Globaltrans
Russia's Leading Private
Freight Rail Group

For immediate release **12 April 2012**

Globaltrans Investment PLC

Full Year 2011 Financial Results

Globaltrans Investment PLC (the "Company" and together with its consolidated subsidiaries "Globaltrans" or the "Group"), (LSE ticker: GLTR) today announces its financial and operational results[1] for the year ended 31 December 2011.

Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk {}. Information (non-GAAP and operational measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions thereto are provided at the end of this announcement.*

Summary

Globaltrans, a leading private freight rail transportation group in Russia, achieved outstanding financial results and an excellent operational performance in 2011. The combination of its large fleet, high quality service and a blue chip client base enabled the Group to outperform[2] the overall Russian freight rail transportation market and increase its market share. The Group also reduced its debt level during 2011 establishing a strong platform for growth for the business in 2012.

Financial highlights

- Adjusted Revenue increased 30% year on year to USD 1,177.0* million in 2011 (2010: USD 903.0* million) supported by increased Freight Rail Turnover and robust pricing.
- EBITDA rose 31% year on year to USD 505.6* million. Adjusted EBITDA increased 29% year on year to USD 505.1* million (2010: USD 390.9* million).
- Adjusted EBITDA Margin was maintained at 43%.
- Profit for the year increased 40% year on year to USD 317.2 million. Earnings per share[3] rose 50% year on year to USD 1.68 per share.
- Net Debt decreased 32% to USD 258.4* million at year end 2011 compared to the end of the previous year. The ratio of Net Debt to Adjusted EBITDA improved to 0.5x* as at the end of 2011.
- The Board of Directors recommended a dividend of USD 98.9 million (64 US cents per ordinary share[4]) for 2011 compared to the USD 58.5 million (37 US cents per ordinary share) paid for 2010.

[1] The Group's financial performance in 2011 was affected by a 3.2% appreciation of the average exchange rate of the Russian rouble (Functional Currency of the Company, its Cyprus and Russian subsidiaries) against the US dollar (the Group's financial information presentation currency). The 2011 year end exchange rate of the Russian rouble against the US dollar weakened by 5.6% compared to the end of 2010.

[2] In terms of Freight Rail Turnover (measured in tonnes- km).

[3] Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year.

[4] Based on number of shares issued, excluding treasury shares.

Operational highlights

- The Group's Freight Rail Turnover (measured in tonnes-km) grew 14% year on year to 110.6 billion tonnes-km more than double the overall Russian market growth of 6%[5].
- Globaltrans' market share[6] of overall Russian freight rail volumes increased to 5.6% in 2011 compared to 5.3% in 2010 with major share gains achieved in metallurgical cargoes, coal and construction materials.
- Average Price per Trip increased 26% year on year to USD 970.8 (22% in rouble terms) reflecting an increased Average Distance of Loaded Trip (up 6%), the Group's high quality service offering as well as a favourable pricing environment.
- The Group has largely maintained the structure of its cargo mix with a focus on metallurgical cargoes, oil products and oil, coal, and construction materials.
- The Empty Run Ratio for gondola cars improved to 41% in 2011 (2010: 42%) driven primarily by growth in rail transportation of construction materials. Total Empty Run remained unchanged at 62% compared to 2010. The Share of Empty Run Kilometres Paid by Globaltrans improved to 78% (2010: 82%) as clients increasingly paid Empty Runs directly to RZD.
- The Group's Average Rolling Stock Operated increased 15% to 42,363 units in 2011 compared to the previous year.
- Given the strong demand for the Group's services and the decrease in railcar prices, Globaltrans has resumed its opportunistic investment programme during the last months of 2011. Since then, the Group has, in aggregate, ordered 9,988 railcars with 7,560 units delivered to date. Deliveries of the remaining units are expected by the end of June 2012. These railcars will enable Globaltrans to address the needs of its clients for additional transportation services as well as to substitute part of the Group's leased-in fleet.

CEO COMMENT

Sergey Maltsev, CEO of Globaltrans Investment PLC, said:

"The Group again leveraged its strong market position, high quality of service and market-leading operating capabilities to deliver an excellent operational and financial performance. As a result, Globaltrans has outperformed the market for the third year in a row.

We carefully watch market developments to take advantage of growth opportunities when they arise. The decrease in railcar prices in late 2011 coupled with continuing strong demand for our services gave us the opportunity to significantly increase our owned fleet by 25% through the acquisition of new railcars – much as we did in 2009. This new capacity will enable us to meet the additional transportation needs of our clients and will also substitute for part of our leased-in fleet, further enhancing our position as a leading independent private freight rail group in Russia. We will continue to monitor market changes and invest strategically in the growth of our business.

The combination of this recent investment in our fleet expansion and the favourable market outlook gives me confidence that Globaltrans is well-positioned to continue its profitable growth".

OUTLOOK

Overall Russian Freight Rail Turnover (measured in tonnes-km) has continued to grow this year, increasing 8%[7] in the first quarter of 2012 compared to the same period in the previous year.

Strong demand from our clients (along with increased interest to outsource freight rail transportation) as well as replacement of our leased-in fleet are expected to enable us to swiftly and profitably employ our new

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[5] According to Rosstat.

[6] Market share data has been calculated using the Group's transportation volume (measured in tonnes) as the numerator and the overall Russian freight rail transportation volume published by Rosstat as the denominator.

[7] According to OJSC Russian Railways.

fleet. In addition to organic growth, Globaltrans may also consider non-organic growth opportunities that would fit to the Group's strategy and be value accretive.

Looking forward, we remain optimistic about the Group's prospects for 2012 and our trading performance this year to date supports this view.

DOWNLOADS

The Group's consolidated financial statements for the year ended 31 December 2011 are available for viewing at Globaltrans' corporate website www.globaltrans.com.

RESULTS IN DETAIL

The following table sets forth the Group's key financial and operational information for the years ended 31 December 2011 and 2010.

