

# **Globaltrans Investment PLC**

**Condensed consolidated interim financial information  
(unaudited)**

**for the six months ended 30 June 2015**

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## Condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2015

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# Consolidated interim income statement

for the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015	2014
		RUB'000 Unaudited	RUB'000 Unaudited
Revenue	9	<b>33,996,939</b>	35,060,830
Cost of sales	10	<b>(26,969,966)</b>	(26,506,331)
Gross profit		<b>7,026,973</b>	8,554,499
Selling and marketing costs	10	<b>(153,987)</b>	(112,409)
Administrative expenses	10	<b>(1,911,398)</b>	(2,034,169)
Other income		<b>188,829</b>	-
Other gains – net		<b>17,570</b>	46,827
Operating profit		<b>5,167,987</b>	6,454,748
Finance income	12	<b>138,499</b>	80,435
Finance costs	12	<b>(1,635,911)</b>	(1,543,310)
Net foreign exchange transaction losses on financing activities	12	<b>(350,314)</b>	(156,361)
Finance costs – net		<b>(1,847,726)</b>	(1,619,236)
Share of loss of associate		<b>(33,855)</b>	(2,540)
Profit before income tax		<b>3,286,406</b>	4,832,972
Income tax expense	17	<b>(630,890)</b>	(1,119,496)
Profit for the period		<b>2,655,516</b>	3,713,476
<i>Attributable to:</i>			
Owners of the Company		<b>1,395,412</b>	2,746,486
Non-controlling interests		<b>1,260,104</b>	966,990
		<b>2,655,516</b>	3,713,476
Weighted average number of ordinary shares in issue (thousands)	18	<b>178,741</b>	178,741
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RUB per share) <sup>(1)</sup>	18	<b>7.81</b>	15.37

<sup>(1)</sup> Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

The notes on pages 7 to 23 are an integral part of these interim condensed consolidated financial statements.

# Consolidated interim statement of comprehensive income

for the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RUB'000	RUB'000
	Unaudited	Unaudited
Profit for the period	2,655,516	3,713,476
<i>Other comprehensive (loss)/income:</i>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(1,461,360)	4,148,291
Other comprehensive (loss)/income for the period, net of tax	(1,461,360)	4,148,291
Total comprehensive income for the period	1,194,156	7,861,767
<i>Total comprehensive income attributable to:</i>		
- owners of the Company	367,466	5,415,748
- non-controlling interests	826,690	2,446,019
	1,194,156	7,861,767

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 7 to 23 are an integral part of these interim condensed consolidated financial statements.

# Consolidated interim balance sheet

at 30 June 2015

		30-Jun-2015	31-Dec-2014
		RUB'000	RUB'000
	Note	Unaudited	Audited
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	13	67,628,770	71,380,758
Intangible assets	8	3,903,170	4,442,396
Income tax assets		43,049	57,892
Investment in associate		66,816	110,182
Trade and other receivables	14	97,594	32,233
<b>Total non-current assets</b>		<b>71,739,399</b>	<b>76,023,461</b>
<i>Current assets</i>			
Inventories		673,082	735,694
Trade and other receivables	14	5,166,479	6,701,470
Current income tax assets		440,297	1,010,322
Cash and cash equivalents		4,022,244	4,647,787
<b>Total current assets</b>		<b>10,302,102</b>	<b>13,095,273</b>
<b>TOTAL ASSETS</b>		<b>82,041,501</b>	<b>89,118,734</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity attributable to the owners of the Company</i>			
Share capital	20	516,957	516,957
Share premium	20	27,929,478	27,929,478
Common control transaction reserve		(10,429,876)	(10,429,876)
Translation reserve		2,369,277	3,397,222
Capital contribution		2,694,851	2,694,851
Retained earnings		20,502,652	19,100,433
<b>Total equity attributable to the owners of the Company</b>		<b>43,583,339</b>	<b>43,209,065</b>
<b>Non-controlling interest</b>		<b>5,602,658</b>	<b>6,927,315</b>
<b>TOTAL EQUITY</b>		<b>49,185,997</b>	<b>50,136,380</b>
<i>Non-current liabilities</i>			
Borrowings	16	15,046,926	10,049,915
Trade and other payables	15	36,138	13,278
Deferred tax liabilities		4,699,240	5,207,410
<b>Total non-current liabilities</b>		<b>19,782,304</b>	<b>15,270,603</b>
<i>Current liabilities</i>			
Borrowings	16	8,948,145	18,256,223
Trade and other payables	15	4,023,496	5,245,646
Current tax liabilities		101,559	209,882
<b>Total current liabilities</b>		<b>13,073,200</b>	<b>23,711,751</b>
<b>TOTAL LIABILITIES</b>		<b>32,855,504</b>	<b>38,982,354</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82,041,501</b>	<b>89,118,734</b>

By order of the Board

  
Sergey Tolmachev, Director

  
Konstantin Shirokov, Director

Limassol, 31 August 2015

The notes on pages 7 to 23 are an integral part of these interim condensed consolidated financial statements.

