Globaltrans Investment PLC

Condensed consolidated interim financial information (unaudited)

for the six months ended 30 June 2014

Contents

Condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2014

Consolidated interim income statement

for the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		US$'000	US$'000
	Note	**Unaudited**	Unaudited
Revenue	9	**999,378**	1,213,182
Cost of sales	10	**(755,557)**	(892,807)
Gross profit		**243,821**	320,375
Selling and marketing costs	10	**(2,230)**	(2,795)
Administrative expenses	10	**(58,936)**	(70,568)
Other gains – net		**1,338**	388
Operating profit		**183,993**	247,400
Finance income	11	**2,869**	11,002
Finance costs	11	**(49,555)**	(63,471)
Finance costs – net		**(46,686)**	(52,469)
Share of loss of associate		**(72)**	(6)
Profit before income tax		**137,235**	194,925
Income tax expense	16	**(31,910)**	(46,670)
Profit for the period		**105,325**	148,255
Attributable to:			
Owners of the Company		**77,977**	109,529
Non-controlling interests		**27,348**	38,726
		105,325	148,255
Weighted average number of ordinary shares in issue (thousands)	17	**178,741**	178,741
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US$ per share)[1]	17	**0.44**	0.61

[1] 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 6 to 21 are an integral part of these interim condensed consolidated financial statements.

Consolidated interim statement of comprehensive income

for the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
	Unaudited	Unaudited
Profit for the period	**105,325**	148,255
Other comprehensive losses:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(56,170)**	(103,307)
Other comprehensive loss for the period, net of tax	**(56,170)**	(103,307)
Total comprehensive income for the period	**49,155**	44,948
Total comprehensive income attributable to:		
- owners of the Company	**27,716**	12,014
- non-controlling interests	**21,439**	32,934
	49,155	44,948

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 6 to 21 are an integral part of these interim condensed consolidated financial statements.

Consolidated interim balance sheet

at 30 June 2014

	Note	**30-Jun-2014** **US$'000** **Unaudited**	31-Dec-2013 US$'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,047,594**	2,180,425
Intangible assets	8	**321,428**	346,755
Income tax assets		**1,428**	2,481
Investment in associate		**2,456**	2,552
Trade and other receivables	13	**1,107**	4,897
Total non-current assets		**2,374,013**	2,537,110
Current assets			
Inventories		**18,237**	17,994
Trade and other receivables	13	**150,402**	192,597
Current income tax assets		**8,128**	4,773
Cash and cash equivalents		**124,033**	104,103
Total current assets		**300,800**	319,467
TOTAL ASSETS		**2,674,813**	2,856,577
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	19	**17,875**	17,875
Share premium	19	**949,471**	949,471
Common control transaction reserve		**(368,476)**	(368,476)
Translation reserve		**(195,482)**	(145,221)
Capital contribution		**90,000**	90,000
Retained earnings		**829,450**	862,850
Total equity attributable to the owners of the Company		**1,322,838**	1,406,499
Non-controlling interest		**133,286**	175,371
TOTAL EQUITY		**1,456,124**	1,581,870
Non-current liabilities			
Borrowings	15	**426,363**	737,129
Deferred tax liabilities		**132,053**	143,889
Total non-current liabilities		**558,416**	881,018
Current liabilities			
Borrowings	15	**573,419**	276,971
Trade and other payables	14	**86,613**	116,273
Current tax liabilities		**241**	445
Total current liabilities		**660,273**	393,689
TOTAL LIABILITIES		**1,218,689**	1,274,707
TOTAL EQUITY AND LIABILITIES		**2,674,813**	2,856,577

By order of the Board

....
Konstantin Shirokov, Director

....
Michael Thomaides, Director

Limassol, 1 September 2014

The notes on pages 6 to 21 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 2014