	2010 USD mln	**2011 USD mln**	Change %
IFRS financial information			
Revenue	1,382.7	**1,733.1**	25%
Including Total revenue-operators services	1,309.7	**1,651.8**	26%
Including Total revenue-operating lease	70.5	**76.6**	9%
Total cost of sales, selling and marketing costs and administrative expenses	1,056.3	**1,304.2**	23%
Operating profit	329.4	**432.0**	31%
Finance costs – net	(45.9)	**(32.6)**	-29%
Profit for the year	225.9	**317.2**	40%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in USD per share)	1.12	**1.68**	50%
Total assets (at year end)	1,515.3	1,467.8	-3%
Total debt (at year end)	519.0	379.1	-27%
Cash and cash equivalents (at year end)	137.7	120.8	-12%
Non-GAAP financial information			
Adjusted Revenue	903.0*	**1,177.0***	30%
Including Net Revenue from Operation of Rolling Stock	830.0*	**1,095.8***	32%
Total Operating Cash Costs	510.6*	**671.8***	32%
Including Empty Run Costs	203.4*	**233.8***	15%
Including Operating lease rentals-rolling stock	87.5	**132.6**	52%
Adjusted EBITDA	390.9*	**505.1***	29%
Adjusted EBITDA Margin (%)	43%*	**43%***	-
Net Debt (at year end)	381.3*	**258.4***	-32%
Net Debt to Adjusted EBITDA (at year end)	1.0x*	**0.5x***	-
Operational information			
Freight Rail Turnover (billion tonnes-km)	97.4	**110.6**	14%
Transportation Volume (million tonnes)	63.8	**69.6**	9%
Average Price per Trip (USD)	770.4	**970.8**	26%
Total Empty Run Ratio (%)	62%	**62%**	-
Including Empty Run Ratio for gondola cars (%)	42%	**41%**	-
Total Fleet, units (at year end)	50,714	**47,580**	-6%
Including Owned Fleet, units (at year end)	38,173	**39,910**	5%
Including rolling stock leased-in under operating leases (at year end)	12,541	**7,670**	-39%
Average Rolling Stock Operated (units)	36,793	**42,363**	15%
Average Number of Loaded Trips per Railcar	29.3x	**26.6x**	-9%
Average Distance of Loaded Trip	1,504.0	**1,596.6**	6%

Revenue, Adjusted Revenue and Net Revenue from Operation of Rolling Stock

The Group's revenue increased by 25% to USD 1,733.1 million in 2011 compared to USD 1,382.7 million in the previous year.

The following table sets forth revenue, broken down by revenue-generating activity for the years ended 31 December 2011 and 2010.

	2010 USD mln	2011 USD mln	Change USD mln	Change %
Railway transportation-operators services (tariff borne by the Group)[8]	810.7	929.9	119.3	15%
Railway transportation-operators services (tariff borne by the client)	499.1	721.9	222.8	45%
Railway transportation-freight forwarding	1.9	3.4	1.6	84%
Operating lease of rolling stock	70.5	76.6	6.0	9%
Other revenue	0.6	1.3	0.7	129%
Total revenue	**1,382.7**	**1,733.1**	**350.4**	**25%**

Adjusted Revenue

Adjusted Revenue was USD 1,177.0* million in 2011, an increase of 30% compared to USD 903.0* million in the previous year.

Adjusted Revenue is a non-GAAP financial measure describing the revenue adjusted for "pass-through" infrastructure and locomotive tariffs and is defined as "Total revenue" less "Infrastructure and locomotive tariffs: loaded trips". "Infrastructure and locomotive tariffs: loaded trips" is revenue resulting from tariffs that customers pay to the Group and the Group pays on to OJSC Russian Railways ("RZD"), which are reflected in equal amounts in the Group's revenue and cost of sales. The principal components of Adjusted Revenue include: (i) Net Revenue from Operation of Rolling Stock; (ii) revenue from operating lease of rolling stock and (iii) other revenues generated by the Group's non-core business activities, including freight forwarding.

The following table sets forth Adjusted Revenue for the years ended 31 December 2011 and 2010 and its reconciliation to revenue.

	2010 USD mln	2011 USD mln	Change USD mln	Change %
Revenue	1,382.7	1,733.1	350.4	25%
Minus				
Infrastructure and locomotive tariff: loaded trips	479.7	556.0	76.4	16%
Adjusted Revenue	**903.0***	**1,177.0***	**274.0**	**30%**

The following table sets forth the breakdown of Adjusted Revenue for the years ended 31 December 2011 and 2010.

	2010 USD mln	2011 USD mln	Change USD mln	Change %
Net Revenue from Operation of Rolling Stock	830.0*	1,095.8*	265.7	32%
Operating lease of rolling stock	70.5	76.6	6.0	9%
Railway transportation-freight forwarding	1.9	3.4	1.6	84%
Other revenue	0.6	1.3	0.7	129%
Adjusted Revenue	**903.0***	**1,177.0***	**274.0**	**30%**

[8] Includes "Infrastructure and locomotive tariffs: loaded trips" for the year ended 31 December 2011 amounting to USD 556.0 million (2010: USD 479.7 million).

Net Revenue from Operation of Rolling Stock

Net Revenue from Operation of Rolling Stock accounted for 93% of the Group's Adjusted Revenue in 2011.

Net Revenue from Operation of Rolling Stock is a non-GAAP financial measure describing the net revenue generated from freight rail transportation and is defined as "Revenue from railway transportation-operators services[9]" less "Infrastructure and locomotive tariffs: loaded trips".

The following table sets forth Net Revenue from Operation of Rolling Stock for the years ended 31 December 2011 and 2010, and its reconciliation to revenue from railway transportation-operators services.

