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1st December 2009

GLOBALTRANS INVESTMENT PLC

CAPITAL RAISING AND ACQUISITION OF BALTTRANSSERVIS
BUSINESS, FINANCIAL AND STRATEGY UPDATE FOR FIRST NINE MONTHS OF 2009

- GDR placing of approximately USD 175 million
- Globaltrans will be well positioned to capture growth in the gondola car segment, 2,000 new gondola (open top) cars already contracted
- Globaltrans to become the largest owner of rail tank cars in Russia
- Controlling stake in BaltTransServis to be acquired for USD 250 million
- Increased presence in the stable market of rail transportation of oil products and oil
- Third quarter 2009 developments demonstrated improvements in Globaltrans' freight rail turnover, Empty Run ratio and Adjusted EBITDA margin

Globaltrans Investment PLC ("Globaltrans" or the "Company", and together with its consolidated subsidiaries, the "Group"), (LSE ticker: GLTR), today announces a placement of approximately USD 175 million Global Depositary Receipts ("GDRs") (the "Offering"). The deal will comprise a primary element of approximately USD 100 million through the issue and sale of newly issued ordinary shares in the form of GDRs, with one GDR representing an interest in one ordinary share. Transportation Investments Holding Limited, ("TIHL"), the controlling shareholder of Globaltrans, also intends to raise approximately USD 75 million through the sale of Globaltrans GDRs. TIHL currently holds 50.1 per cent. of Globaltrans and intends to maintain the same level of shareholding post the offering. The final deal parameters will be announced following a road show commenced today and the determination of the offer price.

The net proceeds from the Offering received by Globaltrans will be used for the acquisition of new rolling stock and for general corporate purposes. Following the Offering, the Company expects its free float will increase.

Globaltrans also announces that it has entered into an agreement for the acquisition of an effective controlling 50 per cent. interest in OOO BaltTransServis ("BTS") from TIHL in exchange for ordinary shares of the Company with a value of USD 250 million at the offer price. The acquisition is conditional upon the completion of the Offering.

BTS is one of the leading private Russian railway transportation service operators, specialising in shipping oil products and oil for Russian oil majors and other customers. As of 30 June 2009, its total fleet comprised 9,686 units of rolling stock including 9,042 rail tank cars, 595 gondola (open top) cars and 49 locomotives. In the six months ended 30 June 2009, BTS's Adjusted EBITDA amounted to USD 52.3 million, with net debt of USD 19.7 million as of 30 June 2009.

Globaltrans believes that the acquisition of BTS will be a significant step toward achieving its goal of balancing its business portfolio by combining gondola (open top) cars exposed to more cyclical growth with rail tank cars exposed to the relatively stable oil products and oil transportation market.

Deutsche Bank and Morgan Stanley & Co. International plc are acting as Joint Global Coordinators and Joint Bookrunners for the Offering, and VTB Capital is acting as Joint Bookrunner. Deutsche Bank and Morgan Stanley & Co. International plc have provided fairness opinions to the Board of Directors of Globaltrans with regard to the fairness of the consideration to be paid by the Company in connection with the acquisition of BTS from a financial point of view.

In connection with the Offering, the Company, TIHL and Envesta Investments Ltd., Globaltrans' 19.6 per cent. shareholder ("EIL"), will each agree, subject to customary exceptions, to a 180 day lock-up. TIHL will grant to the Joint Bookrunners an over-allotment option to purchase at the offer price additional GDRs of up to 10 per cent. of the total number of GDRs offered. EIL has advised Globaltrans that it, and/or entities controlled by its beneficial owners, intend to participate in the Offering and acquire New GDRs with a total value at the offer price of up to USD 5 million.

The GDRs to be issued in the Offering will be listed on the London Stock Exchange pursuant to the Company's existing block listing of GDRs. The Company's existing GDRs are already admitted to the Official List and to trading on the Regulated Market.

Also today, Globaltrans is issuing a Business and Financial Update, including business and financial information on BTS. Results for the third quarter demonstrated positive trends in the Group's operations, with the Group's freight rail turnover increased by 10 per cent. compared to the third quarter of 2008, along with an increase in the average price per trip by 7 per cent., to USD 629, compared to the first six months of 2009. The Group's Empty Run ratio for gondola (open top) cars also improved from 54 per cent. in the first six months of 2009 to 40 per cent. in the third quarter of 2009. The Group's Adjusted EBITDA for the nine months ended 30 September 2009 amounted to USD 120.9 million, demonstrating a decrease of 41 per cent. in USD terms and 19 per cent. in RUB terms compared to the same period of the previous year.

Comment

Commenting on today's announcement Sergey Maltsev, CEO of Globaltrans, said:

"We are seeing sustained recovery in Russian freight rail turnover and are already very well positioned to benefit from returning growth in the economy as a whole. We also see favourable opportunities now to grow our business and are launching this capital raising to support our strategy. We have already contracted 2,000 new gondola cars and believe that a favourable outlook for the overall Russian freight rail market makes investments in this type of railcars attractive. Additionally, the acquisition of BaltTransServis will mean that we become the largest private owner of rail tank cars in Russia and will further extend our leadership of the private freight rail sector."

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The Joint Bookrunners are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this press release) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

No action has been taken by the Company, the Joint Bookrunners or any of their respective affiliates that would permit an offering of the securities or possession or distribution of this press release or any offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required. Persons into whose possession this press release comes are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This press release and any offer when made are only addressed to and directed, in member states of the European Economic Area which have implemented the Prospectus Directive (each, a "relevant member state"), at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). In Italy, this press release is being distributed only to, and is directed only at, qualified investors pursuant to Article 100 of Italian Legislative Decree No.58 of 24 February 1998 as amended (the "Italian Financial Services Act") and the implementing CONSOB Regulation and Article 2(1)(e) of the Prospectus Directive.

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This press release is not an offer of securities for sale in the United States. Neither the GDRs nor the shares represented thereby have been registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. Globaltrans does not intend to conduct a public offering of any securities in the United States.

The GDRs are not eligible for placement and circulation in the Russian Federation unless and to the extent otherwise permitted by Russian law. This press release does not constitute an offer, or an invitation to make offers, sell, exchange or otherwise transfer the GDRs in the Russian Federation or to or for the benefit of any Russian person or entity.

In connection with the Offering, each of the Joint Bookrunners and any of their respective affiliates acting as an investor for its own account may take up GDRs and in that capacity may retain, purchase or sell for its own account such securities and any other securities of the Company or any related investments and may offer or sell such securities or other investments otherwise than in connection with the Offering. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

* * *

Forward-Looking Statements: *Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. You can identify forward-looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may," or "might," or the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. The Company does not intend to or undertake any obligation 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 the Company's projections or forward-looking statements, including, among others, general economic and market conditions, the Company's competitive environment, risks associated with operating in Russia, rapid technological and market change, and other factors specifically related to the Company and its operations.*

APPENDIX I

Business and Financial Update

CONTENTS

RELEVANT DEFINITIONS

The following terms are used in this business and financial update:

Adjusted EBITDA .... represents EBITDA less net foreign exchange gains/(losses) on financing activities, share of profit/(loss) of associates and other gains/(losses)—net. Other gains/(losses)—net include gains from the sale of subsidiaries, recognised deferred gains and other gains and losses

Adjusted EBITDA margin........ calculated as adjusted EBITDA divided by Adjusted Revenue

Adjusted Revenue...................... is calculated as "total revenue—operator's services" plus "total revenue—operating lease" less "infrastructure and locomotive tariffs: loaded trips"

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

Average Price per Trip (USD).. calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period

Average Rolling Stock Operated.................................... calculated as the weighted average (by days) number of railcars 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...................................... represents profit for the year before income tax expense, net finance costs (excluding net foreign exchange transaction gains/(losses) on financing activities) and depreciation of property, plant and equipment

Empty Run Costs....................... (show the costs payable to Russian Railways for forwarding empty railcars) derived from management accounts and presented as part of the "empty run trips and services provided by other transportation organisations" component of cost of sales reported by EU IFRS. Empty Run Costs excludes the impact of the transfer and consolidation of Spacecom and Intopex for all periods

Empty Run ratio........................ calculated as the total of empty trips in kilometres by respective rolling stock type divided by the total of 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)

Estonian Subsidiaries................ AS Spacecom ("Spacecom") and AS Intopex Trans ("Intopex"), companies organised and existing under Estonian law, acquired by the Company in December 2008

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

Net Revenue from Operation of Rolling Stock.......................... defined as “revenue from railway transportation—operators services” less “infrastructure and locomotive tariffs: loaded trips” (excluding the impact of the transfer and consolidation of Spacecom and Intopex for all periods)

GLOBALTRANS OVERVIEW

The Group is Russia’s largest privately owned freight rail operator, and the second largest freight rail operator in Russia by number of owned rolling stock, after Russian Railways and its subsidiaries. The Group provides (i) freight rail transportation, (ii) railcar leasing, and (iii) certain ancillary services in Russia, Kazakhstan and Ukraine. The Group focuses mainly on transportation of such higher-margin cargos as ferrous metals, scrap metal, and oil and oil products.

