Global Ports Investments Plc

Interim condensed consolidated financial information (unaudited) for the six month period ended 30 June 2020

GLOBAL PORTS INVESTMENTS PLC

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(in thousands of US dollars)

	Note	Six month period ended 30 June 2020	2019
Revenue	7	184,436	181,240
Cost of sales	8	(89,920)	(70,754)
Gross profit		94,516	110,486
Administrative, selling and marketing expenses	8	(15,005)	(19,100)
Other income		650	-
Share of profit/(loss) of joint ventures accounted for using the equity method	19	(1,401)	2,879
Other gains/(losses) – net	9	(14)	(34,616)
Operating profit/(loss)		78,746	59,649
Finance income	10	1,021	1,282
Finance costs	10	(36,831)	(39,180)
Change in fair value of derivatives	10	15,951	(496)
Net foreign exchange gains/(losses) on financing activities	10	(29,811)	34,504
Finance income/(costs) – net		(49,670)	(3,890)
Profit/(loss) before income tax		29,076	55,759
Income tax expense	11	(5,233)	(19,544)
Profit/(loss) for the period		23,843	36,215
Attributable to:			
Owners of the Company		22,879	35,528
Non-controlling interest		964	687
		23,843	36,215
Basic and diluted earnings per share for profit/(loss) attributable to the owners of the parent of the Company during the period (expressed in US$ per share)	20	0.04	0.06

The notes on pages 8 to 33 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of US dollars)

	Note	Six month period ended 30 June 2020	2019
Profit/(loss) for the period		23,843	36,215
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(56,432)	41,319
Share of currency translation differences of joint ventures accounted for using the equity method	19	(2,064)	1,885
Cumulative other comprehensive income/(loss) movement relating to assets classified as held for sale	9	-	(257)
Reclassification to income statement of translation differences due to disposal of assets classified as held for sale	9	-	33,485
Total items that can be reclassified subsequently to profit or loss		(58,496)	76,432
Items that may not be subsequently reclassified to profit or loss			
Share of currency translation differences attributable to non-controlling interest		(1,967)	1,466
Total items that cannot be reclassified subsequently to profit or loss		(1,967)	1,466
Other comprehensive income/(loss) for the period, net of tax		(60,463)	77,898
Total comprehensive income/(loss) for the period		(36,620)	114,113
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(35,617)	111,960
Non-controlling interest		(1,003)	2,153
Total comprehensive income/(loss) for the period		(36,620)	114,113

Items in the statement above are disclosed net of tax. There is no income tax relating to the components of other comprehensive income above.

The notes on pages 8 to 33 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands of US dollars)

	Note	As at 30 June 2020	As at 31 December 2019
ASSETS			
Non-current assets		1,114,323	1,265,191
Property, plant and equipment	12	434,846	499,335
Right-of-use assets	12	561,148	639,699
Intangible assets	12	12,547	13,964
Investments in joint ventures	19	24,472	27,590
Prepayments for property, plant and equipment		5,663	5,843
Deferred tax assets		53,744	61,264
Derivative financial instruments	17	6,612	-
Trade and other receivables	13	15,291	17,496
Current assets		221,585	189,088
Inventories		8,015	8,306
Derivative financial instruments	17	505	-
Trade and other receivables	13	56,574	45,487
Income tax receivable		6,848	10,942
Cash and cash equivalents		149,643	124,353
TOTAL ASSETS		1,335,908	1,454,279
EQUITY AND LIABILITIES			
Total equity		359,464	396,084
Equity attributable to the owners of the Company		343,353	378,970
Share capital		57,317	57,317
Share premium		923,511	923,511
Capital contribution		101,300	101,300
Currency translation reserve		(807,310)	(748,814)
Transactions with non-controlling interest		(209,122)	(209,122)
Retained earnings		277,657	254,778
Non-controlling interest		16,111	17,114
Total liabilities		976,444	1,058,195
Non-current liabilities		717,664	924,271
Borrowings	15	561,967	738,113
Lease liabilities	16	29,489	32,987
Derivative financial instruments	17	-	8,839
Deferred tax liabilities		126,208	144,332
Current liabilities		258,780	133,924
Borrowings	15	232,628	99,098
Lease liabilities	16	1,409	1,194
Trade and other payables	18	24,304	33,278
Derivative financial instruments	17	-	345
Current income tax liabilities		439	9
TOTAL EQUITY AND LIABILITIES		1,335,908	1,454,279

The notes on pages 8 to 33 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of US dollars)	Note	Six month period ended 30 June 2020	2019
Cash flows from operating activities			
Cash generated from operations		83,626	98,126
Income tax paid		(2,659)	(18,019)
Net cash from operating activities		80,967	80,107
Cash flows from investing activities			
Purchases of intangible assets	12	(322)	(156)
Purchases of property, plant and equipment	7	(11,531)	(5,660)
Proceeds from sale of property, plant and equipment		258	180
Disposal of assets classified as held for sale	9	-	11,842
Interest received from third parties, bank balances and deposits		495	811
Net cash generated from/ (used in) investing activities		(11,100)	7,017
Cash flows from financing activities			
Proceeds from borrowings	15	4,451	50
Repayments of borrowings	15	(11,042)	(2,100)
Repayments of leases	16	(721)	(422)
Proceeds from/(settlements of) derivative financial instruments not used for hedging	17	(209)	36
Interest paid on borrowings	15	(33,746)	(35,984)
Interest paid on leases	16	(2,055)	(2,022)
Net cash used in financing activities		(43,322)	(40,442)
Net increase/ (decrease) in cash and cash equivalents		26,545	46,682
Cash and cash equivalents at the beginning of the period		124,353	91,613
Exchange gains/(losses) on cash and cash equivalents		(1,255)	1,081
Cash and cash equivalents at the end of the period		149,643	139,376

The notes on pages 8 to 33 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of US dollars)

	Note	Attributable to the owners of the Company								
		Share capital	Share premium	Capital contribution	Translation reserve	Transactions with non-controlling interest	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 January 2020		57,317	923,511	101,300	(748,814)	(209,122)	254,778	378,970	17,114	396,084
Total other comprehensive income/(loss)		-	-	-	(58,496)	-	-	(58,496)	(1,967)	(60,463)
Profit/(loss) for the period		-	-	-	-	-	22,879	22,879	964	23,843
Total comprehensive income/(loss) for the six month period ended 30 June 2020		-	-	-	(58,496)	-	22,879	(35,617)	(1,003)	(36,620)
Balance at 30 June 2020		57,317	923,511	101,300	(807,310)	(209,122)	277,657	343,353	16,111	359,464
Balance at 1 January 2019		57,317	923,511	101,300	(829,373)	(209,122)	188,198	231,831	14,235	246,066
Total other comprehensive income/(loss)		-	-	-	76,432	-	-	76,432	1,466	77,898
Profit/(loss) for the period		-	-	-	-	-	35,528	35,528	687	36,215
Total comprehensive income/(loss) for the six month period ended 30 June 2019		-	-	-	76,432	-	35,528	111,960	2,153	114,113
Balance at 30 June 2019		57,317	923,511	101,300	(752,941)	(209,122)	223,726	343,791	16,388	360,179

The notes on pages 8 to 33 are an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Country of incorporation

Global Ports Investments Plc (hereinafter the "Company") was incorporated and domiciled in Cyprus on 29 February 2008 as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. The address of the Company's registered office is 20, Omirou Avenue, Limassol, Cyprus.