	2010	**2011**	**Change**	**Change**
	USD mln	**USD mln**	**USD mln**	**%**
Railway transportation-operators services[9]	1,309.7	1,651.8	342.1	26%
Minus				
Infrastructure and locomotive tariff: loaded trips	479.7	556.0	76.4	16%
Net Revenue from Operation of Rolling Stock	**830.0***	**1,095.8***	**265.7**	**32%**

In 2011 the Group's Net Revenue from Operation of Rolling Stock was USD 1,095.8* million, an increase of 32% compared to USD 830.0* million in the previous year. This increase was primarily driven by the following factors:

- Average Rolling Stock Operated increased 15% year on year to 42,363 units in 2011;
- Average Price per Trip increased 26% to USD 970.8 (in rouble terms up 22% to RUB 28,536) in 2011 compared to 2010;
- Average Number of Loaded Trips per Railcar declined 9% to 26.6 trips compared to 2010, primarily due to the growth in Average Distance of Loaded Trip increasing 6% year on year.

Revenue from operating lease of rolling stock

Revenue from operating lease of rolling stock, which accounted for 7% of the Group's Adjusted Revenue in 2011, grew to USD 76.6 million in 2011, representing an increase of 9% compared to the previous year. The increase in lease rates was partially offset by a decrease in the average rolling stock leased out over the period.

Cost of sales, selling and marketing costs and administrative expenses

In 2011 the Group's total cost of sales, selling and marketing costs and administrative expenses amounted to USD 1,304.2 million, an increase of 23% compared to the previous year.

The following table sets forth a breakdown of cost of sales, selling and marketing costs and administrative expenses for the years ended 31 December 2011 and 2010.

	2010	**2011**	**Change**	**Change**
	USD mln	**USD mln**	**USD mln**	**%**
Cost of sales	981.4	1,210.8	229.4	23%
Selling and marketing costs	2.7	3.1	0.4	15%
Administrative expenses	72.2	90.3	18.1	25%
Total cost of sales, selling and marketing costs and administrative expenses	**1,056.3**	**1,304.2**	**247.9**	**23%**

[9] Defined as the sum of the following IFRS line items: "Railway transportation-operators services (tariff borne by the Group)" and "Railway transportation-operators services (tariff borne by the client)".

In order to elucidate the dynamics and nature of the Group's cost base, individual items of total cost of sales, selling and marketing costs and administrative expenses have been regrouped as shown below:

	2011	2010	2011	Change	Change
	% of Total	USD mln	USD mln	USD mln	%
Infrastructure and locomotive tariffs: loaded trips	**43%**	**479.7**	**556.0**	**76.4**	**16%**
Total Operating Cash Costs	**52%**	**510.6***	**671.8***	**161.2**	**32%**
Empty Run Costs		203.4*	233.8*	30.4	15%
Operating lease rentals - rolling stock		87.5	132.6	45.1	52%
Repairs and maintenance		63.7	76.2	12.6	20%
Employee benefit expense		46.4	62.2	15.7	34%
Infrastructure and Locomotive Tariffs: Other Tariffs and Services Provided by Other Transportation Organisations		29.2*	65.6*	36.4	125%
Fuel and spare parts - locomotives		21.3	27.7	6.4	30%
Engagement of locomotive crews		11.3	12.7	1.4	12%
Legal, consulting and other professional fees		3.3	9.3	6.0	183%
Other Operating Cash Costs		44.6*	51.7*	7.1	16%
Total Operating Non-Cash Costs	**6%**	**66.1***	**76.4***	**10.4**	**16%**
Depreciation of property, plant and equipment		63.0	75.1	12.0	19%
Amortisation of intangible assets		0.2	0.2	0.0	3%
Impairment charge for receivables		1.5	0.1	(1.3)	-92%
Loss on sale of property, plant and equipment		2.0	1.2	(0.8)	-39%
Reversal of impairment charge for property, plant and equipment		(0.7)	(0.2)	0.5	-74%
Total cost of sales, selling and marketing costs and administrative expenses	**100%**	**1,056.3**	**1,304.2**	**247.9**	**23%**

Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a "pass-through" cost item for the Group[10] and is reflected in equal amounts in the Group's revenue and cost of sales. Infrastructure and locomotive tariffs: loaded trips increased 16% to USD 556.0 million in 2011 compared to the previous year mainly due to increased business volumes along with an annual increase in the regulated tariff for the services rendered by RZD.

Total Operating Cash Costs

The Group's Total Operating Cash Costs increased 32% to USD 671.8* million in 2011, compared to the previous year. This result was driven primarily by increased business volumes as well as cost inflation.

Total Operating Cash Costs (a non-GAAP financial measure) include cost items contained in cost of sales as well as selling and marketing costs and administrative expenses payable in cash.

[10] Under contracts where the RZD tariff is borne by the Group, the Group has a contractual relationship with the client. The Group sets the terms of the transactions, such as selling and payment terms and in some cases bears credit risk and controls the flow of receipts and payments.

The following table sets forth a breakdown of Total Operating Cash Costs for the years ended 31 December 2011 and 2010.

	2011	2010	2011	Change	Change
	% of Total	USD mln	USD mln	USD mln	%
Empty Run Costs	35%	203.4*	233.8*	30.4	15%
Operating lease rentals - rolling stock	20%	87.5	132.6	45.1	52%
Repairs and maintenance	11%	63.7	76.2	12.6	20%
Employee benefit expense	9%	46.4	62.2	15.7	34%
Infrastructure and Locomotive Tariffs: Other Tariffs and Services Provided by Other Transportation Organisations	10%	29.2	65.6	36.4	125%
Fuel and spare parts - locomotives	4%	21.3*	27.7*	6.4	30%
Engagement of locomotive crews	2%	11.3	12.7	1.4	12%
Legal, consulting and other professional fees	1%	3.3	9.3	6.0	183%
Other Operating Cash Costs	8%	44.6*	51.7*	7.1	16%
Total Operating Cash Costs	**100%**	**510.6***	**671.8***	**161.2**	**32%**

Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 35% of Total Operating Cash Costs in 2011. Empty Run Costs were well managed and grew only 15% year on year to USD 233.8* million (well below the combined increase in the Group's business volumes and regulated tariff for the traction of the empty railcars). This increase was primarily driven by:

(i) An increase in business volumes with the Group's Freight Rail Turnover up 14% year on year;

(ii) An 8% increase[11] in the RZD regulated tariff for the traction of empty railcars;

(iii) An improvement in the Share of Empty Run Kilometres Paid by Globaltrans, which decreased from 82% in 2010 to 78%. It reflects the increased use of block train[12] logistics for transportation of coal and iron ore in which customers pay for Empty Runs (directly to RZD);

(iv) Total Empty Run Ratio maintained at the level of 62% reflecting the following factors:

- Improved Empty Run Ratio for gondola cars to 41% (2010: 42%);
- Increased Empty Run Ratio for rail tank and hopper cars to 111% (2010: 108%) primarily because of changed logistics in the transportation of oil products and oil.