Recent developments, financial and operational results for the nine months ended 30 September 2009

Since 30 June 2009, the Group has continued to perform in line with management’s expectations, and management believes that the financial and performance outlook for the remainder of the year is also in line with its expectations.

Supported by improvement in the economic environment in Russia and capitalising on its competitive strengths, the Group increased its freight rail turnover by 9.8 per cent. in the third quarter of 2009 compared to the third quarter of 2008. As a result of the growth in the third quarter of 2009, the freight rail turnover of the Group in the nine months ended 30 September 2009 came in line with the same period in 2008, remaining at the same level, 47.6 billion tonnes km. According to Rosstat, in the nine months ended 30 September 2009 overall Russian freight rail turnover decreased by 16.9 per cent. compared to the same period in 2008. Ferrous metals, iron ore and oil products and oil were the key contributors that drove the increase in the Group’s freight rail turnover in the third quarter of 2009 increasing 27.5 per cent., 148.3 per cent. and 4.0 per cent., respectively, as compared to the third quarter of 2008.

Average price per trip increased by 2.3 per cent. in US Dollar terms to USD 603.5 in the nine months ended 30 September 2009 compared to the six months ended 30 June 2009 supported by appreciation of the Rouble against the US Dollar in the third quarter of 2009, while in Rouble terms the average price per trip remained relatively flat. In the third quarter of 2009 the average price per trip amounted to USD 628.9. Net cash from operating activities in the nine months ended 30 September 2009 amounted to USD 122,691 thousand, as compared to USD 124,922 thousand in the same period in 2008.

Average number of loaded trips per railcar decreased by 6.2 per cent. to 19.2 in the nine months ended 30 September 2009 compared to 20.5 in the same period of the previous year. This decrease was primarily driven by an increase in average distance of loaded trip by 6.0 per cent. to 1,969.1 km in the nine months ended 30 September 2009 compared to the same period in 2008. The Group’s average rolling stock operated remained relatively constant in the nine months ended 30 September 2009 compared to the six months ended 30 June 2009 and nine months ended 30 September 2008.

Driven by the factors discussed above and the depreciation of the Rouble against the US Dollar, Net Revenue from Operation of Rolling Stock (the key component of the Group’s revenue) decreased by USD 106,175 thousand, or by 31.2 per cent., to USD 234,586 thousand in the nine months ended 30 September 2009 compared to the same period in 2008, while in Rouble terms it decreased by 6.7 per cent.

Revenue from operating leasing of rolling stock decreased by USD 2,530 thousand, or 5.2 per cent., to USD 46,284 thousand in the nine months ended 30 September 2009 compared to the same period in 2008. This decrease was primarily due to a decrease of 13.6 per cent. in the number of units of rolling stock leased out at 30 September 2009 compared to 30 September 2008.

In the third quarter of 2009 the Group's Empty Run ratio for gondola (open top) cars improved to 40 per cent. which resulted in Empty Run ratio for gondola (open top) cars in the nine months ended 30 September 2009 of 49 per cent, compared to 54 per cent. in the six months ended 30 June 2009, while in the nine months ended 30 September 2008 it was 24 per cent. The improvement in Empty Run ratio for gondola (open top) cars in the third quarter of 2009 was driven by an increase in the freight rail turnover from transportation of iron ore, scrap metal and other cargoes during the period. The Group's Empty Run Costs increased by USD 6,241 thousand or by 10.1 per cent. amounting to USD 68,053 thousand in the nine months ended 30 September 2009 compared to the same period in 2008.

As a result of the factors discussed above the profitability of the Group's business improved. The Group's Adjusted EBITDA margin (calculated as adjusted EBITDA divided by adjusted revenue) was 43 per cent. in the nine months ended 30 September 2009, compared to 41 per cent. in the six months ended 30 June 2009. Thus, the Group's Adjusted EBITDA for the nine months ended 30 September 2009 decreased by USD 82,614 thousand, or 40.6 per cent., to USD 120,912 thousand, compared to the same period of 2008. In Rouble terms, the decrease was 19 per cent.

The Group's net debt as at 30 September 2009 amounted to USD 320,786 thousand, a decrease of USD 9,927 thousand compared to 30 June 2009. The share of Rouble denominated debt increased to 30 per cent. as at 30 September 2009, compared to 24 per cent. as at 30 June 2009. Total debt amounted to USD 410,321 thousand, an increase of USD 15,392 thousand or 3.9 per cent. as at 30 September 2009 compared to USD 394,929 thousand as at 30 June 2009. This increase was due to the Group's obtaining a USD 25,000 thousand loan in order to fund early payment of a portion of the outstanding consideration for the acquisition of the Estonian Subsidiaries. The Group's weighted average interest rate as at 30 September 2009 amounted to 9.97 per cent. compared to 10.41 per cent. as at 30 June 2009.

For unaudited consolidated condensed capsule financial information and other information for the nine-month periods ended 30 September 2009 and 2008, see Schedule A to this Appendix I.

Strategy going forward

The Group's strategic objective is to strengthen its position as a leading freight rail operator in Russia by capturing identified opportunities and responding to strategic imperatives, leveraging its scalable business model to further improve operational efficiency, the balance of business, and financial performance. The Group intends to achieve this objective by pursuing a strategy involving the following:

- Return-oriented fleet expansion and growth in transportation volumes
- Maintaining a balanced railcar fleet
- Continuing to improve our operating efficiency

The Group intends to increase the size of its railcar fleet when management believes that conditions are favourable to do so. Management believes that low prices for new gondola (open top) cars and an attractive outlook for gondola (open top) transportation, make investments in this type of railcar favourable, particularly as it believes that in the foreseeable future growth in demand for products carried by gondola (open top) cars in Russia will track the overall growth of the Russian economy. While the acquisition of gondola (open top) cars provides exposure to cyclical growth, management believes the addition of oil tank cars to the Group's fleet will increase the Group's exposure to the resilient market of oil products and oil transportation.

In response to the improved economic environment and attractive pricing for railcars and in line with its growth strategy, in the third quarter the Group entered into agreements to purchase 2,000 new gondola (open top) cars, and an agreement to acquire a 50 per cent. share of OOO BaltTransServis ("BTS"), one of the leading private Russian railway transportation operators, specialising in shipping oil products and oil. Management believes that these transactions are a significant step toward achieving its goal of maintaining a balanced railcar fleet by combining gondola (open top) cars exposed to more cyclical growth with rail tank cars exposed to the relatively stable oil products and oil transportation market.

Information about BTS

BTS is one of the leading private Russian railway transportation services operators, specialising in shipping oil products and oil for Russian oil majors and other customers. As of 30 June 2009, it operated 6,581 owned and 2,461 leased rail tank cars and 34 owned and 15 leased locomotives. BTS's Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2009 and 2008 was USD 146,491 thousand and USD 164,956 thousand, respectively, and for the years ended 31 December 2008 and 2007 was USD 327,844 thousand and USD 250,451 thousand, respectively. Its Adjusted EBITDA for the six months ended 30 June 2009 and 2008 was USD 52,250 thousand and USD 53,321 thousand, respectively, and for the years ended 31 December 2008 and 2007 was USD 98,086 thousand and USD 88,884 thousand, respectively.

