

Grand Harbour Marina p.l.c.

Interim condensed consolidated financial statements

For the six months ended 30 June 2017

Company Registration Number C 26891

Grand Harbour Marina p.l.c.
Interim condensed consolidated financial statements
6 months ended 30 June 2017

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Grand Harbour Marina p.l.c.

Directors' Report

6 months ended 30 June 2017

The Directors are pleased to issue their Report pursuant to the Malta Financial Services Authority Listing Rules 5.81 to 5.84. This report shall be read in conjunction with the Condensed Consolidated Interim Financial Statements of the Group, of which Grand Harbour Marina p.l.c is the parent, for the six months ended 30 June 2017.

Principal activities

The principal activities of Grand Harbour Marina p.l.c (“Company”) and its 45% interest in a joint arrangement, IC Cesme Marina Yatirim, Turizm ve Isletmeleri Anonim Sirketi (“IC Cesme”), are largely the development, operation and management of marinas. The Company is geared towards providing a high quality service to yachts, with a particular emphasis on super-yachts, which by their very nature, demand high level marina related services. Currently the Company owns Grand Harbour Marina in Malta and a 45% beneficial interest in IC Cesme in Turkey. The Marinas are operated and managed in association with the internationally well-known company Camper & Nicholsons Marinas Limited, a company involved in the management and operation of marinas worldwide.

Review of performance

Grand Harbour Marina plc Consolidated

The results for the first six months of 2017 proved to be sound from an operational perspective, with both marinas returning a profit before tax, without the exceptional benefit of berth sales.

The Condensed Consolidated Financial Statements as at and for the six months ended 30 June 2017 include the results of the 45% beneficial interest of the Company in IC Cesme. These have been prepared using the equity method of accounting as required by International Financial Reporting Standard (“IFRS”) 11.

There was no dividend payment during the six months ended 30 June 2017 (June 2016: €Nil).

The performance of the Group has remained stable in the first six months of this year when compared to the corresponding period in 2016. The combined revenues of Grand Harbour Marina and IC Cesme fell slightly from €3.1 million in the first six months of 2016 to €2.9 million in the corresponding period this year.

Group profit before tax for the period ended 30 June 2017, which includes the 45% share of the profits of IC Cesme, amounted to €0.23 million (June 2016: €0.35 million profit).

During the period ended 30 June 2017 the Group generated net cash flows from operating activities of €0.8 million (June 2016: €0.9 million).

Grand Harbour Marina p.l.c.
Directors' Report
6 months ended 30 June 2017

Review of performance (continued)

Grand Harbour Marina plc Consolidated (continued)

Grand Harbour Marina plc (including 45% of IC Cesme Marina, Turkey)

	2017	January – June 2016	2015
	€m	€m	€m
Total revenues	2.9	3.1	2.8
EBITDA	1.0	1.2	1.0
PBT	0.3	0.3	0.1
Capital expenditure	0.1	-	-

The Group's share price has traded in a range of €0.82 to €0.894 from January 2017 up to 30 August 2017. The market capitalisation was €17.88 million as at 30 August 2017.

The equity method requires the recognition of the 45% share in IC Cesme post-acquisition profits, together with the initial cost of the investment and the equity reserves of the Company. This is disclosed under 'Equity-accounted investee' on the Asset section and under 'Total Equity' on the Equity and Liabilities section of the Condensed Consolidated Statement of Financial Position. As at 30 June 2017, this amounted to a share of cumulative profit post-acquisition of €0.35 million (December 2016: €0.34 million).

The corresponding equity method adjustment in the Condensed Consolidated Statement of Comprehensive Income is disclosed under 'Share of profit of equity-accounted investee, net of tax' and relates to the 45% share in IC Cesme profit for the period being reported. For the period ended 30 June 2017, this amounted to a share of pre-tax profit of €49k and post-tax profit of €8k (June 2016: share of pre-tax profit of €131k and post-tax profit of €104k). All other movements between the current reporting period and their comparatives are related solely to the Company.