# Consolidated interim statement of changes in equity

for the six months ended 30 June 2015

Attributable to the owners of the Company									
Note	Share capital RUB'000	Share premium RUB'000	Common control transaction reserve RUB'000	Translation reserve RUB'000	Capital contribution RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total RUB'000
<b>Balance at 1 January 2014</b>	<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>750,823</b>	<b>2,694,851</b>	<b>24,517,956</b>	<b>45,980,189</b>	<b>5,727,409</b>	<b>51,707,598</b>
<i>Comprehensive income</i>									
Profit for the period	-	-	-	-	-	2,746,486	2,746,486	966,990	3,713,476
<i>Other comprehensive income</i>									
Currency translation differences	-	-	-	2,669,262	-	-	2,669,262	1,479,029	4,148,291
Total comprehensive income for the period ended 30 June 2014	-	-	-	2,669,262	-	2,746,486	5,415,748	2,446,019	7,861,767
<i>Transactions with owners</i>									
Dividends to owners of the Company	19	-	-	-	-	(3,981,618)	(3,981,618)	-	(3,981,618)
Dividends to non-controlling interests	19	-	-	-	-	-	-	(2,306,417)	(2,306,417)
Acquisition of non-controlling interests	23	-	-	-	-	(20,166)	(20,166)	17,736	(2,430)
Total transactions with owners	-	-	-	-	-	(4,001,784)	(4,001,784)	(2,288,681)	(6,290,465)
<b>Balance at 30 June 2014 (unaudited)</b>	<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>3,420,085</b>	<b>2,694,851</b>	<b>23,262,658</b>	<b>47,394,153</b>	<b>5,884,747</b>	<b>53,278,900</b>

The notes on pages 7 to 23 are an integral part of these interim condensed consolidated financial statements.

# Consolidated interim statement of changes in equity

for the six months ended 30 June 2015

Attributable to the owners of the Company									
Note	Share capital RUB'000	Share premium RUB'000	Common control transaction reserve RUB'000	Translation reserve RUB'000	Capital contribution RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total RUB'000
<b>Balance at 1 January 2015</b>	<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>3,397,222</b>	<b>2,694,851</b>	<b>19,100,433</b>	<b>43,209,065</b>	<b>6,927,315</b>	<b>50,136,380</b>
<i>Comprehensive income</i>									
Profit for the period	-	-	-	-	-	1,395,412	1,395,412	1,260,104	2,655,516
<i>Other comprehensive income</i>									
Currency translation differences	-	-	-	(1,027,946)	-	-	(1,027,946)	(433,414)	(1,461,360)
Total comprehensive income for the period ended 30 June 2015	-	-	-	(1,027,946)	-	1,395,412	367,466	826,690	1,194,156
<i>Transactions with owners</i>									
Dividends to non-controlling interests	19	-	-	-	-	-	-	(2,144,738)	(2,144,738)
Disposal of non-controlling interests	23	-	-	1	-	6,807	6,808	(6,609)	199
Total transactions with owners	-	-	-	1	-	6,807	6,808	(2,151,347)	(2,144,539)
<b>Balance at 30 June 2015 (unaudited)</b>	<b>516,957</b>	<b>27,929,478</b>	<b>(10,429,876)</b>	<b>2,369,277</b>	<b>2,694,851</b>	<b>20,502,652</b>	<b>43,583,339</b>	<b>5,602,658</b>	<b>49,185,997</b>

The notes on pages 7 to 23 are an integral part of these interim condensed consolidated financial statements.

# Consolidated interim cash flow statement

for the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		RUB'000	RUB'000
		Unaudited	Unaudited
	Note		
<i>Cash flows from operating activities</i>			
Profit before tax		3,286,406	4,832,972
Adjustments for:			
Depreciation of property, plant and equipment	10	2,492,215	2,562,164
Amortisation of intangible assets	10	539,261	539,322
Net loss/(gain) on sale of property, plant and equipment	10	10,406	(29,421)
Write off of property, plant and equipment	10	338	-
Interest income	12	(138,499)	(80,435)
Interest expense and other finance costs	12	1,635,911	1,543,310
Share of losses of associate		33,855	2,540
Exchange losses on financing activities	12	350,314	156,361
		<b>8,210,207</b>	<b>9,526,813</b>
<i>Changes in working capital:</i>			
Inventories		25,414	(22,254)
Trade and other receivables		1,574,883	1,336,022
Trade and other payables		(1,313,216)	(882,365)
Cash generated from operations		<b>8,497,288</b>	<b>9,958,216</b>
Tax paid		(673,336)	(1,477,888)
Net cash from operating activities		<b>7,823,952</b>	<b>8,480,328</b>
<i>Cash flows from investing activities</i>			
Purchases of property, plant and equipment		(386,107)	(510,741)
Proceeds from disposal of property, plant and equipment		61,324	121,473
Loans granted to third parties		(81,398)	-
Loan repayments received from third parties		12,516	666
Interest received		139,631	119,007
Net cash used in investing activities		<b>(254,034)</b>	<b>(269,595)</b>
<i>Cash flows from financing activities</i>			
Proceeds from borrowings		12,654,121	6,121,085
Repayments of borrowings		(16,442,330)	(5,084,335)
Finance lease principal payments		(193,179)	(616,221)
Interest paid		(1,942,765)	(1,604,794)
Cash received from disposal of non-controlling interests	23	201	-
Acquisition of non-controlling interest	23	-	(2,430)
Dividends paid to non-controlling interests in subsidiaries	19	(2,000,000)	(2,305,540)
Dividends paid to owners of the Company	19	-	(3,981,618)
Net cash used in financing activities		<b>(7,923,952)</b>	<b>(7,473,853)</b>
Net (decrease)/increase in cash and cash equivalents		<b>(354,034)</b>	<b>736,880</b>
Exchange (losses)/gains on cash and cash equivalents		(271,509)	27,341
Cash, cash equivalents and bank overdrafts at beginning of period		4,647,787	3,406,303
Cash, cash equivalents and bank overdrafts at end of period		<b>4,022,244</b>	<b>4,170,524</b>

The notes on pages 7 to 23 are an integral part of these interim condensed consolidated financial statements.



# Notes to the condensed consolidated interim financial information

## 1. GENERAL INFORMATION

Globaltrans Investment PLC (the "Company") and its subsidiaries (together the "Group") is a freight rail transportation group operating in Russia, the CIS countries and the Baltics.

The main business of the Group is the provision of freight rail transportation services with a focus on the transportation of key industrial freight including metallurgical cargoes, oil products and oil, coal and various construction materials. The Group is also engaged in operating lease of rolling stock.