Principal activities

The principal activities of the Company, its subsidiaries and joint ventures (hereinafter collectively referred to as the "Group") are the operation of container and general cargo terminals in Russia and Finland. The Group offers its customers a wide range of cargo handling services for their import and export logistics operations.

Composition of the Group and its joint ventures

The Group's terminals are located in the Baltic and Far East Basins, key regions for foreign trade cargo flows. The Group operates:

- five container terminals in Russia – Petrolesport (PLP), First Container Terminal (FCT), Ust-Luga Container Terminal (ULCT) and Moby Dik (MD) in the St. Petersburg and Ust-Luga port cluster, and Vostochnaya Stevedoring Company (VSC) in the Port of Vostochny;
- two container terminals in Finland – Multi-Link Terminals Helsinki and Multi-Link Terminals Kotka (Multi-Link Terminals); and
- inland Yanino Logistics Park (YLP), located in the vicinity of St. Petersburg;

See also Note 5 of the annual consolidated financial statements for the year ended 31 December 2019 for the description of segmental information of the Group.

The Company fully controls all of the above terminals except as described below:

- MLT and CD Holding groups are joint ventures with CMA Terminals where the Company has 75% effective ownership interest (Note 19). Moby Dik (a container terminal in the vicinity of St. Petersburg), Multi-Link Terminals and Multi-Link Terminals Ltd constitute the MLT group. Yanino Logistics Park (an inland container terminal in the vicinity of St. Petersburg) and CD Holding constitute the CD Holding group.
- Ust-Luga Container Terminal (located in Ust-Luga, North-West Russia) is an 80% subsidiary where Eurogate, one of the leading container terminals operator in Europe has a 20% non-controlling interest.

Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 18 August 2020.

This interim condensed consolidated financial information has been reviewed by the external auditors of the Company, not audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six month period ended 30 June 2020 has been prepared in accordance with IFRS as adopted by the European Union (EU) applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019 which have been prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap 113.

2 Basis of preparation (continued)

Going concern

This interim condensed consolidated financial information for the six month period ended 30 June 2020 has been prepared on a going concern basis.

At 30 June 2020 the Group is in net current liability position of approximately US$37 million, which is due to the FCT net current liability position as a result of classification of RUB bonds of US$220,683 thousand as current liabilities. The Group plans to repay these obligations from operating activities and own cash which amounts to approximately US$150 million as at 30 June 2020. The Group also has open bank credit limits in the amount of up to US$190 million and a proposal for bridge credit facilities from banks in the amount up to RUB15 billion (or US$214 million at exchange rate on 30 June 2020) to successfully pass FCT bond's call options in December 2020 and February-March 2021.

Based on the above, the Board of Directors concluded that there is no material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern and that the interim condensed consolidated financial information of the Group for the six month period ended 30 June 2020 has been appropriately drawn up on a going concern basis.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the financial year ended 31 December 2019 and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards, as well as the Group's accounting policy for sale and leaseback transaction entered into by the Group during the six month period ended 30 June 2020 as set out below.

New and amended standards adopted by the Group

The Group adopted all new and revised IFRSs as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Group and, therefore, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

After the Group has published its last annual consolidated financial statements for the year ended 31 December 2019 till to date, there are no any new standards and interpretations issued and adopted by the EU that could have a material impact on the accounting policies of the Group.

Taxes on income

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings for each material tax jurisdiction and applied individually to the interim period pre-tax income of the relevant jurisdiction. Adjustments due to changes in estimates of prior year taxes are not taken into account in the calculation of the estimated average annual tax rate but are charged in full in the period in which it becomes probable that such adjustment is needed.

Sale and leaseback transactions

The accounting treatment followed by the Group for sale and leaseback transactions in which the Group, as the owner of an asset, sells the asset and leases it back from the buyer, depends on whether the transaction qualifies as a sale for which revenue is recognised, or whether the transaction is a collateralised borrowing. If the transfer of an asset owned by the Group does not qualify as a sale, for example, because the Group has an obligation or a right to repurchase the asset from the buyer, the Group as the seller-lessee does not de-recognise the transferred asset, and it accounts for the cash received as a financial liability.

4 ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements 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.

Impairment or reversal of impairment

The Group follows its accounting policies to test goodwill and other non-financial assets for possible impairment or reversal of impairment. Because of COVID-19 outbreak the Group performed updated tests of the estimated recoverable amount for all CGUs in the course of the preparation of the interim condensed consolidated financial information for the six month period ended 30 June 2020.

The Group performed a test of the estimated recoverable amount of the CGUs using the value-in-use method, compared to their carrying value, for all CGUs except for YLP and MD for which fair value less costs to sell method was used.

4 Estimates and judgements (continued)

Impairment or reversal of impairment (continued)

Forecasts used for estimating discounted future cash flows for impairment testing purposes have been updated for all CGUs tested based on the value-in-use method. Cash flow projections cover a period of five years based on the assumptions of the next 12 months. Cash flows beyond that five-year period have been extrapolated using a steady terminal growth rate. The terminal growth rate used does not exceed the long-term average growth rate for the market in which entities operate. For projections prepared for CGUs in Russian ports segments a terminal growth rate of 3% has been applied (31 December 2019: 3%). The discount rate applied for Russian ports CGUs in projections prepared as at 30 June 2020 is 10.3% (31 December 2019: 8.8%).

Key assumptions for Russian ports CGUs tested based on discounted future cash flows are throughput volume, price per unit, growth rates, and discount rates. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. For CGUs in the Russian ports segment volume growth is estimated to be in line with the long-term market development, position of each terminal on the market and its pricing power. As supported by historical market performance and in view of relatively low containerisation level in Russia, the long-term average throughput growth rate for the Russian container market is higher than in developed markets.

Based on the results of the impairment tests for CGUs carried out on 30 June 2020, the Board of Directors did not identify any impairment losses and also believes that there are no indications for reversal of impairments recognised in previous periods for non-financial assets other than goodwill.

In VSC, management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed the recoverable amount.