On 22 August 2017, the Company issued €15 million of unsecured bonds, having a face value of €100 per bond. The bond bears interest from and including 22 August 2017 on the nominal value thereof, payable semi-annually in arrears on 22 February and 22 August of each year between and including each of the years 2017 and 2027. The nominal value of the Bonds will be repayable in full upon maturity on the redemption date, being 23 August 2027.

The Company has used part of the funds to redeem any Exchangeable Bonds still in issue as at the cut-off date of the 23 June 2017, with the remaining proceeds to be utilised for the first phase of the waterside reconfiguration within the Marina, and the second phase of such reconfiguration yet to be assessed against other possible investments, set out in detail in the Prospectus issued by the Company on the 26 June 2017.

The financial impact of the bond rollover is not reflected in the results reported in the interim condensed consolidated financial statements for the period ended 30 June 2017.

Grand Harbour Marina p.l.c.
Directors' Report
6 months ended 30 June 2017

Grand Harbour Marina

Grand Harbour Marina, Malta

	2017	January – June 2016	2015
	€m	€m	€m
Marina operating revenues	2.0	2.1	1.8
Total revenues	2.0	2.1	1.8
EBITDA	0.7	0.8	0.6
PBT	0.2	0.2	-
Capital expenditure	0.1	-	-

Berthing revenues of €1.5 million were maintained at a similar level to the first half of 2016 with increased annual contract revenues offsetting small reductions in seasonal and visitor revenues. Revenues from berth services and utilities decreased by €0.1 million to €0.5 million but all of the decrease was due to the non-recurrence of the €100k novation fee generated in 2016. Within these figures, electricity revenues increased by around 9% which reflected the high levels of power used by some super yachts. Cost of sales reduced slightly with increased electricity costs more than offset with reduced commissions and costs for using sold berths whilst overhead costs were also reduced slightly from the 2016 levels. EBITDA reduced therefore by €0.1 million to €0.7 million (2016: €0.8 million) with the novation fee achieved in 2016 representing the difference. After deducting depreciation and the interest costs relating to the €12 million Bond, GHM again achieved a profit before tax of €0.2 million (2016: €0.2 million).

The landside area around the marina continues to improve with the most recent project of the “Cottonera Waterfront Revival Area” being the conversion of the water’s edge Macina bastion building, overlooking Grand Harbour Marina’s superyacht area into a luxury/boutique hotel, under the management of IBB Hotel Collection. In addition, management has recently relocated the Capitainerie office to be opposite a superyacht berth area, a decision welcomed by clients and crew members, being closer and more accessible. The previous Capitainerie office has been successfully sublet.

Grand Harbour Marina p.l.c.
 Directors' Report
 6 months ended 30 June 2017

IC Cesme

IC Cesme Marina, Turkey (100%)

	2017	January – June 2016	2015
	€m	€m	€m
Seaside revenues	1.3	1.5	1.5
Landside revenues	0.8	0.8	0.7
Total revenues	2.1	2.3	2.2
EBITDA	0.6	0.9	0.9
PBT	0.1	0.3	0.2
Capital expenditure	-	0.1	-

The political and economic uncertainty which existed in the second half of 2016 has continued into the first half of 2017 with the most significant impact being seen in the reduction in the number of international boats visiting the marina. Although nearly 50 boats have left the marina during the first half of 2017, 59 new contracts have been signed with a net positive impact on the square metres of water area let. Berths remain nearly 100% occupied but scope for revenue growth remains with occupancy by square metre around 70%. Cesme has continued to work with other marinas in the area with campaigns organised to refer yachts to marinas of a similar quality and this helped generate €77k berthing revenues during the period

Landside occupancy has been maintained at 100% and management continue to seek opportunities to replace underperforming tenants with higher quality tenants and brand names. Although in Euro terms landside revenues have decreased by around 5% they have increased by around 16% in local currency terms with the most significant increase being in in revenue based rentals.

