30 September 2022

Mercantile Ports & Logistics Limited

("MPL", the "Group" or the "Company")

Interim Results

Mercantile Ports & Logistics (AIM: MPL), which is operating and continuing to develop a modern port and logistics facility in Navi Mumbai, Maharashtra, India, announces its interim results for the period ended 30 June 2022.

Summary of key points during and post period:

- Group revenue of £1.91 million (June 2021: £0.85 million).
- Loss for 30 June 2022 £6.52 million (June 2021: £3.40 million)
- Management remains comfortable with market expectations
- Net asset value as at 30 June 2022 £97.86 million (June 2021: £91.25 million)
- Total assets of £154 million (June 2021: £148 million), a debt to equity ratio of 0.47 (June 2021: 0.47) and cash of £2.01 million at 30 June 2022 (June 2021: £ 1.68 million).

Jeremy Warner Allen, Executive Chairman of MPL said, "2022 has seen the first full nine months of uninterrupted operations at MPL's Karanja facility and our business model has started to prove itself. So far this year we have handled 800,000 tons of cargo (2021 c.227,000 tonnage) through contracted agreements and spot market demand which includes multiple commodities including coal, steel, cement, olivine flux and project cargo. We are also busy with negotiations with other prospective customers which are expected to boost the top line of the Group."

Jay Mehta, CEO of MPL stated, "These financial results show an all-round performance aligned to a clearer business strategy. The Group is expecting further strong operational and financial performance in H2 2022, which is extremely pleasing and does, I believe, show that our strategy is working."

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Chairman's Statement

2022 has seen the first full nine months of uninterrupted operations at MPL's Karanja facility and our business model has started to prove itself. So far this year we have handled 800,000 tons of cargo (2021 c.227,000 tons) through contracted agreements and spot market demand and the cargo has been diverse including multiple commodities including coal, steel, cement, olivine flux and project cargo.

Having secured customers that wish to utilize our facilities for bulk cargoes and products, management's focus has been, and continues to be on increasing margins by providing additional volume and services to new and existing customers. We are pleased to report that MPL has been successful in receiving the necessary Government permissions to handle containers. This will allow our facility at Karanja to receive containers directly from JNPT enabling customers to avoid lengthy delays in transportation bottlenecks. Services will include stuffing and de stuffing of containers, groupage and other logistical operations. This is an important development for the company, and is in accordance with our plans to begin to service a market, which is significantly bigger than bulk cargo. We would expect to derive our first revenues from this initiative over the next 6-8 months.

Revenues for H1 2022 were GBP 1.91 mn, versus GBP 0.85 mn for H1 2021, which clearly demonstrate the operational momentum gained over the past 12 month period. We expect such momentum and capacity utilization to continue to grow through the rest of this year and beyond. MPL continues to work with the State Government towards enhancing its rail connectivity. Whilst a rail terminal is being constructed c. 3.5km from our port, management is in active discussions with the authorities for support to extend a spur to our complex, which would provide a very valuable service to our customers. The Federal Government has initiated a new logistics policy and has announced the development of 8 Multimodal Logistics Parks (MMLP's) across the State in and has announced the development of 8 Multimodal Logistics Parks (MMLP's) across the State in partnership with the State Government. MPL believes that its strategic location, at Karanja, is well suited for developing a profitable MMLP and is actively pursuing a partnership with the State.

As part of MPL's marketing initiatives, Jay Mehta, CEO, was a speaker at a recent conference on Coastal shipping which was attended by 500 delegates from the port, shipping and logistics sectors. This has resulted in a number of new business opportunities for our Karanja Facility. In addition, we have strengthened our business development team, as we continue to see business opportunities from contracted and spot customers as Karanja increasingly becomes part of Mumbai's logistical infrastructure. India and its economy is predicted to meet its growth expectations this year and remains one of the few economies that should achieve this. This provides a good backdrop within which our Karanja facility can operate. Looking forward to the final quarter of 2022, our Port and logistic utilization will continue to increase, and therefore we remain comfortable in meeting our revenue expectations for this financial year, with the one proviso of commercial activity not being affected by disruptions, which fall outside of management's control. Finally, on behalf of the board, I should like to thank our staff, management, and customers for their continuing hard work and support.