In ULCT, the recoverable amount calculated based on the value in use exceeded the carrying value by US$12 million. A decrease in the average coal tariffs by approximately 5% each year or average container tariffs by approximately 3% each year or container handling volumes by approximately 5% each year or coal handling volumes by approximately 8% each year, as opposed to those used in projections would remove the headroom. Reasonable changes in other key parameters do not result in the elimination of the existing headroom.

In PLP and FCT combined CGU, the recoverable amount calculated based on the value in use exceeded the carrying value by US$74 million. A decrease in the average tariffs by approximately 1.5% each year or container handling volumes by approximately 2% each year or terminal growth rate by approximately 1% each year or increase in discount rate by approximately 1%, as opposed to those used in projections would remove the headroom. Reasonable changes in other key parameters do not result in the elimination of the existing headroom.

For the Group’s joint venture, MLT group (Note 19), a decrease in the average tariffs by approximately 5% each year, as opposed to those used in the projections included in the value in use model for MLT Oy, one of MLT group’s two CGUs, would remove the identified headroom. Reasonable changes in other key parameters do not result in the elimination of the existing headroom for the Group’s joint venture.

Contingencies and commitments

The rapid growth of containerised export has shifted the market towards an import-export balance, which increases market resilience and limits volatility — both trends were clearly seen in the first half of 2020 when the market demonstrated more steadiness than in 2009 and 2015. However, in the second quarter of 2020 the Group saw a decline in full container import and decelerating growth rates in full export on the back of the global and local macroeconomic turmoil following COVID-19 outbreak. Management expects high volatility and this challenging environment to continue in the second half of 2020 with low visibility of trends.

In the first few months of 2020 the COVID-19 virus had spread globally, and its negative impact has gained momentum. Measures taken by various governments to contain the virus have affected economic activity and supply chains, both globally and in Russia.

In response to COVID-19 conditions, additional safety and cost control measures were implemented. As a result of the Group’s focus on clients, productivity, service standards, enhanced IT solutions, deleveraging, and cost management, the Group has been able to meet the challenges of such a volatile environment despite all the uncertainty generated by COVID-19. The increased uncertainty due to the COVID-19 downturn has been considered by the Group as an indicator of potential impairment of goodwill and other non-financial assets, and the Group updated its tests of the estimated recoverable amount of all its CGUs, as described above.

As at 30 June 2020 there are no other significant developments in relation to the events and circumstances disclosed in contingencies and commitments note in the consolidated financial statements for the year ended 31 December 2019. The economy of Russian Federation is still particularly sensitive to oil and gas prices and the legal, tax and regulatory frameworks in Russia continue to develop and are subject to frequent changes and varying interpretations.

Capital expenditure commitments at 30 June 2020 are disclosed in Note 12.

5 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019. There have been no changes in the risk management policies since the year end.

Liquidity risk

Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures. The management of the Group believes that is successfully managing the exposure of the Group to liquidity risk.

Fair value estimation

According to management estimates the fair value of the following financial assets and liabilities do not materially differ from their carrying amounts: trade and other receivables, trade and other payables, bank loans.

Fair value of non-convertible unsecured bonds is as follows:

(in thousands of US dollars)

	Fair value hierarchy	As at 30 June 2020	As at 31 December 2019
Non-convertible unsecured bonds	Level 1	223,427	257,254
Non-convertible unsecured bonds	Level 2	530,644	552,958
Total		754,071	810,212

The total carrying value of bonds is US$726,937 thousand (31 December 2019: US$765,121 thousand). In March and April 2020 the Group purchased an aggregate amount of US$10,013 thousand of its public bonds, see Note 15.

The Group's only financial instruments carried at fair value are derivative financial instruments in the form of currency forward and option contracts. They are valued using Level 2 valuation techniques described in the annual financial statements for the year ended 31 December 2019.

As at 30 June 2020 the net fair values of these currency forward and option contracts was positive US$7,117 thousand (31 December 2019: negative US$9,184 thousand) – see note 17.There were no changes in valuation techniques during the period.

6 SEASONALITY OF OPERATIONS

The demand for the Group's services and certain of its expenses tend to be seasonal. Historically, unless impacted by other factors, the Group's container throughput has been lower during the first half of each year (and in particular, the first quarter of each year) and higher in the second half of the year. This has been due primarily to higher demand for consumer goods in the months prior to the winter holiday season.

7 SEGMENTAL INFORMATION

Group operations consist of several major business units which are usually and mainly organised as separate legal entities. Segment profit is obtained directly from the accounting records of each business unit and adjustments are made to bring their accounting records in line with IFRS as adopted by the EU; the accounting records are all prepared using the same accounting policies as those used for the preparation of the annual financial statements, therefore, there are no arbitrary allocations between segments. Certain business units are operating with one major operating company and with some supporting companies.

The chief operating decision-maker (CODM) has been identified as the Board of Directors. The Directors review the group's internal reporting in order to assess performance and allocate resources. The operating segments were determined based on these reports.

The Board of Directors considers the business from both a geographic (which is represented by different port locations managed by separate legal entities) and services perspective regularly monitoring the performance of each major business unit.

The Board of Directors assesses the performance of the operating segments based on revenue (both in monetary and quantity terms), major costs items and net profit after the accounting records of business units are converted to be in line with IFRS as adopted by the EU with the exclusion of joint ventures treatment.

For the purposes of the internal reporting, joint ventures are assessed on a 100% ownership basis. Assets are allocated based on the operations of the segment and the physical location of the asset.

The segments are consistent with segments presented in the annual consolidated financial statements for the year ended 31 December 2019.

For segmental reporting purposes, the Group's consolidated financial position and consolidated results are continued to be presented by using the proportionate consolidation in relation to interests in joint ventures (MLT and CD groups). There are additional disclosures to reconcile segmental information with the interim condensed consolidated income statement and the interim condensed consolidated balance sheet.

According to proportionate consolidation method of accounting, the Group combined its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognised the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. Unrealised gains on transactions between the Group and its joint ventures were eliminated to the extent of the Group's interest in the joint venture. Unrealised losses were also eliminated unless the transaction provided evidence of an impairment of the asset transferred.