The Company is a public limited company incorporated and domiciled in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The address of its registered office is 20 Omirou Street, Agios Nikolaos, CY-3095 Limassol, Cyprus. The Group's principal place of business is at 16/15 Spartakovskaya Sqr., Moscow, Russia.

Global Depository Receipts representing ordinary shares of the Company are listed on the Main market of London Stock Exchange.

This condensed consolidated interim financial information was approved by the Board of Directors of the Company on 29 August 2015, who authorized the Directors to sign on 31 August 2015.

This condensed consolidated interim financial information has been reviewed, not audited.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2014, as described in those annual consolidated financial statements with the exception of the following:

### (a) Taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings for each 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 interim period in which it becomes probable that such adjustment is needed.

Payroll related taxes and contributions which are assessed on an annual basis are recognised in interim periods using an estimated annual effective payroll tax or contribution rate.

### (b) Presentation of foreign exchange differences in the income statement

The Group had previously presented foreign exchange gains and losses that related to financial liabilities in the income statement within 'Finance costs' and foreign exchange gains and losses that related to cash and cash equivalents, loans and dividends receivable in the income statement within 'Finance income'. Management has considered this presentation and has decided to reflect the net foreign exchange differences arising from financial liabilities, cash and cash equivalents, loans and dividends receivable on the face of the income statement in the line "net foreign transaction losses on financing activities", with the appropriate disclosure of the split presented in the note "Finance Income and Costs". The comparatives have also been amended to reflect this presentation.

(c) Share based payment transactions

The Group has introduced a cash settled share based compensation plan for some of its management personnel during the six months ended 30 June 2015. The Group measures the services acquired and the respective liability incurred at the fair value of the liability.

Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period, within employee benefit expenses.

The Group recognises the services rendered and the liability to pay for those services, as the employees render their services. In the absence of evidence to the contrary, the Group presumes that the services rendered in exchange for the share appreciation rights have been received. For share appreciation rights that do not vest until a specified period of service has been completed the Group recognises the services received and a liability to pay for them, as the employees render their services during that period.

The liability is measured initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted and the extent to which employees have rendered service to date.

(d) New standards, interpretations and amendments to published standards

There were no new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2014 became effective for the Group from 1 January 2015 with the exception of the following:

- IFRIC 21 - Levies became effective as of 1 January 2015. The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Group was not materially impacted by the application of this interpretation

(e) New accounting pronouncements

Since the Group published its last annual consolidated financial statements for the year ended 31 December 2014, no new accounting pronouncements have been issued. The Group has not early adopted any of the new standards and interpretations disclosed in the 'New Accounting Pronouncements' note in its last annual financial statements and effective for its annual periods beginning after 1 January 2015.

#### 4. ESTIMATES

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 expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014 except as detailed below.

##### *Taxes*

Estimates are required in determining the provision for income and payroll related taxes and contributions (see Note 3).

Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

*Impairment of property, plant and equipment and intangible assets.*

Management has assessed whether there are any impairment indicators for property, plant and equipment and contractual relationships as of 30 June 2015. As part of this assessment, management has considered market and industry developments and the Group's actual economic performance against budgeted results that had been incorporated in its impairment models for property, plant and equipment and contractual relationships as of 31 December 2014. No impairment indicators have been identified as of 30 June 2015.

## 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 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 consolidated financial statements as at and for the year ended 31 December 2014. 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. As at 30 June 2015, Group current liabilities exceed its current assets by RUB 2,771,098 thousand. The Group generates significant operating cash flows and has in place committed undrawn credit facilities amounting to RUB 19,111,000 thousand which include RR 15 billion of unissued bonds which have been fully underwritten by a consortium of banks. In view of the positive operating cash flows of the Group, availability of committed undrawn credit facilities and the successful history of the Group to refinance its liabilities, management believes that the Group will be able to meet its liabilities as they fall due and the use of going concern as a basis for preparation of this condensed consolidated interim financial information is appropriate.

*Fair value of financial assets and liabilities measured at amortised cost*

The different levels in fair value hierarchy have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The carrying values and fair values of current and non-current borrowings are as follows:

	Carrying values		Fair values	
	As at 30-Jun-2015 RUB'000	As at 31-Dec-2014 RUB'000	As at 30-Jun-2015 RUB'000	As at 31-Dec-2014 RUB'000
Bank borrowings	23,665,360	17,328,003	24,594,171	14,910,427
Loans from third parties	23,155	18,104	23,844	14,727
Non-convertible unsecured bonds	306,059	10,772,293	306,059	10,434,340
Finance lease liabilities	497	187,738	497	187,738
	23,995,071	28,306,138	24,924,571	25,547,232

The fair value of non-convertible unsecured bonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques.

As at 31 December 2014 and 30 June 2015 the estimated fair value of fixed interest rate instruments with stated maturity denominated in a currency other than the Russian Rouble was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

In the absence of similar Russian Rouble denominated instruments entered into by the Group close to the period-end, due to the adverse fluctuation of interest rates, the estimated fair value of fixed interest rate instruments with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted at an estimated rate of Mosprime plus a margin. Such rate was management's best estimate of the interest rate it would achieve had it entered into a similar instrument as at the period end. The discount rates used ranged from 12.23% p.a to 16.06% p.a. (2014: 20.14% p.a to 25.02% p.a.) depending on the length and currency of the liability. The fair value measurement of the bank borrowings, loans from third parties and lease liabilities are within level 3 of the fair value hierarchy.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents

## 6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of Directors of the Group. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from two perspectives: by type of activity and by type of rolling stock used. From a type of activity perspective, management reviews revenues with no further analysis of the underlying cost components. From the type of rolling stock used perspective management assesses the performance of each type of rolling stock at the level of adjusted revenue.