At the time of the Placing and Subscription in August 2021, and as set out in the circular at the time, the Subscription by Hunch Ventures constituted a related party transaction under the AIM Rules. It has been concluded that the process set out in the Company's 2021 Annual Results and pursued to transfer the funds to Guernsey constitutes a separate related party transaction. The independent directors, having consulted with its Nominated Adviser, consider that the terms of that transaction are fair and reasonable insofar as its shareholders are concerned. The Company confirms that the Subscription monies are now held in a bank account controlled by a Group company.

Jeremy Warner Allan, Chairman

Mercantile Ports & Logistics Limited

29 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

	Note	6 months ended 30 June 2022	6 months ended 30 June 2021	Year ended 31 Dec 2021
		£000	**£000**	**£000**
CONTINUING OPERATIONS				
Revenue		1,913	850	1,801
Operating costs		(606)	(84)	(307)
Administrative expenses		(4,521)	(2,171)	(8,373)
Operating loss before depreciation	2	(228)	(324)	(3,747)
Depreciation	2	(2,986)	(1,081)	(3,132)
OPERATING LOSS		**(3,214)**	**(1,405)**	**(6,879)**
Finance income		22	29	40
Gains from extinguishment of debt		--	--	5,408
Finance cost		(3,323)	(2,031)	(4,576)
NET FINANCING COST		**(3,301)**	**(2,002)**	**872**
LOSS BEFORE TAX		**(6,515)**	**(3,407)**	**(6,007)**
Tax expense for the period		(25)	-	(14)
LOSS FOR THE PERIOD		**(6,540)**	**(3,407)**	**(6,021)**
Loss for the period attributable to:				
Non-controlling interest		(13)	(7)	(5)
Owners of the parent		(6,527)	(3,400)	(6,016)
Loss for the period / year		**(6,540)**	**(3,407)**	**(6,021)**
Other comprehensive income/(expense)				
Items that will not be reclassified to profit or loss				
Re-measurement of net defined benefit liability		**-**	**-**	8
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	5	**4,190**	**(3,018)**	(673)
Other comprehensive loss for the period / year		**4,190**	**(3,018)**	**(665)**
Total comprehensive loss for the period / year		**(2,350)**	**(6,425)**	**(6,686)**
Total comprehensive loss for the period / year attributable to:				
Non-controlling interest		(13)	(7)	(5)
Owners of the parent		(2,337)	(6,418)	(6,681)
		(2,350)	**(6,425)**	**(6,686)**
Loss per share (consolidated):				
Basic & Diluted, for the period attributable to ordinary equity holders		(£0.157p)	(£0.002p)	(£0.231p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

AS AT 30 JUNE 2022

	Note	Period ended 30 June 2022	Period ended 30 June 2021	Year ended 31 Dec 2021
		£000	£000	£000
Assets				
Property, plant and equipment	8	135,332	129,145	131,344
Intangible asset		20	4	4
Total non-current assets		**135,352**	**129,149**	**131,348**
Trade and other receivables	9	16,380	17,605	18,484
Cash and cash equivalents		2,010	1,679	4,783
Total current assets		**18,390**	**19,284**	**23,267**
Total assets		**153,742**	**148,433**	**154,615**
Liabilities				
Non-current				
Employee benefit obligations		3	7	43
Borrowings	7	42,097	42,306	39,932
Lease liabilities payables		1,569	1,580	1,562
Non-current liabilities		**43,669**	**43,893**	**41,537**
Current				
Employee benefit obligations		440	330	449
Borrowings	7	1,865	447	1,037
Current tax liabilities		404	403	415
Leases Liabilities payable		798	767	795
Trade and other payables		8,705	11,345	10,171
Current liabilities		**12,212**	**13,292**	**12,867**
Total liabilities		**55,881**	**57,185**	**54,404**
Net assets		**97,861**	**91,248**	**100,211**
Equity				
Share capital and share premium		143,851	134,627	143,851
Retained earnings		(22,929)	(13,794)	(16,402)
Translation reserve		(23,047)	(29,582)	(27,237)
Equity attributable to owners of parent		**97,875**	**91,251**	**100,212**
Non-controlling interest		(14)	(3)	(1)
Total equity and liabilities		**97,861**	**91,248**	**100,211**