In the first half of the year, Cesme generated total revenues of €2.1 million (2016: €2.3 million) with the majority of the decrease coming from seaside revenues which have been most affected by the political uncertainty in Turkey. Direct cost of sales remained largely unchanged and operating costs, before depreciation, reduced by €0.1 million to €1.2 million before a €0.2 million adverse exchange impact. The benefit of the cost reductions could only partly offset the revenue reductions and exchange impact to leave EBITDA down €0.3 million at €0.6 million (2016: €0.9 million). After finance charges and depreciation, both reduced from the prior year level, Cesme generated profit before tax of €0.1 million (2016: €0.3 million). During the period, in addition to making the normal €0.5 million semi-annual loan repayment to Isbank, Cesme also repaid €2.0 million of the Isbank sub-loan which resulted in a €0.9 million reduction in the Group's cash pledge with Isbank which supports the sub-loan.

Cesme continues to promote both landside and seaside events. Between March and May, Cesme hosted four of the Izmir Winter Trophy races with an average of 31 participants in each race (2016: 27). The races reached a potential audience of four million with live streaming, news on television and digital, written and social media. In June Cesme played host to the first Grand Masters' chess contest on the sea which had coverage on national TV and was the first event in the marina, supported by Cesme Municipality.

Grand Harbour Marina p.l.c.
Directors' Report
6 months ended 30 June 2017

Conclusion

During the period ended 30 June 2017, both Grand Harbour Marina and IC Cesme have reported sound financial results, reflecting an effective operational performance, a high occupancy rate of the berths and control of expenditure at a sustainable level. The Directors shall continue to focus on sustaining the operating efficiency of the marinas. The Board shall also continue to seek new investment opportunities that will enhance profitability.

Board of Directors

The Board of directors as at 30 June 2017 was:

Mr Lawrence Zammit - Chairman
Mr Franco Azzopardi
Mr David Martin Bralsford
Sir Christopher Lewinton
Mr Roger Lewis
Mr Clive Whiley

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



Lawrence Zammit
Chairman

Grand Harbour Marina p.l.c.
Condensed Consolidated Statement of Financial Position
At 30 June 2017

		At 30 June 2017	At 31 December 2016
	Notes	€ (000's)	€ (000's)
ASSETS			
Property, plant and equipment	9	5,357	5,435
Deferred costs		491	491
Equity-accounted investee	11	2,526	2,518
Loans to parent company *	7	3,951	4,237
Assets held in trust	12	-	1,926
Non-current assets		<u>12,325</u>	<u>14,607</u>
Assets held in trust	12	1,927	-
Trade and other receivables		1,292	1,088
Cash and cash equivalents		1,739	1,087
Current assets		<u>4,958</u>	<u>2,175</u>
Total assets	5	<u><u>17,283</u></u>	<u><u>16,782</u></u>
EQUITY			
Total equity		<u>2,912</u>	<u>2,830</u>
LIABILITIES			
Non-current liabilities	13	630	11,292
Current liabilities	13	13,741	2,660
Total liabilities	5	<u>14,371</u>	<u>13,952</u>
Total equity and liabilities		<u><u>17,283</u></u>	<u><u>16,782</u></u>

* Represents the parent company's cash pledge of €2,951k relating to IC Cesme's Sub-Loans and the €1m upstream loan instrument, as explained further in note 7.

The notes on pages 10 to 19 are an integral part of these Condensed Consolidated Financial Statements.

Grand Harbour Marina p.l.c.
Condensed Consolidated Statement of Comprehensive Income
6 months ended 30 June 2017

		1 January 2017 to 30 June 2017	1 January 2016 to 30 June 2016
	Notes	€ (000's)	€ (000's)
CONTINUING OPERATIONS			
Revenue	5	1,983	2,081
Personnel expenses		(242)	(197)
Directors' emoluments		(24)	(24)
Depreciation		(143)	(153)
Other operating expenses		(979)	(1,072)
Operating profit		595	635
Finance income		32	22
Finance costs		(405)	(408)
Net finance costs		(373)	(386)
Share of profit of equity-accounted investee, net of tax		8	104
Profit before tax	5	230	353
Income tax expense	8	(148)	(164)
Profit		82	189
Total comprehensive income		82	189
Profit per share (rounded)		0c	1c

The notes on pages 10 to 19 are an integral part of these Condensed Consolidated Financial Statements.

