Globaltrans Investment Plc

Interim financial information (unaudited)
30 June 2009

Contents

Condensed Consolidated Income Statement

	Note	**Six months ended 30 June 2009 US$'000**	Six months ended 30 June 2008 US$'000
Revenue	6	**215,573**	341,622
Cost of sales	7	**(143,074)**	(207,469)
Gross profit		**72,499**	134,153
Selling and marketing costs	7	**(695)**	(1,178)
Administrative expenses	7	**(18,202)**	(26,480)
Other gains – net		**474**	2,256
Operating profit		**54,076**	108,751
Finance income	8	**695**	1,607
Finance costs	8	**(45,197)**	(8,763)
Finance cost – net	8	**(44,502)**	(7,156)
Share of profit of associate		**331**	546
Profit before income tax		**9,905**	102,141
Income tax income/(expense)		**1,048**	(24,160)
Profit for the period		**10,953**	77,981
Attributable to:			
- equity holders of the Company		**6,370**	72,292
- minority interest		**4,583**	5,689
		10,953	77,981
		US$ per share	US$ per share
Earnings per share for profit attributable to the equity holders of the Company			
- basic and diluted	15	**0.05**	0.66

Condensed Consolidated Statement of comprehensive income

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Profit for the period	**10,953**	77,981
Currency translation differences	**(20,892)**	18,598
Total comprehensive income for the period	**(9,939)**	96,579
Total comprehensive income attributable to:		
- equity holders of the Company	**(14,822)**	89,807
- minority interest	**4,883**	6,772
	(9,939)	96,579

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

Globaltrans Investment PLC

Condensed Consolidated Balance sheet

	Note	**As at 30 June 2009 US$'000**	As at 31 December 2008 US$'000
Assets			
Non-current assets			
Property, plant and equipment	9	**691,136**	741,915
Investment in associate		**1,308**	926
Trade and other receivables	10	**14,190**	28,023
Total non-current assets		**706,634**	770,864
Current assets			
Inventories		**1,098**	660
Trade and other receivables	10	**98,990**	101,774
Current income tax assets		**6,468**	11,160
Cash and cash equivalents		**64,216**	111,602
Total current assets		**170,772**	225,196
Non-current assets held for sale	17	**10,871**	-
Total assets		**888,277**	996,060
Equity and liabilities			
Capital and reserves			
Share capital	12	**11,696**	11,696
Share premium	12	**279,145**	279,145
Common control transaction reserve		**(158,527)**	(158,527)
Translation reserve		**(78,425)**	(57,233)
Capital contribution		**90,000**	90,000
Retained earnings		**236,406**	230,036
		380,295	395,117
Minority interest		**31,208**	26,325
Total equity		**411,503**	421,442
Non-current liabilities			
Borrowings	13	**263,556**	321,318
Trade and other payables	11	**11,974**	24,129
Deferred gains		**629**	508
Deferred tax liabilities		**13,576**	15,563
Total non-current liabilities		**289,735**	361,518
Current liabilities			
Borrowings	13	**131,373**	124,310
Trade and other payables	11	**55,309**	85,836
Deferred gains		**325**	920
Current income tax liabilities		**32**	2,034
Total current liabilities		**187,039**	213,100
Total liabilities		**476,774**	574,618
Total equity and liabilities		**888,277**	996,060

The notes on pages 5 to 21 are an integral part of this condensed consolidated interim financial information

Condensed Consolidated Statement of changes in equity

	Note	Share capital US$'000	Share premium US$'000	Common control transaction reserve US$'000	Translation reserve US$'000	Capital contribution US$'000	Retained earnings US$'000	Total US$'000	Minority interest US$'000	Total US$'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2008		10,000	61,560	(88,008)	30,808	90,000	148,002	252,362	26,468	278,830
Total comprehensive income for the period ended 30 June 2008		-	-	-	17,515	-	72,292	89,807	6,772	96,579
Issue of shares	12	1,696	223,012	-	-	-	-	224,708	-	224,708
Dividends related to 2008		-	-	-	-	-	(8,900)	(8,900)	-	(8,900)
Minority interest on acquisition		-	-	5,504	-	-	-	5,504	(5,504)	-
Expenses directly related to issue of new shares	12	-	(6,845)	-	-	-	-	(6,845)	-	(6,845)
Balance at 30 June 2008		11,696	277,727	(82,504)	48,323	90,000	211,394	556,636	27,736	584,372
Balance at 1 January 2009		11,696	279,145	(158,527)	(57,233)	90,000	230,036	395,117	26,325	421,442
Total comprehensive income for the period ended 30 June 2009		-	-	-	(21,192)	-	6,370	(14,822)	4,883	(9,939)
Balance at 30 June 2009		11,696	279,145	(158,527)	(78,425)	90,000	236,406	380,295	31,208	411,503

