Globaltrans Investment PLC

Condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2012

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CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Six months ended 30 June		Three months ended 30 June	
		2012	2011	2012	2011
	Note	**US$'000**	US$'000	US$'000	US$'000
Revenue	9	**967,537**	905,844	514,986	464,941
Cost of sales	10	**(626,556)**	(645,721)	(326,405)	(328,122)
Gross profit		**340,981**	260,123	188,581	136,819
Selling and marketing costs	10	**(1,868)**	(1,542)	(1,029)	(848)
Administrative expenses	10	**(59,349)**	(40,636)	(41,358)	(22,851)
Other gains/(losses) – net		**1,372**	(555)	1,336	(1,434)
Operating profit		**281,136**	217,390	147,530	111,686
Finance income	11	**4,948**	2,843	5,997	1,396
Finance costs	11	**(81,028)**	(20,702)	(73,738)	(10,657)
Finance costs – net		**(76,080)**	(17,859)	(67,741)	(9,261)
Share of profit of associate		**213**	300	199	174
Profit before income tax		**205,269**	199,831	79,988	102,599
Income tax expense	16	**(45,720)**	(40,544)	(15,002)	(19,005)
Profit for the period		**159,549**	159,287	64,986	83,594
Attributable to:					
Owners of the Company		**132,635**	134,618	52,618	73,263
Non-controlling interests		**26,914**	24,669	12,368	10,331
		159,549	159,287	64,986	83,594
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US$ per share)	17	**0.86**	0.85	0.34	0.46

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June		Three months ended 30 June	
	2012	2011	2012	2011
	US$'000	US$'000	US$'000	US$'000
Profit for the period	**159,549**	159,287	64,986	83,594
Other comprehensive income:				
Currency translation differences	**(15,618)**	78,686	(100,592)	14,589
Other comprehensive income for the period, net of tax	**(15,618)**	78,686	(100,592)	14,589
Total comprehensive income for the period	**143,931**	237,973	(35,606)	98,183
Total comprehensive income attributable to:				
- owners of the Company	**118,631**	204,098	(34,731)	86,399
- non-controlling interests	**25,300**	33,875	(875)	11,784
	143,931	237,973	(35,606)	98,183

Items in the statement above are disclosed net of tax. There is no income tax relating to the components of other comprehensive income above.

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CONSOLIDATED INTERIM BALANCE SHEET
AT 30 JUNE 2012

	Note	**30-Jun-2012 US$'000**	31-Dec-2011 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,072,413**	1,106,171
Intangible assets	8	**177,534**	150
Investment in associate		**2,002**	1,845
Trade and other receivables	13	**31,099**	75,777
Total non-current assets		**2,283,048**	1,183,943
Current assets			
Inventories		**10,862**	8,002
Trade and other receivables	13	**293,925**	150,955
Current income tax assets		**13,671**	4,191
Cash and cash equivalents		**89,625**	120,757
Total current assets		**408,083**	283,905
TOTAL ASSETS		**2,691,131**	1,467,848
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	19	**15,814**	15,814
Share premium	19	**621,227**	621,227
Treasury shares	19	**(43,173)**	-
Common control transaction reserve		**(368,476)**	(368,476)
Translation reserve		**(153,791)**	(139,787)
Capital contribution		**90,000**	90,000
Retained earnings		**673,039**	639,283
Total equity attributable to the owners of the Company		**834,640**	858,061
Non-controlling interests		**132,842**	130,994
TOTAL EQUITY		**967,482**	989,055
Non-current liabilities			
Borrowings	15	**1,212,055**	208,381
Deferred tax liabilities		**106,846**	35,247
Total non-current liabilities		**1,318,901**	243,628
Current liabilities			
Borrowings	15	**277,535**	170,731
Trade and other payables	14	**125,602**	63,959
Current tax liabilities		**1,611**	475
Total current liabilities		**404,748**	235,165
TOTAL LIABILITIES		**1,723,649**	478,793
TOTAL EQUITY AND LIABILITIES		**2,691,131**	1,467,848

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Attributable to the owners of the Company									
	Note	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Common control transaction reserve US$'000	Translation reserve US$'000	Capital contribution US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
Balance at 1 January 2011		**15,814**	**621,227**	**-**	**(368,476)**	**(90,281)**	**90,000**	**485,575**	**753,859**	**130,106**	**883,965**
Comprehensive income											
Profit for the period		-	-	-	-	-	-	134,618	134,618	24,669	159,287
Other comprehensive loss											
Currency translation differences		-	-	-	-	69,480	-	-	69,480	9,206	78,686
Total comprehensive income for the period ended 30 June 2011		-	-	-	-	69,480	-	134,618	204,098	33,875	237,973
Transactions with owners											
Dividends	18	-	-	-	-	-	-	(58,510)	(58,510)	(21,321)	(79,831)
Total transactions with owners		-	-	-	-	-	-	(58,510)	(58,510)	(21,321)	(79,831)
Balance at 30 June 2011		**15,814**	**621,227**	**-**	**(368,476)**	**(20,801)**	**90,000**	**561,683**	**899,447**	**142,660**	**1,042,10**
Balance at 1 January 2012		**15,814**	**621,227**	**-**	**(368,476)**	**(139,787)**	**90,000**	**639,283**	**858,061**	**130,994**	**989,055**
Comprehensive income											
Profit for the period		-	-	-	-	-	-	132,635	132,635	26,914	159,549
Other comprehensive income											
Currency translation differences		-	-	-	-	(14,004)	-	-	(14,004)	(1,614)	(15,618)
Total comprehensive income for the period ended 30 June 2012		-	-	-	-	(14,004)	-	132,635	118,631	25,300	143,931
Transactions with owners											
Dividends	18	-	-	-	-	-	-	(98,879)	(98,879)	(23,452)	(122,331)
Purchase of treasury shares	19	-	-	(43,173)	-	-	-	-	(43,173)	-	(43,173)
Total transactions with owners		-	-	(43,173)	-	-	-	(98,879)	(142,052)	(23,452)	(165,504)
Balance at 30 June 2012		**15,814**	**621,227**	**(43,173)**	**(368,476)**	**(153,791)**	**90,000**	**673,039**	**834,640**	**132,842**	**967,482**