		Attributable to the owners of the Company								
	Note	Share capital	Share premium	Common control transaction reserve	Translation reserve	Capital contribution	Retained earnings	Total	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013		**17,875**	**949,471**	**(368,476)**	**(56,537)**	**90,000**	**815,259**	**1,447,592**	**158,268**	**1,605,860**
Comprehensive income										
Profit for the period		-	-	-	-	-	109,529	109,529	38,726	148,255
Other comprehensive income										
Currency translation differences		-	-	-	(97,515)	-	-	(97,515)	(5,792)	(103,307)
Total comprehensive income for the period ended 30 June 2013		-	-	-	(97,515)	-	109,529	12,014	32,934	44,948
Transactions with owners										
Dividends to owners of the Company	18	-	-	-	-	-	(125,119)	(125,119)	-	(125,119)
Dividends to non-controlling interests	18	-	-	-	-	-	-	-	(26,760)	(26,760)
Acquisition of subsidiaries		-	-	-	-	-	-	-	(7,185)	(7,185)
Total transactions with owners		-	-	-	-	-	(125,119)	(125,119)	(33,945)	(159,064)
Balance at 30 June 2013 (unaudited)		**17,875**	**949,471**	**(368,476)**	**(154,052)**	**90,000**	**799,669**	**1,334,487**	**157,257**	**1,491,744**
Balance at 1 January 2014		**17,875**	**949,471**	**(368,476)**	**(145,221)**	**90,000**	**862,850**	**1,406,499**	**175,371**	**1,581,870**
Comprehensive income										
Profit for the period		-	-	-	-	-	77,977	77,977	27,348	105,325
Other comprehensive income										
Currency translation differences		-	-	-	(50,261)	-	-	(50,261)	(5,909)	(56,170)
Total comprehensive income for the period ended 30 June 2014		-	-	-	(50,261)	-	77,977	27,716	21,439	49,155
Transactions with owners										
Dividends to owners of the Company	18	-	-	-	-	-	(110,819)	(110,819)	-	(110,819)
Dividends to non-controlling interests	18	-	-	-	-	-	-	-	(64,016)	(64,016)
Acquisition of non-controlling interest	7	-	-	-	-	-	(558)	(558)	492	(66)
Total transactions with owners		-	-	-	-	-	(111.377)	(111,377)	(63,524)	(174,901)
Balance at 30 June 2014 (unaudited)		**17,875**	**949,471**	**(368,476)**	**(195,482)**	**90,000**	**829,450**	**1,322,838**	**133,286**	**1,456,124**

The notes on pages 6 to 21 are an integral part of these interim condensed consolidated financial statements.

Consolidated interim cash flow statement

for the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 US$'000 Unaudited	2013 US$'000 Unaudited
Cash flows from operating activities			
Profit before tax		**137,235**	194,925
Adjustments for:			
Depreciation of property, plant and equipment	10	**73,048**	84,419
Amortisation of intangible assets	10	**15,374**	15,477
Net gain on sale of property, plant and equipment	10	**(838)**	(186)
Interest income	11	**(2,292)**	(1,979)
Interest expense	11	**43,991**	62,786
Share of losses of associate		**72**	6
Exchange losses/(gains) on financing activities	11	**4,987**	(8,338)
		271,577	347,110
Changes in working capital:			
Inventories		**(635)**	(3,509)
Trade and other receivables		**42,756**	72,079
Trade and other payables		**(31,645)**	(79,173)
Cash generated from operations		**282,053**	336,507
Tax paid		**(41,910)**	(50,563)
Net cash from operating activities		**240,143**	285,944
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**-**	(201,903)
Purchases of property, plant and equipment		**(14,558)**	(21,122)
Proceeds from disposal of property, plant and equipment		**3,461**	4,246
Loan repayments received from third parties		**19**	19
Interest received		**2,329**	3,608
Net cash used in investing activities		**(8,749)**	(215,152)
Cash flows from financing activities			
Proceeds from borrowings		**174,477**	397,768
Repayments of borrowings		**(144,933)**	(232,213)
Finance lease principal payments		**(17,550)**	(26,943)
Interest paid		**(45,746)**	(58,744)
Acquisition of non-controlling interest	7	**(66)**	-
Dividends paid to non-controlling interests in subsidiaries	18	**(64,016)**	(24,028)
Dividends paid to owners of the Company	18	**(110,819)**	(125,119)
Net cash used in financing activities		**(208,653)**	(69,279)
Net increase in cash and cash equivalents		**22,741**	1,513
Exchange losses on cash and cash equivalents		**(2,811)**	(7,229)
Cash, cash equivalents and bank overdrafts at beginning of period		**104,103**	178,190
Cash, cash equivalents and bank overdrafts at end of period		**124,033**	172,474

The notes on pages 6 to 21 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 Depositary 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 2014, who authorized the Directors to sign on 1 September 2014.

