-
		<u>12,945,440</u>	<u>353,088</u>	<u>360,340</u>
Non-current liabilities				
Other financial liabilities	17	-	12,829,700	13,000,000
Total liabilities		<u>12,945,440</u>	<u>13,182,788</u>	<u>13,360,340</u>
Net assets		<u>638,857</u>	<u>588,025</u>	<u>642,376</u>
EQUITY				
Share capital	18	500,000	500,000	500,000
Fair value reserve		(15,338)	(46,143)	(14,553)
Retained earnings		154,195	134,168	156,929
Total equity		<u>638,857</u>	<u>588,025</u>	<u>642,376</u>

These financial statements were approved by the board of directors, authorised for issue on 21 June 2010 and signed on its behalf by:


Marin Hili
Chairman


Richard Abdilla Castillo
Director

Mariner Finance p.l.c.

Statement of changes in equity

Year ended 31 December 2009

	Share capital EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2008				
As previously reported	500,000	(14,553)	106,428	591,875
Effect of prior year adjustment (note 5)	-	-	50,501	50,501
As restated	500,000	(14,553)	156,929	642,376
Loss for the year	-	-	(22,761)	(22,761)
Other comprehensive expense	-	(31,590)	-	(31,590)
Total comprehensive income for the year	-	(31,590)	(22,761)	(54,351)
Balance as at 1 January 2009	500,000	(46,143)	134,168	588,025
Profit for the year	-	-	20,027	20,027
Other comprehensive income	-	30,805	-	30,805
Total comprehensive income for the year	-	30,805	20,027	50,832
Balance as at 31 December 2009	500,000	(15,338)	154,195	638,857

The fair value reserve represents movements in fair value on the company's available-for-sale investments (note 13).

Mariner Finance p.l.c.

Statement of cash flows

Year ended 31 December 2009

	<i>Notes</i>	2009 EUR	2008 EUR
Cash flows from operating activities			
Profit/(loss) before tax		26,717	(21,192)
<i>Adjustments for:</i>			
Interest income		(760,366)	(772,668)
Interest expense		729,587	740,575
Investment income		(32,698)	(20,568)
Investment losses		-	45,997
		<hr/>	<hr/>
Operating loss before working capital movement		(36,760)	(27,856)
Movement in trade and other receivables		101,408	37,449
Movement in trade and other payables		552	(7,252)
		<hr/>	<hr/>
Cash flows from operations		65,200	2,341
Interest received		760,366	783,125
Income taxes paid		(13,128)	(17,934)
		<hr/>	<hr/>
<i>Net cash flows from operating activities</i>		812,438	767,532
		<hr/>	<hr/>
Cash flows from investing activities			
Repayment of loans and receivables		-	365,000
Purchase of available-for-sale investments		(446,672)	(541,922)
Re-purchase of quoted bonds		(237,900)	(169,975)
Proceeds from disposal of available-for-sale investments		641,498	384,918
Income from available-for-sale investments		8,439	20,568
		<hr/>	<hr/>
<i>Net cash flows from investing activities</i>		(34,635)	58,589
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		(729,587)	(740,575)
		<hr/>	<hr/>
Net movement in cash and cash equivalent		48,216	85,546
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		90,383	4,837
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	18	<u>138,599</u>	<u>90,383</u>

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

1. Basis of preparation

In accordance with the company's prospectus for the issue of quoted bonds, the company's quoted bonds will be redeemed by 15 July 2010 (note 17). The redemption is to be financed through the settlement of the loan due by the company's parent as well as the realisation of the company's available-for-sale investments which are due to take place before the redemption date. All other liabilities will be settled through the realisation of other assets. The principal purpose as to the incorporation of the company will come to an end during the next financial year with the redemption of its quoted bonds and the company will thereafter cease operations. As a result the company cannot be deemed to be a going concern and these financial statements are therefore not prepared on a going concern basis. However, there was no impact on the recognition, measurement or presentation of the company's assets, liabilities or results reported in these financial statements as a result thereof, in order to reflect realisable values or any additional liabilities associated with ceasing operations.