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

CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	**2012** **US$'000**	2011 US$'000
Cash flows from operating activities			
Profit before tax		**205,269**	199,831
Adjustments for:			
Depreciation of property, plant and equipment	10	**46,316**	38,986
Amortisation of intangible assets	10	**1,585**	91
Loss/(gain) on sale of property, plant and equipment	10	**900**	(481)
Interest income	11	**(2,796)**	(2,843)
Interest expense	11	**41,475**	20,815
Share of profit of associate		**(213)**	(300)
Exchange losses/(gains) on financing activities	11	**37,401**	(1,234)
Finance cost on liability for minimum dividend distribution	11	**-**	1,121
Recognised deferred gain		**-**	(155)
		329,937	255,831
Changes in working capital:			
Inventories		**(1,656)**	53
Trade and other receivables		**(77,864)**	(516)
Trade and other payables		**(22,694)**	6,637
Cash generated from operations		**227,723**	262,005
Tax paid		**(51,403)**	(25,841)
Net cash from operating activities		**176,320**	236,164
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	7	**(539,417)**	-
Purchases of property, plant and equipment		**(647,516)**	(50,264)
Proceeds from disposal of property, plant and equipment		**1,669**	4,443
Interest received		**2,796**	2,843
Net cash used in investing activities		**(1,182,468)**	(42,978)
Cash flows from financing activities			
Proceeds from borrowings		**1,320,369**	15,585
Repayments of borrowings		**(123,748)**	(133,006)
Finance lease principal payments		**(17,787)**	(41,453)
Interest paid		**(38,610)**	(21,073)
Proceeds from sale and lease back transactions		**-**	27,776
Dividends paid to non-controlling interests in subsidiaries	18	**(23,452)**	(22,338)
Dividends paid to owners of the Company	18	**(98,879)**	(58,510)
Purchase of treasury shares	19	**(43,173)**	-
Net cash from/(used in) financing activities		**974,720**	(233,019)
Net decrease in cash and cash equivalents		**(31,428)**	(39,833)
Exchange gains/(losses) on cash and cash equivalents		**1,333**	(722)
Cash, cash equivalents and bank overdrafts at beginning of period		**119,720**	136,958
Cash, cash equivalents and bank overdrafts at end of period		**89,625**	96,403

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

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

This condensed consolidated interim financial information was approved by the Board of Directors of the Company on 31 August 2012.

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 June2012 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2011, 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 2011, as described in those annual consolidated financial statements.

(a) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships relate to transportation services contract with Metalloinvest Group. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Customer relationships are being amortised over an estimated useful life of five years.

(b) Taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings for each tax jurisdiction and applied individually to the interim period pre-tax income of the relevant jurisdiction. Adjustments due to changes in estimates of prior year taxes are not taken into account in the calculation of the estimated average annual tax rate but are charged in full in the interim period in which it becomes probable that such adjustment is needed.

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

New standards, interpretations and amendments to published standards

(a) *The Group has adopted the following new standards, amendments and interpretations as of 1 January 2012:*

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2011, became effective for the Group from 1 January 2012. They have not significantly affected this consolidated condensed interim financial information of the Group.

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

Since the Group published its last annual financial statements, certain new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2013 or later and which the Group has not early adopted and are still subject to endorsement by the European Union:

- **Improvements to International Financial Reporting Standards** (issued in May 2012 and effective for annual periods beginning 1 January 2013). The improvements consist of changes to five standards. IFRS 1 was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, Borrowing costs, retrospectively by first-time adopters. IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements. IAS 16 was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory. IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12. IAS 34 was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The Group is currently assessing the impact of the amended standard on its financial statements.

- **Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12** (issued on 28 June 2012 and effective for annual periods beginning 1 January 2013). The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The Group is currently assessing the impact of the amended standard on its financial statements.

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011 except as detailed below.

Taxes

Estimates are required in determining the provision for income and payroll related taxes and contributions (see Note 3) and deferred tax on the unremitted earnings of subsidiaries (see Note 16).

Determination of fair values in business combinations

In accordance with acquisition method of accounting for business combinations, the Group allocates the purchase price of acquired entities to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The Group engages third-party valuation experts to assist management in determining the fair values of certain assets acquired and liabilities assumed. Such valuations require significant estimates and assumptions to be made.

Fair values are estimated based upon assumptions believed to be reasonable. These estimates are based on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Critical estimates in valuing certain assets acquired and liabilities assumed include but are not limited to: future expected cash flows from transportation contracts, market railcar prices, repair and maintenance costs and discount rates.

Fair values of property, plant and equipment were determined by independent valuers with reference to market prices for rolling stock of similar age.