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 2014 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 2013, 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

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2013, as described in those annual consolidated financial statements.

(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.

New standards, interpretations and amendments to published standards

(a) *The Group has adopted the following new standards, amendments and interpretations as of 1 January 2014:*

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2013 became effective for the Group from 1 January 2014. They have not significantly effected this consolidated condensed interim financial information of the Group, except as explained below:

- **IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013; EU 1 January 2014),** replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The standard had no impact in the Group's assessment of control over subsidiaries and hence had no impact in the interim consolidated condensed financial information.

- **IAS 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013; EU 1 January 2014).** The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged. There was no impact in the company's consolidated condensed interim financial information.

- **Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013; EU 1 January 2014).** The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The above standard did not have an impact in the interim consolidated condensed financial information.

(b) *Standards, amendments and interpretations that are relevant and not yet effective and have not been early adopted by the Group*

Since the group published its last annual financial statements, certain new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2014 or later and which the Group has not early adopted and are still subject to endorsement by the European Union. These standards and interpretations are not expected to have an impact on the Group except for the following:

- **Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016)*.** In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group is currently assessing the impact of the amendments on its financial statements.

- **IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017)*.** The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its financial statements.

- **IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014; EU 17 June 2014).** 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 is currently assessing the impact of the interpretation on its financial statements which is effective for the Group for its annual period beginning on 1 January 2015.

* denotes standards, interpretations and amendments thereto which are not yet endorsed by the European Union.

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 2013 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 goodwill and intangible assets.

Management has assessed whether there are any impairment indicators for goodwill and contractual relationships as of 30 June 2014. 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 goodwill and contractual relationships as of 31 December 2013. No impairment indicators have been identified as of 30 June 2014.

Treatment of foreign exchange difference arising on borrowings to subsidiary

In view of the economic and political situation in Ukraine, the Board of the Company has decided to designate loans receivable from its Ukrainian subsidiary as part of its net investment in this foreign operation. As a result net foreign exchange losses arising on this intra-group loan during the six months ended 30 June 2014 amounting to US$13,396 thousand have been recognised in other comprehensive income in this condensed consolidated interim financial information.

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 financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements as at and for the year ended 31 December 2013. 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 2014, Group current liabilities exceed its current assets by US$359,473 thousand. The significant change in the liquidity position of the Group as of 30 June 2014 compared to 31 December 2013 arises as a result of the upcoming maturity of non-convertible unsecured bonds with a carrying amount of US$324,869 thousand in March 2015. The Group generates significant operating cash flows and has in place committed undrawn credit facilities amounting to US$195,357 thousand which include RR5 billion of unissued bonds which have been fully underwritten by a consortium of banks. Further, the Group has never experienced any problems with funding or refinancing of its liabilities in the past and is currently considering refinancing options with a number of banks who have expressed interest in providing financing to the Group. In view of the positive operating cash flows of the Group, availability of committed undrawn credit facilities, successful history of the Group to refinance its liabilities and expressed intent of a number of banks to provide financing to the Group, 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 fair value of non-current borrowings are as follows:

	As at 30-Jun-2014 US$'000	As at 31-Dec-2013 US$'000
Bank borrowings	400,386	387,646
Non-convertible unsecured bonds	8,887	325,045
Finance lease liabilities	11,542	25,782
	420,815	738,473

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

- Current borrowings
- 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
	US$'000	US$'000	US$'000	US$'000
Six months ended 30 June 2014				
Total revenue – operator's services	477,821	453,697	16,321	947,839
Total revenue – operating lease	1,450	40,910	4,934	47,294
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	479,271	494,607	21,255	995,133
less Services provided by other transportation organisations	(44,388)	(5,423)	-	(49,811)
less Infrastructure and locomotive tariffs: loaded trips	(156,225)	(168,344)	(6,966)	(331,535)
Adjusted revenue for reportable segments	278,658	320,840	14,289	613,787