Adjusted revenue is the measure of profit looked at by the chief operating decision-maker and this includes the revenues derived from the relating type of rolling stock used less infrastructure tariff paid for the loaded trips of relating rolling stock and services provided by other transportation organisations. Further, the Board receives information in respect of depreciation and amortisation changes for rolling stock and customer relationships respectively. All other information provided to the Board is measured in a manner consistent with that in the financial statements.

Segment assets consist of rolling stock, customer relationships and goodwill. Unallocated assets comprise all the assets of the Group except for rolling stock, customer relationships and goodwill which are included within segment assets.

Capital expenditure comprises additions of rolling stock to property, plant and equipment, with the exception of wheel pairs of rolling stock and additions to customer relationships and goodwill arising on business combinations.

Liabilities are not segmented since they are not reviewed from that perspective by the chief operating decision maker.

The Group does not have transactions between different business segments.

	Open wagons	Tank cars	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Six months ended 30 June 2015</i>				
Total revenue – operator's services	15,085,586	16,418,748	920,914	32,425,248
Total revenue – operating lease	26,451	1,127,022	226,503	1,379,976
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	15,112,037	17,545,770	1,147,417	33,805,224
less Services provided by other transportation organisations	(1,306,654)	(96,337)	(56,570)	(1,459,561)
less Infrastructure and locomotive tariffs: loaded trips	(5,807,026)	(5,610,351)	(281,518)	(11,698,895)
<b>Adjusted revenue for reportable segments</b>	<b>7,998,357</b>	<b>11,839,082</b>	<b>809,329</b>	<b>20,646,768</b>

	Open wagons	Tank cars	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Six months ended 30 June 2014</i>				
Total revenue – operator's services	16,762,949	15,916,771	572,567	33,252,287
Total revenue – operating lease	50,568	1,436,129	173,066	1,659,763
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	16,813,517	17,352,900	745,633	34,912,050
less Services provided by other transportation organisations	(1,557,257)	(190,243)	-	(1,747,500)
less Infrastructure and locomotive tariffs: loaded trips	(5,480,721)	(5,905,914)	(244,404)	(11,631,039)
<b>Adjusted revenue for reportable segments</b>	<b>9,775,539</b>	<b>11,256,743</b>	<b>501,229</b>	<b>21,533,511</b>

Adjusted revenue from open wagons decreased by RUB 1,777,182 thousands during the six month period ended as 30 June 2015 as compared to the corresponding period in 2014. The reason for the decrease was the unfavourable industry conditions which persisted in 2015 in the open wagons segment.

	Open wagons	Tank cars	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000
<i>Additions to non-current assets (included in reportable segment assets)</i>				
Six months ended 30 June 2015	190,271	443	6,945	197,659
Six months ended 30 June 2014	6,745	120	4,747	11,612
<i>Depreciation and amortisation</i>				
Six months ended 30 June 2015	(2,169,181)	(499,293)	(306,322)	(2,974,796)
Six months ended 30 June 2014	(2,382,855)	(428,294)	(180,326)	(2,991,475)
<i>Impairment charge for property, plant and equipment</i>				
Six months ended 30 June 2015	(338)	-	-	(338)
Six months ended 30 June 2014	-	-	-	-
<i>Reportable segment assets</i>				
30 June 2015	48,461,893 <sup>(1)</sup>	18,735,560	2,802,746	70,000,199
31 December 2014	50,278,599 <sup>(2)</sup>	20,465,275	2,238,696	72,982,570

<sup>(1)</sup>Includes RUB 3,902,961 thousand of intangible assets representing customer relationships

<sup>(2)</sup>Includes RUB 4,442,080 thousand of intangible assets representing customer relationships

A reconciliation of total adjusted revenue to total profit before income tax is provided as follows:

	<b>Six months ended 30-Jun-2015 RUB'000</b>	Six months ended 30-Jun-2014 RUB'000
Adjusted revenue for reportable segments	<b>20,646,768</b>	21,533,511
Other revenues	<b>191,715</b>	148,780
Total adjusted revenue	<b>20,838,483</b>	21,682,291
Cost of sales (excl. Infrastructure and locomotive tariffs - loaded trips, services provided by other transportation organisations, impairments, write-offs of property, plant and equipment, depreciation of property, plant and equipment and amortisation of intangible assets)	<b>(10,807,840)</b>	(10,053,943)
Selling, marketing and administrative expenses (excl. depreciation and impairments)	<b>(1,988,310)</b>	(2,085,429)
Depreciation and amortisation	<b>(3,031,476)</b>	(3,101,486)
Impairment charge for receivables	<b>(48,931)</b>	(33,512)
Write-off of property, plant and equipment	<b>(338)</b>	-
Other income	<b>188,829</b>	-
Other gains – net	<b>17,570</b>	46,827
Operating profit	<b>5,167,987</b>	6,454,748
Finance income	<b>138,499</b>	80,435
Finance costs	<b>(1,635,911)</b>	(1,543,310)
Net foreign exchange transaction losses on financing activities	<b>(350,314)</b>	(156,361)
Share of loss of associates	<b>(33,855)</b>	(2,540)
Profit before income tax	<b>3,286,406</b>	4,832,972

## 7. SHARE BASED PAYMENTS

Starting 1 January 2015, the Group has introduced a new remuneration program for some of the members of management. The new remuneration program introduces, amongst other things, a three year compensation scheme in accordance to which, key management receives cash compensation based on the weighted average market quotations of the GDRs of the Company. The scheme falls within the scope of IFRS2 "Share-based payment" and has therefore been classified as a cash-settled share based payment arrangement. The Group has recognised an employee benefit expense and a corresponding share based payment liability of RUB 41,426 thousands in this respect for the six months ended 30 June 2015.