Fair value of customer relationships was determined by independent valuers using the multi-period excess earnings method within the income approach. Projected cash flows were estimated for the existing three-year contract and for the two years thereafter. Other key assumptions included into cash flow calculations are growth of transportation volumes and prices, railway tariffs, structure of the fleet, costs associated with repairs and maintenance and staff costs. The assumptions were based on industry and management forecasts. Cash flows attributed to the customer relationships were discounted using discount rate of 16.91% for the term of the three-year contract and 20.05% for the two years thereafter.

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

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements as at and for the year ended 31 December 2011.

Liquidity risk

Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long term perspective the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures.

Compared to the year end, there was increase in borrowings which resulted in increase in contractual cash outflows for financial liabilities. Refer to Note 15 (Borrowings) for information relating to the maturities of non-current borrowings and finance lease liabilities.

6. SEGMENT INFORMATION

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

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

Adjusted revenue is the measure of profit looked at by the chief operating decision-maker and this includes the revenues derived from the relating type of rolling stock used less infrastructure tariff paid for the loaded trips of relating rolling stock. All other information provided to the Board is measured in a manner consistent with that in the financial statements.

Segment assets consist of rolling stock. Unallocated assets comprise all the assets of the Group except for rolling stock as included within segment assets.

	Open wagons	Tank cars	Other	Total
Six months ended 30 June 2012				
Total revenue – operator's services	361,843	515,321	10,682	887,846
Total revenue – operating lease	26,391	44,121	2,575	73,087
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	388,234	559,442	13,257	960,933
less Infrastructure and locomotive tariffs: loaded trips	(33,823)	(268,056)	(944)	(302,823)
Adjusted revenue for reportable segments	**354,411**	**291,386**	**12,313**	**658,110**

	Open wagons	Tank cars	Other	Total
Six months ended 30 June 2011				
Total revenue – operator's services	315,737	540,590	11,964	868,291
Total revenue – operating lease	4,938	30,211	737	35,886
Inter-segment revenue	-	-	-	-
Revenue (from external customers)	320,675	570,801	12,701	904,177
less Infrastructure and locomotive tariffs: loaded trips	(2,220)	(299,122)	(929)	(302,271)
Adjusted revenue for reportable segments	**318,455**	**271,679**	**11,772**	**601,906**

	Open wagons	Tank cars	Other	Total
Additions to non-current assets (included in reportable segment assets)				
Six months ended 30 June 2012	1,003,807	76,953	18,714	1,099,474
Six months ended 30 June 2011	21,316	37,082	22	58,420
Reportable segment assets				
30 June 2012	1,531,429	467,426	44,703	2,043,558
31 December 2011	638,429	415,416	29,290	1,083,135

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

	Six months ended 30-Jun-2012 US$'000	Six months ended 30-Jun-2011 US$'000
Adjusted revenue for reportable segments	**658,110**	601,906
Other revenues	**6,604**	1,667
Total adjusted revenue	**664,714**	603,573
Cost of sales (excl. Infrastructure and locomotive tariffs - loaded trips, impairments, depreciation of property, plant and equipment and amortisation of intangible assets)	**(276,311)**	(304,912)
Selling, marketing and administrative expenses (excl. depreciation and impairments)	**(60,719)**	(41,520)
Depreciation and amortisation	**(47,901)**	(39,077)
Impairment charge on receivables	**(19)**	(119)
Other gains/(losses) – net	**1,372**	(555)
Operating profit	**281,136**	217,390
Finance income	**4,948**	2,843
Finance costs	**(81,028)**	(20,702)
Share of profit of associates	**213**	300
Profit before income tax	**205,269**	199,831

7. BUSINESS COMBINATION

On 15 May 2012, the group has completed the purchase of 100% of the share capital of LLC Metalloinvesttrans (”MIT”), the freight rail transportation operator. The core business of MIT is to manage rail logistics of Metalloinvest, a leading global iron ore and hot briquetted iron producer based in Russia, using its owned and leased-in railcar fleet as well as engaged fleet from third-party operators.

As a result of the acquisition Globaltrans expects to further enhance its position as a leading independent private freight rail group in Russia.

As a part of the transaction Globaltrans and Metalloinvest have agreed a three-year service contract. In accordance with this contract, Globaltrans will provide rail freight transportation and logistics services to Metalloinvest, handling 100% of all its rail transportation cargo volumes in year one based on agreed pricing terms and at least 60% in the following two years based on a “right of first refusal” principle.

MIT has been acquired through OJSC New Forwarding Company, a 100% subsidiary of the Company, and has been financed through the use of the Group’s own funds and from credit facilities. In July 2012, the agreement to transfer 100% of the interest in the share capital of MIT from NFC to the Company was signed and it is expected that the transfer will take place before the end of October 2012.

The following table summarises the consideration paid and payable for MIT and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. The preliminary total cash consideration for the acquisition amounted to US$566,794 thousand, US$540,000 thousand of which was paid at the time of acquisition and remaining US$26,794 thousand represents management’s estimate of additional consideration payable to be determined based on the actual amounts of net debt and deviation of working capital of MIT compared to normalised values. It is expected that such additional consideration will be finally determined and settled in September 2012. The amount of total consideration allocated to goodwill is therefore provisional and may be adjusted based on the final purchase price.