	Open wagons	Tank cars	Other	Total
	US$'000	US$'000	US$'000	US$'000
Six months ended 30 June 2013				
Total revenue – operator's services	592,896	531,823	18,718	1,143,437
Total revenue – operating lease	2,680	50,603	9,278	62,561
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	595,576	582,426	27,996	1,205,998
less Services provided by other transportation organisations	(80,232)	(1,952)	-	(82,184)
less Infrastructure and locomotive tariffs: loaded trips	(176,275)	(214,427)	(6,607)	(397,309)
Adjusted revenue for reportable segments	**339,069**	**366,047**	**21,389**	**726,505**

	Open wagons	Tank cars	Other	Total
	US$'000	US$'000	US$'000	US$'000
Additions to non-current assets (included in reportable segment assets)				
Six months ended 30 June 2014	193	3	136	332
Six months ended 30 June 2013	298,433	-	45,282	343,715
Depreciation and amortisation				
Six months ended 30 June 2014	(67,931)	(12,204)	(5,141)	(85,276)
Six months ended 30 June 2013	(57,897)	(15,346)	(6,399)	(79,642)
Reportable segment assets				
30 June 2014	1,727,417[(1)]	497,079	70,816	2,295,312
31 December 2013	1,846,960[(2)]	524,586	73,571	2,445,117

[(1)]Includes US$ 321,412 thousand of intangible assets representing goodwill and customer relationships
[(2)]Includes US$ 346,735 thousand of intangible assets representing goodwill and customer relationships

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

	Six months ended 30-Jun-2014	Six months ended 30-Jun-2013
	US$'000	US$'000
Adjusted revenue for reportable segments	**613,787**	726,505
Other revenues	**4,245**	7,184
Total adjusted revenue	**618,032**	733,689
Cost of sales (excl. Infrastructure and locomotive tariffs - loaded trips, services provided by other transportation organisations, impairments, depreciation of property, plant and equipment and amortisation of intangible assets)	**(286,578)**	(314,274)
Selling, marketing and administrative expenses (excl. depreciation and impairments)	**(59,421)**	(69,419)
Depreciation and amortisation	**(88,422)**	(99,896)
Impairment charge on receivables	**(956)**	(3,088)
Other gains/(losses) – net	**1,338**	388
Operating profit	**183,993**	247,400
Finance income	**2,869**	11,002
Finance costs	**(49,555)**	(63,471)
Share of profit of associates	**(72)**	(6)
Profit before income tax	**137,235**	194,925

7. ACQUISITION OF 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 US$66 thousand. The difference between the consideration and the carrying amount of non-controlling interest in UWC amounting to (US$558 thousand) was transferred to retained earnings.

8. INTANGIBLE ASSETS

Six months ended 30 June 2014	Goodwill US$'000	Customer relationships US$'000	Software US$'000	Total US$'000
Opening amount on 1 January 2014	178,070	168,665	20	**346,755**
Amortisation charge (Note 10)	-	(15,369)	(5)	**(15,374)**
Currency translation differences	(4,772)	(5,182)	1	**(9,953)**
Closing amount on 30 June 2014	**173,298**	**148,114**	16	**321,428**

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.

9. REVENUE

	Six months ended	
	30-Jun-2014 US$'000	30-Jun-2013 US$'000
Railway transportation – operators services (tariff borne by the Group)	658,474	794,396
Railway transportation – operators services (tariff borne by the client)	289,365	349,041
Railway transportation – freight forwarding	394	863
Operating leasing of rolling stock	47,294	62,561
Other	3,851	6,321
Total revenue	999,378	1,213,182

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 2014 amounting to US$331,535 thousand (for the six months ended 30 June 2013: US$397,309 thousand) and the cost of engaging the fleet from third parties recharged to clients of the Group amounting to US$49,811 thousand (2013: US$82,184 thousand).