BTS has achieved a stable position in the oil products and oil transportation market and has strong long-term relationships with its key customers. Following the acquisition, BTS will continue to focus on increasing the quality of its services by further optimisation of routes and improvements in delivery time and railcar turnover.

For further details business and financial information regarding BTS, see Schedule B to this Appendix I

Structure of Acquisition of 50 per cent. share of BTS

The Company has entered into a contribution and subscription agreement with TIHL. This agreement provides for the transfer to the Company by TIHL of an effective 50 per cent. economic interest and a majority controlling interest in BTS in exchange for Ordinary Shares in the Company with a value (at the Offer Price) of USD 250 million.

The acquisition will be made by way of a transfer to the Company by TIHL of a 5/9 share of a Cypriot holding company currently wholly owned by TIHL. This holding company owns a 90 per cent. interest in BTS. As a result of the acquisition, the Company will have a 50 per cent. economic share of BTS but will control it by virtue of its 5/9 share of the holding company. TIHL will retain the balance of its interest in the holding company, leaving it with an effective 40 per cent. interest in BTS other than its interest held through the Group. The remaining 10 per cent. share of BTS is owned by an unrelated third party.

Schedule A to Appendix I

UNAUDITED CONSOLIDATED CONDENSED CAPSULE FINANCIAL INFORMATION AND OTHER INFORMATION FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009 AND 2008

Consolidated Condensed Capsule Income Statement Data

	Nine months ended 30 September	
	2009	**2008**
	(unaudited) (USD in thousands)	
Revenue	330,351	522,979
Cost of sales	(208,958)	(314,213)
Gross profit	**121,393**	**208,766**
Selling and marketing costs	(1,091)	(1,711)
Administrative expenses	(30,241)	(39,244)
Other gains—net	242	3,254
Operating profit	**90,303**	**171,065**
Finance income	1,907	2,770
Finance costs	(51,037)	(44,235)
Finance costs—net	**(49,130)**	**(41,465)**
Share of profit/(loss) of associates	462	519
Profit before income tax	**41,635**	**130,119**
Income tax expense	(4,418)	(28,676)
Profit for the period	**37,217**	**101,443**
Attributable to:		
Equity holders of the Company	29,106	96,694
Minority interest	8,111	4,749
	37,217	**101,443**

Consolidated Condensed Capsule Balance Sheet Data

	As at 30 September 2009	As at 31 December 2008
	(unaudited)	(audited)
	(USD in thousands)	
Assets		
Non-current assets	733,889	770,864
Current assets	195,225	225,196
Non-current assets held for sale	840	—
Total assets	**929,954**	**996,060**
Equity and liabilities		
Capital and reserves	419,753	395,117
Minority interest	36,018	26,325
Total equity	**455,771**	**421,442**
Non-current liabilities	286,172	361,518
Current liabilities	188,011	213,100
Total liabilities	**474,183**	**574,618**
Total equity and liabilities	**929,954**	**996,060**

Additional (Non-GAAP) Financial Information

	Nine months ended 30 September	
	2009	2008
	(USD in thousands)	
Adjusted Revenue[(1)(6)]	280,870	389,436
Net Revenue from Operation of Rolling Stock[(2)(6)]	234,586	340,761
EBITDA[(3)(6)]	105,650	202,160
Adjusted EBITDA[(4)(6)]	120,912	203,526
Empty Run Costs[(5)(6)]	68,053	61,812

Operating Information

	Nine months ended 30 September[(7)]	
	2009	2008
Freight rail turnover (billion tonnes-km)[(8)]	47.6	47.6
Transportation volume (million tonnes)	24.4	25.7
Average price per trip (USD)[(9)]	603.5	829.7
Empty Run ratio for gondola (open top) cars[(10)]	49%	24%
Average number of loaded trips per railcar[(11)]	19.2	20.5
Average distance of loaded trips (km)	1,969.1	1,857.3
Average rolling stock operated[(12)]	20,224	20,048
Total rolling stock owned and leased under finance and operating leases (at period end)	26,060	26,645

(1) Adjusted Revenue is calculated as "total revenue—operator's services" plus "total revenue—operating lease" less "infrastructure and locomotive tariffs: loaded trips".

(2) Net Revenue from Operation of Rolling Stock is defined as "revenue from railway transportation—operator's services" less "infrastructure and locomotive tariffs: loaded trips" (excluding the impact of the transfer and consolidation of Spacecom and Intopex for all periods).

(3) EBITDA represents profit for the period before income tax expense, net finance costs (excluding net foreign exchange transaction gains/(losses) on financing activities) and depreciation of property plant and equipment.

(4) Adjusted EBITDA represents EBITDA less net foreign exchange gains/(losses) on financing activities, share of profit/(loss) of associates and other gains/(losses)—net. Other gains/(losses)—net include gains from the sale of subsidiaries, recognised deferred gains and other gains and losses.

(5) Empty Run Costs (which show the costs payable to Russian Railways for forwarding empty railcars) is derived from management accounts and presented as part of the "empty run trips and services provided by other transportation organisations" component of cost of sales reported under EU IFRS. Empty Run Costs excludes the impact of the transfer and consolidation of Spacecom and Intopex for all periods.

(6) Adjusted Revenue, Net Revenue from Operation of Rolling Stock, EBITDA, Adjusted EBITDA and Empty Run Costs are non-GAAP measures presented as supplemental measures of the Group's operating performance. These supplemental measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's results as reported under EU IFRS. Reconciliations of Adjusted Revenue to revenue, Net Revenue from Operation of Rolling Stock to revenue and EBITDA and Adjusted EBITDA to profit for the period are set out below.

Reconciliation of Adjusted Revenue to Revenue

	Nine months ended 30 September	
	2009	2008
	(USD in thousands)	
Revenue from railway transportation—operators services	283,035	460,164
Operating leasing of rolling stock (rail tank cars and gondola (open top) cars)	46,284	48,814
Minus		
Infrastructure and locomotive tariff: loaded trips	(48,449)	(119,542)
Adjusted Revenue	**280,870**	**389,436**

Reconciliation of Net Revenue from Operation of Rolling Stock to Railway Transportation—Operators Services

	Nine months ended 30 September	
	2009	**2008**
	(USD in thousands)	
Revenue from railway transportation—operators services	283,035	460,164
Minus		
Infrastructure and locomotive tariff: loaded trips	(48,449)	(119,542)
Adjustment for Estonian Subsidiaries*	—	139
Net Revenue from Operation of Rolling Stock	**234,586**	**340,761**

* This adjustment reflects the impact of the consolidation of the Estonian subsidiaries and is associated with freight rail transportation services previously rendered by Spacecom and discontinued in the first half of 2008.

Reconciliation of EBITDA and Adjusted EBITDA to Profit for the Period

	Nine months ended 30 September	
	2009	**2008**
	(USD in thousands)	
Profit for the period	**37,217**	**101,443**
Plus		
Income tax expense	4,418	28,676
Net finance costs (excluding net foreign exchange transaction gains/(losses) on financing activities)	33,164	36,326
Depreciation of property, plant and equipment	30,851	35,715
EBITDA	**105,650**	**202,160**
Minus (Plus)		
Net foreign exchange transaction gains/(losses) on financing activities	(15,966)	(5,139)
Other gains—net	242	3,254
Share of profit of associates	462	519
Adjusted EBITDA	**120,912**	**203,526**

(7) Represents nine months ended 30 September 2008 and 2009, except for total rolling stock owned or leased under finance lease (at period end), which is as at 30 September 2008 and 2009, respectively.

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

(9) Average Price per Trip (USD) is calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period.

(10) 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).

(11) 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.

(12) Average Rolling Stock Operated is calculated as the average weighted (by days) number of railcars 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).