	15-May-2012 US$'000
Preliminary cash consideration	566,794
Preliminary total consideration	**566,794**
Fair value of recognised amounts of identifiable assets and liabilities assumed:	
Cash and cash equivalents	583
Property, plant and equipment	432,058
Intangible assets	63,355
Inventories	946
Trade and other receivables	70,832
Current income tax assets	1,154
Trade and other payables	(56,908)
Deferred tax liabilities	(75,902)
Total identifiable net assets	436,118
Preliminary goodwill	130,676
	566,794

The goodwill of USD130,676 thousand arises from a number of factors such as the ability of extracting operational efficiencies due to extensive expertise of the management of the Group in the operation of railcars and detailed understanding of transportation requirements of metals and mining companies.

Acquisition-related costs of US$1,611 thousand have been charged to administrative expenses in the consolidated income statement for the period.

The fair value of trade and other receivables is US$70,832 thousand and includes trade receivables with a fair value of US$10,168 thousand, other receivables with a fair value of US$10,360 thousand, prepayments for the transportation services with a fair value of US$35,007 thousand and VAT recoverable with a fair value of US$15,297 thousand. The gross contractual amounts for trade receivables and other receivables due is US$10,590 thousand and US$10,802 thousand respectively of which US$422 thousand and US$442 thousand respectively is expected to be uncollectible.

The revenue included in the consolidated income statement from 15 May 2012 to 30 June 2012 contributed by MIT was US$72,342 thousand. MIT also contributed profit of US$8,843 thousand over the same period.

Had MIT been consolidated from 1 January 2012, the consolidated income statement for the six months ended 30 June 2012 would show pro-forma revenue of US$1,223,029 thousand and pro-forma profit of USD184,170 thousand. Estimates of the contribution of revenue and profit to the Group are based on unaudited information.

This information is not necessarily indicative of the results of the combined Group that would have occurred had the acquisition actually been made at the beginning of the period presented, or indicative of the future results of the combined Group.

8. INTANGIBLE ASSETS

Six months ended 30 June 2012	Goodwill US$'000	Customer relationships US$'000	Software US$'000	Total US$'000
Opening amount on 1 January 2011	-	-	331	**331**
Amortisation charge (Note 10)	-	-	(91)	**(91)**
Currency translation differences	-	-	26	**26**
Closing amount on 30 June 2011	**-**	**-**	**266**	**266**
Opening amount on 1 January 2012	-	-	150	**150**
Acquisition of a subsidiary (Note 7)	130,676	63,340	15	**194,031**
Amortisation charge (Note 10)	-	(1,498)	(87)	**(1,585)**
Currency translation differences	(10,161)	(4,903)	2	**(15,062)**
Closing amount on 30 June 2012	**120,515**	**56,939**	**80**	**177,534**

9. REVENUE

	Six months ended		Three months ended	
	30-Jun-2012	30-Jun-2011	30-Jun-2012	30-Jun-2011
	US$'000	US$'000	US$'000	US$'000
Railway transportation – operators services (tariff borne by the Group) (1)	**541,489**	492,923	288,763	251,128
Railway transportation – operators services (tariff borne by the client)	**346,357**	375,368	172,631	194,548
Railway transportation – freight forwarding	**5,240**	1,210	4,532	532
Operating leasing of rolling stock	**73,087**	35,886	48,164	18,533
Other	**1,364**	457	896	200
Total revenue	**967,537**	905,844	514,986	464,941

(1) Includes infrastructure and locomotive tariffs for loaded trips for the six months ended 30 June 2012 - US$302,823 thousand (six months ended 30 June 2011 - US$302,271 thousand), for the three months ended 30 June 2012 – US$155,123 thousand (three months ended 30 June 2011 – US$151,010 thousand)

10. EXPENSES BY NATURE

	Six months ended		Three months ended	
	30-Jun-2012	30-Jun-2011	30-Jun-2012	30-Jun-2011
	US$'000	US$'000	US$'000	US$'000
Cost of sales				
Infrastructure and locomotive tariffs: loaded trips	**302,823**	302,271	155,123	151,010
Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations	**158,980**	151,539	84,380	79,842
Operating lease rentals – rolling stock	**36,554**	78,867	16,804	36,675
Employee benefit expense	**9,411**	9,122	4,925	4,929
Repair and maintenance	**41,860**	39,314	22,931	22,157
Depreciation of property, plant and equipment	**45,838**	38,447	26,691	20,042
Amortisation of intangible assets	**1,584**	91	1,540	47
Fuel and spare parts – locomotives	**16,608**	14,210	7,379	6,225
Engagement of locomotive crews	**6,041**	6,378	2,976	3,325
Loss/(gain) on sale of property, plant and equipment	**929**	(453)	633	544
Other expenses	**5,928**	5,935	3,023	3,326
Total cost of sales	**626,556**	645,721	326,405	328,122

	Six months ended		Three months ended	
	30-Jun-2012	30-Jun-2011	30-Jun-2012	30-Jun-2011
	US$'000	US$'000	US$'000	US$'000
Selling, marketing and administrative expenses				
Depreciation of property, plant and equipment	**478**	539	246	276
Amortisation of intangible assets (Note 8)	**1**	-	1	-
Gain on sale of property, plant and equipment	**(29)**	(28)	(20)	6
Employee benefit expense	**32,250**	19,519	24,207	11,749
Impairment charge of receivables	**19**	119	143	24
Operating lease rental – office	**2,624**	2,508	1,369	1,265
Auditors' remuneration	**970**	584	518	278
Legal, consulting and other professional fees	**4,397**	2,052	3,670	975
Advertising and promotion	**353**	240	221	159
Communication costs	**525**	548	258	293
Information services	**851**	812	453	431
Taxes (other than income tax and value added taxes)	**11,379**	10,156	6,265	5,181
Other expenses	**7,399**	5,129	5,056	3,062
Total selling, marketing and administrative expenses	**61,217**	42,178	42,387	23,699