CONDENSED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2022

	Note	6 months ended 30 June 2022	6 months ended 30 June 2021	Year ended 31 Dec 2021
		£000	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax for the period / year		(6,515)	(3,407)	(6,007)
Non cash flow adjustments	6	6,284	3,020	5,149
Net cash generated/used from operating activities		**(231)**	**(387)**	**(858)**
Net changes in working capital	6	810	(489)	(4,669)
Net cash from operating activities		**579**	**(876)**	**(5,527)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(1,143)	(1,082)	(2,107)
Finance income		18	11	27
Net cash used in investing activities		**(1,125)**	**(1,071)**	**(2,080)**

CASH FLOWS FROM FINANCING ACTIVITIES			
From issue of additional shares	-	-	9,224
Proceeds from borrowing (net)	-	992	984
Repayment of bank borrowing principal	(63)	(640)	(641)
Interest paid on borrowing	(2,009)	(522)	(810)
Repayment of leasing liabilities principal (net)	(179)	(53)	(96)
Interest payment on leasing liabilities	(9)	(24)	(131)
Net cash (used in) / generated from financing activities	**(2,260)**	**(247)**	**8,530**
Net change in cash and cash equivalents	**(2,806)**	**(2,194)**	**923**
Cash and cash equivalents, beginning of the period	4,783	3,895	3,895
Exchange differences on cash and cash equivalents	33	(22)	(35)
Cash and cash equivalents, end of the period	**2,010**	**1,679**	**4,783**

Note :

1) The adjustments and working capital movements have been combined in the above Statement of Cash Flows.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	Stated Capital	Translation Reserve	Retained Earnings	Other Components of equity	Non-controlling Interest	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2021	**134,627**	**(26,564)**	**(10,394)**	--	**4**	**97,673**
Issue of share capital	10,102	--	--	--	--	10,102
Share Issue cost	(878)	--	--	--	--	(878)
Transactions with owners	**143,851**	**(26,564)**	**(10,394)**	--	**4**	**106,897**
Loss for the period/year	--	--	(6,016)	--	(5)	(6,021)
Foreign currency translation differences for foreign operations	--	(673)	--	--	--	(673)
Re-measurement of net defined benefit pension liability	--	--	--	8	--	8
Re-measurement of net defined benefit pension liability transfer to retained earning	--	--	8	(8)	--	--
Total comprehensive income for the year	--	(673)	(6,008)	--	(5)	(6,686)
Balance at 31 December 2021	**143,851**	**(27,237)**	**(16,402)**	**--**	**(1)**	**100,211**
Balance at 1 January 2022	**143,851**	**(27,237)**	**(16,402)**	**--**	**(1)**	**100,211**
Issue of share capital	--	--	--	--	--	--
Transactions with owners	**143,851**	**(27,237)**	**(16,402)**	**--**	**(1)**	**100,211**
Loss for the period	--	--	(6,527)	--	(13)	(6,540)
Foreign currency translation differences for foreign operations	--	4,190	--	**--**	--	4,190
Total comprehensive income for the period	--	4,190	(6,527)	--	(13)	(2,350)
Balance at 30 June 2022	**143,851**	**(23,047)**	**(22,929)**	**--**	**(14)**	**97,861**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Mercantile Ports & Logistics Limited (the "Company") was incorporated in Guernsey under the Companies (Guernsey) Law 2008 on 24 August 2010. The condensed interim consolidated financial statements of the Company for the period ended 30 June 2022 comprises the financial statement of the Company and its subsidiaries (together referred to as the "Group"). The Company has been established to develop, own and operate port and logistics facilities.