Accordingly, the financial statements have continued to be prepared on the historical cost basis, except for certain financial instruments, which are stated at their fair values, and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

2. Significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

2. Significant accounting policies (continued)

Financial instruments(continued)

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Trade and other receivables

Trade and other receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) Investments

The company's investments are classified into the following categories - loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those which the company may not recover substantially all of its initial investment other than because of credit deterioration.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process.

Loans and receivables are represented by trade and other receivables, loan to parent and cash at bank and on hand.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Investments (continued)

Available-for-sale financial assets are those non-derivative financial assets that are either designated in this category by the company or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at their fair value. Gains and losses arising from a change in fair value are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss as a reconciliation adjustment. Interest calculated using the effective interest method is recognised in profit or loss.

When applying the effective interest method, the annual amortisation of any discount or premium is aggregated with other investment income receivable over the term of the instrument, if any, so that the revenue recognised in each period represents a constant yield on the investment.

(iii) Trade payables

Trade payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

(iv) Debt securities in issue

Subsequent to initial recognition, debt securities in issue are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(v) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

Impairment

All assets are tested for impairment except for deferred tax assets. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

2. Significant accounting policies (continued)

Impairment (continued)

In the case of financial assets that are either carried at amortised cost or classified as available-for-sale investments, objective evidence of impairment includes observable data about the following loss events - significant financial difficulty of the issuer (or counterparty), a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of an active market for that financial asset because of financial difficulties and observable data indicating that there is a measurable decrease in the estimated future cash flows since the initial recognition of those assets.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative impairment loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and is measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in the statement of comprehensive income.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

2. Significant accounting policies (continued)

Impairment (continued)

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss except as stated below.

Impairment losses recognised in profit or loss for an available-for-sale investment in an equity instrument are not reversed through profit or loss. Impairment losses recognised in profit or loss for an available-for-sale investment in a debt instrument are reversed through profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

2. Significant accounting policies (continued)

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

2. Significant accounting policies (continued)

Currency translation

The financial statements of the company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

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

In the process of applying the company'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.

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

Initial application of an International Financial Reporting Standards

In the current year, the company has applied the following:

- International Accounting Standard 1 (as revised in 2007) *Presentation of Financial Statements*. The revised Standard is applicable for annual periods beginning on or after 1 January 2009, with earlier application being permitted. IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements, together with certain additional presentation and disclosure requirements.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

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

- The March 2009 Amendments to IFRS 7, *Improving Disclosures about Financial Instruments*. The Amendments, which are applicable for annual periods beginning on or after 1 January 2009, with earlier application being permitted, require enhanced disclosures about fair value measurements and liquidity risk. The company has elected not to provide comparative information for these disclosures in the current year in accordance with the transitional reliefs offered in these Amendments.
- IFRS 8, *Operating Segments*. The company has adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard, IAS 14 – Segment Reporting, required an entity to identify two sets of segments (business and geographical), using a risks and return approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The adoption of IFRS 8 did not have an impact on the company as the company continues to have one operating segment in which interest income is derived from the loan to its parent company (note 13) through the issuance of quoted bonds in prior years (note 17). As such, the directors did not deem it necessary to make separate disclosure in the notes to the financial statements on adoption of IFRS 8.

International Financial Reporting Standards in issue but not yet effective

The directors anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the company in the period of initial application.

5. Prior year adjustment

In 2009 the company submitted tax adjustment forms with the tax authorities for years ending 2003 till 2007 to correct the allocation of the interest received from the Malta Tax account to the Foreign Income Tax account. This resulted in a reduction in tax in respect of those prior years amounting to EUR50,501. The comparative financial statements have therefore been restated to reflect the revised reduced tax charges. The effect of the restatement on those financial statements is summarised below. There is no effect in 2009.