7 Segmental information (continued)

The segment results for the six month period ended 30 June 2020 are as follows:

(in thousands of US dollars)

	Russian ports	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Revenue from container operations	145,648	3,776	149,424	-	(1,170)	-	148,254
Non-containerized cargo	44,053	480	44,533	-	(1,316)	-	43,217
Inter-segment revenue	-	-	-	225	-	(225)	-
Total revenue	189,701	4,256	193,957	225	(2,486)	(225)	191,471
Cost of sales	(95,553)	(4,231)	(99,784)	(198)	2,623	5	(97,354)
Administrative, selling and marketing expenses	(4,582)	(393)	(4,975)	(11,565)	343	162	(16,035)
Other income	-	-	-	650	-	-	650
Other gains/(losses) – net	27	4	31	3,262	(66)	(3,033)	194
Operating profit/(loss)	89,593	(364)	89,229	(7,626)	414	(3,091)	78,926
Finance income/(costs) – net	(49,965)	(132)	(50,097)	(16)	106	-	(50,007)
incl. interest income	*837*	*-*	*837*	*34*	*(3)*	*(253)*	*615*
incl. interest expenses	*(36,767)*	*(101)*	*(36,868)*	*(629)*	*202*	*253*	*(37,042)*
incl. change in the fair value of derivative instruments	*15,951*	*11*	*15,962*	*-*	*(3)*	*-*	*15,959*
incl. net foreign exchange gains/(losses) on financing activities	*(29,986)*	*(42)*	*(30,028)*	*579*	*(90)*	*-*	*(29,539)*
Profit/(loss) before income tax	39,628	(496)	39,132	(7,642)	520	(3,091)	28,919
Income tax expense	(5,077)	99	(4,978)	(46)	(52)	-	(5,076)
Profit/(loss) after tax	34,551	(397)	34,154	(7,688)	468	(3,091)	23,843
CAPEX* on cash basis	7,665	7,131	14,796	61	(1,944)	-	12,913

*CAPEX represents purchases of property, plant and equipment

Included within ‘Other adjustments’ on the line ‘Other gains/(losses) - net’ is the elimination of intragroup dividends.

7 Segmental information (continued)

The reconciliation of results for the six month period ended 30 June 2020 calculated with proportionate consolidation to the results presented in the interim condensed consolidated income statement above is as follows:

(in thousands of US dollars)

	Group as per proportionate consolidation	Equity method and other adjustments	Group as per equity method consolidation of joint ventures
Revenue from container operations	148,254	(3,509)	144,745
Non-containerized cargo	43,217	(3,526)	39,691
Inter-segment revenue	-	-	-
Total revenue	191,471	(7,035)	184,436
Cost of sales	(97,354)	7,434	(89,920)
Administrative, selling and marketing expenses	(16,035)	1,030	(15,005)
Other income	650	-	650
Share of profit/(loss) of joint ventures accounted for using the equity method	-	(1,401)	(1,401)
Other gains/(losses) – net	194	(208)	(14)
Operating profit/(loss)	78,926	(180)	78,746
Finance income/(costs) – net	(50,007)	337	(49,670)
incl. interest income	*615*	*406*	*1,021*
incl. interest expenses	*(37,042)*	*211*	*(36,831)*
incl. change in the fair value of derivative instruments	*15,959*	*(8)*	*15,951*
incl. net foreign exchange gains/(losses) on financing activities	*(29,539)*	*(272)*	*(29,811)*
Profit/(loss) before income tax	28,919	157	29,076
Income tax expense	(5,076)	(157)	(5,233)
Profit/(loss) after tax	23,843	-	23,843
CAPEX on cash basis	12,913	(5,833)	7,080

7 Segmental information (continued)

The segment operating expenses for the six month period ended 30 June 2020 are as follows:

(in thousands of US dollars)

	Russian ports	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Depreciation of property, plant and equipment	18,787	531	19,318	416	(388)	-	19,346
Depreciation of right-of-use assets	6,038	375	6,413	238	(131)	-	6,520
Amortisation of intangible assets	216	2	218	256	(22)	-	452
Staff costs	28,036	2,167	30,203	9,169	(1,258)	1	38,115
Transportation expenses	23,694	292	23,986	-	(241)	-	23,745
Fuel, electricity and gas	4,977	251	5,228	3	(156)	-	5,075
Repair and maintenance of property, plant and equipment	2,544	527	3,071	8	(210)	(4)	2,865
Total	84,292	4,145	88,437	10,090	(2,406)	(3)	96,118
Other operating expenses	15,843	479	16,322	1,673	(560)	(164)	17,271
Total cost of sales, administrative, selling and marketing expenses	100,135	4,624	104,759	11,763	(2,966)	(167)	113,389

7 Segmental information (continued)

The reconciliation of operating expenses for the six month period ended 30 June 2020 calculated with proportionate consolidation to the results presented in the interim condensed consolidated income statement above is as follows:

(in thousands of US dollars)

	Group as per proportionate consolidation	Equity method and other adjustments	Group as per equity method consolidation of joint ventures
Depreciation of property, plant and equipment	19,346	(1,162)	18,184
Depreciation of right-of-use assets	6,520	(394)	6,126
Amortisation of intangible assets	452	(64)	388
Staff costs	38,114	(3,774)	34,340
Transportation expenses	23,745	(723)	23,022
Fuel, electricity and gas	5,075	(469)	4,606
Repair and maintenance of property, plant and equipment	2,873	(636)	2,237
Total	96,125	(7,222)	88,903
Other operating expenses	17,264	(1,242)	16,022
Total cost of sales, administrative, selling and marketing expenses	113,389	(8,464)	104,925

7 Segmental information (continued)

The total segment assets and liabilities as at 30 June 2020 are presented below:

(in thousands of US dollars)

	Russian ports	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Property, plant and equipment (including prepayments for PPE)	465,338	13,616	478,954	1,279	(9,930)	-	470,303
Right-of-use assets	563,248	3,252	566,500	392	(1,437)	-	565,455
Investments in joint ventures	784	-	784	165,870	-	(166,654)	-
Intangible assets	13,741	11	13,752	3,490	(528)	-	16,714
Other non-current assets	89,582	126,703	216,285	1,073,626	(33,015)	(1,192,008)	64,888
Inventories	8,563	-	8,563	24	(143)	-	8,444
Trade and other receivables (including income tax prepayment)	63,954	4,803	68,757	3,571	(1,598)	(2,215)	68,515
Cash and cash equivalents	151,204	3,326	154,530	3,139	(2,007)	-	155,662
Total assets	1,356,414	151,711	1,508,125	1,251,391	(48,658)	(1,360,877)	1,349,981
Long-term borrowings	553,485	4,477	557,962	18,080	(5,110)	(5,607)	565,325
Long-term lease liabilities	31,727	2,794	34,521	66	(1,274)	-	33,313
Other long-term liabilities	127,247	1,302	128,549	145	(404)	(869)	127,421
Trade and other payables	21,577	2,378	23,955	6,674	(1,137)	(1,778)	27,714
Short-term borrowings	232,764	2,225	234,989	-	(590)	(103)	234,296
Short-term lease liabilities	1,294	521	1,815	407	(203)	-	2,019
Other short-term liabilities	446	-	446	-	(2)	-	444
Total liabilities	968,540	13,697	982,237	25,372	(8,720)	(8,357)	990,532
Non-controlling interest	16,111	-	16,111	-	-	-	16,111

Included within ‘Russian ports’, ‘Finnish ports’ and ‘Holdings’ segments ‘Other non-current assets’ are investments in subsidiaries in the total amount of US$19,665 thousand, US$126,614 thousand and US$1,072,594 thousand respectively (fully eliminated on consolidation).