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement

	Note	**Six months 30 June 2009 US$'000**	Six months ended 30 June 2008 US$'000
Net cash from operating activities		**70,570**	59,397
Cash flows from investing activities			
Cash outflow for acquisition of subsidiary undertakings - net of cash		**(37,024)**	-
Loan repayments received from related parties		**-**	3,253
Purchases of property, plant and equipment		**(6,402)**	(94,476)
Proceeds from disposal of property, plant and equipment		**96**	1,936
Interest received		**707**	666
Receipts from finance lease – related parties		**-**	20,082
Receipts from finance lease – third parties		**1,212**	1,301
Net cash used in investing activities		**(41,411)**	(67,238)
Cash flows from financing activities			
Proceeds from borrowings		**102,125**	326,850
Repayments of borrowings		**(118,821)**	(290,497)
Finance lease principal payments		**(42,788)**	(41,082)
Interest paid		**(25,250)**	(23,269)
Proceeds from sale and finance leaseback transactions		**10,388**	-
Proceeds from issue of shares		**-**	216,245
Dividends paid to Company's shareholders		**-**	(20,319)
Net cash (used in)/from financing activities		**(74,346)**	167,928
Net (decrease)/increase in cash and cash equivalents		**(45,187)**	160,087
Exchange (losses)/gains on cash and cash equivalents		**(4,238)**	2,100
Cash and cash equivalents at beginning of period		**111,390**	31,024
Cash, cash equivalents and overdrafts at end of period		**61,965**	193,211

The principal non cash transactions consist of:
(a) Finance leases as a lessor (Note 10)
(b) Finance leases as a lessee (Note 13)

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

Notes to the interim condensed consolidated financial information

1 General information

The Company is incorporated and domiciled in Cyprus as a limited liability company in accordance with the provisions of the Companies Law, Cap. 113 and converted into a public company on 15 April 2008. The address of its registered office is 20 Omirou Street, Limassol, Cyprus. The Group's principal place of business is at 12 Ozerkovsky, Moscow, Russia.

Global Depositary Receipts representing ordinary shares of the Company are listed on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 31 August 2009.

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 2009 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union applicable to Interim Financial Reporting (International Accounting Standard 34 "Interim Financial Reporting"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2008, 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 2008, as described in those annual consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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.

The following new International Financial Reporting Standards (IFRS) are mandatory for the first time for the financial year beginning 1 January 2009.

IAS 1 (Revised), 'Presentation of financial statements'. The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which also include all non-owner changes in equity, such as revaluation of available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies or corrections of errors.

The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, "Operating Segments" * IFRS 8 replaces IAS 14, "Segment reporting" and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new Standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors of the Company that makes strategic decisions.

- IAS 23 (Revised) "Borrowing costs". It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. This Standard does not have any impact on the Group's financial statements, as the Group has adopted the allowed alternative treatment in IAS 23 prior to its amendment and is already capitalising borrowing costs directly attributable to the acquisition or production of qualifying assets.

The following Amendments and IFRIC Interpretations are mandatory for the first time for the financial year beginning 1 January 2009 but are not currently relevant to the Group:

Amendments

- Amendments to IFRS 1 "First time adoption of IFRS" and IAS27 "Consolidated and separate financial statements" on the "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendment to IFRS 2 "Share based payments" on "Share Based Payment: Vesting Conditions and Cancellations"
- Amendments to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of financial statements on "Puttable Financial Instruments and Obligations arising on Liquidation"
- Annual Improvements to IFRS (2008)

New IFRICs

- IFRIC 13 "Customer loyalty programmes relating to IAS18 "Revenue"
- IFRIC14 "IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"
- IFRIC 15 "Agreements for the Construction of Real Estate"

The following new International Financial Reporting Standards (IFRS), Amendments and IFRIC Interpretations have been issued but are not yet effective (Items marked with * have not been endorsed by the European Union (EU); the Company will only be able to apply new IFRS and IFRICs when endorsed by the EU):

(a) Standards and Amendments that are relevant and not yet effective and have not been early adopted by the Group

- IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Acquisition related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group will apply the Standard from 1 January 2010.