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5. Prior year adjustment (continued)

As at 1 January 2008

	As previously reported EUR	Correction of error EUR	As restated EUR
Statement of financial position			
Current tax asset	4,230	50,501	54,731
Retained earnings	106,428	50,501	156,929

As at 31 December 2008

	As previously reported EUR	Correction of error EUR	As restated EUR
Statement of financial position			
Current tax asset	19,075	50,501	69,576
Retained earnings	83,667	50,501	134,168

6. Interest income

	2009 EUR	2008 EUR
On loan to parent company (note 20)	760,313	770,040
On bank deposits	53	2,628
	<u>760,366</u>	<u>772,668</u>

7. Interest expense

	2009 EUR	2008 EUR
On quoted bonds (note 17)	<u>729,587</u>	<u>740,924</u>

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8. Investment income

	2009 EUR	2008 EUR
Interest income on available-for-sale investments	8,439	20,568
Gain on disposal of available-for-sale investments	20,814	-
Reversal of impairment loss on available-for-sale investments	3,445	-
	<u>32,698</u>	<u>20,568</u>

9. Investment losses

	2009 EUR	2008 EUR
Loss on disposal of available-for-sale investment	-	3,093
Release of fair value on disposal of available-for-sale investments	-	1,714
Impairment losses on available-for-sale investments	-	41,190
	<u>-</u>	<u>45,997</u>

10. Profit/(loss) before tax

	2009 EUR	2008 EUR
<i>This is stated after charging:</i>		
Director's emoluments	<u>6,984</u>	<u>6,988</u>

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Notes to the financial statements

31 December 2009

10. Profit before tax (continued)

The analysis of the amounts that are payable to the auditors is as follows:

	2009 EUR	2008 EUR
Total remuneration payable to the company's auditors for the audit of the company's financial statements	2,478	2,478
Total fees payable to the company's auditors for non- audit services other than other assurance services and tax advisory services	<u>1,062</u>	<u>1,084</u>

11. Key management personnel compensation

	2009 EUR	2008 EUR
<i>Directors' emoluments:</i>		
<i>Short-term benefits:</i>		
Management remuneration	<u>6,984</u>	<u>6,988</u>

12. Income tax

	2009 EUR	(restated) 2008 EUR
Balance brought forward	<u>(69,576)</u>	<u>(54,731)</u>
<i>Tax charge for the year:</i>		
Final withholding tax at 15%	6,751	3,089
Deferred taxation	(61)	(1,520)
	<u>6,690</u>	<u>1,569</u>
Sub-total	<u>(62,886)</u>	<u>(53,162)</u>
<i>Tax (paid)/refunded:</i>		
Final withholding tax at 15%	(6,751)	(3,089)
Tax refund	4,192	-
Provisional tax	(10,569)	(14,845)
Transfer to deferred taxation	61	1,520
Balance carried forward	<u>(75,953)</u>	<u>(69,576)</u>

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Notes to the financial statements

31 December 2009

12. Income tax (continued)

Tax applying the statutory domestic income tax rate and the income tax expense for the year are reconciled as follows:

	2009 EUR	2008 EUR
Profit/(loss) before tax	26,717	(21,192)
Tax at the applicable rate of 35%	9,351	(7,417)
<i>Tax effect of:</i>		
Disallowed expenditure	3,354	1,264
Difference in accruals	4,192	(2,003)
Impairment loss	-	14,417
Increase in fair value of treasury bills	-	(1,176)
Income taxed at 15%	(7,659)	(4,116)
Release of fair value through profit or loss on disposal of available-for-sale investments	-	600
Reversal of impairment losses on available-for-sale investments	(1,206)	-
Sale of non-prescribed fund subject to 15% final withholding tax	(1,342)	-
Income tax expense for the year	<u>6,690</u>	<u>1,569</u>

13. Financial assets

Loans and receivables

	2009 EUR	2008 EUR
Loan to parent	12,165,000	12,165,000
Less: Amount expected to be settled within 12 months (shown under current assets)	(12,165,000)	-
Amount expected to be settled after 12 months	<u>-</u>	<u>12,165,000</u>

The terms and conditions of the loan to the parent are disclosed in note 20. This loan bears interest at the rate of 6.25% per annum, is repayable by 1 July 2010, and is unsecured.

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Notes to the financial statements

31 December 2009

13. Financial assets (continued)

Available-for-sale investments

	Foreign listed - debt EUR	Local listed - debt EUR	Foreign listed - equity EUR	Local listed - funds EUR	Total EUR
Fair value					
At 31.12.2008	277,142	268,917	1,998	13,682	561,739
At 31.12.2009	<u>308,439</u>	<u>29,927</u>	<u>83,611</u>	<u>-</u>	<u>421,977</u>

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

The impairment losses on available-for-sale investments recognised in the statement of comprehensive income during the year amounted to *EurNil* (2008 – *Eur41,190*).