	Six months ended		Three months ended	
	30-Jun-2012	30-Jun-2011	**30-Jun-2012**	30-Jun-2011
	US$'000	US$'000	**US$'000**	US$'000
Total expenses				
Depreciation of property, plant and equipment	**46,316**	38,986	26,937	20,318
Amortisation of intangible assets (Note 8)	**1,585**	91	1,541	47
Loss/(gain) on sale of property, plant and equipment	**900**	(481)	613	550
Employee benefit expense	**41,661**	28,641	29,132	16,678
Impairment charge for receivables	**19**	119	143	24
Operating lease rentals – rolling stock	**36,554**	78,867	16,804	36,675
Operating lease rentals – office	**2,624**	2,508	1,369	1,265
Repairs and maintenance	**41,860**	39,314	22,931	22,157
Fuel and spare parts – locomotives	**16,608**	14,210	7,379	6,225
Engagement of locomotive crews	**6,041**	6,378	2,976	3,325
Infrastructure and locomotive tariffs: loaded trips	**302,823**	302,271	155,123	151,010
Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations	**158,980**	151,539	84,380	79,842
Auditors' remuneration	**970**	584	518	278
Legal, consulting and other professional fees	**4,397**	2,052	3,670	975
Advertising and promotion	**353**	240	221	159
Communication costs	**525**	548	258	293
Information services	**851**	812	453	431
Taxes (other than income tax and value added taxes)	**11,379**	10,156	6,265	5,181
Other expenses	**13,327**	11,064	8,079	6,388
Total cost of sales, selling and marketing costs and administrative expenses	**687,773**	687,899	368,792	351,821

Decrease in 'Operating lease rentals – rolling stock' expenses during the six months ended 30 June 2012 compared to the same period of the previous year was caused by a significant decrease in the fleet leased-in by the Group under operating leases as a large share of leased-in fleet was returned during the last months of 2011.

Increase in 'Employee benefit expense' during the six months ended 30 June 2012 was due to the increase in the number of employees in the Group following the acquisition of MIT, indexation of salaries and bonuses awarded during the period in respect of the performance of the Group during the first six months of 2012 as well as successful completion of the investment program.

11. FINANCE INCOME AND COSTS

	Six months ended		Three months ended	
	30-Jun-2012	30-Jun-2011	**30-Jun-2012**	30-Jun-2011
	US$'000	US$'000	**US$'000**	US$'000
Interest expense:				
Bank borrowings	**(26,173)**	(13,334)	**(19,580)**	(6,308)
Finance leases	**(1,305)**	(2,782)	**(637)**	(1,052)
Non-convertible unsecured bonds	**(13,712)**	(4,493)	**(9,686)**	(2,222)
Other finance costs	**(285)**	(206)	**(211)**	(88)
Total interest expense	**(41,475)**	(20,815)	**(30,114)**	(9,670)
Net foreign exchange transaction (losses)/gains on borrowings	**(39,553)**	1,234	**(43,624)**	(392)
Finance cost on liability for minimum dividend	**-**	(1,121)	**-**	(595)
Finance costs	**(81,028)**	(20,702)	**(73,738)**	(10,657)
Interest income:				
Bank balances	**1,768**	165	**1,415**	100
Short term deposits	**1,028**	721	**520**	248
Finance leases – third parties	**-**	1,957	**-**	1,048
Total interest income	**2,796**	2,843	**1,935**	1,396
Net foreign exchange transaction gains on cash and cash equivalents	**2,152**	-	**4,062**	-
Finance income	**4,948**	2,843	**5,997**	1,396
Net finance costs	**(76,080)**	(17,859)	**(67,741)**	(9,261)

Significant increase in 'interest expense' during the period ended 30 June 2012 was due to the fact that substantial amounts of bank borrowings were attracted by the Group together with the issue of non-convertible unsecured RUB-denominated bonds to finance the acquisition of rolling stock (Note 12) as well as acquisition of MIT (Note 7).

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended	
	30-Jun-2012	30-Jun-2011
	US$'000	US$'000
Opening net book amount	**1,106,171**	1,112,212
Additions	**692,194**	78,736
Acquisition of a subsidiary (Note 7)	**432,058**	-
Disposals	**(2,569)**	(3,957)
Depreciation charge (Note 10)	**(46,316)**	(38,986)
Currency translation differences	**(109,125)**	95,178
Closing net book amount	**2,072,413**	1,243,183

During the six months ended 30 June 2012 the Group has received deliveries of 8,392 open wagons and 1,000 rail tank cars.

Acquisitions of rolling stock were financed with the use of bank loan facilities, finance lease arrangements and proceeds of the unsecured non-convertible bond issue (Note 15).

Strengthening of the Russian rouble exchange rate against the US Dollar during the first three months of 2012, which trend has reversed during the second quarter of 2012, resulted in significant negative exchange differences on property, plant and equipment recognised in other comprehensive income. During the period ended 30 June 2011 Russian rouble has strengthened which resulted in positive exchange differences.