2. General information and basis of preparation

The condensed interim consolidated financial statements are for 6 months' period ended 30 June 2022 and are not for full year accounts. The condensed interim consolidated financial statements are prepared under AIM 18 guidelines. They have been prepared on the historical cost basis. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by EU. The accordance with International Financial Reporting Standards ("IFRS") as issued by [illegible] The condensed interim consolidated financial statements are neither audited in accordance with International Standards on Auditing (UK) nor subject to review as per International Standard on Review Engagements (ISRE) 2410.

The condensed interim consolidated financial statements are presented in Great British Pounds Sterling (£), which is the functional currency of the parent company. The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these, condensed interim consolidated financial statements, the significant judgements made by management applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the annual IFRS financial statements. "The Company is confident of its ability to raise further funds to meet cost overruns, project enhancements or working capital requirements. The Company's financing effort to date is considered sufficient to enable the Company to fund all aspects of its operations. As a result, the condensed interim consolidated financial statements have been prepared on a going concern basis."

The condensed interim consolidated financial statements have been approved for issue by the Board of Directors on 27th September, 2022.

Operating Loss before depreciation

The above information is presented separately in the statement of comprehensive income as a supplementary information. This information is a primary measure used by the executive management and the Board to assess the financial performance of the Group, as it provides a more comparable assessment of the Group's year on year performance. It may also be a key metric used by the investor community to assess the performance of our year-on-year operations.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2021. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

New standards, amendments and interpretations to existing standards are effective from January 1, 2022

There are no accounting pronouncements, which have become effective from1 January 2022 that have a significant impact on the Group's interim condensed consolidated financial statements.

4. Going Concern

The Directors have considered the application of the going concern basis of accounting and believe that, for the foreseeable future, the Group will have adequate resources to meet its liabilities as they fall due.

In making this assessment, the Directors have considered the current and projected cash balance, borrowing facilities available, and anticipated future utilisation of available funds, the Company's ability to control the variable costs, group's capital investment plans and the projected operating performance of the business for the 12 months post the signing of these financial statements.

The group had a cash balance of£2.01 million as at 30 June 2022, and an additional line of unsecured credit from Hunch Ventures amounting to £4.5 million to mitigate funding risk as well as ensuring continuity in business. The company will use the cash generated from operations to manage the projected costs until September 2023 of £ 3.33 million.

Based on the above, after considering the past impact of COVID-19 on the Group's future trading, the Directors believe that it remains appropriate to continue to adopt the going concern in preparing the financial statements.

5. Comprehensive income

The comprehensive loss for the period is calculated after crediting a gain of£ 4.19 million, which arises on the retranslation of foreign operations to Great British Pounds Sterling (£), which is the functional currency of the Company. (INR/GBP exchange rate at 30 June 2022 of 95.96, 31 December 2021: 100.30 and 30 June 2021: 102.95 are used).

6. Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital made to profit before tax to arrive at operating cash flow:

	Period ended 30 Jun 2022 £000	Period ended 30 Jun 2021 £000	Year ended 31 Dec 2021 £000
Adjustments and changes in working capital			
Depreciation	2,986	1,081	3,132
Finance income	(18)	(12)	(40)
Unrealized exchange (loss)/gain	3	(8)	--
Finance cost	2,309	1,956	4,459

Finance cost	3,309	1,956	4,459
Re-measurement of net defined benefit liability	-	-	(8)
Advance written off	-	-	3,000
Gain from extinguishment of debt	-	-	(5,408)
Provision for Gratuity	4	3	14
Loss on sale of Car	-	-	--
	6,284	**3,020**	**5,149**
Change in trade and other payables	829	(23)	(668)
Change in trade and other receivables	(19)	(466)	(4,001)
	810	**(489)**	**(4,669)**

7. Loan facility

Karanja Terminal & Logistics Private Limited (KTLPL), the Indian subsidiary was sanctioned a term loan of INR.480 crores (£46.63 million) by 4 Indian public sector banks and the loan agreement was executed on 28th February, 2014.