The company's available-for-sale investments have been classified as current assets as it is the company's intention to dispose of these investments in 2010.

14. Trade and other receivables

	2009 EUR	2008 EUR
Amount owed by parent	396,192	485,753
Amount owed by related party	27,181	30,465
Accrued income	357,814	366,377
	<u>781,187</u>	<u>882,595</u>

The terms and conditions of the amounts owed by parent and related party are disclosed in note 20. The amounts owed by the parent undertaking and the related party are unsecured, interest-free and repayable on demand.

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31 December 2009

15. Trade and other payables

	2009 EUR	2008 EUR
Trade payables	11,931	70
Accruals and deferred income	341,709	353,018
	<u>353,640</u>	<u>353,088</u>

16. Deferred taxation

	Opening Balance EUR	Recognised in profit or loss EUR	Closing balance EUR
2008 <i>Arising on:</i> Unutilised tax losses	<u>-</u>	<u>1,520</u>	<u>1,520</u>
2009 <i>Arising on:</i> Unutilised tax losses	<u>1,520</u>	<u>61</u>	<u>1,581</u>

17. Other financial liabilities

	2009 EUR	2008 EUR
Quoted bonds	<u>12,591,800</u>	<u>12,829,700</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(12,591,800)</u>	<u>-</u>
Amount due for settlement after 12 months	<u>-</u>	<u>12,829,700</u>

On 11 July 2003 the company issued 130,000 5.75% interest-bearing bonds of EUR100 each, for the purpose of financing the acquisition of equity interests in seaport terminals undertaken by its parent company, Mariner S.p.A. The bonds are to be redeemed by the company on 15 July 2010. The repayment of the principal amount of the notes and interest thereon is guaranteed by the parent company (the "guarantor"). The proceeds from the note issue were advanced to the guarantor in accordance with the terms and conditions of the prospectus. Interest on the bonds is due and payable annually in arrears on 15 July of each year.

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Notes to the financial statements

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17. Other financial liabilities (continued)

During the year under review, the company acquired 2,379 (2008 – 1,703) 5.75% interest-bearing bonds of *EUR100* each in the above-mentioned debt securities issued by the company. These bonds are in the process of being cancelled pursuant to paragraph 6b of the offering memorandum.

At the end of the reporting period, none of the directors owned any of the bonds issued to the public.

18. Share capital

**2009 and 2008
Authorised,
issued and
called up
EUR**

Equity shares:

50,000 ordinary shares of EUR10 each
(all of which have been issued and called up)

500,000

Directors' interests as at 31 December 2009:

Three of the directors namely Marin Hili, Melo Hili and Beppe Hili each own one-third of the company through their shareholding in Mariner S.p.A. There were no changes in directors' interest up to 19 July 2010.

Shareholding details and ultimate parent company

At 31 December 2009 the entire equity share capital of the company except 1 share, which consists of one class of ordinary shares with equal voting rights attached, was held by Mariner S.p.A., the company's ultimate parent company, the registered office of which is Via Ugo Foscolo, 8 Padova, Italy.

19. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amount:

	2009 EUR	2008 EUR
Cash at bank and on hand	138,599	90,383

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

19. Cash and cash equivalents (continued)

Cash at bank earns interest at floating rates based on bank deposit rates. The interest rate on the cash at bank in 2009 was 0.05% per annum (2008 – 0.05%).

20. Related party disclosures

During the course of the year, the company entered into transactions with its parent. The related party transactions in question, other than as disclosed elsewhere in these financial statements, were:

	2009			2008		
	Related party activity EUR	Total activity EUR	%	Related party activity EUR	Total activity EUR	%
<i>Interest receivable:</i>						
Parent company	<u>760,313</u>	<u>760,366</u>	<u>99.99</u>	<u>770,040</u>	<u>772,668</u>	<u>99.66</u>

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due by related parties. The amounts due from related parties are disclosed in notes 13 and 14. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured and interest-free, except for the loan to parent which bears interest at 6.25% per annum (note 13).