13. TRADE AND OTHER RECEIVABLES

	As at	
	30-Jun-2012	31-Dec-2011
	US$'000	US$'000
Trade receivables – third parties	**61,175**	38,552
Trade receivables – related parties (Note 22)	**9,323**	15,129
Less: provision for impairment of trade receivables	**(1,655)**	(1,467)
Trade receivables – net	**68,843**	52,214
Other receivables – third parties	**7,816**	1,427
Other receivables – related parties (Note 22)	**4**	33
Less: provision for impairment of other receivables	**(1,079)**	(406)
Other receivables – net	**6,741**	1,054
Prepayments – related parties (Note 22)	**1,698**	2,848
Prepayments – third parties	**90,499**	116,558
VAT and other taxes recoverable	**157,243**	54,058
	325,024	226,732
Less non-current portion:		
Prepayments for property, plant and equipment	**31,099**	75,777
Total non-current portion	**31,099**	75,777
Total current portion	**293,925**	150,955

Increase in 'VAT and other taxes recoverable' as at 30 June 2012 compared to 31 December 2011 was due to the increase in VAT recoverable on the new rail cars acquired by the Group during the six months ended 30 June 2012.

14. TRADE AND OTHER PAYABLES

	As at	
	30-June-2012	31-Dec-2011
	US$'000	US$'000
Current		
Trade payables - third parties	**24,683**	10,620
Trade payables - related parties (Note 22)	**942**	454
Other payables - third parties	**12,117**	17,756
Accrued expenses	**8,053**	6,954
Advances from third parties	**54,391**	26,796
Advances from related parties (Note 22)	**705**	1,379
Consideration payable for the acquisition of subsidiary	**24,711**	-
	125,602	63,959

15. BORROWINGS

	As at	
	30-Jun-2012	31-Dec-2011
	US$'000	US$'000
Current		
Bank overdrafts	**-**	1,037
Bank borrowings	**216,227**	123,050
Non-convertible unsecured bonds	**29,142**	20,032
Finance lease liabilities	**32,166**	26,612
	277,535	170,731
Non-current		
Bank borrowings	**798,551**	131,180
Non-convertible unsecured bonds	**348,702**	55,661
Finance lease liabilities	**64,802**	21,540
	1,212,055	208,381
Total borrowings	**1,489,590**	379,112

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30 June2012	
Opening amount as at 1 January 2012	379,112
Proceeds from bank borrowings	991,551
Proceeds from issue of non-convertible unsecured bonds	332,975
Repayments of bank borrowings	(119,165)
Repayment of non-convertible unsecured bonds	(9,815)
Repayments of finance leases	(17,787)
Interest charged	41,190
Interest paid	(38,610)
Net foreign exchange difference	(69,861)
Closing amount as at 30 June2012	**1,489,590**

In March 2012, OJSC New Forwarding Company, a Russian subsidiary of the Company, has issued 3-year Russian rouble denominated exchange-traded bonds for a total amount of RUB10 billion (US$332,975 thousand) (six months ended 30 June 2011 US$NIL) at a coupon rate of 10.00% per annum. Bonds are traded on MICEX SE in Moscow. The Company acts as the guarantor for the bond issue.

Acquisition of new rolling stock by the Group during the six months ended 30 June 2012 (Note 12) was financed with bank borrowings, issue of non-convertible unsecured bonds and through finance lease arrangements.

Acquisition of LLC Metalloinvesttrans (Note 7) by the Group in May 2012 was partially financed with bank borrowings.

	As at	
	30-Jun-2012	31-Dec-2011
	US$'000	US$'000
Maturity of non-current borrowings (excluding finance lease liabilities)		
Between 1 and 2 years	**377,796**	69,432
Between 2 and 5 years	**768,704**	115,111
Over 5 years	**753**	2,298
	1,147,253	186,841

	As at	
	30-Jun-2012	31-Dec-2011
	US$'000	US$'000
Finance lease liabilities – minimum lease payments		
Not later than 1 year	**34,799**	27,912
Later than 1 year and not later than 5 years	**68,239**	22,241
Future finance charges of finance leases	**(6,070)**	(2,001)
Present value of finance lease liabilities	**96,968**	48,152
The present value of finance lease liabilities is as follows:		
Not later than 1 year	**32,166**	26,612
Later than 1 year and not later than 5 years	**64,802**	21,540
	96,968	48,152

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

	As at	As at
	30-Jun-2012	31-Dec-2011
	US$'000	US$'000
US Dollar	**550,835**	79,890
Russian Rouble	**936,625**	299,120
Euro	**2,130**	102
	1,489,590	379,112

The group has the following undrawn borrowing facilities:

	As at 30-Jun-2012 US$'000	As at 31-Dec-2011 US$'000
Fixed rate:		
- expiring within one year	**3,961**	86,452
Floating rate:		
- expiring within one year	**119,062**	26,012
Total undrawn borrowing facilities	**123,023**	112,464

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

	As at 30-Jun-2012 %	As at 31-Dec-2011 %
Bank overdrafts	**-**	2.2
Bank borrowings	**8.1**	8.8
Non-convertible unsecured bonds	**9.9**	9.3
Finance lease liabilities	**3.5**	5.0

16. INCOME TAXES

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2012 is 21.0% (2011: 20.3%).

Included within 'Deferred tax' is deferred tax provision of US$6,628 thousand due to the change in intention for distribution of profits of a Russian subsidiary of the Company (the applicable dividend tax rate is 5%) and it is no longer probable that dividend distributions would only be made from future profits of that subsidiary. This resulted in the recognition of one-off deferred tax provision in the amount of US$4,284 thousand (relates to the profits earned in the prior periods) and a further deferred tax provision of US$2,344 thousand for the current year profits.