Railway transportation – operators services have dropped by 17% during the six months ended 30 June 2014 in relation the same period in 2013 which was impacted by soft market conditions in the gondola segment as well as a result of decline by 13% of average exchange rate of the Russian Rouble against US Dollar compared to same period in 2013.

10. EXPENSES BY NATURE

	Six months ended	
	30-Jun-2014	30-Jun-2013
	US$'000	US$'000
Cost of sales		
Infrastructure and locomotive tariffs: loaded trips	**331,535**	397,309
Infrastructure and locomotive tariffs: empty run trips and other tariffs	**163,847**	177,426
Services provided by other transportation organisations	**49,811**	82,184
Operating lease rentals – rolling stock	**19,640**	21,704
Employee benefit expense	**12,224**	14,107
Repairs and maintenance	**57,264**	63,086
Depreciation of property, plant and equipment	**72,262**	83,565
Amortisation of intangible assets	**15,371**	15,475
Fuel and spare parts – locomotives	**19,337**	19,236
Engagement of locomotive crews	**6,323**	6,813
Gain on sale of property, plant and equipment	**(870)**	(162)
Other expenses	**8,813**	12,064
Total cost of sales	**755,557**	892,807

	Six months ended	
	30-Jun-201414	30-Jun-2013
	US$'000	US$'000
Selling, marketing and administrative expenses		
Depreciation of property, plant and equipment	**786**	854
Amortisation of intangible assets	**3**	2
Loss/(gain) on sale of property, plant and equipment	**32**	(24)
Employee benefit expense	**30,026**	33,561
Impairment charge of receivables	**956**	3,088
Operating lease rental – office	**3,789**	4,182
Auditors' remuneration	**655**	774
Legal, consulting and other professional fees	**1,554**	3,761
Advertising and promotion	**326**	368
Communication costs	**706**	780
Information services	**793**	1,084
Taxes (other than income tax and value added taxes)	**14,236**	17,284
Other expenses	**7,304**	7,649
Total selling, marketing and administrative expenses	**61,166**	73,363

	Six months ended	
	30-Jun-2014	30-Jun-2013
	US$'000	US$'000
Total expenses		
Depreciation of property, plant and equipment (Note 12)	**73,048**	84,419
Amortisation of intangible assets (Note 8)	**15,374**	15,477
Net gain on sale of property, plant and equipment	**(838)**	(186)
Employee benefit expense	**42,250**	47,668
Impairment charge for receivables	**956**	3,088
Operating lease rentals – rolling stock	**19,640**	21,704
Operating lease rentals – office	**3,789**	4,182
Repairs and maintenance	**57,264**	63,086
Fuel and spare parts – locomotives	**19,337**	19,236
Engagement of locomotive crews	**6,323**	6,813
Infrastructure and locomotive tariffs: loaded trips	**331,535**	397,309
Infrastructure and locomotive tariffs: empty run trips, other tariffs	**163,847**	177,426
Services provided by other transportation organisations	**49,811**	82,184
Auditors' remuneration	**655**	774
Legal, consulting and other professional fees	**1,554**	3,761
Advertising and promotion	**326**	368
Communication costs	**706**	780
Information services	**793**	1,084
Taxes (other than income tax and value added taxes)	**14,236**	17,284
Other expenses	**16,117**	19,713
Total cost of sales, selling and marketing costs and administrative expenses	**816,723**	966,170

11. FINANCE INCOME AND COSTS

	Six months ended	
	30-Jun-2014	30-Jun-2013
	US$'000	US$'000
Interest expense:		
Bank borrowings	(27,135)	(41,147)
Loans from third parties	(447)	(1,369)
Finance leases	(598)	(1,197)
Non-convertible unsecured bonds	(15,739)	(18,329)
Other finance costs	(72)	(744)
Total interest expense	(43,991)	(62,786)
Net foreign exchange transaction losses on borrowings and other liabilities	(5,564)	(685)
Finance costs	(49,555)	(63,471)
Interest income:		
Bank balances	671	383
Short term deposits	1,607	1,581
Loans to third parties	14	15
Total interest income	2,292	1,979
Net foreign exchange transaction gains on cash and cash equivalents and other monetary assets	577	9,023
Finance income	2,869	11,002
Net finance costs	(46,686)	(52,469)

Significant decrease in 'interest expense' during the period ended 30 June 2014 was due to the decrease in borrowings to US$999,782 thousand as compared to US$ 1,267,677 thousand as at 30 June 2013.