Grand Harbour Marina p.l.c.
 Condensed Consolidated Statement of Changes in Equity
 6 months ended 30 June 2017

	Share capital	Translation reserve	Retained earnings	Total
	€ (000's)	€ (000's)	€ (000's)	€ (000's)
At 1 January 2016	2,400	(42)	564	2,964
Total comprehensive income				
Profit	–	–	189	189
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	2,400	(42)	753	3,153
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2017	2,400	(104)	534	2,830
Total comprehensive income				
Profit	–	–	82	82
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	2,400	(104)	616	2,912
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 19 are an integral part of these Condensed Consolidated Financial Statements.

Grand Harbour Marina p.l.c.
Condensed Consolidated Statement of Cash Flows
6 months ended 30 June 2017

	1 January 2017 to 30 June 2017	1 January 2016 to 30 June 2016
	€ (000's)	€ (000's)
Net cash from operating activities	814	947
Cash used in investing activities	(66)	(10)
Cash used in financing activities	(97)	(409)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	651	528
Cash and cash equivalents at 1 January	1,086	1,936
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	1,737	2,464
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 19 are an integral part of these Condensed Consolidated Financial Statements.

Grand Harbour Marina p.l.c.

Notes to the Condensed Consolidated Financial Statements

6 months ended 30 June 2017

1. Reporting entity

Grand Harbour Marina p.l.c. (the “Company”) is a public limited liability company domiciled and incorporated in Malta. The Condensed Consolidated Financial Statements as at and for the six months ended 30 June 2017 comprise the Company and its subsidiary, (together referred to as the “Group”) and the Group’s beneficial interest of 45% in a joint arrangement, IC Cesme Marina Yatirim, Turizm ve Islemeleri Anonim Sirketi (“IC Cesme”).

The financial statements of the Company as at and for the year ended 31 December 2016 are available on the Company’s website at <http://en.cnmarinas.com/grand-harbour-marina/notification%20&%20publication> and also upon request from the Company’s registered office at ‘The Capitainerie, Vittoriosa Wharf, Vittoriosa BRG 1721, Malta’.

2. Basis of Preparation

(a) Statement of compliance

The Condensed Consolidated Financial Statements (the “Report”) of the Group is being published in terms of Listing Rule 5.74 issued by the Listing Authority and has been prepared in accordance with the applicable Listing Rules and EU adopted International Accounting Standard 34, ‘*Interim Financial Reporting*’. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2016. The Report does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2016.

This Report has not been audited nor reviewed by the Company’s Independent Auditors.

(b) Use of estimates and judgements

The preparation of the Report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Report, the significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2016.

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2016.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2016.

5. Operating Segments

	Grand Harbour Marina € (000's)	IC Cesme Marina € (000's)	Total for Reportable Segments € (000's)
For the 6 months ended 30 June 2017			
External revenues	1,982	2,113	4,095
Reportable segment profit before tax	222	110	332
For the 6 months ended 30 June 2016			
External revenues	2,081	2,339	4,420
Reportable segment profit before tax	249	290	539
As at 30 June 2017			
Reportable segment assets	16,931	16,059	32,990
Reportable segment liabilities	(14,371)	(14,228)	(28,599)
As at 31 December 2016			
Reportable segment assets	16,438	18,488	34,926
Reportable segment liabilities	(13,952)	(16,676)	(30,628)