Operating lease rentals - rolling stock

Operating lease rentals - rolling stock, which accounted for 20% of the Group's Total Operating Cash Costs in 2011, increased by 52% to USD 132.6 million compared to the previous year, reflecting an increase in the average number of railcars leased-in over the period, as well as substantially increased lease-in rates.

The increased lease-in rates along with the Group's intention to substitute a proportion of leased-in railcars with owned railcars resulted in a 39% or 4,871 units decrease of leased-in fleet to 7,670 units at the end of 2011. The Group's recent contracts for the purchase of 9,988 railcars are partly aimed at substituting the returned leased-in fleet.

The Group intends to continue using a leased-in fleet primarily to benefit from the operational flexibility that it provides.

[11] According to Federal Tariff Service of Russia; from 1 January 2011.

[12] Block train consists of group-operated rolling stock bound for one destination. The use of block trains improves delivery times and increases railcar utilisation as it avoids the need to couple and decouple individual rolling stock at rail yards.

Repairs and maintenance

Repairs and maintenance, which accounted for 11% of the Group's Total Operating Cash Costs in 2011, increased 20% to USD 76.2 million in 2011 compared to the previous year, reflecting cost inflation for repair works and spare parts, as well as an increased average size of fleet.

Employee benefit expense

Employee benefit expense, accounting for 9% of the Group's Total Operating Cash Costs, rose by 34% to USD 62.2 million in 2011 compared to the previous year. This increase was primarily driven by a 6% year on year increase in the average number of employees combined with general wage inflation, an increase in the Russian unified social tax rate, and a rise in results-driven bonuses awarded.

Infrastructure and Locomotive Tariffs: Other Tariffs and Services Provided by Other Transportation Organisations

Other Tariffs and Services Provided by Other Transportation Organisations (a non-GAAP financial measure), which is presented as part of the ''Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations'' component of cost of sales reported under EU IFRS, accounted for 10% of the Group's Total Operating Cash Costs in 2011. Other Tariffs and Services Provided by Other Transportation Organisations amounted to USD 65.6* million representing a 125% increase compared to the previous year. The majority of this growth resulted from the increased usage of other transportation organisations in order to satisfy strong customer demand.

Fuel and spare parts - locomotives expenses

Fuel and spare parts - locomotive expenses, accounting for 4% of the Group's Total Operating Cash Costs, were USD 27.7 million in 2011, an increase of 30% compared to the previous year. This increase was primarily driven by the significant increase in prices for fuel.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD increased 12% to USD 12.7 million primarily reflecting an increase in the volume of this service on the back of relatively stable pricing. This cost item accounted for 2% of the Group's Total Operating Cash Costs in 2011.

Legal, consulting and other professional fees

Legal, consulting and other professional fees, accounting for 1% of the Group's Total Operating Cash Costs in 2011, were USD 9.3 million, an increase of 183% compared to the previous year, principally reflecting the one-off expenses associated with investigating potential investment opportunities and their financing.

Other Operating Cash Costs

Other Operating Cash Costs, which comprised 8% of the Group's Total Operating Cash Costs, increased by 16% to USD 51.7* million in 2011 compared to the previous year, primarily due to an increase in "taxes (other than income tax and value added taxes)". This is predominantly a property tax reflecting the increase in the number of Owned Fleet.

Other Operating Cash Costs (a non-GAAP financial measure), which include "Operating lease rentals-office", "Auditors' remuneration", "Advertising and promotion", "Communication costs", "Information services", "Taxes (other than income tax and value added taxes)" and "Other expenses".

Total Operating Non-Cash Costs

Total Operating Non-Cash Costs were USD 76.4* million in 2011, an increase of 16% compared to the previous year. The main non-cash expense item of “Depreciation of property plant and equipment” rose by 19% year on year to USD 75.1 million in 2011, reflecting the increase in the number of Owned Fleet.

Total Operating Non-Cash Costs (a non-GAAP financial measure) which include “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment charge for receivables”, “Loss on sale of property, plant and equipment” and “Reversal of impairment charge for property, plant and equipment”.

EBITDA and Adjusted EBITDA (non-GAAP financial measures)

The Group’s EBITDA increased by 31% year on year to USD 505.6* million in 2011, reflecting the strong performance of the underlying business and the factors described above.

Adjusted EBITDA increased by 29% year on year to USD 505.1* million in 2011. The difference between EBITDA and Adjusted EBITDA arises mostly from “Net foreign exchange transaction losses on financing activities” which are eliminated from Adjusted EBITDA.

The Group’s Adjusted EBITDA Margin remained flat year on year at 43%* in 2011.

The following table sets forth EBITDA and Adjusted EBITDA for the years ended 31 December 2011 and 2010, and its reconciliation to profit for the year.