The increase in 'net foreign exchange transaction losses on borrowings' in the six months ended 30 June 2014 reflects the weakening of the Ukrainian Hryvnia and the Russian rouble against the US Dollar in the six months ended 30 June 2014.

Decrease in 'net foreign exchange transaction gains on cash and cash equivalents' resulted from the decrease of total amount of cash and cash equivalents as well as the decrease of share of cash and cash equivalents held by the Group in US Dollars as compared to 30 June 2013.

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30-Jun-2014 US$'000
Opening net book amount	**2,180,425**
Additions	**14,593**
Disposals	**(5,342)**
Depreciation charge (Note 10)	**(73,048)**
Currency translation differences	**(69,034)**
Closing net book amount	**2,047,594**

13. TRADE AND OTHER RECEIVABLES

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Trade receivables – third parties	**79,017**	88,279
Trade receivables – related parties (Note 22)	**179**	161
Less: provision for impairment of trade receivables	**(10,873)**	(11,635)
Trade receivables – net	**68,323**	76,805
Other receivables – third parties	**3,939**	3,926
Other receivables – related parties (Note 22)	**1**	-
Less: provision for impairment of other receivables	**(1,140)**	(1,072)
Other receivables – net	**2,800**	2,854
Prepayments – related parties (Note 22)	**1,265**	1,215
Prepayments – third parties	**51,493**	87,513
Loans to third parties	**603**	807
VAT and other taxes recoverable	**27,025**	28,300
	151,509	197,494

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Less non-current portion:		
Trade receivables – third parties	**-**	4,067
Less: Provision for impairment of trade receivables	**-**	(344)
Trade receivables - net	**-**	3,723
Prepayments for property, plant and equipment	**1,026**	670
Loans to third parties	**81**	504
Total non-current portion	**1,107**	4,897
Total current portion	**150,402**	192,597

14. TRADE AND OTHER PAYABLES

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Current		
Trade payables - third parties	**21,717**	21,433
Trade payables - related parties (Note 22)	**143**	322
Other payables - third parties	**23,178**	29,513
Accrued expenses	**8,694**	8,888
Advances from customers for transportation services	**32,880**	56,110
Advances from related parties for transportation services (Note 22)	**1**	7
	86,613	116,273

15. BORROWINGS

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Current		
Bank borrowings	**232,641**	207,784
Non-convertible unsecured bonds	**324,869**	28,955
Loans from third parties	**-**	20,823
Finance lease liabilities	**15,909**	19,409
Total current borrowings	**573,419**	276,971
Non-current		
Bank borrowings	**405,903**	388,209
Non-convertible unsecured bonds	**8,918**	323,138
Finance lease liabilities	**11,542**	25,782
Total non-current borrowings	**426,363**	737,129
Total borrowings	**999,782**	1,014,100

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30 June2014	
Opening amount as at 1 January 2014	1,014,100
Proceeds from bank borrowings	174,477
Repayments of bank borrowings and borrowings from third parties	(136,382)
Repayment of non-convertible unsecured bonds	(8,551)
Repayments of finance leases	(17,550)
Interest charged	43,919
Interest paid	(45,746)
Net foreign exchange difference	(24,485)
Closing amount as at 30 June 2014	999,782

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Maturity of non-current borrowings (excluding finance lease liabilities)		
Between 1 and 2 years	**223,777**	500,422
Between 2 and 5 years	**190,510**	209,862
Over 5 years	**534**	1,063
	414,821	711,347