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

5. Operating Segments (*continued*)

<u>Reconciliation to Consolidated Amounts</u>			
	Total for Reportable Segments	Elimination of Joint Venture segment	Consolidated External Revenues
	€ (000's)	€ (000's)	€(000's)
For the 6 months ended 30 June 2017			
External revenues	4,095	(2,113)	1,982
For the 6 months ended 30 June 2016			
External revenues	4,420	(2,339)	2,081
		2017	2016
		€ (000's)	€ (000's)
Consolidated external revenues		<u>1,982</u>	<u>2,081</u>
	Total for Reportable Segments	Elimination of Joint Venture segment	Consolidated Profit before Tax
	€ (000's)	€ (000's)	€ (000's)
For the 6 months ended 30 June 2017			
Reportable segment profit before tax	332	(101)	231
For the 6 months ended 30 June 2016			
Reportable segment profit before tax	539	(186)	353
		2017	2016
		€ (000's)	€ (000's)
Consolidated profit before tax		<u>231</u>	<u>353</u>

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

5. Operating Segments (*continued*)

Reconciliation to Consolidated Amounts (*continued*)

	Total for Reportable Segments	Elimination of Joint Venture segment	Consolidated Assets and Liabilities
	€ (000's)	€ (000's)	€ (000's)
As at 30 June 2017			
Reportable segment assets	32,990	(15,707)	17,283
Reportable segment liabilities	(28,599)	14,228	(14,371)
As at 31 December 2016			
Reportable segment assets	34,926	(18,144)	16,782
Reportable segment liabilities	(30,628)	16,676	(13,952)

	30 June 2017	31 December 2016
	€ (000's)	€ (000's)
Assets		
Total assets of Grand Harbour Marina p.l.c.	16,931	16,438
Share of post-acquisition profits of joint venture brought forward	344	83
Share of profits of joint venture for the period/year	8	261
Consolidated assets	<u>17,283</u>	<u>16,782</u>

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

5. Operating Segments (*continued*)

Reconciliation to Consolidated Amounts (*continued*)

	30 June	31 December
	2017	2016
	€ (000's)	€ (000's)
Liabilities		
Total liabilities for reportable segments	(14,371)	(13,952)
	<hr/>	<hr/>
Consolidated liabilities	(14,371)	(13,952)
	<hr/> <hr/>	<hr/> <hr/>

6. Seasonality of operations

The Company and its joint venture derive their income from different types of revenue streams, including annual, seasonal and visitor berthing fees. During the summer months, revenue generation is higher, and while it may be relatively smaller in relation to the overall level of revenue, it makes a significant contribution to the profitability of the Group. The timing of long-term super-yacht berth sales, which are neither seasonal by nature nor capable of accurate prediction, can have a more significant impact on the level of both revenues and net results.

7. Parent company loan

Included in the reportable segment liabilities of IC Cesme (note 5) are a term loan of €5,923k and a subordinated loan of €6,525k. The subordinated loan provided by Isbank to IC Cesme is secured by cash pledges made by its shareholders, and Camper & Nicholsons Marina Investments Limited (“CNMI”) acts as a guarantor and sponsor of IC Cesme’s repayment obligations under the Term Facility and the Subordinated Loans to the extent of 45% (reflective of the Company’s beneficial interest in IC Cesme) for any failure by IC Cesme to honour repayments. During the reporting period, IC Cesme repaid a total of €1,970k of the subordinated loan from Isbank, after which a total of €932k was repaid from CNMI to the company, consisting of the capital amount (€886k) and accumulated interest thereon (€46k). As a result of such repayment, the cash pledge as at 30 June 2017 amounted to €2,951k, (December 2016: €3,837k) subject to interest at the rate of 1% per annum.

Loans to the parent company increased to €1,000k (December 2016: €400k), following the €600k upstream loan instrument affected by GHM to the parent company in March 2017. This loan carries an interest of 4% per annum and is repayable by the 14th March 2019.

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

8. Taxation

Income tax expense is recognised based on the pro-rata calculation of the deferred tax expense forecasted for the full financial year ending 31 December 2017, applied for the interim period ended 30 June 2017.

The charge for income tax for the period ended 30 June 2017 was €148k (June 2016: €164k). As a result, the deferred tax liability as at 30 June 2017 stood at €630k (December 2016: €482k).