Increase in 'Deferred tax liabilities' as at 30 June 2012 compared to 31 December 2011 is mainly caused by the acquisition of MIT (Note 7) and recognition of deferred tax liabilities on the fair value adjustment of assets acquired.

17. EARNINGS PER SHARE

Basic and diluted

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

	Six months ended		Three months ended	
	30-Jun-2012	**30-Jun-2012**	30-Jun-2012	30-Jun-2011
Profit for the period attributable to equity holders of the Company (US$'000)	**132,635**	**134,618**	52,618	73,263
Weighted average number of ordinary shares in issue (excluding treasury shares) (thousand)	**154,538**	**158,136**	154,498	158,136
Earnings per share for profit attributable to the equity holders of the company:				
- basic and diluted (expressed in US$ per share)	**0.86**	**0.85**	0.34	0.46

18. DIVIDENDS

No interim dividends were declared by the Company during the six months ended 30 June 2012.

At the Annual General Meeting which will took place on 4 May 2012, a final dividend in respect of the profit for the year ended 31 December 2011 of US$0.64 per ordinary share, amounting to a total dividend of US$98,879 thousand based on the number of shares issued (excluding treasury shares) as of the date of the AGM was approved. The dividend was paid on 7 May 2012. Dividend paid by the Company during the six months ended 30 June 2011 amounted to US$0.37 per ordinary share, amounting to a total dividend of US$58,510 thousand.

During the period ended 30 June 2012, the Group declared and paid US$23,452 thousand (2011: US$22,338 thousand including an amount of US$1,017 thousand on liability accrued as at 31 December 2010) of dividends in favour of non-controlling interests.

19. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Share capital US$'000	Share premium US$'000	Total US$'000
At 31 December 2011/ 30 June 2012	**158,135,533**	**15,814**	**621,227**	**637,041**

In January 2012 the Company, in accordance with the decision of the Extraordinary General Meeting which took place on 20 December 2011, has completed the purchase of 3,637,117 own ordinary shares from Envesta Investments Limited at the price of US$11.87 per share for the total value of US$43,172,579 (Refer to Note 22). The shares will be held in treasury for a maximum period of 24 months and may be re-issued or cancelled at the discretion of the Company. Refer to Note 23 (Subsequent events) for the information on disposal of treasure shares by the Company in July 2012.

20. CONTINGENCIES

Legal proceedings

During the six months ended 30 June2012, the Group was involved as a claimant in a number of court proceedings.

In July 2011 the Group received a notice of a claim in relation to 240 railcars, which a subsidiary of the Company acquired through finance lease in July 2010. The claim suggests that such railcars were not released from pledge by the lessor upon transfer to the Group and due to the fact that the lessor defaulted on its obligations to the pledgee, the claim was brought against the subsidiary of the Company being the current owner of the pledged railcars by a third party who in turn purchased the rights of claim for the said obligations from the pledgee. Two law suits are in progress in relation to this matter, one in the Moldova Republic and the second in Moscow City Arbitration Court. The case in Moscow was initiated by the subsidiary of the Group in order to obtain a ruling on unenforceability of the pledge agreement. In February 2012 the subsidiary of the Company received a positive ruling from Moscow City Arbitration Court in respect of this claim, which was, however, set aside by the Court of Appeals in its decision of 2 July 2012. On 24 August 2012, the subsidiary filed an appeal and the court hearing is set for 3 September 2012. The case in Moldova Republic is still pending in court.

The pledge value of the railcars involved in the above claim is RR260,000 thousand (US$7,923 thousand at 30 June 2012 exchange rates).

In February 2012, the pledgee in the above case has also brought a similar claim against the same subsidiary of the Company. It is claimed that such subsidiary of the Company owes to the pledgee RR24,438 thousand (US$745 thousand at 30 June 2012 exchange rate) based on the fact that the right of claim in respect of 50 railcars remained with the pledgee. On 22 June 2012, the court of first instance dismissed the case. The pledgee has appealed but the date of the appeal is not known as at 30 June 2012.

Based on current facts and circumstances, management believes that it is not probable that the Group will incur outflow of economic resources as a result of the claims above, consequently, no provision has been recorded in these interim consolidated financial statements.

In the opinion of management, there are no other legal proceedings or other claims outstanding, as of 30 June 2012, 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 interim condensed consolidated financial information.

21. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 30-Jun-2012 US$'000	As at 31-Dec-2011 US$'000
Property, plant and equipment	**48,949**	205,595

22. RELATED PARTY TRANSACTIONS

The Group is controlled by Transportation Investments Holding Limited incorporated in Cyprus, which own 50.1% of the Company's shares. Envesta Investments Limited together with its affiliates owns 12.23% (including the holding of Global Depositary Receipts of the Company) of the Company's shares. Further, the Directors of the Company control 0.06% of the Company's shares through their holdings of Global Depositary Receipts. The Company holds 3,637,117 ordinary shares representing 2.30% of the issued share capital as treasury shares. The remaining 35.31% 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 Mirbay International Inc, registered in Bahamas.