- IAS 27 (Revised 2008), "Consolidated and Separate Financial Statements" (effective from 1 July 2009) - The amendment to IAS 27 (Revised 2008) specifies the accounting for changes in the level of ownership interest in a subsidiary, the accounting for the loss of control of a subsidiary and the information that an entity must disclose to enable users of the financial statements to evaluate the nature of the relationship between the entity and its subsidiaries. The expected impact is still being assessed in detail by management and the impact is not yet known or reasonably estimable. The Group will apply the Standard from 1 January 2010.

- Improving Disclosures about Financial Instruments – Amendment to IFRS7, "Financial Instruments and Disclosures" * (issued in March 2009; effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The Group will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantees contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) required disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. The Group will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The Group is currently assessing the impact of the amendment on disclosures in its financial statements.

(b) Standards, Amendments and IFRIC Interpretations that are not relevant and not yet effective and have not been early adopted by the Group

New Standards

- IFRS 1 (Revised) "First Time Adoption of International Financial Reporting Standards" * (effective from 1 January 2009)

Amendments

- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" on "Eligible Hedged Items" * (effective from 1 July 2009)
- Amendment to IFRIC 9 and IAS 39 regarding embedded derivatives * (effective from 1 July 2008)
- Annual Improvements 2009 * (effective from 1 July 2009/1 January 2010)
- Amendments to IFRS2 Group Cash-settled Share-based Payment Transactions * (effective from 1 January 2010)
- Amendments to IFRS1 Additional Exemptions for First-time Adopters * (effective from 1 January 2010)

New IFRICs

- IFRIC 12 "Service concession arrangements" (effective from 1 January 2008; EU IFRS: 30 March 2009)
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective from 1 October 2008; EU IFRS: 30 June 2009)
- IFRIC 17 "Distributions of Non cash Assets to Owners" * (effective from 1 July 2009)
- IFRIC 18 "Transfers of Assets from Customers" * (effective from 1 July 2009)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Group's accounting policies

Impairment of assets

The Group reviews long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying amount of an asset does not yet include all the cash outflows to be incurred before it is ready for use or sale, the estimate of future cash outflows includes an estimate of any further cash outflow that is expected to be incurred before the asset is ready for use or sale. If the total of the discounted future cash flows is less than the carrying amount of the asset or group of assets, the asset is not recoverable and an impairment loss is recognised for the difference between the estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) and the carrying value of the asset or group of assets. Long-lived assets are assessed for possible impairment upon the occurrence of a triggering event. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset. Estimating discounted future cash flows requires us to make judgments about long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are uncertain as they require assumptions about demand for our services, future market conditions' and future technological developments. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period. Given the nature of these evaluations and their application to specific assets and specific times, the Group cannot reasonably quantify the impact of changes in these assumptions. Due to the adverse changes in the economic situation in Russia and high volatility in the global financial markets, which might lead to impairment of long-lived assets, the Group has re-assessed its assumptions used for the impairment test of the estimated recoverable amount of the cash generating unit compared to its carrying value performed for the year ended 31 December 2008.

The smallest cash generating unit to which this can be applied is by type of rolling stock for the Russian subsidiaries and by type of rolling stock for each legal entity for the Estonian subsidiaries.

A substantial excess of value in use over the carrying amount of rolling stock was identified for all categories of property, plant and equipment, except for platforms and hoppers (cement-carriers), as there is an uncertainty as to whether these types of rolling stock can recover their cost through continuing use. Such uncertainty is based on the absence of prior experience of operating of platforms and decreased demand in the first quarter of 2009 for cement transportation. However, starting from the second quarter of 2009, the market evidenced certain recovery from the previous period of downturn and profitability has stabilised at the level approximating the budgeted amounts.

Should the assumptions on profitability associated with the operation of platforms and hoppers be different, impairment might have been recognised, however, given the nature of these assumptions and the absence of reliable information relating to the operation of these types of rolling stock, the Group cannot reasonably quantify the impact of changes in these assumptions.

5 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 (tanker wagons, open wagons, locomotives, hopper wagons, platforms) at the level of adjusted revenue.

Adjusted revenue measure includes the revenues derived from the relating type of rolling stock used less infrastructure tariff paid for the loaded trips of relating rolling stock. Further Board receives information in respect of repair expenses by type of rolling stock and relating depreciation charges. All other information provided to the Board is measured in a manner consistent with that in the financial statements.