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7 Segmental information (continued)

The reconciliation of total segment assets and liabilities as at 30 June 2020 calculated with proportionate consolidation to the results presented in the interim condensed consolidated balance sheet above is as follows:

(in thousands of US dollars)

	Group as per proportionate consolidation	Equity method and other adjustments	Group as per equity method consolidation of joint ventures
Property, plant and equipment (including prepayments for PPE)	470,303	(29,794)	440,509
Right-of-use assets	565,455	(4,307)	561,148
Investments in joint ventures	-	24,472	24,472
Intangible assets	16,714	(4,167)	12,547
Other non-current assets	64,888	10,759	75,647
Inventories	8,444	(429)	8,015
Trade and other receivables (including income tax prepayment)	68,515	(4,588)	63,927
Cash and cash equivalents	155,662	(6,019)	149,643
Total assets	1,349,981	(14,073)	1,335,908
Long-term borrowings	565,325	(3,358)	561,967
Long-term lease liabilities	33,313	(3,824)	29,489
Other long-term liabilities	127,421	(1,213)	126,208
Trade and other payables	27,714	(3,410)	24,304
Short-term borrowings	234,296	(1,668)	232,628
Short-term lease liabilities	2,019	(610)	1,409
Other short-term liabilities	444	(5)	439
Total liabilities	990,532	(14,088)	976,444
Non-controlling interest	16,111	-	16,111

7 Segmental information (continued)

The segment results for the six month period ended 30 June 2019 are as follows:

(in thousands of US dollars)

					Reconciliation adjustments		
	Russian ports	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group as per proportionate consolidation
Revenue from container operations	134,331	4,573	138,905	-	(2,050)	-	136,854
Non-containerized cargo	54,838	11,697	66,534	-	(4,000)	-	62,535
Inter-segment revenue	-	-	-	83	-	(83)	-
Total revenue	189,169	16,270	205,439	83	(6,050)	(83)	199,389
Cost of sales	(77,682)	(11,483)	(89,165)	(139)	4,623	59	(84,622)
Administrative, selling and marketing expenses	(6,443)	(617)	(7,060)	(13,710)	388	117	(20,265)
Other gains/(losses) – net	(1,053)	114	(939)	(28,268)	12	(5,459)	(34,654)
Operating profit/(loss)	103,991	4,284	108,275	(42,034)	(1,027)	(5,366)	59,848
Finance income/(costs) – net	(2,338)	(198)	(2,536)	(925)	(108)	-	(3,569)
incl. interest income	*1,549*	*-*	*1,549*	*22*	*(16)*	*(579)*	*976*
incl. interest expenses	*(39,408)*	*(95)*	*(39,503)*	*(640)*	*184*	*579*	*(39,380)*
incl. change in the fair value of derivative instruments	*(496)*	*(77)*	*(573)*	*-*	*19*	*-*	*(554)*
incl. net foreign exchange gains/(losses) on financing activities	*36,017*	*(26)*	*35,991*	*(307)*	*(295)*	*-*	*35,389*
Profit/(loss) before income tax	101,653	4,086	105,739	(42,959)	(1,135)	(5,366)	56,279
Income tax expense	(19,262)	(822)	(20,084)	(154)	174	-	(20,064)
Profit/(loss) after tax	82,391	3,264	85,655	(43,113)	(961)	(5,366)	36,215
CAPEX* on cash basis	5,288	252	5,540	754	(159)	-	6,135

*CAPEX represents purchases of property, plant and equipment

Included within ‘Other adjustments’ on the line ‘Other gains/(losses) - net’ is the elimination of intragroup dividends.

7 Segmental information (continued)

The reconciliation of results for the six month period ended 30 June 2019 calculated with proportionate consolidation to the results presented in the interim condensed consolidated income statement above is as follows:

(in thousands of US dollars)

	Group as per proportionate consolidation	Equity method and other adjustments	Group as per equity method consolidation of joint ventures
Revenue from container operations	136,854	(6,150)	130,704
Non-containerized cargo	62,535	(11,999)	50,536
Inter-segment revenue	-	-	-
Total revenue	199,389	(18,149)	181,240
Cost of sales	(84,622)	13,868	(70,754)
Administrative, selling and marketing expenses	(20,265)	1,165	(19,100)
Share of profit/(loss) of joint ventures accounted for using the equity method	-	2,879	2,879
Other gains/(losses) – net	(34,654)	38	(34,616)
Operating profit/(loss)	59,848	(199)	59,649
Finance income/(costs) – net	(3,569)	(321)	(3,890)
incl. interest income	*976*	*306*	*1,282*
incl. interest expenses	*(39,380)*	*200*	*(39,180)*
incl. change in the fair value of derivative instruments	*(554)*	*58*	*(496)*
incl. net foreign exchange gains/(losses) on financing activities	*35,389*	*(885)*	*34,504*
Profit/(loss) before income tax	56,279	(520)	55,759
Income tax expense	(20,064)	520	(19,544)
Profit/(loss) after tax	36,215	-	36,215
CAPEX on cash basis	6,135	(475)	5,660

7 Segmental information (continued)

The segment operating expenses for the six month period ended 30 June 2019 are as follows:

(in thousands of US dollars)

					Reconciliation adjustments		
	Russian ports	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group as per proportionate consolidation
Depreciation of property, plant and equipment	18,770	805	19,575	140	(491)	-	19,225
Depreciation of right-of-use assets	5,827	189	6,016	514	(54)	-	6,477
Amortisation of intangible assets	495	1	496	200	(26)	-	670
Staff costs	28,120	9,033	37,153	10,754	(2,966)	-	44,941
Transportation expenses	5,001	210	5,211	-	(296)	-	4,915
Fuel, electricity and gas	5,566	347	5,913	5	(220)	-	5,698
Repair and maintenance of property, plant and equipment	2,785	412	3,197	6	(268)	-	2,935
Total	66,564	10,997	77,561	11,619	(4,320)	-	84,860
Other operating expenses	17,561	1,103	18,664	2,230	(691)	(176)	20,027
Total cost of sales, administrative, selling and marketing expenses	84,125	12,100	96,225	13,849	(5,011)	(176)	104,887

7 Segmental information (continued)

The reconciliation of operating expenses for the six month period ended 30 June 2019 calculated with proportionate consolidation to the results presented in the interim condensed consolidated income statement above is as follows:

(in thousands of US dollars)

	Group as per proportionate consolidation	Equity method and other adjustments	Group as per equity method consolidation of joint ventures
Depreciation of property, plant and equipment	19,225	(1,117)	18,108
Depreciation of right-of-use assets	6,477	(516)	5,961
Amortisation of intangible assets	670	(78)	592
Staff costs	44,941	(8,897)	36,044
Transportation expenses	4,915	(885)	4,030
Fuel, electricity and gas	5,698	(658)	5,040
Repair and maintenance of property, plant and equipment	2,935	(802)	2,133
Total	84,860	(12,952)	71,908
Other operating expenses	20,027	(2,081)	17,946
Total cost of sales, administrative, selling and marketing expenses	104,887	(15,033)	89,854