## 8. INTANGIBLE ASSETS

<i>Six months ended 30 June 2015</i>	Customer relationships RUB'000	Software RUB'000	Total RUB'000
Opening amount on 1 January 2015	4,442,080	316	<b>4,442,396</b>
Additions	-	35	<b>35</b>
Amortisation charge (Note 10)	(539,113)	(148)	<b>(539,261)</b>
<b>Closing amount on 30 June 2015</b>	<b>3,902,967</b>	<b>203</b>	<b>3,903,170</b>

In January 2014 the Group has agreed with Metalloinvest to extend the duration of the service contract between them and will continue transporting 100% of Metalloinvest rail volumes to the end of 2016 (an extension from 31 May 2015 as was initially agreed). The pricing formula remains unchanged with transportation prices subject to quarterly review and agreement between the parties.

During 2014 the Group has agreed with MMK to extend the duration of the service contract between them and will continue transporting 70% of MMK rail volumes to the February of 2019. The pricing formula remains unchanged with transportation prices subject to quarterly review and agreement between the parties.

## 9. REVENUE

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Railway transportation – operators services (tariff borne by the Group)	23,581,926	23,100,896
Railway transportation – operators services (tariff borne by the client)	8,843,322	10,151,391
Railway transportation – freight forwarding	8,772	13,734
Operating leasing of rolling stock	1,379,976	1,659,763
Other	182,943	135,046
<b>Total revenue</b>	<b>33,996,939</b>	<b>35,060,830</b>

Note: Revenue from railway transportation – operators services (tariff borne by the Group) includes infrastructure and locomotive tariffs for loaded trips for the six months ended 30 June 2015 amounting to RUB 11,698,895 thousand (for the six months ended 30 June 2014: RUB 11,631,039 thousand) and the cost of engaging the fleet from third parties recharged to clients of the Group amounting to RUB 1,459,561 thousand (for the six months ended 30 June 2014: RUB 1,747,500 thousand).

## 10. EXPENSES BY NATURE

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
<i>Cost of sales</i>		
Infrastructure and locomotive tariffs: loaded trips	11,698,895	11,631,039
Infrastructure and locomotive tariffs: empty run trips and other tariffs	6,441,591	5,748,113
Services provided by other transportation organisations	1,459,561	1,747,500
Operating lease rentals – rolling stock	661,036	689,032
Employee benefit expense	463,109	428,877
Repairs and maintenance	1,890,913	2,009,050
Depreciation of property, plant and equipment	2,464,142	2,534,624
Amortisation of intangible assets	539,190	539,225
Fuel and spare parts – locomotives	784,841	678,389
Engagement of locomotive crews	249,809	221,849
Loss/(Gain) on sale of property, plant and equipment	11,648	(30,571)
Write off of property, plant and equipment	338	-
Other expenses	304,893	309,204
<b>Total cost of sales</b>	<b>26,969,966</b>	<b>26,506,331</b>

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
<i>Selling, marketing and administrative expenses</i>		
Depreciation of property, plant and equipment	28,073	27,540
Amortisation of intangible assets	71	97
(Gain)/Loss on sale of property, plant and equipment	(1,242)	1,150
Employee benefit expense	1,077,218	1,053,365
Impairment charge for receivables	48,931	33,512
Operating lease rental – office	115,192	132,903
Auditors' remuneration	29,172	22,721
Legal, consulting and other professional fees	40,010	54,480
Advertising and promotion	14,709	12,093
Communication costs	21,987	24,789
Information services	13,279	27,821
Taxes (other than income tax and value added taxes)	462,084	499,446
Other expenses	215,901	256,661
<b>Total selling, marketing and administrative expenses</b>	<b>2,065,385</b>	<b>2,146,578</b>

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Total expenses		
Depreciation of property, plant and equipment (Note 13)	2,492,215	2,562,164
Amortisation of intangible assets (Note 8)	539,261	539,322
Net loss/(gain) on sale of property, plant and equipment	10,406	(29,421)
Employee benefit expense (Note 11)	1,540,327	1,482,242
Impairment charge for receivables	48,931	33,512
Write off of property, plant and equipment (Note 13)	338	-
Operating lease rentals – rolling stock	661,036	689,032
Operating lease rentals – office	115,192	132,903
Repairs and maintenance	1,890,913	2,009,050
Fuel and spare parts – locomotives	784,841	678,389
Engagement of locomotive crews	249,809	221,849
Infrastructure and locomotive tariffs: loaded trips	11,698,895	11,631,039
Infrastructure and locomotive tariffs: empty run trips, other tariffs	6,441,591	5,748,113
Services provided by other transportation organisations	1,459,561	1,747,500
Auditors' remuneration	29,172	22,721
Legal, consulting and other professional fees	40,010	54,480
Advertising and promotion	14,709	12,093
Communication costs	21,987	24,789
Information services	13,279	27,821
Taxes (other than income tax and value added taxes)	462,084	499,446
Other expenses	520,794	565,865
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>29,035,351</b>	<b>28,652,909</b>

#### 11. EMPLOYEE BENEFIT EXPENSE

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Wages and salaries (including restructuring costs for 6m 2015 of RUB 21,276 thousand)	939,909	844,164
Bonus	280,157	407,069
Share based payment expense (Note 7)	41,426	-
Social insurance costs (including restructuring costs for 6m 2015 of RUB 4,155 thousand)	278,835	231,009
<b>Total employee benefit expense</b>	<b>1,540,327</b>	<b>1,482,242</b>



## 12. FINANCE INCOME AND COSTS

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
<i>Included in finance costs:</i>		
Bank borrowings	(1,401,112)	(951,932)
Loans from third parties	(1,052)	(15,695)
Finance leases	(1,110)	(20,964)
Non-convertible unsecured bonds	(192,750)	(552,176)
Total interest expense	(1,596,024)	(1,540,767)
Other finance costs	(39,887)	(2,543)
Total finance costs	(1,635,911)	(1,543,310)
<i>Included in finance income:</i>		
Bank balances	53,864	23,554
Short term deposits	83,479	56,380
Loans to third parties	1,156	501
Total interest income	138,499	80,435
Total finance income	138,499	80,435
Net foreign exchange transaction losses on borrowings and other liabilities	(93,877)	(194,801)
Net foreign exchange transaction (losses)/ gains on cash and cash equivalents and other monetary assets	(256,437)	38,440
Net foreign exchange transaction losses on financing activities	(350,314)	(156,361)
<b>Net finance costs</b>	<b>(1,847,726)</b>	<b>(1,619,236)</b>

The increased interest expense on bank borrowings with simultaneous decrease in interest expense on non-convertible unsecured bonds was a result of the bank refinancing obtained in the first quarter of 2015 in order to repay the non-convertible bonds that were due in March 2015 (Note 16).