	Open wagons	Tank cars	Other	**Total**
Six months ended 30 June 2009				
Total revenue – operator’s services	107,100	68,664	8,113	**183,877**
Total revenue – operating lease	602	25,839	4,574	**31,015**
Inter-segment revenue	-	-	-	**-**
Revenue (from external customers)	107,702	94,503	12,687	214,892
less Infrastructure and locomotive tariffs - loaded trips	(9,197)	(24,447)	(1,026)	**(34,670)**
Adjusted revenue	98,508	70,056	11,661	180,222

	Open wagons	Tank wagons	Other	**Total**
Six months ended 30 June 2008				
Total revenue – operator’s services	171,921	109,004	17,614	**298,539**
Total revenue – operating lease	1,418	24,279	4,849	**30,546**
Inter-segment revenue	-	-	-	**-**
Revenue (from external customers)	173,339	133,283	22,463	329,085
less Infrastructure and locomotive tariffs - loaded trips	(32,620)	(40,172)	(4,923)	**(77,715)**
Adjusted revenue	140,719	93,111	17,540	251,370

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

	Six months ended 30 June 09	Six months ended 30 June 08
Adjusted revenue for reportable segments	180,222	251,370
Other revenues	681	12,537
Cost of sales (excl. Infrastructure and locomotive tariffs - loaded trips and depreciation of property, plant and equipment)	(87,404)	(106,986)
Selling, marketing and administrative expenses (excl. depreciation and impairments)	(18,460)	(26,765)
Depreciation	(20,968)	(23,173)
Impairments	(469)	(488)
Other gains – net	474	2,256
Operating profit	54,076	108,751
Finance income	695	1,607
Finance costs	(45,197)	(8,763)
Share of profit of associates	331	546
Profit before income tax	9,905	102,141

6 Revenue

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Railway transportation – operators services (tariff borne by the Group) [1]	**61,019**	129,420
Railway transportation – operators services (tariff borne by the client)	**122,858**	169,119
Railway transportation – freight forwarding	**168**	2,088
Operating leasing of rolling stock	**31,015**	30,546
Resale of wagons and locomotives sold in trading transactions	**181**	10,099
Other	**332**	350
	215,573	341,622

[1] Includes infrastructure and locomotive tariffs for loaded trips for the six months ended 30 June 2009 amounting to US$34,670 thousand (for the six month ended 30 June 2008: US$77,715 thousand)

7 Expenses by nature

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Total expenses		
Depreciation of property, plant and equipment (Note 9)	**20,968**	23,173
Loss/(Gain) on sale of property, plant and equipment	**192**	(2,758)
Employee benefit expense	**11,120**	15,251
Impairment charge for receivables	**123**	488
Impairment charge for property, plant and equipment	**346**	-
Operating lease rentals – rolling stock	**9,095**	16,587
Operating lease rentals – office	**1,948**	2,154
Repairs and maintenance	**21,340**	28,068
Infrastructure and locomotive tariffs:		
Loaded trips	**34,670**	77,715
Empty run trips and services provided by other transportation organisations	**52,111**	46,846
Auditors' remuneration	**502**	919
Legal, consulting and other professional fees	**1,385**	5,479
Advertising and promotion	**97**	185
Communication costs	**306**	364
Information services	**379**	459
Taxes (other than income tax and value added taxes)	**3,459**	3,897
Cost of wagons and locomotives sold in trading transactions (not part of property, plant and equipment)	**178**	9,312
Other expenses	**3,752**	6,988
Total cost of sales, selling and marketing costs and administrative	**161,971**	235,127

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Cost of sales		
Depreciation of property, plant and equipment	**20,654**	22,768
Impairment charge for property, plant and equipment	**346**	-
Loss/(Gain) on sale of property, plant and equipment	**196**	(2,812)
Employee benefit expense	**3,171**	5,108
Operating lease rentals – rolling stock	**9,095**	16,587
Repairs and maintenance	**21,340**	28,068
Infrastructure and locomotive tariffs:		
Loaded trips	**34,670**	77,715
Empty run trips and services provided by other transportation organisations	**52,111**	46,846
Cost of wagons and locomotives sold in trading transactions (not part of property, plant and equipment)	**178**	9,312
Other expenses	**1,313**	3,877
Total cost of sales	**143,074**	207,469