7 Segmental information (continued)

The total segment assets and liabilities as at 31 December 2019 are presented below:

(in thousands of US dollars)

	Russian ports	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Property, plant and equipment (including prepayments for PPE)	533,141	7,109	540,250	1,836	(9,227)	-	532,859
Right-of-use assets	641,689	2,510	644,199	829	(1,332)	-	643,696
Investments in joint ventures	784	-	784	165,870	-	(166,654)	-
Intangible assets	15,225	13	15,238	3,920	(570)	-	18,588
Other non-current assets	103,126	126,703	229,829	1,075,425	(33,014)	(1,205,633)	66,607
Inventories	8,915	-	8,915	-	(153)	-	8,762
Trade and other receivables (including income tax prepayment)	59,879	1,396	61,275	6,071	(1,634)	(4,547)	61,165
Cash and cash equivalents	122,879	7,106	129,985	3,757	(2,347)	-	131,395
Total assets	1,485,638	144,837	1,630,475	1,257,708	(48,277)	(1,376,834)	1,463,072
Long-term borrowings	743,607	603	744,210	16,914	(4,513)	(18,044)	738,567
Long-term lease liabilities	35,262	2,206	37,468	323	(1,201)	-	36,590
Other long-term liabilities	154,689	121	154,810	322	(148)	(1,231)	153,753
Trade and other payables	27,770	1,738	29,508	11,619	(962)	(4,143)	36,022
Short-term borrowings	99,098	712	99,810	-	(178)	-	99,632
Short-term lease liabilities	851	346	1,197	500	(126)	-	1,571
Other short-term liabilities	365	656	1,021	1	(169)	-	853
Total liabilities	1,061,642	6,382	1,068,024	29,679	(7,297)	(23,418)	1,066,988
Non-controlling interest	17,114	-	17,114	-	-	-	17,114

Included within ‘Russian ports’, ‘Finnish ports’ and ‘Holdings’ segments ‘Other non-current assets’ are investments in subsidiaries in the total amount of US$19,665 thousand, US$126,614 thousand and US$1,073,463 thousand respectively (fully eliminated on consolidation).

7 Segmental information (continued)

The reconciliation of total segment assets and liabilities as at 31 December 2019 calculated with proportionate consolidation to the results presented in the interim condensed consolidated balance sheet above is as follows:

(in thousands of US dollars)

	Group as per proportionate consolidation	Equity method and other adjustments	Group as per equity method consolidation of joint ventures
Property, plant and equipment (including prepayments for PPE)	532,859	(27,681)	505,178
Right-of-use assets	643,696	(3,997)	639,699
Investments in joint ventures	-	27,590	27,590
Intangible assets	18,588	(4,624)	13,964
Other non-current assets	66,607	12,153	78,760
Inventories	8,762	(456)	8,306
Trade and other receivables (including income tax prepayment)	61,165	(4,736)	56,429
Cash and cash equivalents	131,395	(7,042)	124,353
Total assets	1,463,072	(8,793)	1,454,279
Long-term borrowings	738,567	(454)	738,113
Long-term lease liabilities	36,590	(3,603)	32,987
Other long-term liabilities	153,753	(582)	153,171
Trade and other payables	36,022	(2,744)	33,278
Short-term borrowings	99,632	(534)	99,098
Short-term lease liabilities	1,571	(377)	1,194
Other short-term liabilities	853	(499)	354
Total liabilities	1,066,988	(8,793)	1,058,195
Non-controlling interest	17,114	-	17,114

The management also assesses the performance of the Group based on adjusted EBITDA that is defined as profit/(loss) for the period before income tax expense, finance income/(costs)—net, depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation and impairment of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method and other gains/(losses)—net.

The adjusted EBITDA of the Group is calculated as follows:

(in thousands of US dollars)

	Note	For the six month period ended 30 June	
		2020	2019
Profit/(loss) for the period		23,843	36,215
Adjusted for:			
Income tax expense	11	5,233	19,544
Finance income/(costs) - net	10	49,670	3,890
Amortisation of intangible assets	8	388	592
Depreciation of property, plant and equipment	8	18,184	18,108
Depreciation of right-of-use assets	8	6,126	5,961
Share of (profit)/loss of joint ventures accounted for using the equity method	19	1,401	(2,879)
Other (gains)/losses - net	9	14	34,616
Adjusted EBITDA		104,859	116,047

8 EXPENSES BY NATURE

(in thousands of US dollars)	For the six month period ended 30 June	
	2020	2019
Staff costs	34,340	36,044
Depreciation of property, plant and equipment (Note 12)	18,184	18,108
Depreciation of right-of-use assets (Note 12)	6,126	5,961
Amortisation of intangible assets (Note 12)	388	592
Transportation expenses	23,022	4,030
Fuel, electricity and gas	4,606	5,040
Repair and maintenance of property, plant and equipment	2,237	2,133
Taxes other than on income	1,314	1,584
Legal, consulting and other professional services	1,531	2,188
Expense relating to short-term leases and/or leases of low-value assets	261	284
Purchased services	7,735	7,480
Other expenses	5,181	6,410
Total cost of sales, administrative, selling and marketing expenses	104,925	89,854

As a result of new terms of certain sales agreement, VSC acted as a principal in 2020 versus as an agent in the first half of 2019. In the first half of 2019 the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Starting from the second half of 2019 full revenue and associated cost are recognised in consolidated revenue and transportation expenses accordingly. This change resulted in additional US$20.4 million to both consolidated revenue and cost of sales, with no effect on adjusted EBITDA.