Developments since 30 September 2009

Since 30 September 2009, the following developments have taken place:

- In line with its growth strategy, and in addition to the proposed acquisition of BTS, in October and November 2009, the Group entered into agreements to purchase 2,000 new gondola (open top) cars from vendors including Russian producers, such as Uralwagonzavod, Armavirsky and Roslavlsky. The Group has prepaid a substantial portion of the purchase price for such railcars and has already received delivery of more than 330 of these railcars, with delivery of all 2,000 railcars expected by the end of January 2010.

- In November 2009, the Group concluded a credit agreement with UniCreditBank and received RUB 225 million of the total RUB 750 million available pursuant to such agreement.

- In November 2009, the Group concluded a finance lease agreement with UniCreditBank for a financial lease of rail tank cars for a total amount of USD 7 million.

Schedule B to Appendix I

BUSINESS AND FINANCIAL INFORMATION REGARDING BTS

Overview

BTS is one of the leading private Russian railway transportation services operators, specialising in shipping oil products and oil for Russian oil majors and other customers. As of 30 June 2009, it operated 6,581 owned and 2,461 leased rail tank cars and 34 owned and 15 leased locomotives. BTS's Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2009 and 2008 was USD 146,491 thousand and USD 164,956 thousand, respectively, and for the years ended 31 December 2008 and 2007 was USD 327,844 thousand and USD 250,451 thousand, respectively. Its Adjusted EBITDA for the six months ended 30 June 2009 and 2008 was USD 52,250 thousand and USD 53,321 thousand, respectively, and for the years ended 31 December 2008 and 2007 was USD 98,086 thousand and USD 88,884 thousand, respectively.

BTS has achieved a stable position in the oil products and oil transportation market and has strong long-term relationships with its key customers. Following its acquisition by the Group, BTS will continue to focus on increasing the quality of its services by further optimisation of routes and improvements in delivery time and railcar turnover.

Business

BTS was one of the first private operators in the Russian railway transportation industry, having focused on oil products and oil transportation since 2000. It specialises in shipping oil products and oil, most notably fuel oil, diesel and gasoline and provides logistics services for oil product delivery and distribution to shipping terminals. Its operations accounted for approximately 9 per cent. of oil products and oil transportation volumes by rail in Russia in the six month period ended 30 June 2009.

BTS is one of the top ten railway operators in Russia by number of rail tank cars in operation. The size of its fleet enables BTS to service a substantial share of the market for rail transportation requirements of the major vertically integrated oil companies in Russia. The table below sets out information on the number and source of BTS's fleet of rolling stock by category and locomotives as at 30 June 2009.

Units	Owned[(1)]	Leased	Total number
Rail tank cars	6,581	2,461	9,042
Gondola (open top) cars	595	—	595
Locomotives	34	15	49
Total	**7,210**	**2,476**	**9,686**

(1) Includes railcars leased under finance leases.

The average age of BTS's rolling stock owned or held under financial leases as of 30 June 2009 was 11.1 years for its rail tank cars, 8.8 years for its gondola (open top) cars and 4.5 years for its locomotives. BTS uses on operating leasing of rolling stock from third parties as a reliable way to enable it to react to changes in demand for freight rail transportation services without requiring significant capital outflows.

BTS manages its fleet efficiently from two dispatching offices in St. Petersburg and Voronezh, one branch in Moscow and seven representative offices in key regions. BTS has extensive experience operating block trains with its own locomotives, which allows it to deliver a more competitive service to clients by offering better delivery times and turnover of railcars and greater reliability in terms of providing rail tank cars for on-time dispatching. This service is key for major oil producers, as they do not typically have significant storage capacity on site and need very prompt dispatching and delivery. BTS operates an internally customised IT system into which information from Russian Railways is automatically transferred.

Key customers of BTS are oil majors, including Gazpromneft and TNK-BP, and other oil companies, including Taif. The table below shows the percentage of Net Revenue from Operation of Rolling Stock generated by BTS from services provided to its key customers in the six months ended 30 June 2009.

Customer group	**Customer's sector**	**Per cent. of BTS's Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2009**
TNK-BP	Oil products and oil	54%
Gazpromneft	Oil products and oil	16%
Taif	Oil products and oil	13%
Other	Oil products and oil	17%
Total		**100%**

Source: BTS management accounts

Fuel oil is BTS' primary cargo, accounting for approximately 50 per cent. of volumes in the six months ended 30 June 2009. Approximately 97 per cent. of the cargoes transported by BTS by Net Revenue from Operation of Rolling Stock in the six months ended 30 June 2009 were Class 2.

Demand for fuel oil transportation by rail is expected to remain stable or increase in Russia, along with expected increases in refining capacity and export. Rail is currently the only means for effectively transporting fuel oil in Russia although small volumes are transported by water in the summer months. The product pipeline network is limited to diesel and gasoline and the Russian highway infrastructure is not sufficient to support shipment by road. Management believes that BTS is well placed to take advantage of the stability of, and expected growth in, the fuel oil transportation market in Russia.

Approximately 50 per cent. of all BTS shipments use BTS operated locomotives. BTS management believe that BTS' ability to provide locomotive services, as well as railcar services, enables it to provide a more competitive service to its customers as dispatching is not dependent upon Russian Railways to provide locomotives which eliminates time lost for change of locomotives, increases the turnover of railcars and improves delivery time and enables BTS to adjust shipment schedules to clients' needs. This efficiency is very important for the big oil refineries as they operate continuous production facilities which have regular shipping needs as they do not have substantial storage capacity at their sites. Prompt and quick delivery and shipment of cargo provides customers with working capital advantages due to the high value of transported cargo. BTS has a freight carrier license which is valid through July 2014 but it has not concluded any agreements for railway transportation with customers as a carrier so Russian Railways remains the carrier for the transportation, including locomotive, services that BTS offers to its customers. Locomotive crews are provided by Russian Railways.

BTS acquired a railcar repair and maintenance depot in Ivanovo in August 2008. The depot is located close, and on the transportation route, to the Yaroslavl refinery, one of the largest refineries serviced by BTS. As a result, additional transportation time is not required for routine repairs and preventative maintenance. By carrying out its own repair and maintenance of rail tank cars in Ivanovo, BTS is better able to control the quality, efficiency and cost of repairs and managed to optimise its repair cost by substituting the most expensive depots with its own repairs. In addition, it is less dependent on Russian Railways for repair services, although Russian Railways does remain responsible for access of the railcars to the public railway infrastructure. Management believes that over time up to 50 per cent. of its railcar repairs could be done at the Ivanovo depot.

BTS had 427 employees as of 30 June 2009, up from 207 employees as of 30 June 2008. The substantial increase in the number of employees in the period was the result of the acquisition of the Ivanovo depot which added 214 employees. All of BTS's managers have extensive experience in the railway industry, and most of them have been with the company since its foundation.

Contracts for the shipment of oil products and oil by rail in Russia tend to be one year contracts with automatic renewal provisions and are terminable upon request of one of the parties before the end of the contract term. The contracts establish general terms. Specific terms, including pricing volumes and destinations, are adjusted on a monthly/half yearly basis in either a contractual addendum or an application for cargo transportation. Most contracts provide for, and BTS generally receives, full payment in advance. Pricing for the services offered by BTS is unregulated but, as with other private rail operators, the regulated charges that apply to Russian Railways provide an effective pricing benchmark.

SELECTED FINANCIAL AND OPERATING INFORMATION OF BTS

The following table sets forth the principle components of the BTS income statement in Roubles for the six-month periods ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007.