7 Expenses by nature (continued)

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Selling, marketing and administrative expenses		
Depreciation of property, plant and equipment	**314**	405
(Gain)/Loss on sale of property, plant and equipment	**(4)**	54
Employee benefit expense	**7,949**	10,143
Impairment charge of receivables	**123**	488
Operating lease rental – office	**1,948**	2,154
Auditors' remuneration	**502**	919
Legal, consulting and other professional fees	**1,385**	5,479
Advertising and promotion	**97**	185
Communication costs	**306**	364
Information services	**379**	459
Taxes (other than income tax and value added taxes)	**3,459**	3,897
Other expenses	**2,439**	3,111
Total selling, marketing and administrative expenses	**18,897**	27,658

8 Finance income and costs

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Interest expense:		
Bank borrowings	**(8,603)**	(8,570)
Finance leases – third parties	**(11,972)**	(14,898)
Loans from:		
Third parties	**(156)**	(326)
Related parties (Note 19(d))	**(540)**	(3,843)
Total interest expense	**(21,271)**	(27,637)
Net foreign exchange transaction (losses)/gains on financing activities	**(23,058)**	18,874
Other finance costs – related parties (Note 19(d))	**(868)**	-
Finance costs	**(45,197)**	(8,763)
Interest income:		
Bank balances	**59**	749
Short term deposits	**189**	16
Finance leases – third parties	**442**	621
Finance leases – related parties (Note 19 (d))	**-**	89
Loans to:		
Related parties (Note 19 (d))	**-**	9
Third parties	**5**	123
Total interest income	**695**	1,607
Finance income	**695**	1,607
Net finance costs	**(44,502)**	(7,156)

9 Property, plant and equipment

	US$'000
Six months ended 30 June 2009	
Opening net book amount as at 1 January 2009	**741,915**
Additions – third parties	**18,078**
Disposals – third parties	**(10,532)**
Impairment charge	**(346)**
Depreciation (Note 7)	**(20,968)**
Exchange difference	**(37,011)**
Closing net book amount as at 30 June 2009	**691,136**

10 Trade and other receivables

	30 June 2009 US$'000	31 December 2008 US$'000
Trade receivables – third parties	**34,801**	31,056
Trade receivables – related parties (Note 19 (f))	**19,025**	8,710
Less: Provision for impairment of trade receivables	**(2,577)**	(2,634)
Trade receivables – net	**51,249**	37,132
Loans to third parties	**137**	120
Other receivables – third parties	**7,044**	15,710
Other receivables – related parties (Note 19 (f))	**178**	2,135
Prepayments - related parties (Note 19 (f))	**2,155**	1,932
Prepayments – third parties[1]	**15,733**	41,688
Finance lease receivables – third parties	**5,778**	6,993
VAT and other taxes recoverable	**30,906**	24,087
	113,180	129,797
Less non-current portion:		
Prepayments – third parties[2]	**6,769**	21,092
Other receivables – third parties	**3,069**	74
Finance lease receivables – third parties	**2,702**	4,443
VAT and other taxes recoverable	**1,650**	2,414
Total non-current portion	**14,190**	28,023
Total current portion	**98,990**	101,774

(1) Prepayments in current trade and other receivables mainly consist of prepayments made to OAO Russian Railways, which decreased substantially compared to 31 December 2008.

(2) Prepayment in non-current trade and other receivables represent prepayments for purchases of property, plant and equipment.

11 Trade and other payables

	30 June 2009 US$'000	31 December 2008 US$'000
Current		
Trade payables - third parties	**13,735**	13,855
Trade payables - related parties (Note 19 (f))	**1,530**	1,650
Other payables - related parties (Note 19 (f))	**24,926**	51,932
Other trade payables - third parties	**4,548**	2,558
Accrued expenses	**1,945**	2,647
Advances from customers	**5,679**	7,731
Advances from related parties (Note 19 (f))	**2,946**	5,463
	55,309	85,836
Non-current		
Other payables to related parties (Note 19 (f))	**11,974**	24,129
	11,974	24,129

12 Share capital and share premium

	Number of shares	Share capital US$'000	Share premium US$'000	Total US$'000
Opening balance as at 1 January 2008	10,000,000	10,000	61,560	71,560
Change of nominal value	90,000,000	-	-	-
Issue of shares	16,959,064	1,696	223,012	224,708
Expenses directly related to issue of new shares	-	-	(6,845)	(6,845)
At 30 June 2008	**116,959,064**	**11,696**	**277,727**	**289,423**
Opening balance as at 1 January 2009	116,959,064	11,696	279,145	290,841
At 30 June 2009	116,959,064	11,696	279,145	290,841