Refer to Note 23 (Subsequent events) for information on the issue of shares by the Company and change in shareholdings in July 2012.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	Six months ended		Three months ended	
	30-Jun-2012 US$'000	30-Jun-2011 US$'000	30-Jun-2012 US$'000	30-Jun-2011 US$'000
Sales of services:				
Other related parties				
Entities under control of the Parent	**22,098**	14,091	3,193	3,883
Entities under significant influence/joint control of the Parent	**14**	7,997	-	4,031
Entities under significant influence of members of key management	**60,598**	56,985	29,766	28,586
	82,710	79,073	32,959	36,500

(b) Purchases of goods and services

	Six months ended		Three months ended	
	30-Jun-2012 US$'000	30-Jun-2011 US$'000	30-Jun-2012 US$'000	30-Jun-2011 US$'000
Purchases of services:				
Associate	**-**	36	**-**	20
Other related parties				
Entities under control of the Parent	**3,847**	3,490	2,688	2,075
Entities under control by parties with significant influence over the Group	**523**	560	257	560
Entities under significant influence of the Parent	**-**	286	-	179
Entities under significant influence of members of key management	**11,664**	29,439	5,996	23,608
	16,034	33,811	8,941	26,442

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

	Six months ended 30-Jun-2012 US$'000	Six months ended 30-Jun-2011 US$'000
Additions:		
Other related parties		
Entities under control of the Parent	**540**	861
Entities under significant influence of members of key management	**290**	49
	830	910

(d) Key management compensation

	Six months ended		Three months ended	
	30-Jun-2012	30-Jun-2011	30-Jun-2012	30-Jun-
	US$'000	US$'000	US$'000	US$'000
Key management salaries and other short term (1)	**14,657**	9,092	13,324	8,041
	14,657	9,092	13,324	8,041

(1)Includes directors' remuneration paid to the directors of the Company both by the Company and subsidiaries of the Group in respect of services provided to such subsidiaries amounting to US$7,188 thousand for the six months ended 30 June 2012 (six months ended 30 June 2011: US$622 thousand) and US$6,743 thousand for the three months ended 30 June 2012 (three months ended 30 June 2011: US$369 thousand).

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

	As at 30-Jun-2012 US$'000	As at 31-Dec-2011 US$'000
Trade receivables from related parties:		
Other related parties		
Entities under control of the Parent	**1,143**	7,738
Entities under significant influence/joint control of the Parent	**150**	-
Entities under significant influence of members of key management	**8,030**	6,991
	9,323	14,729
Other receivables from and prepayments to related parties:		
Associate	**41**	-
Other related parties		
Entities under control of the Parent	**322**	407
Entities under significant influence of members of key management	**1,339**	2,474
	1,702	2,881
Trade payables to related parties:		
Other related parties		
Entities under control of the Parent	**503**	212
Entities under significant influence of members of key management	**439**	242
	942	454
Other payables to and advances from related parties:		
Other related parties		
Entities under control of the Parent	**190**	98
Entities under significant influence of members of key management	**515**	1,281
	705	1,379

(f) Purchase of own shares

In January 2012 the Company, in accordance with the decision of the Extraordinary General Meeting which took place on 20 December 2011, has completed the purchase of 3,637,117 own ordinary shares from Envesta Investments Limited at the price of US$11.87 per share for the total value of US$43,172,579 (Note 19). The shares will be held in treasury for a maximum period of 24 months and may be re-issued or cancelled at the discretion of the Company.

23. SUBSEQUENT EVENTS

In the period July – August 2012, the Group obtained new borrowings from financial institutions in the total amount equivalent to USD27,882 thousand and settled existing borrowings in the total amount equivalent to USD436,550 thousand (at 30 June 2012 exchange rates).

On 17 July 2012, the Company has successfully completed a follow-on offering of shares in the form of Global Depositary Receipts to external investors. In the context of the offering the Company has issued 20,605,383 new ordinary shares out of the authorised share capital as fully paid at the price of US$16.50 (including a premium of US$16.40) per share. The Company has also sold 3,637,117 ordinary shares previously held as “treasury shares” at the price of US$16.50 per share. Gross proceeds from the issue and sale of shares received by the Company amounted to USD400,000 thousand. In the context of the offering the existing shareholders have also sold 7,257,500 shares.

Following the issue and sale of shares by the Company and sale of shares by the existing shareholders, the Company no longer has an ultimate controlling party and the shares held by its major shareholders, Transportation Investments Holding Limited and Envesta Investments Limited together with their affiliated entities are 40.3% and 10.8% respectively. 48.7% of the shares represent the free market-float and are held by external investors through the Global Depositary Receipts. The remaining 0.2% of the shares of the Company are controlled by Directors and management of the Group.

On 23 July 2012, LLC Metalloinvesttrans, subsidiary of the Group, was renamed to LLC Ferrotrans.

24. SEASONALITY

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

Independent Auditors' Review Report
to Globaltrans Investment Plc

Introduction

We have been engaged by Globaltrans Investment Plc "the Company" to review the accompanying condensed consolidated interim financial information of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2012, which comprises the condensed consolidated interim balance sheet as of 30 June 2012 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and related notes.

Board of Directors' responsibilities

The condensed consolidated interim financial information is the responsibility of, and has been approved by, the Board of Directors. The Board of Directors is responsible for preparing the condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company. We do not, in producing this report, accept or assume responsibility to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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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' issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

PricewaterhouseCoopers

PricewaterhouseCoopers Limited
Chartered Accountants

31 August 2012
Limassol
Cyprus

1 The maintenance and integrity of the Globaltrans website is the responsibility of the Board of Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.