	Six months ended 30 June		Years ended 31 December	
	2009	**2008**	**2008**	**2007**
	(unaudited)		**(audited)**	
	(RUB in thousands)			
Revenue	11,439,171	10,110,130	19,832,808	17,357,102
Cost of sales	(9,763,661)	(8,907,547)	(17,523,809)	(15,194,138)
Gross profit	**1,675,510**	**1,202,583**	**2,308,999**	**2,162,964**
Selling, general and administrative expenses	(121,882)	(108,995)	(239,362)	(250,249)
Amortisation of the issued guarantee	57,129	10,308	—	—
Other income	10,704	7,392	33,600	15,978
Other expenses	(29,871)	(22,193)	(78,058)	(161,321)
Operating profit	**1,591,590**	**1,089,095**	**2,025,179**	**1,767,372**
Interest expense—borrowings	(32,928)	(53,192)	(100,691)	(153,005)
Finance charge—leasing	—	—	—	(1,694)
Dividends to participants	(867,000)	(750,000)	(1,050,000)	(1,020,000)
Finance income	2,945	9,480	17,917	10,126
Foreign exchange (loss)/gain on non-operating activities	(90,077)	69,923	(292,572)	123,051
Profit before income tax	**604,530**	**365,306**	**599,833**	**725,850**
Income tax expense	(294,685)	(275,012)	(411,310)	(438,826)
Change in surplus of net assets attributable to participants	**309,845**	**90,294**	**188,523**	**287,024**

The following table sets forth the principle components of the BTS income statement translated into US Dollars for the six-month periods ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007. Income received and expenses incurred in currencies other than the US Dollar are translated into US Dollars at average exchange rates for the respective periods, which approximate the exchange rates existing at the dates of the transactions.

	Six months ended 30 June		Years ended 31 December	
	2009	2008	2008	2007
	(unaudited)		(unaudited)	
	(USD in thousands)			
Revenue	343,826	422,693	797,331	679,297
Cost of sales	(293,466)	(372,414)	(704,503)	(594,646)
Gross profit	**50,360**	**50,279**	**92,828**	**84,651**
Selling, general and administrative expenses	(3,663)	(4,557)	(9,623)	(9,794)
Amortisation of the issued guarantee	1,717	431	—	—
Other income	322	309	1,351	625
Other expenses	(898)	(928)	(3,138)	(6,314)
Operating profit	**47,838**	**45,534**	**81,418**	**69,168**
Interest expense—borrowings	(990)	(2,224)	(4,048)	(5,988)
Finance charge—leasing	—	—	—	(66)
Dividends/Distribution to participants	(26,060)	(31,356)	(42,213)	(39,919)
Finance income	89	396	720	396
Foreign exchange (loss)/gain on non-operating activities	(2,707)	2,923	(11,762)	4,816
Profit before income tax	**18,170**	**15,273**	**24,115**	**28,407**
Income tax expense	(8,857)	(11,498)	(16,536)	(17,174)
Change in surplus of net assets attributable to participants	**9,313**	**3,775**	**7,579**	**11,233**

The following table sets forth the principle components of the BTS balance sheet in Roubles as at 30 June 2009 and 31 December 2008 and 2007.Balance sheet items are translated into US Dollars at the exchange rate prevailing at the date of the relevant balance sheet, whereby

	As at 30 June	As at 31 December	
	2009	2008	2007
	(unaudited)	(audited)	
	(RUB in thousands)		
Assets			
Current assets	1,407,635	1,886,511	1,520,255
Non-current assets	4,890,527	5,070,292	5,324,494
Total assets	**6,298,162**	**6,956,803**	**6,844,749**
Liabilities			
Current liabilities	927,460	1,648,956	1,151,677
Non-current liabilities	311,779	558,769	1,132,517
Total liabilities excluding net assets attributable to participants	**1,239,239**	**2,207,725**	**2,284,194**
Net assets attributable to participants			
Charter capital	119,168	119,168	119,168
Cumulative surplus of net assets	4,939,755	4,629,910	4,441,387
Total net assets attributable to participants	**5,058,923**	**4,749,078**	**4,560,555**
Total liabilities	**6,298,162**	**6,956,803**	**6,844,749**

The following table sets forth the principle components of the BTS balance sheet translated into US Dollars as at 30 June 2009 and 31 December 2008 and 2007. Balance sheet items are translated into US Dollars at the exchange rate prevailing at the date of the relevant balance sheet, whereby

	As at 30 June	As at 31 December	
	2009	2008	2007
	(unaudited) (USD in thousands)		
Assets			
Current assets	44,986	64,210	61,935
Non-current assets	156,295	172,574	216,917
Total assets	**201,281**	**236,784**	**278,852**
Liabilities			
Current liabilities	29,640	56,124	46,919
Non-current liabilities	9,964	19,019	46,138
Total liabilities excluding net assets attributable to participants	**39,604**	**75,143**	**93,057**
Net assets attributable to participants			
Charter capital	3,808	4,056	4,855
Cumulative surplus of net assets	157,869	157,585	180,940
Total net assets attributable to participants	**161,677**	**161,641**	**185,795**
Total liabilities	**201,281**	**236,784**	**278,852**

Additional (Non-GAAP) Financial Information

The following table sets forth additional non-GAAP financial information for BTS in Roubles for the six-month periods ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007.

	Six months ended 30 June		Years ended 31 December	
	2009	2008	2008	2007
	(RUB in thousands)			
Adjusted Revenue(1)(2)	5,012,105	4,110,399	8,492,540	6,688,086
Net Revenue from Operation of Rolling Stock(1)(3)	4,873,777	3,945,497	8,154,779	6,399,426
EBITDA(1)(4)	1,686,260	1,340,784	2,102,764	2,248,840
Adjusted EBITDA(1)(5)	1,738,375	1,275,354	2,439,794	2,271,132
Empty Run Costs(6)(1)	1,111,344	1,126,104	2,244,001	1,837,679
ROCE(1)(7)	41%	n/a	33%	n/a

The following table sets forth additional non-GAAP financial information for BTS translated into US Dollars for the six-month periods ended 30 June 2009 and 2008 and the years ended 31 December 2008 and 2007.

	Six months ended 30 June		Years ended 31 December	
	2009	2008	2008	2007
	(USD in thousands)			
Adjusted Revenue(1)(2)	150,648	171,851	341,423	261,749
Net Revenue from Operation of Rolling Stock(1)(3)	146,491	164,956	327,844	250,451
EBITDA(1)(4)	50,684	56,057	84,537	88,012
Adjusted EBITDA(1)(5)	52,250	53,321	98,086	88,884
Empty Run Costs(6)(1)	33,404	47,081	90,215	71,920
ROCE(1)(7)	37%	n/a	36%	n/a

Operating Information

	Six months ended 30 June(8)		Years ended 31 December(9)	
	2009	2008	2008	2007
Freight rail turnover (billion tonnes-km)(10)	8.7	9.0	16.8	16.9
Average price per trip (USD)(11)	781	1,119	1,046	743
Average number of loaded trips per railcar(12)	23.4	19.0	40.5	45.3
Average distance of loaded trips (km)	857.7	1,048.6	928.2	869.1
Transportation volume (thousand tonnes)	10,114	8,572	18,097	19,502
Average rolling stock operated(13)	8,003	7,753	7,740	7,441
Total rolling stock owned and leased under finance and operating lease (at period end)	9,686	9,577	9,660	9,311

(1) Adjusted Revenue, Net Revenue from Operation of Rolling Stock, EBITDA, Adjusted EBITDA, Empty Run Costs and ROCE are presented as supplemental measures of BTS's operating performance. These supplemental measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of BTS's results as reported under IFRS. Reconciliations of Net Revenue from Operation of Rolling Stock to revenue, Adjusted Revenue to revenue and EBITDA and Adjusted EBITDA to change in surplus of net assets attributable to participants are set out below.