	2010 USD mln	**2011 USD mln**	**Change USD mln**	**Change %**
Profit for the year	**225.9**	**317.2**	**91.3**	**40%**
Plus (Minus)				
Income tax expense	57.7	82.6	24.9	43%
Finance costs - net	45.9	32.6	(13.3)	-29%
Net foreign exchange transaction losses on financing activities	(7.5)	(2.0)	5.4	-73%
Amortisation of intangible assets	0.2	0.2	0.0	3%
Depreciation of property, plant and equipment	63.0	75.1	12.0	19%
EBITDA	**385.3***	**505.6***	**120.3**	**31%**
Minus (Plus)				
Net foreign exchange transaction losses on financing activities	(7.5)	(2.0)	5.4	-73%
Share of profit of associates	0.2	0.4	0.2	108%
Other gains - net	3.0	3.1	0.1	3%
Loss on sale of property, plant and equipment	(2.0)	(1.2)	0.8	-39%
Reversal of impairment charge for property, plant and equipment	0.7	0.2	(0.5)	-74%
Adjusted EBITDA	**390.9***	**505.1***	**114.2**	**29%**

Finance income and costs

Finance income

Finance income was USD 7.4 million in 2011, an increase of 2% compared to the previous year.

Finance costs

Finance costs decreased 25% to USD 39.9 million in 2011 compared to the previous year. This decrease was driven by the combination of the following factors:

- Total interest expense recorded a year on year decrease of 16% to USD 36.7 million in 2011. This was primarily due to a decreased level of liabilities:
  - (i) A decrease in “Interest expense: finance leases” of USD 9.2 million year on year to USD 4.3 million in 2011, related to the decline of the Group’s lease liabilities;
  - (ii) An increase in “Interest expense: non-convertible bond” of USD 4.5 million year on year to USD 8.4 million in 2011, reflecting coupon payments on non-convertible 5-year rouble-denominated bonds issued in July 2010;
- Decrease in “Net foreign exchange transaction losses on financing activities” of USD 5.4 million year on year to USD 2.0 million in 2011. This was driven by the decline in net US dollar-denominated liabilities as of the end of 2011 compared to the end of the previous year.

The following table sets forth a breakdown of finance income and costs for the years ended 31 December 2011 and 2010.

	2010 USD mln	2011 USD mln	Change USD mln	Change %
Interest expense:				
Bank borrowings	(25.0)	(23.3)	(1.6)	-7%
Non-convertible bond	(3.9)	(8.4)	4.5	116%
Finance leases	(13.5)	(4.3)	(9.2)	-68%
Other interest-related parties	(0.3)	-	(0.3)	-100%
Other finance costs	(0.9)	(0.7)	(0.3)	-28%
Total interest expense	**(43.7)**	**(36.7)**	**(6.9)**	**-16%**
Net foreign exchange transaction losses on financing activities	(7.5)	(2.0)	(5.4)	-73%
Finance cost on liability for minimum dividend distribution	(2.0)	(1.2)	(0.8)	-42%
Finance costs	**(53.1)**	**(39.9)**	**(13.2)**	**-25%**
Interest income:				
Bank balances	0.3	0.6	0.3	98%
Short term bank deposits	0.7	2.5	1.8	264%
Finance leases	5.2	4.2	(1.0)	-19%
Loans to third parties	0.0[13]	-	(0.0)	-100%
Total interest income	**6.2**	**7.4**	**(1.1)**	**18%**
Amortisation of financial guarantees	1.0	-	(1.0)	-100%
Finance income	**7.2**	**7.4**	**0.2**	**2%**
Net finance costs	**(45.9)**	**(32.6)**	**(13.3)**	**-29%**

Profit before income tax

Profit before income tax increased by 41% to USD 399.8 million in 2011 compared to the previous year. This increase was driven primarily by a USD 102.6 million year on year increase in operating profit, combined with a USD 13.3 million year on year decrease in net finance costs.

Income tax expense

Income tax expense increased 43% year on year to USD 82.6 million in 2011, due to higher taxable profits. The weighted average applicable tax rate for the Group was 18.4% in 2011 (2010: 17.8%). The increase in the average applicable tax rate was due to the increased profitability of Russian subsidiaries of the Group, which are taxed at 20%, compared to the Estonian subsidiaries which have a zero applicable tax rate.

[13] USD 2,000.

LIQUIDITY AND CAPITAL RESOURCES

The business of freight rail transportation is capital-intensive. In 2011, the Group was able to meet its liquidity and capital expenditure needs from operating cash flow, cash and cash equivalents available at 31 December 2010 as well as proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 31 December 2011, the Group had positive Net Working Capital of USD 99.2* million. The Group believes that it has sufficient working capital for the next 12 months. In addition, the combination of strong operating cash flow and a robust balance sheet with significant potential for further leverage is expected to enable it to operate successfully and expand its business during the upcoming year.

Cash flows

The following table sets forth the principal components of the Group's consolidated cash flow statement for the years ended 31 December 2011 and 2010.

	2010 USD mln	2011 USD mln
Cash flows from operating activities	**393.6**	**508.1**
Changes in working capital:		
Inventories	(1.1)	(1.6)
Trade and other receivables	(79.3)	3.7
Trade and other payables	10.1	(5.1)
Cash generated from operations	**323.3**	**505.2**
Tax paid	(34.3)	(63.4)
Net cash from operating activities	**288.9**	**441.8**
Net cash used in investing activities	**(293.0)**	**(126.2)**
Acquisition of subsidiaries-net of cash acquired	(7.0)	-
Purchases of property, plant and equipment	(299.8)	(173.9)
Receipts from finance lease receivable	4.5	35.9
Other[14]	9.4	11.8
Net cash used in financing activities	**(17.6)**	**(328.7)**
Net cash inflows (outflows) from borrowings and financial leases[15]	71.1	(125.9)
Interest paid	(43.6)	(36.5)
Acquisition of non-controlling interests	-	(81.7)
Contribution from non-controlling interests	0.0[16]	-
Dividends paid to Company's shareholders	(24.0)	(58.5)
Dividends paid to non-controlling interests	(21.2)	(26.1)
Net decrease in cash and cash equivalents	**(21.6)**	**(13.1)**
Exchange losses on cash and cash equivalents	(0.5)	(4.1)
Cash, cash equivalents and bank overdrafts at end of year	**137.0**	**119.7**

Net cash from operating activities

Net cash generated from operating activities increased 53% to USD 441.8 million in 2011, compared to the same period the previous year. This was the result of the following factors:

- Cash flows from operating activities increased 29% to USD 508.1 million, driven by the strong growth of the underlying business;
- Decrease of cash outflow from changes in working capital to USD 2.9 million in 2011, compared to USD 70.4 million in the previous year;

[14] "Other" represents the sum of the following IFRS line items: "Loans repayments received from third parties", "Proceeds from disposal of property, plant and equipment", "Proceeds from sale of assets classified as held for sale" and "Interest received".