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Finance lease liabilities – minimum lease payments		
Not later than 1 year	**16,577**	20,217
Later than 1 year and not later than 5 years	**11,726**	26,599
Gross minimum lease payments	**28,303**	46,816
Future finance charges of finance leases	**(852)**	(1,625)
Present value of finance lease liabilities	**27,451**	45,191
The present value of finance lease liabilities is as follows:		
Not later than 1 year	**15,909**	19,409
Later than 1 year and not later than 5 years	**11,542**	25,782
	27,451	45,191

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

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
US Dollar	**38,210**	59,644
Russian Rouble	**961,572**	954,426
Euro	**-**	30
	999,782	1,014,100

The group has the following undrawn borrowing facilities:

	As at	
	30-Jun-2014	31-Dec-2013
	US$'000	US$'000
Fixed rate:		
- expiring within one year	**13,975**	21,205
- expiring beyond one year	**181,382**	166,518
Floating rate:		
- expiring within one year	**-**	4,583
Total undrawn borrowing facilities	**195,357**	192,306

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

	As at	
	30-Jun-2014	31-Dec-2013
	%	%
Bank borrowings	**9.5**	9.0
Non-convertible unsecured bonds	**9.9**	9.9
Loans from third parties	**-**	17.0
Finance lease liabilities	**2.9**	2.9

16. 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 2014 is 23.25% (30 June 2013: 22.9%).

17. 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-2014	30-Jun-2013
Profit for the period attributable to equity holders of the Company (US$'000)	**77,977**	109,529
Weighted average number of ordinary shares in issue (excluding treasury shares) (thousand)	**178,741**	178,741
Earnings per share for profit attributable to the equity holders of the company:		
- basic and diluted (expressed in US$ per share)	**0.44**	0.61

18. DIVIDENDS

No interim dividends were declared by the Company during the six months ended 30 June 2014.

At the Annual General Meeting which will took place on 28 April 2014, a final dividend in respect of the profit for the year ended 31 December 2013 of US$0.62 per ordinary share, amounting to a total dividend of US$110,819 thousand was approved. The dividend was paid on 30 April 2014. Dividend paid by the Company during the six months ended 30 June 2013 amounted to US$0.70 per ordinary share, amounting to a total dividend of US$125,119 thousand.

During the period ended 30 June 2014, the Group declared and paid US$64,016 thousand (2013: declared US$26,760 thousand and paid US$23,452 thousand) of dividends in favour of non-controlling interests.

19. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Share capital	Share premium	Total
		US$'000	US$'000	US$'000
At 31 December 2013/ 30 June 2014	**178,740,916**	**17,875**	**949,471**	**967,346**

20. 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 varying interpretation.
The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors. Management assessed possible impairment of the Group's goodwill and intangible assets by considering the current economic environment and outlook. Refer to Note 4. The future economic and regulatory situation may differ from management's current expectations.

The recent political and economic turmoil witnessed in the region, in particular the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Rouble, higher interest rates, reduced liquidity and making it harder to raise international funding. These events, including current and future international sanctions against selected Russian companies and individuals and the related uncertainty and volatility of the financial markets, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from management's expectations.

Ukraine

The political system of Ukraine experienced instability with numerous protests against the Government's actions in Kyiv and other cities in late 2013 and in January - February 2014. Continuous political unrest led to further deterioration of State's finances, volatility in financial markets and a sharp devaluation of the national currency against major foreign currencies. The ratings of Ukrainian sovereign debt have been downgraded by international rating agencies in January - February 2014 with negative outlooks. The central bank of Ukraine, among other measures, imposed certain restrictions on processing client payments by banks and on purchase of foreign currency on inter-bank market.

In March-April 2014 political and economic situation significantly deteriorated in Eastern Ukraine followed by seizures of government buildings in Donetsk and Lugansk regions and growing violence. Ukrainian security forces have launched an "anti-terrorist" operation which continues to date. As of the date of this report the official NBU exchange rate of Hryvnia against US dollar was UAH 12.607 per USD 1, compared to 7.993 per USD 1 as at 31 December 2013. According to the State Statistics Service of Ukraine, for the first quarter 2014, real GDP fell by 1.1% compared to the fourth quarter 2013. Industrial production in January – April 2014 decreased by 5.3% compared to January – April 2013.