Reconciliation of Adjusted Revenue to Revenue

	Six months ended 30 June		Years ended 31 December	
	2009	2008	2008	2007
	(RUB in thousands)			
Revenue				
Transportation Services rendered	11,284,008	9,945,133	19,488,198	17,068,442
Rental Income	138,328	164,902	337,761	288,660
Minus				
Infrastructure and locomotive tariffs: loaded trips	(6,410,231)	(5,999,636)	(11,333,419)	(10,669,016)
Adjusted Revenue	**5,012,105**	**4,110,399**	**8,492,540**	**6,688,086**

Reconciliation of Net Revenue from Operation of Rolling Stock to Transportation Services Rendered

	Six months ended 30 June		Years ended 31 December	
	2009	2008	2008	2007
	(RUB in thousands)			
Transportation services rendered	**11,284,008**	**9,945,133**	**19,488,198**	**17,068,442**
Minus				
Infrastructure and locomotive charges: loaded trips	6,410,231	5,999,636	11,333,419	10,669,016
Net Revenue from Operation of Rolling Stock	**4,873,777**	**3,945,497**	**8,154,779**	**6,399,426**

Reconciliation of EBITDA and Adjusted EBITDA to Profit for the Period

	Six months ended 30 June		Years ended 31 December	
	2009	2008	2008	2007
	(RUB in thousands)			
Change in surplus of net assets attributable to participants	**309,845**	**90,294**	**188,523**	**287,024**
Plus				
Income tax expense	294,685	275,012	411,310	438,826
Interest expense—borrowings	32,928	53,192	100,691	153,005
Finance charge-leasing	—	—	—	1,694
Finance income	(2,945)	(9,480)	(17,917)	(10,126)
Dividends to participants	867,000	750,000	1,050,000	1,020,000
Depreciation	184,747	181,766	370,157	358,417
EBITDA	**1,686,260**	**1,340,784**	**2,102,764**	**2,248,840**
Minus (Plus)				
Foreign exchange (loss)/gain on non-operating activities	(90,077)	69,923	(292,572)	123,051
Amortisation of the issued guarantee	57,129	10,308	—	—
Other income	10,704	7,392	33,600	15,978
Other expenses	(29,871)	(22,193)	(78,058)	(161,321)
Adjusted EBITDA	**1,738,375**	**1,275,354**	**2,439,794**	**2,271,132**

(2) Adjusted Revenue is calculated as transportation services rendered plus rental income less infrastructure and locomotive tariffs: loaded trips as part of the OAO "Russian Railways" infrastructure tariff component of cost of sales reported under IFRS.

(3) Net Revenue from Operation of Rolling Stock is defined as transportation services rendered less infrastructure and locomotive tariffs: loaded trips as part of the OAO "Russian Railways" infrastructure tariff component of cost of sales reported under IFRS.

(4) EBITDA represents change in surplus of net assets attributable to participants before income tax expense, dividends to participants, finance income, finance charge-leasing, interest expense-borrowings and depreciation.

(5) Adjusted EBITDA represents EBITDA less other income, other expenses, foreign exchange (loss)/gain on non-operating activities and amortisation of the issued guarantee.

(6) Empty Run Costs is derived from the management accounts and presented as part of the OAO "Russian Railways" infrastructure tariff component of cost of sales reported under IFRS.

(7) ROCE is defined as Adjusted EBITDA (last twelve months basis) minus depreciation of property, plant and equipment divided by the sum of average balances between balance sheet dates of total net assets attributable to participants and total borrowings.

(8) Represents six-month periods ended 30 June 2009 and 2008, except for Total rolling stock owned or leased under finance lease (at period end), which is as at 30 June 2009 and 2008, respectively.

(9) Represents years ended 31 December 2008 and 2007, except for Total rolling stock owned or leased under finance lease (at period end), which is as at 31 December 2008 and 2007, respectively.

(10) 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.

(11) Average Price per Trip (USD) is calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period.

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

(13) Average Rolling Stock Operated is calculated as the average weighted (by days) number of railcars 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).

Recent Developments

The Company has been advised by the management of BTS that the performance of BTS since 30 June 2009 is in line with expectations.

In October 2009, BTS declared a distribution to participants of RUB 1,500,000 thousand (including withholding tax of RUB 75,000 thousand). Of this amount, RUB 750,000 thousand was paid in October November 2009 and RUB 750,000 thousand is due to be paid in mid-December 2009. In November 2009, BTS made an early repayment on certain of its US dollar denominated borrowings. The carrying value as of 30 June 2009 of the borrowings repaid was RUB 443,755 thousand, including current portion of RUB 221,887 thousand.

FACTORS AFFECTING BTS'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BTS's financial results have been affected, and results are likely to be affected in the future by a wide variety of factors including the factors that affect the results and future results of the Group. The nature of BTS's business, however, also exposes it to other factors.

BTS's customer base is more concentrated than that of the Group, with one customer accounting for 54 per cent. of BTS's Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2009. In addition, substantially all of BTS's revenues are derived from the shipment of oil products and oil. As its rolling stock is not adaptable to the shipment of other cargoes, it is dependent upon the oil industry and the Russian oil majors, as well as the market and other factors that affect volumes of oil shipped and the prices that customers are willing to pay for such shipments.

BTS operates locomotives, which enable it to provide block trains to its customers. Block trains allow more efficient delivery and turn around of railcars. While operating its own locomotives, BTS is entitled to a discount from the Russian Railways tariff. Adding this discount on top of the own railcar operations margin makes using its own locomotive service economically viable.

RESULTS OF BTS'S OPERATIONS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2009 AND 2008

Revenue and Adjusted Revenue

The following tables set forth revenue and adjusted revenue, broken down by area of revenue generating activity of BTS for the six-month periods ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	**2008**
	(RUB in thousands)	
Revenue		
Transportation services rendered	11,284,008	9,945,133
Rental income	138,328	164,902
Other	16,835	95
Total	**11,439,171**	**10,110,130**

	Six months ended 30 June	
	2009	**2008**
Adjusted Revenue	**(RUB in thousands)**	
Transportation services rendered	11,284,008	9,945,133
Rental income	138,328	164,902
Minus		
Infrastructure and locomotive tariffs: loaded trips	6,410,231	5,999,636
Adjusted Revenue	**5,012,105**	**4,110,399**

Revenue increased by RUB 1,329,041 thousand, or 13.1 per cent., from RUB 10,110,130 thousand in the six months ended 30 June 2008 to RUB 11,439,171 thousand in the six months ended 30 June 2009. Adjusted Revenue increased by RUB 901,706 thousand, or 21.9 per cent., from RUB 4,110,399 thousand in the six months ended 30 June 2008 to RUB 5,012,105 thousand in the six months ended 30 June 2009.

This increase was primarily due to an increase in the average number of loaded trips per railcar by 23.2 per cent. from 19.0 per railcar in the six months ended 30 June 2008 to 23.4 per railcar in the six months ended 30 June 2009, as a result of additional volumes on the domestic market, and a 3.2 per cent. increase in average rolling stock operated from 7,753 railcars in the six months ended 30 June 2008 to 8,003 railcars in the six months ended 30 June 2009, offset in part by a slight decrease in price per trip. Following stronger demand for its services, BTS increased the number of leased railcars. The effects of the above increases were partially offset by a slight decrease in the average price per trip of 2.9 per cent. due to an increased proportion of shorter distance domestic transportation.

Rental income decreased by RUB 26,574 thousand, or 16.1 per cent., from RUB 164,902 thousand in the six months ended 30 June 2008 to RUB 138,328 thousand in the six months ended 30 June 2009, primarily due to a decrease in revenue from the leasing of gondola (open top) cars as lease rates for gondola (open top) cars were adversely affected by unfavourable market conditions and rental days were lost as railcars were transferred from one lessee to another.

Cost of sales

The following table sets forth a breakdown of cost of sales for the six-month periods ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	(RUB in thousands)	
OAO "Russian Railways" infrastructure tariff		
Infrastructure and locomotive tariffs: loaded trips	6,410,231	5,999,636
Empty Run Trips and other tariff	1,277,134	1,181,102
Total Russian Railways infrastructure tariff	**7,687,365**	**7,180,738**
Transportation services provided by other carriers	509,499	285,157
Operating lease costs (locomotives and tankers)	395,014	304,495
Fuel and spare parts	262,229	337,067
Rolling stock repair and maintenance costs	433,718	354,370
Depreciation	173,133	178,096
Engagement of locomotive crews	149,212	134,525
Taxes (other than income tax and value added taxes)	55,748	57,867
Staff costs	61,785	42,120
Communication costs	19,561	15,314
Insurance	3,198	3,346
Other expenses	13,199	14,452
Total	**9,763,661**	**8,907,547**