Cost of sales

(in thousands of US dollars)	For the six month period ended 30 June	
	2020	2019
Staff costs	23,615	22,607
Depreciation of property, plant and equipment	17,396	17,272
Depreciation of right-of-use assets	6,126	5,961
Amortisation of intangible assets	314	506
Transportation expenses	23,020	4,028
Fuel, electricity and gas	4,515	4,915
Repair and maintenance of property, plant and equipment	2,208	2,034
Taxes other than on income	1,247	1,277
Expense relating to short-term leases and/or leases of low-value assets	63	150
Purchased services	7,735	7,480
Other expenses	3,681	4,524
Total cost of sales	89,920	70,754

Administrative and selling expenses

(in thousands of US dollars)	For the six month period ended 30 June	
	2020	2019
Staff costs	10,725	13,437
Depreciation of property, plant and equipment	788	836
Amortisation of intangible assets	74	86
Transportation expenses	2	2
Fuel, electricity and gas	91	125
Repair and maintenance of property, plant and equipment	29	99
Taxes other than on income	67	307
Legal, consulting and other professional services	1,531	2,188
Expense relating to short-term leases and/or leases of low-value assets	198	134
Other expenses	1,500	1,886
Total administrative and selling expenses	15,005	19,100

9 OTHER GAINS/(LOSSES) – NET

(in thousands of US dollars)

	For the six month period ended 30 June	
	2020	2019
Other gains/(losses) – net	(284)	(1,114)
Net loss on disposal of assets held for sale	-	(33,535)
Currency exchange gains/(losses) on non-financing activities – net	270	33
Total	(14)	(34,616)

In April 2019 the Group completed the disposal of its 50% holding in VEOS, one of the Group's joint ventures and operating segments that was classified as held for sale at the end of 2018. The result of the disposal was a US$(50) thousand loss that is reflected within 'other gains/(losses) – net'. In addition, US$(33,485) thousand (negative) were recycled to 'other gains/(losses) – net' from the currency translation reserve. This is the amount related to VEOS that was recognised in other comprehensive income and accumulated in the equity.

10 FINANCE INCOME/(COSTS) – NET

(in thousands of US dollars)

	For the six month period ended 30 June	
	2020	2019
Included in finance income:		
Interest income on bank balances	495	810
Interest income on short-term bank deposits	-	1
Interest income on loans to related parties (Note 21(g))	526	471
Total finance income calculated using effective interest rate method	1,021	1,282
Included in finance costs:		
Interest expenses on bank borrowings	(3,071)	(4)
Interest expenses on leases	(2,148)	(2,129)
Interest expenses on bonds	(31,175)	(36,623)
Loss on extinguishment of financial liabilities	(437)	(100)
Other finance costs	-	(324)
Total finance costs	(36,831)	(39,180)
Included in the change in fair value of derivatives:		
Change in fair value of currency forward and option agreements	15,951	(496)
Total change in fair value of derivatives (Note 17)	15,951	(496)
Net foreign exchange gains/(losses) on financing activities	(29,811)	34,504
Finance income/(costs) – net	(49,670)	(3,890)

11 INCOME TAX

Income tax expense is recognised based on management's best estimates of annual effective income tax rates determined for each taxing jurisdiction and applied individually to the interim period pre-tax income of each jurisdiction.

(in thousands of US dollars)

	For the six month period ended 30 June	
	2020	2019
Profit/(loss) before tax	29,076	55,759
Tax calculated at the applicable tax rates – 20%	5,815	11,152
Tax effect of expenses not deductible for tax purposes	924	1,618
Tax effect of a result of disposal of assets held for sale (Note 9)	-	6,707
Tax effect of different tax rates in Group	(636)	-
Tax credit claimed	(1,872)	-
Tax effect of share of profit in jointly controlled entities	280	(576)
Withholding tax on undistributed profits	722	643
Tax charge	5,233	19,544

12 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

(in thousands of US dollars)

Period ended 30 June 2020	Right-of-use assets	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2020	639,699	499,335	13,964
Additions	810	11,672	322
Adjustments related to changes in the index affecting lease payments (Note 16)	301	-	-
Disposals	-	(360)	-
Depreciation and amortisation (Note 8)	(6,126)	(18,184)	(388)
Exchange differences	(73,536)	(57,617)	(1,351)
Closing net book amount as at 30 June 2020	561,148	434,846	12,547

Period ended 30 June 2019	Right-of-use assets	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2019	577,125	454,304	13,414
Additions	-	8,435	156
Adjustments related to changes in the index affecting lease payments (Note 16)	3,196	-	-
Disposals	-	(93)	-
Depreciation and amortisation (Note 8)	(5,961)	(18,108)	(592)
Write offs	-	(5)	-
Exchange differences	58,410	46,165	1,297
Closing net book amount as at 30 June 2019	632,770	490,698	14,275

Additions to property, plant and equipment and to intangible assets are of ordinary nature in both periods.

Capital expenditure contracted for at the balance sheet date but not yet incurred is US$10,492 thousand (31 December 2019: US$14,998 thousand).

13 TRADE AND OTHER RECEIVABLES

(in thousands of US dollars)	As at	
	30 June 2020	31 December 2019
Trade receivables - third parties	27,053	19,655
Trade receivables - related parties (Note 21(e))	14,219	6,515
Total trade receivables	41,272	26,170
Other receivables	2,178	4,177
Loans to related parties (Note 21(g))	14,992	16,690
VAT and other taxes recoverable	5,082	10,240
Total financial assets at amortised cost	22,252	31,107
Prepayments for goods and services	4,799	4,285
Prepayments for goods and services - related parties (Note 21(e))	3,542	1,421
Total trade and other receivables	71,865	62,983
Less non-current portion:		
Loans to related parties	(14,992)	(16,583)
Other receivables	(299)	(913)
Total non-current portion	(15,291)	(17,496)
Current portion	56,574	45,487

14 DIVIDENDS

No dividends were declared or paid in 2019 and during the first half of 2020.

15 BORROWINGS

(in thousands of US dollars)	As at	
	30 June 2020	31 December 2019
Non-current	561,967	738,113
Current	232,628	99,098
Total	794,595	837,211

Movements in borrowings are analysed as follows:

(in thousands of US dollars)	For the six month period ended 30 June	
	2020	2019
At the beginning of the period	837,211	863,809
Proceeds from borrowings	4,451	50
Repayments of borrowings and interest	(44,788)	(38,084)
Loss on extinguishment of financial liabilities	437	100
Interest charged (Note 10)	34,246	36,951
Exchange differences	(36,962)	22,150
At the end of the period	794,595	884,976

15 Borrowings (continued)

The weighted average effective interest rate on borrowings is 8.68% (2019: 8.98%).

The maturity of non-current borrowings (excluding lease liabilities) is analysed as follows:

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Between 1 and 2 years	199,881	161,523
Between 2 and 5 years	362,086	576,590
Total	561,967	738,113

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Russian rouble	288,198	321,021
US dollar	506,397	516,190
Total	794,595	837,211

16 LEASES

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Non-current	29,489	32,987
Current	1,409	1,194
Total	30,898	34,181

Movements in leases are analysed as follows:

(in thousands of US dollars)

	For the six month period ended 30 June	
	2020	2019
At the beginning of the period	34,181	26,803
New leases	816	-
Repayments of leases	(721)	(422)
Repayments of interest	(2,055)	(2,022)
Interest charged	2,148	2,129
Adjustments relating to changes in the index affecting lease payments	305	3,196
Exchange differences	(3,776)	2,729
At the end of the period	30,898	32,413

The maturity of non-current lease liabilities is analysed as follows:

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Between 1 and 2 years	956	936
Between 2 and 5 years	640	866
Over 5 years	27,893	31,185
Total	29,489	32,987

16 Leases (continued)

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Russian rouble	30,037	33,535
US dollar	861	646
Total	30,898	34,181

17 DERIVATIVE FINANCIAL INSTRUMENTS

During 2019 the Group entered into several RUB/US$ currency options and forward contracts in order to hedge part of foreign exchange risk associated with its US$ denominated non-convertible unsecured bonds (which have been provided as loans to the Russian operating subsidiaries).