## 13. PROPERTY, PLANT AND EQUIPMENT

	Six months ended
	30-Jun-2015
	RUB'000
Opening net book amount on 1 January 2015	71,380,758
Additions	425,180
Disposals	(178,745)
Write offs	(338)
Depreciation charge (Note 10)	(2,492,215)
Currency translation differences	(1,505,870)
Closing net book amount on 30 June 2015	67,628,770

Additions during the period ended 30 June 2015, mainly related to a small number of open wagons and wheel pairs acquired.

#### 14. TRADE AND OTHER RECEIVABLES

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
Trade receivables – third parties	3,318,738	3,033,978
Trade receivables – related parties (Note 22)	8,785	8,680
Less: provision for impairment of trade receivables	(322,359)	(315,345)
Trade receivables – net	3,005,164	2,727,313
Other receivables – third parties	155,314	119,114
Other receivables – related parties (Note 22)	1,660	1,557
Less: provision for impairment of other receivables	(51,500)	(45,476)
Other receivables – net	105,474	75,195
Prepayments – related parties (Note 22)	57,844	50,054
Prepayments – third parties	1,161,553	3,066,889
Loans to third parties	82,612	20,125
VAT and other taxes recoverable	851,426	794,127
	5,264,073	6,733,703

The decrease in prepayments as at 30 June 2015 as compared to the prepayments as at 31 December 2014 mainly arose as a result of timing of prepayments close to the year end.

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
<i>Less non-current portion:</i>		
Prepayments for property, plant and equipment	19,253	29,771
Loans to third parties	78,341	2,462
Total non-current portion	97,594	32,233
Total current portion	5,166,479	6,701,470

#### 15. TRADE AND OTHER PAYABLES

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
<i>Current</i>		
Trade payables - third parties	688,888	704,703
Trade payables - related parties (Note 22)	15,980	10,796
Other payables - third parties	664,973	674,914
Other payables – related parties (Note 22)	32	-
Accrued expenses	308,741	256,579
Accrued key management compensation, including share based payment (Note 22)	213,447	276,390
Advances from customers for transportation services	1,993,017	3,317,004
Advances from related parties for transportation services (Note 22)	828	5,260
Dividends payable to non-controlling interests	137,590	-
	4,023,496	5,245,646

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
<i>Non-current</i>		
Other payables - third parties	4,459	13,278
Accrued key management compensation, including share based payment (Note 22)	31,679	-
	<b>36,138</b>	13,278

## 16. BORROWINGS

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
<i>Current</i>		
Bank borrowings	8,641,651	7,296,288
Non-convertible unsecured bonds	306,059	10,772,293
Finance lease liabilities	435	187,642
Total current borrowings	<b>8,948,145</b>	18,256,223
<i>Non-current</i>		
Bank borrowings	15,023,709	10,031,715
Loans from third parties	23,155	18,104
Finance lease liabilities	62	96
Total non-current borrowings	<b>15,046,926</b>	10,049,915
Total borrowings	<b>23,995,071</b>	28,306,138

Movements in borrowings are analysed as follows:

	RUB'000
<i>Six months ended 30 June 2015</i>	
Opening amount as at 1 January 2015	28,306,138
Proceeds from bank borrowings	12,654,121
Repayments of bank borrowings and borrowings from third parties	(6,292,330)
Repayment of non-convertible unsecured bonds	(10,150,000)
Repayments of finance leases	(193,179)
Interest charged	1,596,024
Interest paid	(1,942,765)
Net foreign exchange difference	17,062
<b>Closing amount as at 30 June 2015</b>	<b>23,995,071</b>

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
Maturity of non-current borrowings (excluding finance lease liabilities)		
Between 1 and 2 years	7,455,017	6,722,324
Between 2 and 5 years	7,591,847	3,327,495
	<b>15,046,864</b>	10,049,819

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
<i>Finance lease liabilities – minimum lease payments</i>		
Not later than 1 year	435	188,720
Later than 1 year and not later than 5 years	62	96
Gross minimum lease payments	497	188,816
Future finance charges of finance leases	-	(1,078)
Present value of finance lease liabilities	497	187,738
<i>The present value of finance lease liabilities is as follows:</i>		
Not later than 1 year	435	187,642
Later than 1 year and not later than 5 years	62	96
	<b>497</b>	187,738

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

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
US Dollar	497	592,156
Russian Rouble	23,994,574	27,713,982
	<b>23,995,071</b>	28,306,138

The group has the following undrawn borrowing facilities:

	As at	
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
Fixed rate:		
- expiring within one year	2,500,000	650,000
- expiring beyond one year	16,611,000	20,602,000
Floating rate:		
- expiring within one year	-	650,000
Total undrawn borrowing facilities	<b>19,111,000</b>	21,902,000

The weighted average effective interest rates at the balance sheet were as follows:

	As at	
	30-Jun-2015	31-Dec-2014
	%	%
Bank borrowings	12.5	10.6
Non-convertible unsecured bonds	9.3	10.0
Loans from third parties	10.0	0.0
Finance lease liabilities	2.4	2.3

## 17. INCOME TAXES

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average interim tax rate used for the six months to 30 June 2015 is 19.20% (30 June 2014: 23.16%). The change in the weighted average annual income tax rate is due to a change in the composition of the profitability of the Group by group entities operating in different tax jurisdictions as well as a result of the impact of the planned merger of Steeltrans, OOO and New Forwarding Company, AO.