Cost of sales increased by RUB 856,114 thousand, or 9.6 per cent., from RUB 8,907,547 thousand in the six months ended 30 June 2008 to RUB 9,763,661 thousand in the six months ended 30 June 2009. Nearly half of this increase was due to a 7.1 per cent. increase in Russian Railways infrastructure tariff due to an increase of 8.4 per cent. in July 2008 and a subsequent increase of 5 per cent. in January 2009 in the tariffs charged for infrastructure and locomotive services by Russian Railways and the increase in the number of loaded trips described above. The effect of the overall increase in tariff and total number of loaded trips on tariffs on empty run trips and tariffs on services provided by other transportation organisations was partially offset by a decrease in the empty run ratio. The balance of the increase is primarily attributable to a 78.7 increase in transportation services provided by other carriers primarily due to a substantial increase in transportation volumes provided by freight forwarders on routes where BTS does not operate such as Ukraine, Belarus and Lithuania, a 29.7 per cent. increase in operating lease costs due to a significant increase in lease rates and an increase in the total number of leased rail tank cars from 2,351 as of 30 June 2008 to 2,461 as of 30 June 2009 and a 22.4 per cent. increase in rolling stock repair and maintenance costs primarily due to an increase in the price of repairs and spare parts, as well as changes in contract terms for repair and maintenance of gondola (open top) cars leased out to third parties. Under the new contract terms, BTS bore the costs of repairs. Management believes that as the Ivanovo depot performs more repairs for the fleet it will have better control over the quality and price of such repairs. Engagement of locomotive crews also increased over the period primarily due to an increase in the total volumes transported with owned locomotives and staff costs increased primarily due to the addition of production employees from Ivanovo which was acquired in August 2008. The total number of BTS operating employees increased from 132 as at 30 June 2008 to 260 as at 30 June 2009. These increases were partially offset by a 22.2 per cent. decrease in fuel and spare parts due to a significant decrease in the cost of fuel.

Gross profit

Gross profit increased by RUB 472,927 thousand, or 39.3 per cent., from RUB 1,202,583 thousand in the six months ended 30 June 2008 to RUB 1,675,510 thousand in the six months ended 30 June 2009. This increase reflected the increase in revenue, partially offset by the increase in costs of sales, both as described above.

Selling, general and administrative expenses

The following chart is a breakdown of selling, general and administrative expenses for the six-month periods ended 30 June 2009 and 2008.

	Six months ended 30 June	
	2009	2008
	(RUB in thousands)	
Staff costs	56,178	51,992
Information, consulting and other professional services	14,387	11,767
Business trip and representation expenses	7,373	8,647
Operating lease expense for property, plant and equipment	9,096	8,292
Advertising and marketing expenses	2,841	6,773
Depreciation	11,614	3,670
Company vehicle maintenance	5,205	5,375
Communication costs	4,504	4,512
Other expenses	10,684	7,967
Total	**121,882**	**108,995**

Selling, marketing and administrative expenses increased by RUB 12,887 thousand, or 11.8 per cent., from RUB 108,995 thousand for the six months ended 30 June 2008 to RUB 121,882 thousand for the six months ended 30 June 2009, primarily as a result of a 8.1 per cent. increase in staff costs reflecting the addition of administrative personnel from the Ivanovo depot acquired in August 2008 (total administrative personnel increased from 75 as at 30 June 2008 to 167 as at 30 June 2009) and slight salary increases, a 216.5 per cent. increase in depreciation expense, reflecting the depreciation associated with the Ivanovo assets, and a 22.3 per cent. increase in information, consulting and other professional services largely attributable to an increase in auditing costs. These increases were partially offset by decreases in other expenses and advertising and marketing expenses as a result of cost cutting initiatives.

Other income

Other income increased by RUB 3,312 thousand, or 44.8 per cent., from RUB 7,392 thousand in the six months ended 30 June 2008 to RUB 10,704 thousand in the six months ended 30 June 2009, reflecting income from the sale of other assets (inventory and scrap metal).

Other expenses

Other expenses increased by RUB 7,678 thousand, or 34.6 per cent., from RUB 22,193 thousand in the six months ended 30 June 2008 to RUB 29,871 thousand in the six months ended 30 June 2009, reflecting an increase in charity expenses.

Operating profit

BTS's operating profit increased by RUB 502,495 thousand, or 46.1 per cent., from RUB 1,089,095 thousand in the six months ended 30 June 2008 to RUB 1,591,590 thousand in the six months ended 30 June 2009. This increase was due to the factors discussed above.

EBITDA and Adjusted EBITDA

EBITDA represents change in surplus of net assets attributable to participants before income tax expense, dividends to participants, finance income, finance charge—leasing, interest expense—borrowings and depreciation. Adjusted EBITDA represents EBITDA less other income, other expenses, foreign exchange (loss)/gain on non-operating activities and amortisation of the issued guarantee.

EBITDA increased by RUB 345,476 thousand, or 25.8 per cent., from RUB 1,340,784 thousand in the six months ended 30 June 2008 to RUB 1,686,260 thousand in the six months ended 30 June 2009.

This increase was primarily due to the increase in adjusted revenue which exceeded the growth in cost of sales and general selling and marketing expenses. Slower growth in expenses was also attributable to a decrease in the Empty Run ratio from 113 per cent. to 99 per cent. and an increase in foreign exchange loss on non-operating activities by RUB 160,000 thousand.

Adjusted EBITDA increased by RUB 463,021 thousand, or 36.3 per cent., from RUB 1,275,354 thousand in the six months ended 30 June 2008 to RUB 1,738,375 thousand in the six months ended 30 June 2009. This increase was primarily due to the increase in adjusted revenue which exceeded the growth in cost of sales and general selling and marketing expenses. Slower growth in expenses was also attributable to a decrease in the Empty Run ratio from 113 per cent. to 99 per cent.

Profit before income tax

Profit before income tax increased by RUB 239,224 thousand, or 65.5 per cent., from RUB 365,306 thousand in the six months ended 30 June 2008 to RUB 604,530 thousand in the six months ended 30 June 2009, due to the factors discussed above partially offset by the incurrence of foreign exchange losses of RUB 90,077 thousand in the six months ended 30 June 2009 as opposed to gains of RUB 69,923 thousand in the six months ended 30 June 2008. As a result of these losses, offset in part by a decrease in interest expense on borrowings.

Income tax expense

Income tax expense increased by RUB 19,673 thousand, or 7.2 per cent., from RUB 275,012 thousand in the six months ended 30 June 2008 to RUB 294,685 thousand in the six months ended 30 June 2009. This increase was primarily due to the increase in profit before income tax partially offset by the decrease in the statutory tax rate from 24 per cent. to 20 per cent.

The effective income tax rates were 48.7 per cent. and 75.3 per cent. in the six months ended 30 June 2009 and the six months ended 30 June 2008, respectively. Excluding the effect of dividends to participants, the effective income tax rates were 20.0 per cent. and 24.7 per cent. for the six months ended 30 June 2009 and the six months ended 30 June 2008, respectively.

RESULTS OF BTS'S OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

Revenue and Adjusted Revenue

The following tables set forth revenue and adjusted revenue, broken down by area of revenue generating activity of BTS for the years ended 31 December 2008 and 2007.

	Years ended 31 December	
	2008	2007
	(RUB in thousands)	
Revenue		
Transportation services rendered	19,488,198	17,068,442
Rental income	337,761	288,660
Other	6,849	—
Total Revenue	**19,832,808**	**17,357,102**

	Years ended 31 December	
	2008	2007
	(RUB in thousands)	
Adjusted Revenue		
Transportation services rendered	19,488,198	17,068,442
Rental income	337,761	288,660
Minus		
Infrastructure and locomotive tariffs: loaded trips	11,333,419	10,669,016
Adjusted Revenue	**8,492,540**	**6,688,086**

Revenue increased by RUB 2,475,706 thousand, or 14.3 per cent., from RUB 17,357,102 thousand in the year ended 31 December 2007 to RUB 19,832,808 thousand in the year ended 31 December 2008. Adjusted Revenue increased by RUB 1,804,454 thousand, or 27.0 per cent., from RUB 6,688,086 thousand in the year ended 31 December 2007 to RUB 8,492,540 thousand in the year ended 31 December 2008. This increase was primarily due to an increase in the average price per trip by 37.1 per cent. from RUB 18,991 in the year ended 31 December 2007 to RUB 26,028 as a result of increased prices, an increase in the average distance per loaded trip of 6.8 per cent. and an increase in average rolling stock operated by 4.0 per cent. from 7,441 railcars to 7,740 railcars. These increases were offset in part by a 10.6 per cent. decrease in the total number of loaded trips. Rental income increased by RUB 49,101 thousand, or 17.0 per cent., from RUB 288,660 thousand in the year ended 31 December 2007 to RUB 337,761 thousand in the year ended 31 December 2008, primarily due to increases in lease rates charged for gondola (open top) cars and rail tank cars and increased leased volumes in gondola (open top) cars.