The Group decided not to apply hedge accounting to options and forward contracts. As a result, the change in fair value is presented in the consolidated income statement under 'change in fair value of derivatives' as part of 'finance income/(costs) – net' (see Note 10). Cash collected/paid in relation to the options and forward arrangements not used for hedging is presented in the consolidated statement of cash flows as 'proceeds from/(settlement of) derivative financial instruments not used for hedging' as part of 'financing activities'. During the six month period ended 30 June 2020 a forward contract was settled with the resulting net cash outflow US$209 thousand.

As of 30 June 2020, the net fair value of options contracts was positive US$62 thousand (31 December 2019: negative US$(1,316) thousand), and net fair value of forward contracts was positive US$7,055 thousand (31 December 2019: negative US$(7,868) thousand).

As of 30 June 2020, there are outstanding forward contracts to acquire US$126,200 thousand and currency options contracts with the possibility to acquire US$87,000 thousand.

18 TRADE AND OTHER PAYABLES

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Trade payables - third parties	2,675	4,108
Trade payables - related parties (Note 21(f))	227	22
Payables for property, plant and equipment	1,278	782
Other payables - third parties	195	416
Other payables - related parties (Note 21(f))	557	630
Payroll payable	1,727	2,281
Accrued expenses	11,082	13,430
Contract liabilities	3,873	7,504
Taxes payable (other than income tax)	2,690	4,105
Total trade and other payables	24,304	33,278
Less non-current portion	-	-
Current portion	24,304	33,278

19 INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures – MLT group and CD Holding group. See Note 1 and Note 7 for more details.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

The Group's share of capital expenditure contracted for at the balance sheet date but not yet incurred by the joint ventures amounted to US$745 thousand at 30 June 2020 (31 December 2019: US$4,921 thousand).

The summarised investments in joint ventures accounted for using the equity method as at 30 June 2020 and 30 June 2019 are as follows:

(in thousands of US dollars)

	Six month period ended 30 June 2020		
	MLT	CD Holding	Total
As at the beginning of the period	27,590	-	27,590
Recognised share of loss	(972)	(429)	(1,401)
Translation differences (through other comprehensive income/(loss))	(2,146)	82	(2,064)
Share of losses of joint ventures applied against other long-term interests (Note 21(g))	-	347	347
As at the end of the period	24,472	-	24,472

(in thousands of US dollars)

	Six month period ended 30 June 2019		
	MLT	CD Holding	Total
As at the beginning of the period	24,795	-	24,795
Recognised share of profit	1,712	1,167	2,879
Translation differences (through other comprehensive income/(loss))	2,073	(188)	1,885
Share of profits of joint ventures applied against other long-term interests (Note 21(g))	-	(979)	(979)
As at the end of the period	28,580	-	28,580

20 EARNINGS PER SHARE

The basic and diluted earnings per share attributable to the equity holders of the Company are as follows:

(in thousands of US dollars)

	Six month period ended 30 June	
	2020	2019
Basic and diluted earnings per share for profit/(loss) attributable to the owners of the Company during the period (expressed in US$ per share)	0.04	0.06

The weighted average number of shares used for calculating earnings per share is 573,171 thousand for the six month periods ended 30 June 2020 and 2019.

21 RELATED PARTY TRANSACTIONS

The Group is jointly controlled by APM Terminals B.V. and LLC Management Company "Delo".

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

21. Related party transactions (continued)

The following transactions were carried out with related parties:

(a) Sales of services

(in thousands of US dollars)

	Six month period ended 30 June	
	2020	2019
Entities under control of owners of controlling entities	50,176	51,442
Other related parties	8	2
Joint ventures in which GPI is a venturer	66	2
Total	50,250	51,446

(b) Purchases of services and incurred expenses

(in thousands of US dollars)

	Six month period ended 30 June	
	2020	2019
Entities under control of owners of controlling entities*	15,439	87
Joint ventures in which GPI is a venturer	606	-
Other related parties	849	1,102
Total	16,894	1,189

*In the end of 2019 one of the previously existed counterparties became a related party as a result of investing activity of owners of controlling entities. Purchases from this new related party amounted to US$15,193 thousand in six month period ended 30 June 2020.

(c) Interest income

(in thousands of US dollars)

	Six month period ended 30 June	
	2020	2019
Interest income from loans to joint ventures in which GPI is a venturer	526	471
Total	526	471

(d) Key management compensation

(in thousands of US dollars)

	Six month period ended 30 June	
	2020	2019
Key management compensation:		
Salaries, payroll taxes and other short-term employee benefits	2,142	4,815

(e) Trade, other receivables and prepayments

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Entities under control of owners of controlling entities	17,712	7,926
Joint ventures in which GPI is a venturer	49	10
Total	17,761	7,936

21. Related party transactions (continued)

(f) Trade and other payables

(in thousands of US dollars)

	As at	
	30 June 2020	31 December 2019
Entities under control of owners of controlling entities	568	652
Joint ventures in which GPI is a venturer	46	-
Other related parties	170	-
Payroll payable and accrued expenses related to key management	1,843	3,421
Total	2,627	4,073

(g) Loans to related parties

The details of loans provided to joint ventures in which GPI is a venturer are presented below:

(in thousands of US dollars)

	Six month period ended 30 June 2020	Year ended 31 December 2019
At the beginning of the period/year	16,690	14,942
Interest charged (Note 10)	526	951
Loan and interest repaid	-	(320)
GPI's share of profits/(losses) of joint ventures applied against other long-term interests (Note 19)	(347)	936
Foreign exchange differences	(1,877)	181
At the end of the period/year	14,992	16,690

The loans are not secured, were provided at fixed interest rate and are repayable in 2020. However, the loans are classified as non-current because of the Group's intention to defer repayment for more than 12 months.

22 EVENTS AFTER THE REPORTING PERIOD

There were no material post balance sheet events which have a bearing on the understanding of this interim condensed consolidated financial information.

Report on review of Interim Condensed Consolidated Financial Information
To Global Ports Investments Plc

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Global Ports Investments Plc (the "Company") and its subsidiaries (the "Group") as of 30 June 2020 and the related interim condensed consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

18 August 2020
Limassol, Cyprus

PricewaterhouseCoopers Ltd, City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus
P O Box 53034, CY-3300 Limassol, Cyprus
T: +357 25 - 555 000, F:+357 - 25 555 001, www.pwc.com.cy

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