[15] Net cash inflows (outflows) from borrowings and financial leases defined as a balance between of "Proceeds from borrowings", "Repayments of borrowings", "Finance lease principal payments".

[16] USD 28,000.

- Increase in tax paid in 2011 to USD 63.4 million, compared to USD 34.3 million in the previous year, driven primarily by a higher income tax charge due to higher taxable profits.

Net cash used in investing activities

Net cash used in investing activities decreased 57% to USD 126.2 million in 2011 compared to the previous year, driven primarily by a 42% decrease in purchases of property, plant and equipment to USD 173.9 million in 2011, compared to USD 299.8 million in the previous year. This reflects the management decision to scale back its investment programme temporarily in 2011 due to elevated railcar prices.

In addition, as a result of the pre-term settlement of a finance lease receivable, Globaltrans recorded an increase in receipts from finance lease receivable which rose from USD 4.5 million in 2010 to USD 35.9 million in 2011.

Net cash used in financing activities

Net cash used in financing activities increased from USD 17.6 million in 2010 to USD 328.7 million in 2011. It consisted primarily of the following:

- Net cash outflows from borrowings and finance leases[15] of USD 125.9* million reflecting continued steps to deleverage the business;
- Interest paid of USD 36.5 million;
- Payment of USD 81.7 million for the additional acquisitions of shareholdings in its controlled subsidiaries as follows:
  - (i) Acquisition of an effective 10% additional interest in LLC BaltTransServis from an unrelated third party for a total cash consideration of USD 74.5 million. As a result, the Company's holding in LLC BaltTransServis increased to 60%;
  - (ii) Acquisition of an additional 4.25% in AS Spacecom from Transportation Investments Holding Limited (a Parent to the Company) for a total cash consideration of USD 7.2 million. As a result, the Company's holding in AS Spacecom increased to 65.25%.
- Payment of USD 26.1 million of dividends to non-controlling interests; and
- Payment of USD 58.5 million in dividends to Company shareholders, compared to USD 24.0 million paid in the previous year.

Capital Expenditure

The Group's capital expenditure in the last year has principally funded the acquisition of rolling stock. In 2011, the Group significantly scaled back its opportunistic investment programme on the back of an increase in prices for new rolling stock. In the final months of 2011 when the prices for new rolling stock declined to more economically justified levels, Globaltrans announced an investment programme to acquire up to 10,000 new railcars by the end of 2012.

In 2011, the Group took delivery of 1,764 units[17] of rolling stock (1,169 gondola cars and 595 rail tank cars).

The Group's capital expenditure on acquisition of rolling stock (including rolling stock leased under finance leases) on an accrual basis as well as capitalised repairs which amounted to USD 131.6 million in 2011.

Given the strong demand for the Group's services and the decreased railcar prices, Globaltrans resumed its opportunistic investment programme in the final months of 2011. For more details please refer to the "Recent Developments" section below.

[17] 27 units of rolling stock (4 locomotives and 23 railcars) were disposed of over 2011.

Capital Resources

In 2011, Globaltrans continued to take steps to deleverage the business. The Group's total debt as at 31 December 2011 was USD 379.1 million, a decrease of 27% when compared to the end of 2010.

The following table sets forth the Group's debt structure as at 31 December 2011.

	as at 31 December 2011 USD million	% of Total
Bank borrowings	254.2	67%
Non-convertible unsecured bonds	75.7	20%
Finance lease liabilities	48.2	13%
Bank overdrafts	1.0	0.3%
Total	**379.1**	**100%**

With cash and cash equivalents of USD 120.8 million at 31 December 2011, the Group's Net Debt decreased 32% to USD 258.4* million as at 31 December 2011.

In 2011, Globaltrans maintained a robust balance sheet and the Group's Net Debt to Adjusted EBITDA ratio improved to 0.5x* at 31 December 2011, compared to 1.0x* at the end of 2010.

The debt currency largely matched the Group's revenue currency in 2011 and rouble-denominated borrowings accounted for 79% of the Group's debt portfolio as at the end of 2011.

The carrying amounts of borrowings were denominated in the following currencies as at 31 December 2011 and 31 December 2010.

	as at 31 December 2010 USD mln	***% of Total***	**as at 31 December 2011 USD mln**	***% of Total***
Russian rouble	405.8	*78%*	299.1	79%
US dollar	113.1	*22%*	79.9	21%
Euro	0.2	*0.03%*	0.1	0.03%
Total	**519.0**	***100%***	**379.1**	***100%***

The Group's weighted average effective interest rate remained relatively flat at 8.37%* as at 31 December 2011 compared to 8.51%* as at 31 December 2010.

In addition, the Group continued executing its strategy for reducing financial risks. The share of borrowings with a fixed interest rate was 68%* at 31 December 2011 compared to 50%* at the end of 2010.

The following table sets forth the maturity profile of the Group's borrowings (including accrued interest of USD 2.2* million) as at 31 December 2011.

	as at 31 December 2011 USD mln
1st quarter of 2012	40.6*
2nd quarter of 2012	59.8*
3rd quarter of 2012	29.5*
4th quarter of 2012	40.9*
2013	79.6*
2014	75.3*
2015-2017	53.4*
Total	**379.1***

After the year-end, the Group raised RUB 10 billion (approximately USD 341.4 million at 6 March 2012 exchange rate) through a Russian rouble denominated bond placement and approximately USD 410 million through various long-term credit facilities (predominantly denominated in Russian roubles with 5-year maturity) in order to finance its ongoing investment programme. For details please refer to the "Recent Developments" section below.