The deferred tax liability as at 30 June 2017 therefore comprises:

	30 June 2017	31 December 2016
	€ (000's)	€ (000's)
Grand Harbour Marina plc:		
Deferred tax liability at 1 January	482	104
Actual income tax expense for the period/year	148	378
	<hr/>	<hr/>
Deferred tax liability as at the end of the period/year	630	482
	<hr/> <hr/>	<hr/> <hr/>

9. Plant and equipment

During the six months ended 30 June 2017, the Group acquired assets at a cost of €65k (2016: €10k).

10. Capital commitments

No capital commitments were authorised and contracted for, or yet to be contracted for, at the reporting date and at the end of the comparative period.

11. Equity-accounted investee

The equity-accounted investee as at 30 June 2017 comprises:

	30 June 2017	31 December 2016
	€ (000's)	€ (000's)
Acquisition of beneficial interest in IC Cesme	1,930	1,930
Group's share of increase in share capital	244	244
Share of post-acquisition profits	352	344
	<hr/>	<hr/>
	2,526	2,518
	<hr/> <hr/>	<hr/> <hr/>

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

12. Assets held under trust

In accordance with the terms of the Trust Deed for Grand Harbour Marina's ("GHM") unsecured 7% Bond, GHM is required to establish a sinking fund to support repayment of the Bond upon maturity. From 27 January 2014 up to 30 June 2017, 1.03 million nominal value bonds had been bought back by the company for a consideration of €1.13 million, saving on finance costs relating to the 7% GHM Bond 2017-2020 interest payments up to maturity date.

The sinking fund as at 30 June 2017 comprises:

	30 June 2017	31 December 2016
	€ (000's)	€ (000's)
Balance at 1 January	1,926	1,118
Transfers to the sinking fund	1	808
	<hr/>	<hr/>
Sinking fund at the end of the period/year	<u>1,927</u>	<u>1,926</u>

13. Borrowings

13.1 This note provides information about the contractual terms of the Group's interest-bearing borrowings which are measured at amortised cost.

	2017	2016
	€ (000's)	€ (000's)
Group and Company		
Non-Current Liabilities		
Unsecured bonds-in-issue (note 13.2)	-	10,810
	<hr/>	<hr/>
Current Liabilities		
Bank overdraft (note 13.1)	1	1
	<hr/>	<hr/>
Unsecured bonds-in-issue (note 13.2)	10,833	-
	<hr/>	<hr/>

The bank overdraft bears interest at the rate of 4.85% per annum and is repayable on demand.

13.2 Unsecured bonds-in-issue

During the year ended 31 December 2010, the Company issued €10,000k bonds, with an over-allotment option of €2,000k, bearing an interest rate of 7%, redeemable in 2020, and subject to an early redemption option that may be exercised by the Company between 2017 and 2020.

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

13. Borrowings (continued)

13.2 Unsecured bonds-in-issue (continued)

On 19 June, the company announced it had submitted an application to the Listing Authority of the Malta Financial Services Authority in connection with a new €15 million unsecured bond issue maturing in 2027. The Company also redeemed the outstanding €10.97 million 7% bonds (the “existing bonds”) on 22 August 2017.

Redemption of the existing bonds at their nominal value, together with interest accrued up to and including 21 August 2017, was based of the respective registers at the Central Securities Depository of the Malta Stock Exchange as at close of business on the 23 June 2017 (the ‘Record date’) which included trading up to 21 June 2017. Trading in the existing bonds was suspended as from the 22 June 2017.