Key management personnel compensation is disclosed in note 11.

21. Fair value of financial assets and financial liabilities

At 31 December 2009 and 2008 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair value of available-for-sale listed investments that are measured at fair value is based on quoted prices in an active market at the end of the reporting period.

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.

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31 December 2009

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

- Level 1 fair value measurements are those derived from quoted prices (adjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs).

	Fair value measurement at end of the reporting period using:			
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur
2009				
Available-for-sale investments				
local listed debt instruments	29,927	-	-	29,927
foreign listed equity instruments	83,611	-	-	83,611
foreign listed debt instruments	300,994	7,445	-	308,439
Total	414,532	7,445	-	421,977

22. Financial risk management

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development. Where applicable, any significant changes in the company's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

Where applicable, any significant changes in the company's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

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31 December 2009

22. Financial risk management (continued)

Where possible the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk, consist principally of loans and receivables, investments and cash at bank.

Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Credit risk with respect to receivables is considered to be limited as the receivables are due from related undertakings. The directors of the company are satisfied with the performance of its parent and its underlying investment and other related undertakings.

The company's investment portfolio is managed by an independent professional portfolio manager. Investments are acquired after assessing the quality of the relevant investments.

Management does not consider that the company is significantly exposed to credit risk in respect of the available-for-sale investments held at the end of the reporting period. Approximately 50% of these investments have an A+ or higher rating by Fitch. The remaining investments are either not rated or are due for maturity in the near term. In the prior year, approximately 40% of the investments held had an AA- or higher rating by Standard and Poor. Of the remaining investments, 44% represented Treasury Bills or Malta Government Stocks.

Cash at bank is placed with reliable financial institutions.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

22. Financial risk management (continued)

Interest rate risk

The company has issued bonds for the purpose of financing the acquisition of seaport terminals by its parent as disclosed in note 17. The interest rates thereon and the terms of such borrowings are disclosed accordingly in note 17. The effective interest rates on loans and receivables and financial liabilities measured at amortised cost are disclosed in notes 13 and 17.

Management does not consider the company to be exposed to interest rate risk as the interest rates on its principal assets and liabilities are at a fixed rate.

The carrying amount of the company's financial instruments carrying a rate of interest at the reporting date are disclosed in the notes to the financial statements.

Other price risks

The company is exposed to equity price risks arising from its holding of equity investments classified on its statement of financial position as available-for-sale.

The carrying amounts of financial instruments at the reporting date which could potentially subject the company to equity price risk are disclosed in the notes to the financial statements. The directors do not consider equity price risk on its portfolio investments to be material.

Liquidity risk

The company monitors and manages its risk to a shortage of funds by maintaining sufficient cash and marketable securities, by matching the maturity of both its financial assets and financial liabilities and by monitoring the availability of raising funds to meet commitments associated with financial instruments.

The interest-bearing quoted bonds issued to the public are due to be redeemed on 15 July 2010 (note 17). The bonds will be redeemed out of the settlement of a loan receivable by the parent company which is due for repayment by 1 July 2010 (note 13). Accordingly the bonds have been classified with current liabilities and current assets respectively at the end of the reporting period.

Mariner Finance p.l.c.

Notes to the financial statements

31 December 2009

22. Financial risk management (continued)

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the company consists of debt, which includes the quoted bonds in issue disclosed in note 17, cash and cash equivalents as disclosed in note 19 and items presented within equity in the statement of financial position.

The company's directors manage the company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

The company's overall strategy remains unchanged from the prior year.

Independent auditor's report

to the members of

Mariner Finance p.l.c.

Report on the financial statements

We have audited the accompanying financial statements of Mariner Finance p.l.c. set out on pages eight to thirty-two, which comprise the statement of financial position of the company as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As also described in the statement of directors' responsibilities on page four, the directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report (continued)

to the members of

Mariner Finance p.l.c.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31 December 2009 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the E.U. and have been properly prepared in accordance with the Companies Act (Chap. 386).



Paul Darmanin
Partner, for and on behalf of,

DELOITTE
Certified Public Accountants

21 June 2010