RECENT DEVELOPMENTS

In accordance with the decision of the Extraordinary General Meeting which took place on 20 December 2011, in January 2012 the Company completed the purchase of 3,637,117 of its own ordinary shares, constituting 2.3% of the issued share capital of the Company, from Envesta Investments Limited at the price of USD 11.87 per share for a total consideration of USD 43.2 million. Following the acquisition of its own shares the Group's principal shareholders of more than 5% of issued share capital are: (i) Transportation Investments Holding Limited (jointly beneficially controlled by Konstantin Nikolaev, Nikita Mishin and Andrey Filatov) with a 50.10% interest in the Company; (ii) Alexander Eliseev, Chairman of the Board of Directors of the Company, and Sergey Maltsev, Chief Executive Officer, holding respectively a 7.16% and 5.07% beneficial interest in the Company through Envesta Investments Limited and other entities controlled by them.

Given the strong demand for the Group's services and the decreased railcar prices, Globaltrans resumed its opportunistic investment programme during the last months of 2011. Since then, the Group has, in aggregate, contracted to purchase 9,988 railcars with 7,560 units delivered to date. Deliveries of the remaining units are expected by the end of June 2012. All contracted railcars are to be financed with the Company's own funds as well as borrowings.

In March 2012, OJSC New Forwarding Company, a Russian subsidiary of the Company, issued 3-year Russian rouble-denominated exchange-traded bonds for a total amount of RUB 10 billion (approximately USD 341.4 million at 6 March 2012 exchange rate) at a coupon rate of 10.00% per annum. The bonds are traded on MICEX in Moscow. Moody's Investors Service has assigned a B1 rating with positive outlook to the bond issue. The Company acts as the guarantor for the issue.

In addition, the Group also raised approximately USD 410 million through various long-term credit facilities (predominantly denominated in Russian roubles with 5-year maturity).

PRESENTATION OF INFORMATION

All financial information presented in this announcement is derived from the consolidated financial statements (audited) of Globaltrans Investment PLC ("the Company" or, together with its subsidiaries, "Globaltrans" or "the Group") for the years ended 31 December 2011 and 2010 and prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 ("EU IFRS").

The Group's consolidated financial statements for the years ended 31 December 2011 and 2010 along with the selection of historical operational and financial information are available at Globaltrans' corporate website (www.globaltrans.com).

The Group's consolidated financial statements are presented in US dollars, which the Group's management believes to be the most useful for users of the financial statements. The functional currency of the Company, its Cyprus and Russian subsidiaries is the Russian rouble. The Estonian and Finnish subsidiaries have the Euro as their functional currency. The Ukrainian subsidiary of the Company has Ukrainian hryvnia as its functional currency.

Certain financial information which is derived from management accounts is marked in this announcement with an asterisk {*}.

In this announcement the Group has used certain non-GAAP financial information (not recognised by EU IFRS or IFRS) as supplemental measures of the Group's operating performance.

Information (non-GAAP and operational measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions are provided at the end of this announcement.

Rounding adjustments have been made in calculating some of the financial and operational information included in this announcement. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Market share data has been calculated using the Group's own information as the numerator and information published by the Federal State Statistics Service of the Russian Federation ("Rosstat") as the denominator. The Group's market share is calculated as a percentage of the overall Russian freight rail transportation volume or as a percentage of overall Russian freight rail transportation volume of the relevant cargoes.

The Group has obtained certain statistical, market and pricing information that is presented in this Annual Report on such topics as the Russian freight rail transportation market, the Russian economy in general and related subjects from the following third-party sources: Federal State Statistics Service of Russian Federation ("Rosstat"); OJSC Russian Railways ("RZD"), Ministry of Economic Development of Russian Federation and Federal Tariff Service of Russian Federation ("FST"). The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Group has not independently verified this third-party information. In addition, the official data published by Russian governmental agencies may be substantially less complete or researched than that of more developed countries.

All non-GAAP financial and operational information presented in this announcement should be used only as an analytical tool, and investors should not consider such information in isolation or in any combination as a substitute for analysis of the Group's consolidated financial statements reported under EU IFRS, which are available the Globaltrans' corporate website www.globaltrans.com.

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ANALYST AND INVESTOR CONFERENCE CALL

An analyst and investor conference call hosted by Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer will be held on Thursday, 12 April 2012 at 09.00 New York time (EDT) / 14.00 London time / 17.00 Moscow time. To participate in the conference call, please dial one of the following numbers and ask to be put through to the "Globaltrans" call:

UK toll free: 0800 358 5256

International: +44 (0) 207 190 1590

As there will be simultaneous translation for the first part of the call (slide presentation), you should state whether you prefer to listen in English or Russian. During the Q&A session, all participants will hear both languages.

There will also be a webcast of the call, available through the Globaltrans website (www.globaltrans.com). Please note that this will be a listen-only facility. A slide presentation will be distributed and made available at the Globaltrans website prior to the conference call.

ENQUIRIES

Globaltrans Investor Relations

Mikhail Perestyuk

+357 25 503 153

irteam@globaltrans.com

For international media

Holloway & Associates

Laura Gilbert / Zoe Watt

+44 20 7240 2486

globaltrans@rholloway.com

NOTES TO EDITORS

Globaltrans is a leading private freight rail transportation group in Russia and the first such group to have an international listing.

Globaltrans Investment PLC is incorporated in Cyprus with major operating subsidiaries located in Russia, Ukraine and Estonia. The Group provides freight rail transportation, railcar leasing, and certain ancillary services to clients in Russia, the CIS countries and the Baltics.