## 18. EARNINGS PER SHARE

Basic and diluted

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30-Jun-2015	30-Jun-2014
Profit for the period attributable to equity holders of the Company (RUB'000)	1,395,412	2,746,486
Weighted average number of ordinary shares in issue (excluding treasury shares) (thousand)	178,741	178,741
Earnings per share for profit attributable to the equity holders of the company:		
- basic and diluted (expressed in RUB per share)	7.81	15.37

## 19. DIVIDENDS

### Dividends to Company shareholders

No interim dividends were declared by the Company during the six months ended 30 June 2015.

Dividend paid by the Company during the six months ended 30 June 2014 amounted to RUB 22.28 per ordinary share, amounting to a total dividend of RUB 3,981,618 thousand.

### Dividends to non-controlling interests

During the period ended 30 June 2015, the Group declared RUB 2,144,738 thousand and paid RUB 2,000,000 thousand (2014: declared RUB 2,306,417 and paid RUB 2,305,540 thousand) of dividends in favour of non-controlling interests.

## 20. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital	Share premium	Total
		RUB'000	RUB'000	RUB'000
<b>At 31 December 2014 / 30 June 2015</b>	<b>178,740,916</b>	<b>516,957</b>	<b>27,929,478</b>	<b>28,446,435</b>

## 21. CONTINGENCIES

### Operating environment

#### Russian Federation

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During the six month period ended 30 June 2015 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during the first half of 2015:

- the CBRF exchange rate fluctuated between RUB 49.1777 and RUB 69.664 per USD;
- the CBRF key refinancing interest rate decreased from 17.0% p.a. to 11.5% p.a.;
- the RTS stock exchange index ranged between 755 and 1,069;

Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor's cut it to BB+, putting it below investment grade for the first time in a decade. In February 2015 Moody's downgraded Russia's rating to Ba1 from Baa3. Fitch Ratings still have Russia as investment grade. All these rating agencies indicated a negative outlook, meaning further downgrades are possible;

- the inflation rate reached the level of 8.28% compared to 4.73% in the first half of 2014;
- the unemployment rate at the end of the second quarter compared to the same period last year increased by 0.4% and amounted to 5.4%;
- access to international financial markets to raise funding was limited for a number of large entities and banks due to international sanctions; and
- capital outflows increased compared to preceding years.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 30 June 2015:

- the CBRF exchange rate fluctuated between RUB 55.4756 per USD and RUB70.7465 per USD;
- the RTS stock exchange index ranged between 724 and 932;
- the CBRF key refinancing interest rate decreased from 11.5% p.a. to 11.0% p.a.
- bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

## **Ukraine**

Starting in 2013, the political situation in Ukraine has experienced instability with numerous protests and continued political uncertainty that has led to deterioration of the state's finances, volatility of financial markets and sharp depreciation of the national currency against major foreign currencies. The ratings of Ukrainian sovereign debt were downgraded by international rating agencies with negative outlooks for the future. The National Bank of Ukraine ("NBU"), among other measures, imposed certain restrictions on processing of client payments by banks and on the purchase of foreign currency on the inter-bank market.

As of the date of this report the official NBU exchange rate of Hryvnia against US dollar was UAH21.18 per USD 1, compared to 21.01 per USD 1 as at 30 June 2015 and 15.76 per USD 1 as at 31 December 2014.

The final resolution and the effects of political and economic crisis in Ukraine are difficult to predict but it may have further severe effects on the Ukrainian economy and the Company's business.

## **Legal proceedings**

### *Federal Antimonopoly Service of the Russian Federation case*

In March 2013 the Federal Antimonopoly Service of the Russian Federation ("FAS Russia") initiated a legal proceeding suggesting a possible violation of the Federal Law "On protection of competition" by OJSC "Russian Railways" and several other railway-operator companies, including the Company's subsidiaries AO New Forwarding Company and OOO Ferrotrans. The defendants were accused on establishment of cartel agreement and coordination of economic activity through the creation of a pool of the largest railway-operator companies operating in Kemerovo region. Several court hearings have been held in 2013 and 2014. In December 2013, FAS Russia claimed penalties from AO New Forwarding Company and OOO Ferrotrans as administrative fines in the total amount of RUB 130,926 thousand. These administrative fines include an amount of RUB 57,892 thousand which has been charged to OOO Ferrotrans for which the Group is indemnified from Metalloinvest Group.

In June 2015, the Moscow arbitrary court denied legal proceeding initiated by FAS Russia. FAS Russia has sent an appeal, which is currently in process.

Management believes that the Group has not executed any actions resulting in violation of antimonopoly legislation. As at 31 December 2014, the Group has made a provision of RUB 5,482 thousand against the potential fines stipulated by the Russian Legislation should the offence be proved in Court, and as at 30 June 2015 the Group has reversed the provision.

*Georgian Railways case*

As at 30 June 2015 the Group has outstanding receivable amounting to RUB 189,387 thousand from Georgian Railway relating to invoices issued prior to 1 April 2015. The Georgian Railways dispute the tariffs applied in computing the outstanding balance and thus has not proceeded with the repayment of the amount which remains outstanding. The Group has initiated a claim to the Georgian Court demanding the repayment of the entire balance of RUB 189,387 thousands as well as additional penalties and interest. Whereas the Group has not recognised any penalties or interest income on this receivable balance, management considers that the receivable amount remains recoverable as at 30 June 2015 and thus no provision has been recognised in this respect.

The Group issued additional invoices of RUB 95,399 thousands to Georgian Railways in the intervening period from 1 April 2015 to 30 June 2015, since the wagons remain in Georgia. The revenue arising from these invoices has not been recognised as it is not probable that future economic benefits will flow to the Group. Furthermore, Georgian Railways have initiated a claim of RUB 124,832 thousands claiming compensation for storage costs incurred during the period the wagons remain in Georgia. Management cannot estimate with sufficient certainty what the outcome of the above cases will be since the court case is still in its early stages.