13 Borrowings

	30 June 2009 US$'000	31 December 2008 US$'000
Non-current	**263,556**	321,318
Current	**131,373**	124,310
	394,929	445,628
Current		
Bank overdrafts	**2,251**	212
Bank borrowings	**64,744**	51,804
Loan from third parties	**156**	319
Loans from related parties (Note 19 (h))	**531**	2,817
Finance lease liabilities	**63,691**	69,158
	131,373	124,310
Non current		
Bank borrowings	**82,419**	98,928
Loan from third parties	**2,618**	2,618
Loan from related parties (Note 19 (h))	**3,000**	15,562
Finance lease liabilities	**175,519**	204,210
	263,556	321,318
Total borrowings	**394,929**	445,628

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30 June 2009	
Opening amount as at 1 January 2009	**445,416**
Proceeds from borrowings	**102,125**
Proceeds from finance leases	**10,388**
Repayments of borrowings	**(119,221)**
Repayments of finance leases	**(42,807)**
Interest charged	**20,933**
Interest paid	**(24,495)**
Net foreign exchange difference	**339**
Closing amount as at 30 June 2009*	**392,678**

The significant movement in borrowings arises from a large number of short term borrowing facilities directly related to the operations of the Group and excludes movement of overdrafts.

The group has the following undrawn borrowing facilities:

	30 June 2009 US$'000	31 December 2008 US$'000
Fixed rate:		
- expiring within one year	**20,293**	3,063
Floating rate:		
- expiring within one year	**13,423**	24,929
Total undrawn borrowing facilities	**33,716**	27,992

14 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 annual tax rate used for the year to 31 December 2009 is 11.68% (2008: 18.75%). The decrease in the effective tax rate is due to a higher contribution of profit before income tax by the Estonian subsidiaries of the Group where the profit earned by enterprises is not taxed.

15 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 June 2009	Six months ended 30 June 2008
Profit for the period attributable to equity holders of the Company (US$'000)	**6,370**	72,292
Weighted average number of ordinary shares in issue (thousand)	**116,959**	109,598
Earnings per share for profit attributable to the equity holders of the company:		
- basic and diluted (expressed in US$ per share)	**0.05**	0.66

On 19 March 2008 the Company changed its authorised share capital from 10,000,000 shares with a par value of US$1 per share to 100,000,000 shares with a par value of US$0.10 per share (Note 11). For the purposes of the calculation of earnings per share in each of the periods above, the number of shares was increased using a conversion of 10:1.

16 Dividends

No dividends were declared during the six months ended 30 June 2009.

17 Non-current assets held for sale

As of 30 June 2009 240 hopper cars have been presented as held for sale following the decision to dispose them through finance lease. These assets were measured at the net book value amounting to US$10,871 thousand. According to the finance lease agreement concluded with a third party in June 2009 the subsidiary of the Company has sold these hopper cars in July 2009.

18 Contingencies

Operating environment

The Group and its subsidiaries operate mainly in the Russian Federation and Estonia.

The Russian Federation displays certain characteristics of an emerging market, including but not limited to, the existence of a currency that is not freely convertible outside of the country, restrictive currency controls, and relatively high inflation. Despite strong economic growth in recent years, the financial situation in the market significantly deteriorated during 2008, particularly in the fourth quarter. As a result of global volatility in financial and commodity markets, among other factors, there has been a significant decline in the Russian stock market since mid-2008. There has been increased volatility in currency markets and the Russian Rouble has depreciated significantly against some major currencies.

The commodities market was also impacted by the latest events on the financial markets. A number of measures have been undertaken to support the Russian financial markets.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments contribute to the challenges faced by banks currently operating in the Russian Federation.

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

Estonia represents a well developed market economy with stable political systems and developed legislation based on EU requirements and regulations.

The Group’s business is heavily dependent on services provided by OAO “Russian Railways” and the ageing railway infrastructure operated by it. OAO “Russian Railways” plays a monopolistic role as the sole railway infrastructure operator and it enjoys a near monopoly in locomotives services in the Russian Federation. The Group depends on the railway infrastructure operated, and for traction and other services provided, as well as on operational data generated, by OAO “Russian Railways”. In addition, the physical infrastructure and the rail network had been inadequately maintained and there can be no assurance that it will not lead to material disruption of the Group’s business in the future.

The volume of wholesale financing has significantly reduced recently. Such circumstances may affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

Debtors of the Group may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on management’s cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that the information is available, management have properly reflected the revised estimates of expected future cash flows in the impairment assessments.

Finally, the Group’s business is heavily dependent on a few large key customers. The Group does not have long term contracts with any of these customers and although it has enjoyed good working relations with these customers to date, there can be no assurance that it will retain their custom in the future or that their custom, if lost, could be easily replaced by that of other customers on comparable terms and volume.