The Group's fleet of rolling stock owned and leased under finance and operating leases amounted to 47,580 units at 31 December 2011, including 26,607 gondola cars, 20,427 rail tank cars, 56 locomotives and 490 other railcars.

The Group's Freight Rail Turnover in 2011 was 110.6 billion tonnes-km with 69.6 million tonnes of freight transported. In 2011 the Group's Adjusted Revenue was USD 1,177.0* million with Adjusted EBITDA reaching USD 505.1* million.

Globaltrans' global depositary receipts (ticker symbol: GLTR) have been listed on the Main Market of the London Stock Exchange since May 2008.

To learn more about Globaltrans, please visit www.globaltrans.com.

DEFINITIONS

Terms that require definitions are marked with capital letters in this announcement and their definitions are provided below in alphabetical order:

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding "Net foreign exchange transaction losses on financing activities", "Share of profit of associates", "Other gains - net", "Loss on sale of property, plant and equipment" and "Reversal of impairment charge for property, plant and equipment".

Adjusted EBITDA Margin (a non-GAAP financial measure) calculated as Adjusted EBITDA divided by Adjusted Revenue.

Adjusted Revenue (a non-GAAP financial measure) is calculated as "Total revenue" less "Infrastructure and locomotive tariffs: loaded trips".

Average Distance of Loaded Trip is calculated as the sum of distances of all loaded trips for a period divided by the number of loaded trips for the same period.

Average Number of Loaded Trips per Railcar is calculated as total number of loaded trips in the relevant period divided by Average Rolling Stock Operated.

Average Price per Trip is calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period in the respective currency.

Average Rolling Stock Operated is calculated as the average weighted (by days) number of rolling stock available for operator services (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out).

EBITDA (a non-GAAP financial measure) represents "Profit for the year" before "Income tax expense", "Finance costs-net" (excluding "Net foreign exchange transaction losses on financing activities"), "Depreciation of property, plant and equipment" and "Amortisation of intangible assets".

Empty Run or Empty Runs means movement of railcars without cargo for the whole or a substantial part of the journey.

Empty Run Costs (a non-GAAP financial measure, meaning costs payable to OJSC Russian Railways for forwarding empty railcars) is derived from management accounts and presented as part of the "Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations” component of “Cost of sales” reported under EU IFRS. Empty Run Costs do not include costs of relocation of rolling stock in and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation and rolling stock leased in or leased out.

Empty Run Ratio is calculated as the total of empty trips in kilometres by respective rolling stock type divided by total loaded trips in kilometres of such rolling stock type. Empty trips are only applicable to rolling stock operated (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out).

Freight Rail Turnover is a measure of freight carriage activity over a particular period calculated as sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km.

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company, its Cyprus and Russian subsidiaries is the Russian rouble. The Estonian and Finnish subsidiaries have the Euro as their functional currency. The Ukrainian subsidiary of the Company has Ukrainian hryvnia as its functional currency.

Net Debt (a non-GAAP financial measure) is defined as the sum of total borrowings (including interest accrued) less “Cash and cash equivalents”.

Net Revenue from Operation of Rolling Stock (a non-GAAP financial measure) is defined as the sum of “Revenue from railway transportation-operators services (tariff borne by the Group)” and “Revenue from railway transportation-operators services (tariff borne by the client)” less “Infrastructure and locomotive tariffs: loaded trips”.

Net Working Capital (a non-GAAP financial measure) is calculated as the sum of the current portions of “Inventories”, “Current income tax assets”, “Trade receivables - net”, “Prepayments - third parties”, “Prepayments - related parties”, “Other receivables - net”, “VAT recoverable”, less the sum of the current portions of “Trade payables to third parties”, “Trade payables to related parties”, “Advances from customers for transportation services”, “Advances from related parties for transportation services”, "Accrued expenses", “Other payables to related parties”.

Operating Cash Costs (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as “Total cost of sales, selling and marketing costs and administrative expenses” less “Infrastructure and locomotive tariffs: loaded trips”, “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment charge for receivables”, “Loss on sale of property, plant and equipment” and “Reversal of impairment charge for property, plant and equipment”.

Operating Non-Cash Costs (a non-GAAP financial measure) include line items such as “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment charge for receivables”, “Loss on sale of property, plant and equipment” and “Reversal of impairment charge for property, plant and equipment”.

Other Operating Cash Costs (a non-GAAP financial measure) include line items such as “Operating lease rentals-office”, “Auditors’ remuneration”, “Advertising and promotion”, “Communication costs”, “Information services”, “Taxes (other than income tax and value added taxes)” and “Other expenses”.

Other Tariffs and Services Provided by Other Transportation Organisations (a non-GAAP financial measure) is presented as part of the ‘‘Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations’’ component of “Cost of sales” reported under EU IFRS.

Owned Fleet is defined as rolling stock fleet owned and leased in under finance lease as of the end of period (it includes railcars and locomotives unless otherwise stated).

Share of Empty Run Kilometres Paid by Globaltrans is defined as the percentage of empty run kilometres paid by Globaltrans divided by the total amount of empty run kilometres incurred by the fleet operated by Globaltrans (not including relocation of rolling stock in and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out) in the relevant period.

Total Empty Run Ratio is calculated as total kilometres travelled empty divided by total kilometers travelled loaded by the fleet operated by Globaltrans (not including relocation of rolling stock in and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out) in the relevant period.

Total Fleet is defined as the total rolling stock owned and leased in under finance and operating leases as of the end of period (it includes railcars and locomotives unless otherwise stated).

Transportation Volume is a measure of freight carriage activity over a particular period measuring weight of cargo carried in million tonnes.

LEGAL DISCLAIMER

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of Globaltrans. You can identify forward-looking statements by terms such as 'expect', 'believe', 'anticipate', 'estimate', 'intend', 'will', 'could', 'may' or 'might', the negative of such terms or other similar expressions. Globaltrans wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Globaltrans does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Globaltrans, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries Globaltrans operates in, as well as many other risks specifically related to Globaltrans and its operations.