Cost of sales

The following table sets forth a breakdown of cost of sales for the years ended 31 December 2008 and 2007.

	Years ended 31 December	
	2008	**2007**
	(RUB in thousands)	
OAO "Russian Railways" infrastructure tariff		
Infrastructure and locomotive tariffs: loaded trips	11,333,419	10,669,016
Empty Run Trips and other tariff	2,321,315	2,021,917
Total Russian Railways infrastructure tariff	**13,654,734**	**12,690,933**
Operating lease costs (locomotives and tankers)	642,397	500,042
Fuel and spare parts	677,542	421,070
Rolling stock repair and maintenance costs	736,966	632,385
Depreciation	357,550	349,621
Engagement of locomotive crews	271,910	264,180
Taxes other than income	114,725	117,908
Transportation services provided by other carriers	905,925	97,322
Staff costs	104,845	78,582
Communication costs	31,120	25,464
Insurance	6,329	9,092
Other operating expenses	19,766	7,539
Total	**17,523,809**	**15,194,138**

Cost of sales increased by RUB 2,329,671 thousand, or 15.3 per cent., from RUB 15,194,138 thousand in the year ended 31 December 2007 to RUB 17,523,809 thousand in the year ended 31 December 2008. Nearly half of this increase is attributable to the increase in a 7.6 per cent. increase in Russian Railways infrastructure tariff expense due to a 6.2 per cent. increase in infrastructure and locomotive tariffs: loaded trips reflecting the increase in the Russian Railways tariff by 11.5 per cent. in January 2008, 1.0 per cent. in April 2008 and 8.4 per cent. in July 2008, a 14.8 per cent. increase in empty run trips and services provided by other transportation organisations primarily due to the tariff increase, an increase in empty run ratio from 110 per cent. to 126 per cent. as a result of the relocation of certain railcars to the domestic market in 2008 and a subsequent decrease in domestic transportation volumes and a decrease in loaded trips from 336,979 to 313,304 trips.

The balance of the increase is primarily attributable to a RUB 808,603 thousand increase in transportation services provided by other carriers due to payments made to freight forwarders for transportation in Ukraine, Belarus and Lithuania beginning in May 2008 (previously, such payments were made directly by the customer to the freight forwarders), a 60.9 per cent. increase in fuel and spare parts cost primarily due to an increase in the price of diesel fuel and increases in consumption of, and the prices for, engine oil, which were partially offset by a decrease in the average consumption of diesel, a 28.5 per cent. increase in operating lease costs (locomotives and tankers) due to an increase of lease rates and an increase in the total number of leased rail tank cars from 2,085 oil tank cars as at

31 December 2007 to 2,434 rail tank cars as at 31 December 2008, an increase in rolling stock repair and maintenance costs by 16.5 per cent. primarily due to an increase in the price of repairs and an increase in staff costs reflecting the additional personnel added as a result of the acquisition of Ivanovo.

Gross profit

Gross profit increased by RUB 146,035 thousand, or 6.8 per cent., from RUB 2,162,964 thousand in 2007 to RUB 2,308,999 thousand in 2008. This increase reflected the increase in revenue, partially offset by the increase in costs of sales, both as described above.

Selling, general and administrative expenses

The following chart is a breakdown of selling, general and administrative expenses for the years ended 31 December 2008 and 2007.

	Years ended 31 December	
	2008	2007
	(RUB in thousands)	
Staff costs	110,317	135,890
Information, consulting and other professional services	28,030	25,330
Business trip and representation expenses	18,080	16,644
Operating lease expense for property, plant and equipment	16,941	13,722
Advertising and marketing expenses	13,471	14,754
Depreciation	12,607	8,796
Company vehicle maintenance	12,047	14,343
Communication expenses	9,622	10,825
Other	18,247	9,945
Total	**239,362**	**250,249**

Selling, marketing and administrative expenses decreased by RUB 10,887 thousand, or 4.4 per cent., to RUB 239,362 thousand for the year ended 31 December 2008 from RUB 250,249 thousand for the year ended 31 December 2007, primarily reflecting an 18.8 per cent. decrease in staff costs, as bonuses were not paid to senior management in 2008, partially offset by increases in other expenses.

Other income

Other income increased by RUB 17,622 thousand, from RUB 15,978 thousand in the year ended 31 December 2007 to RUB 33,600 thousand in the year ended 31 December 2008. The significant increase reflected an increase in amortisation of the issued guarantee by RUB 22,092 thousand.

Other expenses

Other expenses decreased by RUB 83,263 thousand, or 51.6 per cent., from RUB 161,321 thousand in the year ended 31 December 2007 to RUB 78,058 thousand in the year ended 31 December 2008, primarily because other expenses in the year ended 31 December 2007 included RUB 106,944 thousand, reflecting a fair value, free of charge guarantee issued to OOO Severstaltrans-Finance.

Operating profit

BTS's operating profit increased by RUB 257,807 thousand, or 14.6 per cent., from RUB 1,767,372 thousand in the year ended 31 December 2007 to RUB 2,025,179 thousand in the year ended 31 December 2008. This increase was due to the increase in revenues and other income and the decrease in selling marketing and administrative expenses.

EBITDA and Adjusted EBITDA

EBITDA decreased by RUB 146,076 thousand, or 6.5 per cent., from RUB 2,248,840 thousand in the year ended 31 December 2007 to RUB 2,102,764 thousand in the year ended 31 December 2008. This decrease was primarily due to foreign exchange loss incurred in the period which has more than offset the factors described above.

Adjusted EBITDA increased by RUB 168,662 thousand, or 7.4 per cent., from RUB 2,271,132 thousand in the year ended 31 December 2007 to RUB 2,439,794 thousand in the year ended 31 December 2008. This increase was primarily due to the factors described above under operating profit.

Profit before income tax

Profit before income tax decreased by RUB 126,017 thousand, or 17.4 per cent., from RUB 725,850 thousand in the year ended 31 December 2007 to RUB 599,833 thousand in the year ended 31 December 2008. This decrease was primarily due to the incurrence of foreign exchange losses of RUB 292,572 thousand in the year ended 31 December 2008 as opposed to gains of RUB 123,051 thousand in the year ended 31 December 2007 which offset the increase in operating profit as well as a decrease in interest expense on borrowings.

Income tax expense

The following table sets forth a breakdown of income tax expense for the years ended 31 December 2008 and 2007.

	Years ended 31 December	
	2008	**2007**
	(RUB in thousands)	
Current tax	420,211	469,069
Deferred tax	(8,901)	(30,243)
Income tax expense for the year	**411,310**	**438,826**

Income tax expense decreased by RUB 27,516 thousand, or 6.3 per cent., from RUB 438,826 thousand in the year ended 31 December 2007 to RUB 411,310 thousand in the year ended 31 December 2008. This decrease was primarily due to the reduction in profit before income tax.

During 2007 and 2008, BTS was subject to a tax rate of 24 per cent. However, an income tax rate of 20 per cent. was ratified in November 2008, and became effective from 1 January 2009. As this tax rate was passed by 31 December 2008, the effect of the change on closing deferred tax liabilities was recognised in BTS's financial statements for the year ended 31 December 2008.

The effective income tax rates were 68.6 per cent. and 60.5 per cent. in the year ended 31 December 2008 and the year ended 31 December 2007, respectively. Excluding the effect of dividends on profit before income tax to effective income tax rates were 24.9 per cent. and 25.1 per cent. in the year ended 31 December 2008 and the year ended 31 December 2007, respectively.