Impact of the ongoing global financial and economic crisis

The ongoing global financial and economic crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2007 (often referred to as the "Credit Crunch") has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to failures of banks and other corporates, and to bank rescues in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing global financial and economic crisis is proving to be difficult to anticipate or completely guard against.

The volume of wholesale financing has significantly reduced since August 2007. Such circumstances may affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

Debtors of the Group may be adversely affected by the financial and economic environment which could in turn impact their ability to repay the amounts owed. Deteriorating economic conditions for customers may also have an impact on management's cash flow forecasts and our assessment of the impairment of non-financial assets. To the extent that information is available management have properly reflected revised estimates of expected future cash flows in their impairment assessments, however management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business in the current circumstances.

Tax legislation in Russia

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. The Supreme Arbitration Court issued guidance to lower courts on reviewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities' scrutiny.

As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation introduced 1 January 1999 provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%.

Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. In the past, the arbitration court practice with this respect has been contradictory.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could potentially be challenged in the future. Given the brief nature of the current Russian transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

The Group includes companies incorporated outside of Russia. Tax liabilities of the Group are determined on the assumptions that these companies are not subject to Russian profits tax because they do not have a permanent establishment in Russia. Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of the interpretation of these rules and the changes in the approach of the Russian tax authorities, the non-taxable status of some or all of the foreign companies of the Group in Russia may be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

Based on the results of tax inspection for 2004 and preliminary results of tax inspections for 2006 and 2007 of OJSC New Forwarding Company (Company's subsidiary) tax authorities' could claim additional VAT in the amount of US$4,908 thousand and US$18,462 thousand respectively. This claim is based on the tax authorities interpretation of legislation and suggests that the company's activities related to export transactions do not qualify as zero rated for VAT purposes. No similar claim has been raised in the course of tax inspection for 2005 which was completed earlier. The subsidiary has received a positive decision from Court in respect of 2004 tax claim in the first instance in February 2009, arbitrary court decision in April 2009 and Federal arbitrary court in August 2009. Tax inspection has a right to appeal. However, based on results of previous hearings, management believes that it will be able to defend its position. No provision for this matter has been recorded in these financial statements.

Total sales to which the Company's subsidiary applies 0% VAT for 2008 and for the six months ended on 30 June 2009 which are still open for tax inspection amount to US$183,208 thousand. Currently there is no indication that similar claims will be raised by tax authorities in respect of this period.

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 2009 except one instance of non-compliance by one of the subsidiaries. However, an appropriate waiver was received from the bank and consequently no event of default occurred as at the balance sheet date.

Insurance policies

The Group holds insurance policies in relation to all vehicles (rolling stock and motor vehicles) and in respect of public third party liability. The Group does not have full insurance for business interruption or third party liability in respect of environmental damage.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Legal proceedings

During the 6 months ended 30 June 2009, the Group was involved as a claimant in a number of court proceedings.

In the opinion of management, there are no legal proceedings or other claims outstanding, as of 30 June 2009, 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 these financial statements

19 Related party transactions

The Group is controlled by Transportation Investments Holding Limited incorporated in Cyprus, which owns 50.1% of the Company's shares. Envesta Investments Limited owns 19.55% (including the holding of GDRs of the Company) of the Company's shares. The remaining 30.35% of the shares represent the free market-float and are held by external investors through the Global Depositary Receipts. The ultimate controlling party of the Group is Leverret Holding Limited.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Sales of services:		
The parent	**5**	-
Other related parties	**42,807**	49,838
	42,812	49,838

The majority of the above transactions with "other related parties" were carried out with entities under common control.

(b) Purchases of goods and services

	Six months 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Purchases of services:		
Other related parties	**13,024**	14,107
	13,024	14,107

The majority of the above transactions with "other related parties" were carried out with entities under common control.

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

	Six months 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Disposals:		
Other related parties	**-**	7,795
	-	7,795

The majority of the above transactions with "other related parties" were carried out with entities under common control.

(d) Interest income and expenses

	Six months 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Interest income (Note 8):		
Loans to:		
Other related parties	**-**	9
Finance leases (Note 8):		
Other related parties	**-**	89
	-	98
Interest expense (Note 8):		
The parent	**(540)**	(3,843)
Other finance cost (Note 8):		
The parent	**(868)**	-
	(1,408)	(3,843)

The majority of the above transactions with "other related parties" for the year were carried out with entities under common significant influence.