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

During the year ended 31 December 2013, the Company' s subsidiaries were involved in a number of legal proceedings. 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 OAO 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. In December 2013, FAS Russia claimed penalties from OAO New Forwarding Company and OOO Ferrotrans as administrative fines in the total amount of RR 130,926 thousand (US$4,000 thousand). These administrative fines include an amount of RR 57,892 thousand (US$1,769 thousand) which has been charged to OOO Ferrotrans for which the Group is indemnified from Metalloinvest group.

Management believes that the Group has not executed any actions resulting in violation of antimonopoly legislation. As at 31 December 2013, the Group has made a provision of RR 5,482 thousand against the potential fines stipulated by the Russian Legislation should the offence be proved in Court. No further provisions were made as at 30 June 2014.

In the opinion of management, there are no other legal proceedings or other claims outstanding, as of 30 June 2014 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 2014 and 31 December 2013.

21. RELATED PARTY TRANSACTIONS

Marigold Investments, Onyx Investments and Maple Valley Investments, are Company's shareholders with a direct shareholding as at 31 December 2013 and as at 30 June 2014 of 11.5% each.

As at 31 December 2013, Envesta Investment Limited and in affiliates held 10.8% and in early 2014 it distributed its shares in the Company to Litten Investments Limited and Goldriver Resources Limited. Litten Investments Limited and Goldriver Resources Limited, 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 2014.

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

Until March 2013, Transportation Investments Holding Limited ("TIHL") held 34.5% of the Company's shares which when then disposed to Marigold Investments, Onyx Investments and Maple Valley Investments.

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-2014	30-Jun-2013
	US$'000	US$'000
Sales of services:		
Other related parties		
Entities under control of TIHL and its controlling shareholders	**-**	16,623
Entities under significant influence of members of key management	**44**	12,245
Entity under joint control by TIHL	**-**	84
	44	28,952

(b) Purchases of goods and services

	Six months ended	
	30-Jun-2014	30-Jun-2013
	US$'000	US$'000
Purchases of services:		
Other related parties		
Entities under control of TIHL and its controlling shareholders	**-**	1,131
Entities under control by parties with significant influence over the Group	**-**	515
Entities under significant influence of members of key management	**3,308**	4,995
	3,308	6,641

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

	Six months ended	
	30-Jun-2014	30-Jun-2013
	US$'000	US$'000
Additions:		
Other related parties		
Entities under significant influence of TIHL	**-**	124
		124
Disposals:		
Other related parties		
Entities under control of TIHL	**-**	14
Entities under significant influence of members of key management	**6**	295
	6	309

(d) Key management compensation

	Six months ended	
	30-Jun-2014	30-Jun-2013
	US$'000	US$'000
Key management salaries and other short term employee benefits (1)	**6,168**	10,360
	6,168	10,360

(1) 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 US$918 thousand for the six months ended 30 June 2014 (six months ended 30 June 2013: US$1,618 thousand).

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

	As at 30-Jun-2014 US$'000	As at 31-Dec-2013 US$'000
Trade receivables from related parties:		
Associate	**156**	157
Other related parties		
Entities under significant influence of members of key management	**23**	4
	179	161
Other receivables from and prepayments to related parties:		
Other related parties		
Entities under significant influence of members of key management	**1,266**	1,215
	1,266	1,215

	As at 30-Jun-2014 US$'000	As at 31-Dec-2013 US$'000
Trade payables to related parties:		
Associate	-	5
Directors	-	60
Other related parties		
Entities under significant influence of members of key management	**143**	257
	143	322
Other payables to and advances from related parties:		
Other related parties		
Entities under significant influence of members of key management	**1**	7
	1	7

(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-2014 US$'000	As at 31-Dec-2013 US$'000
Not later than 1 year	**1,991**	1,730
Later than 1 year and not later than 5 years	**1,421**	2,130
	3,412	3,860

22. SUBSEQUENT EVENTS

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

23. SEASONALITY

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

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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 2014 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and 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

PricewaterhouseCoopers Limited
Chartered Accountants

1 September 2014
Limassol
Cyprus

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