There has been a One Time Restructuring (OTR) Proposal, initiated by the Group seeking relief under the Covid-19 Pandemic stress on the financial position of the company. The lenders sanctioned the proposal on 10 June 2021. Outstanding balance as at 30 June 2022 are as follows:

Particular	**Amount in INR Crore**	**Amount in £ Million**
a) Term loan outstanding	365.24	38.06
b) Funded Interest Term Loan (FITL)*	47.22	4.92
c) Guaranteed Emergency Credit Line (GECL)#	9.38	0.98
Total borrowing (a+b+c)	**421.84**	**43.96**
Current	17.90	1.87
Non-current	403.94	42.10
Balance as at 30 June, 2022	**421.84**	**43.96**

* The interest on principal term loan for the period from January 2021 to February 2022 (14 months) has been converted to Funded Interest Term Loan (FITL).

In calendar year ended Dec 2021, company has availed a GECL loan from a public sector bank, which carries interest @7.95% p.a.

The OTR sanctioned by the term lenders extends principal repayment by 2 years (repayment to commence from quarter of December 2022). The rate of interest on Term loan was reduced from 13.45% to 9.55% and FITL carries interest @ 10.55%.

Repayment of schedule of above outstanding loan based on OTR sanction are as follow:

	Repayment amount	
Payment falling due	**INR in Crore**	**GBP in Million**
Within 1 year	20.01	2.09
1 to 5 year's	235.02	24.49
After 5 year's	209.45	21.83
Total	***464.48**	***48.41**

* Loan repayment is stated at gross amount, excluding gain on debt modification £4.52 million (INR.42.64 crore).

The rate of interest will be a floating rate linked to the Canara bank base rate (7.40%) with an additional spread of 215 basis points. The present composite rate of interest is 9.55%. Above borrowings are secured by the hypothecation of the port facility and pledge of its shares as well as a personal guarantee by the Nikhil Gandhi. The carrying amount of the above bank borrowing considered as a reasonable approximation of the fair value.

8. Property, plant and equipment

As at 30 June 2022, the carrying amount of facility yet to be capitalized was £ 25.93 million (30 June 2021: £ 81.14 million) and part of port facility was capitalised on 01 October 2021 was £ 60.14 million. The amount of borrowing costs capitalised during the six months ended 30 June 2022 was £ Nil million (31 December 2021: £0.85 million).

The group intends to optimize its operations on land parcel of 70 acres proportionate cost for same has been capitalized till date. The balance additional reclaimed land of c. 30 acres is ready for being made available for use by future customers subject to customized modifications including ground strength requirement, surfacing etc.

The Group currently has excess surcharge material to the tune of approx. c.10 to 15 acres in possession, in case need arises for further reclamation the same will first be utilized to serve additional demand for space by customers.

During the 6 months ended additions to property plant and equipment are £1.13 million and remaining impact of £6.02 million was on account of exchange fluctuation as GBP became weaker against INR (INR/GBP exchange rate at 30 June 2022 of 95.96, 31 December 2021: 100.30)

Depreciation on the property plant and equipment is included in the administrative expenses.

9. Trade and other receivables

Trade and other receivable consists of following:

Particular	As at 30-Jun-22 £000	As at 30-Jun-21 £000	As at 31-Dec-21 £000
Trade receivable	404	246	150
Deposits	2,166	2,435	2,493
Other receivables*	13,810	14,924	15,841
	16,380	**17,605**	**18,484**

* Other receivables include advances to suppliers, accrued interest receivable and prepayments.

10. Event Subsequent to the reporting period.

There are no subsequent events post 30 June 2022 requiring disclosure in these interim results.

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