Other finance cost relates to the interest accrued on the consideration payable by the Company to the Parent for the acquisition of AS Spacecom and AS Intopex Trans in 2008 in the amount of US$482 thousand and unwinding of discounting effect on that liability in the amount of US$386 thousand.

(e) Key management compensation

	Six months 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
Salaries and other short term employee benefits	**2,175**	974
Directors' fees in non executive capacity	**117**	110
Emoluments in their executive capacity	**67**	-
	2,359	1,084

(f) Year-end balances arising from sales/purchases of goods/services

	30 June 2009 US$'000	31 December 2008 US$'000
Trade receivables from related parties:		
The parent	**5**	11
Other related parties	**19,020**	8,699
	19,025	8,710
Other receivables and prepayments from related parties:		
Other related parties	**2,333**	4,067
	2,333	4,067
Trade payables to related parties:		
Other related parties	**1,530**	1,650
	1,530	1,650
Other payable and advances to/from related parties:		
The parent	**36,886**	76,023
Other related parties	**2,960**	5,501
	39,846	81,524

The majority of the above payables and receivables balances with "other related parties" arise from transactions with entities under common control.

Other payable to the Parent relates to the consideration for the acquisition of Spacecom AS and Intopex Trans AS.

(g) Loans to related parties

	30 June 2009 US$'000	31 December 2008 US$'000
Other related parties:		
Beginning of period	**-**	3,363
Loans repayments received	**-**	(3,445)
Interest charged	**-**	9
Foreign exchange gain	**-**	73
End of period (Note 10)	**-**	-

The loans to related parties arise from transactions with entities under common control and were repaid in the period ended 30 June 2008. The loans carried interest at 12,5%.

(h) Loans from related parties

	30 June 2009 US$'000	31 December 2008 US$'000
The parent:		
Beginning of period	**18,379**	78,726
Loans advanced during the period	**-**	7,000
Loans repaid during the period	**(12,865)**	(63,943)
Interest charged	**540**	5,233
Interest repaid	**(2,661)**	(5,488)
Foreign exchange gain/(loss)	**138**	(3,149)
End of period	**3,531**	18,379
Other related parties:		
Beginning of period	**-**	195
Interest repaid	**-**	(195)
End of period	**-**	-
Current	**531**	2,817
Non-current	**3,000**	15,562
End of period (Note 13)	**3,531**	18,379

Period ended 30 June 2009:

The balance at the period end carries interest at 8.5% and is payable on 31 December 2010.

(i) Other transactions with related parties

In February 2009 the Board of Directors of the Company entered into additional agreements to the Share purchase agreements regarding the purchase of shares in AS Spacecom and AS Intopex Trans with the Parent entity. Pursuant to those additional agreements the Company received the right to settle the instalment ahead of schedule and the Parent entity agreed to offer a discount on the total purchase price should such early settlement be made by the Company.

The Company has settled the instalment which was due no later than 1 May 2009 on 11 February 2009 and as a result received a discount from the Parent entity on the total purchase price of AS Spacecom and AS Intopex Trans of US$195 thousand and US$22 thousand respectively.

20 Events occurring after the balance sheet date

The Group settled the following obligations (in each case no early settlement charge was imposed or discount provided):

- Bank borrowings for the total amount of US$8,941 thousand;
- Early settlement of finance lease liabilities in the total amount of US$5,396 thousand;
- Partial early settlement of finance lease liabilities in the total amount of US$9,344 thousand (incl. VAT);

The Group received the following borrowings:

- Bank borrowings for the total amount of US$25,567 thousand (RR800,000);

In July – August 2009 the Group has received 34 gondola-cars from third parties for the total amount of US$2,397 thousand which were included under prepayments for the property, plant and equipment as at 30 June 2009.

In July – August 2009 the Group has received 28 platforms from third parties for the total amount of US$1,397 thousand which were included under prepayments for the property, plant and equipment as at 30 June 2009.

In July 2009, the Group has concluded two finance lease agreements with a third party, where the Group acts as a lessor of 152 hopper-cars.

In July 2009 a Company's subsidiary accrued and paid bonuses to its employees based on the results of financial year 2008 in the total amount of US$1,769 thousand (RR55,340 thousand).

21 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 consolidated condensed balance sheet of Globaltrans Investment Plc as of 30 June 2009 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended. The Board of Directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on this 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 consolidated condensed interim financial information is not prepared in all material respects in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited
Chartered Accountants

Limassol, 31 August 2009