14. Contingencies

The Company’s joint venture, IC Cesme, is disputing the following two claims:

- i) A claim by the District Governorship of Cesme that the landside tenants/subtenants in Cesme should pay to the Governorship a charge of 1% on the annual revenues from 2010 to 2017 and in future years. This charge would ultimately be the responsibility of IC Cesme in the event that the Governorship’s claim is successful and the tenants/subtenants do not make the payment. The Board of Directors of IC Cesme believes that this claim is contrary to the signed agreements and in this regard has initiated a legal case. As at 30 June 2017, the potential claim would amount to €764k (December 2016: €772k), with the Company’s 45% share amounting to €344k (December 2016: €347k) if IC Cesme had to make a payment in full.
- ii) A claim and lawsuit by the Izmir Tax Inspection Board that IC Cesme has incorrectly calculated the useful lives of certain assets and therefore the depreciation charge for the years between 2010 and 2013, resulting in a claim for payment of €164k tax, including a €98k penalty (December 2016: €177k tax, including a €106k penalty), with the Group’s share being €74k (December 2016: €80k). The Board of Directors of IC Cesme, having consulted the Company’s Attorney, believe the lawsuit will be cancelled in a subsequent period.

15. Related party transactions

The Company is a subsidiary of Camper & Nicholsons Marina Investments Limited (“CNMI”), the registered office of which is situated at Bordage House, Le Bordage, St Peter Port, Guernsey GY1 1BU.

15.1 Transactions with key management personnel

Other than the directors’ emoluments amounting to €24k (June 2016: €24k), key management compensation amounted to €87k (June 2016: €51k).

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

15. Related party transactions (continued)

15.2 Related party relationships, transactions and balances

Companies forming part of the CNMI Group are considered by the directors to be related parties as these companies are ultimately owned by CNMI. The transactions and balances with such parties are as follows:

15.2.1 Camper & Nicholsons Marinas Limited

	30 June 2017 € (000's)	31 December 2016 € (000's)
Balance payable at 1 January	(26)	(48)
As per Marina Services Agreement:		
Transactions incurred	(128)	(245)
Cash movements	102	267
	<u>(52)</u>	<u>(26)</u>

15.2.2 Camper & Nicholsons Marinas International Limited

	30 June 2017 € (000's)	31 December 2016 € (000's)
Balance payable at 1 January	(4)	(30)
As per Trade Mark License Agreement:		
Royalty fees incurred	(26)	(55)
Cash movements	4	81
	<u>(26)</u>	<u>(4)</u>

15.2.3 Camper & Nicholsons Marina Investments Limited

	30 June 2017 € (000's)	31 December 2016 € (000's)
Balance receivable at 1 January	211	169
Loan interest received on repaid cash-pledge	(44)	-
Interest receivable	30	40
Recharge of expenses	4	7
Cash movements	(4)	(5)
	<u>197</u>	<u>211</u>

Grand Harbour Marina p.l.c.
Notes to the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

15. Related party transactions (continued)

15.2 Related party relationships, transactions and balances (continued)

15.2.3 *Camper & Nicholsons Marina Investments Limited*

The balance excludes the company's cash pledge of €2,951k (December 2016: €3,837k) and the €1,000k upstream loan instrument (December 2016: €400k) receivable from Camper & Nicholsons Marina Investments Limited as described in note 7.

16. Subsequent events

On 22 August 2017, the Company issued €15 million of unsecured bonds, having a face value of €100 per bond. The bond bears interest from and including 22 August 2017 on the nominal value thereof, payable semi-annually in arrears on 22 February and 22 August of each year between and including each of the years 2017 and 2027. The nominal value of the Bonds will be repayable in full upon maturity on the redemption date, being 23 August 2027.

The Company used part of the funds to redeem any Exchangeable Bonds which were still in issue as at the cut-off date of the 23 June 2017, with the remaining proceeds to be utilised for the first phase of the waterside reconfiguration within the Marina, and the second phase of such reconfiguration yet to be assessed against other possible investments, as set out in detail in the Prospectus issued by the Company on the 26 June 2017.

Grand Harbour Marina p.l.c.
Director's Statement on the Condensed Consolidated Financial Statements
6 months ended 30 June 2017

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

I confirm that to the best of my knowledge:

- The Condensed Consolidated Financial Statements prepared in accordance with the EU adopted International Accounting Standard 34 *Interim Financial Reporting*, included in this Report, give a true and fair view of the assets, liabilities and financial position as at 30 June 2017 and profit of the Group for the period ended 30 June 2017; and
- The Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Lawrence Zammit
Chairman
30 August 2017