There are no other legal proceedings or other claims outstanding, as of 30 June 2015 which could have a material effect on the results of operations or financial position of the Group and which have not been accrued or disclosed in this condensed consolidated interim financial information.

**Compliance with covenants**

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including claims for early repayment. The Group is in compliance with covenants as of 30 June 2015 and 31 December 2014.

**22. RELATED PARTY TRANSACTIONS**

Marigold Investments, Onyx Investments and Maple Valley Investments, are the Company's shareholders with a direct shareholding as at 31 December 2014 and as at 30 June 2015 of 11.5% each.

Litten Investments Limited and Goldriver Resources, both controlled by members of key management of the Group have a direct shareholding in the Company of 6.3% and 4.5% respectively, as at 30 June 2015.

54.5% of the shares represent the free market-float and are held by external investors through the Global Depository Receipts. The remaining 0.2% of the shares of the Company are controlled by Directors and management of the Group.

For the purposes of this condensed consolidated interim financial information, 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.

The following transactions were carried out with related parties:

- (a) Sales of goods and services

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Sales of services:		
Other related parties		
Entities under significant influence of members of key management	350	1,562
	<b>350</b>	<b>1,562</b>

(b) Purchases of goods and services

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Purchases of services:		
Other related parties		
Entities under significant influence of members of key management	125,893	116,065
	<b>125,893</b>	116,065

(c) Additions and disposals of property, plant and equipment

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Additions:		
Other related parties		
Entities under significant influence of members of key management	9,539	-
	<b>9,539</b>	-
Disposals:		
Other related parties		
Entities under significant influence of members of key management	43,137	212
	<b>43,137</b>	212

(d) Key management compensation

	Six months ended	
	30-Jun-2015	30-Jun-2014
	RUB'000	RUB'000
Key management salaries and other short term employee benefits <sup>(1)</sup>	312,565	216,327
Share based compensation (Note 7)	41,426	-
	<b>353,991</b>	216,327

<sup>(1)</sup> Includes directors' remuneration paid to the directors of the Company both by the Company and subsidiaries of the Group in respect of services provided to such subsidiaries amounting to RUB 54,948 thousand for the six months ended 30 June 2015 (six months ended 30 June 2014: RUB 32,164 thousand).

Starting 1 January 2015, the Group has introduced a new remuneration program for some of the members of its key management. The new remuneration program introduces, amongst other things, a three year compensation scheme in accordance to which, key management receives cash compensation based on the weighted average market quotations of the GDRS of the Company. The scheme has been classified as a cash-settled share based payment arrangement. The Group has recognised an expense and share based payment liability of RUB41,426 thousands in this respect for the six months ended 30 June 2015.

(e) Period-end balances arising from sales/purchases of goods/services

	As at	As at
	30-Jun-2015	31-Dec-2014
	RUB'000	RUB'000
Trade receivables from related parties:		
Associate	7,457	8,075
Other related parties		
Entities under significant influence of members of key management	1,328	605
	<b>8,785</b>	8,680
Other receivables from and prepayments to related parties:		
Other related parties		
Entities under significant influence of members of key management	59,504	51,611
	<b>59,504</b>	51,611



	As at 30-Jun-2015 RUB'000	As at 31-Dec-2014 RUB'000
Trade payables to related parties:		
Other related parties		
Entities under significant influence of members of key management	15,980	10,796
	<b>15,980</b>	<b>10,796</b>
Other payables to and advances from related parties:		
Other related parties		
Entities under significant influence of members of key management	860	5,260
	<b>860</b>	<b>5,260</b>
Accrued key management remuneration:		
Accrued salaries and other short term employee benefits	203,700	276,390
Share based payment liability	41,426	-
	<b>245,126</b>	<b>276,390</b>

(f) Operating lease commitments – Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases with other related parties are as follows:

	As at 30-Jun-2015 RUB'000	As at 31-Dec-2014 RUB'000
Not later than 1 year	50,932	74,008
Later than 1 year and not later than 5 years	4,959	16,496
	<b>55,891</b>	<b>90,504</b>

## 23. TRANSACTIONS WITH NON-CONTROLLING INTEREST

### *Acquisition of 3% of ZAO Ural Wagonrepair Company*

In March 2014 the Group completed the acquisition of 3% of the non-controlling interest in ZAO Ural Wagonrepair Company for RUB 2,430 thousand. The difference between the consideration and the carrying amount of non-controlling interest in UWC amounting to (RUB 20,166 thousand) was recognised in retained earnings.

### *Disposal of 40% of Syntezrail Limited*

In February 2015 the Group completed the sale of 40% of Syntezrail Limited for the consideration of RUB 201 thousand. The difference between the consideration and the carrying amount of non-controlling interest in Syntezrail amounting to RUB 6,807 thousand was recognised in retained earnings.

## 24. SUBSEQUENT EVENTS

The Group redeemed in full non-convertible unsecured bonds of RUB 300,000 thousand during July 2015.

During July 2015, the Group concluded long-term loan agreements with financial institutions for facilities of RUB 1,000,000 thousand. The Group has not drawn any funds to date.

During August 2015, the Group early repaid bank borrowings amounting to RUB 100,000 thousand.

There were no other material events after the balance sheet date, which have a bearing on the understanding of condensed consolidated interim financial information.

## 25. SEASONALITY

The operations of the Group are not subject to seasonal fluctuations.



## Report on review of interim financial information To Globaltrans Investment Plc

### Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Globaltrans Investment PLC and its subsidiaries (the 'Group') as of 30 June 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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  
Chartered Accountants

31 August 2015  
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](http://www.pwc.com/cy)*

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