

AS SPACECOM TRANS
(former legal name Intopex Trans AS)

2010 ANNUAL REPORT
(Translation of the Estonian original)

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Auditor:	AS PricewaterhouseCoopers
Beginning and end of financial year:	01.01.2010-31.12.2010
Main activity:	Leasing of railway tanks

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MANAGEMENT REPORT

AS Spacecom Trans (hereinafter the Company, Intopex Trans AS until 20 December 2010) was established at 8 June 2005 and it launched its main operations in October 2005. The main activity of the Company is the leasing of railway tanks. Railway tanks are leased partially in Estonia and mostly, outside Estonia (Kazakhstan, Finland, Latvia).

As at 31.12.2010, the Company's railway tank park consisted of 866 tanks designed for the purpose of transporting oil products (as at 31.12.2009: 866 tanks). During 2010, railway tanks were neither purchased nor sold. Next year, AS Spacecom Trans does plan to expand its railway tank park by 200 tanks and continue with enlarged capacity in the same operating area, maintaining and reinforcing its market position.

The overall development of the Company's operating environment during 2010 did not have a negative effect on the Company's results of operations. The rental rates of railway tanks in the market of Kazakhstan decreased during the year as compared to the previous year, affecting the Company's revenue. In 2010, the Company's management constantly improved the customer base and if necessary, redirected its main operations from one market to another. In 2011, the Company's management will continue to monitor the composition of the lessee base as well as changes therein in response to market demand.

The Company's loan and lease liabilities are denominated in US dollars as a result of which the fluctuations in the exchange rate of the US dollar have a significant effect on finance income and costs. However, it is offset by cash inflows from operating activities which are also in US dollars; therefore, there is no significant foreign exchange risk.

During the year, the Company did not have any employees. No remuneration was paid to the members of the Supervisory and Management Boards.

Key financial ratios characterising the Company's activities:

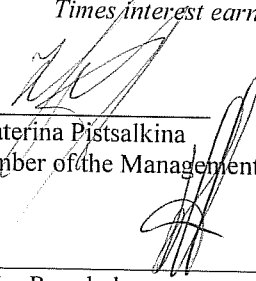
	2010	2009
ROA	19.77%	26.72%
ROE	40.98%	78.01%
Debt ratio	50.69%	53.29%
Times interest earned	2.35	1.92


ROA = net profit / average assets

ROE = net profit / average equity balance

Debt ratio = borrowings / assets

Times interest earned = operating profit / interest income


Jekaterina Pistsalkina
Member of the Management Board


Boriss Pereskokov
Member of the Management Board

Tallinn, 31 March 2011

Balance sheet*(in thousands of Estonian kroons)*

	Note	31.12.2010	31.12.2009
ASSETS			
Current assets			
Cash and cash equivalents	4	10,292	3,248
Trade receivables	5	15,586	41,285
Other short-term receivables	5	550	550
Prepaid and deferred taxes	6	1,320	1,617
Inventories	7	843	0
Total current assets		28,591	46,700
Non-current assets			
Property, plant and equipment	8	237,965	246,838
Prepayment for property, plant and equipment		154,900	0
Total non-current assets		392,865	246,838
TOTAL ASSETS		421,456	293,538
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	9, 10	29,098	26,408
Trade payables and prepayments	11	10,619	15,688
Tax payables	6	0	2,337
Other liabilities	12	485	2,158
Total current liabilities		40,202	46,590
Non-current liabilities			
Borrowings	9, 10	173,448	109,825
Total non-current liabilities		173,448	109,825
Total liabilities		213,650	156,415
Equity			
Share capital at nominal value	13	400	400
Statutory reserve capital		40	40
Retained earnings		207,366	136,682
Total equity		207,806	137,122
TOTAL LIABILITIES AND EQUITY		421,456	293,538

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The notes to the financial statements presented on pages 8-24 are an integral part of the Annual Report.

Statement of comprehensive income

(in thousands of Estonian kroons)

	Note	01.01.10 - 31.12.10	01.01.09 - 31.12.09
Operating income			
Revenue	14	179,599	190,474
Other income	15	1,581	0
Total operating income		181,180	190,474
Operating expenses			
Operating expenses	16	81,652	94,430
Depreciation and impairment	8	8,874	8,867
Other costs	15	0	1,516
Total operating expenses		90,526	104,813
Operating profit		90,654	85,661
Finance income and costs			
Finance income	17	2	79
Finance costs	17	-19,973	-8,784
Total finance income and costs		-19,971	-8,706
Net profit for the financial year		70,684	76,956
Total comprehensive income for the financial year		70,684	76,956

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Statement of changes in equity

<i>(in thousands of Estonian kroons)</i>	Share capital	Statutory reserve capital	Retained earnings	Total
Balance as at 31.12.2008	400	40	59,726	60,166
Comprehensive income for the financial year	0	0	76,956	76,956
Balance as at 31.12.2009	400	40	136,682	137,122
Comprehensive income for the financial year	0	0	70,684	70,684
Balance as at 31.12.2010	400	40	207,366	207,806

More detailed information on share capital and other equity items is set out in Note 13.

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Cash flow statement*(in thousands of Estonian kroons)*

	Note	01.01.10 - 31.12.10	01.01.09 - 31.12.09
Cash flows from operating activities			
Operating profit		90,654	85,661
<u>Adjustments:</u>			
Depreciation and impairment	8	8,874	8,867
Change in inventories	7	-842	0
Change in receivables and prepayments related to operating activities		26,324	-22,427
Change in liabilities and prepayments related to operating activities		-7,976	9,801
Interest paid		-5,244	-18,588
Interest received		2	79
Total cash flows from operating activities		111,791	63,393
Cash flows from investing activities			
Purchase of property, plant and equipment	8	-154,900	0
Total cash flows from investing activities		-154,900	0
Cash flows from financing activities			
Proceeds from borrowings and finance lease		143,510	93,626
Repayments of borrowings and finance lease		-93,709	-159,157
Total cash flows from financing activities		49,801	-65,531
Total cash flows		6,693	-2,138
Cash and cash equivalents at the beginning of the period	4	3,248	5,765
Net decrease/increase in cash and cash equivalents		6,693	-2,138
Exchange gains/losses on cash and cash equivalents		352	-379
Cash and cash equivalents at the end of the period	4	10,293	3,248

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Notes to the financial statements

Note 1. Accounting policies used in the preparation of the financial statements

General information

AS Spacecom Trans (former legal name Intopex Trans AS, hereinafter the Company) is a company incorporated under the legislation of the Republic of Estonia, the main activity of which is the leasing of railway tanks.

The Company is registered in the Republic of Estonia (Commercial Register no. 11145977; address: Mõisa 4, Tallinn). The parent of the Company is Globaltrans Investment Plc., which in turn is owned by Transportation Investments Holding Limited (TIHL). The ultimate controlling party of the Company is Leveret Holding Limited.

The financial statements have been approved by the Management Board at 30.03.2011. In accordance with the Commercial Code of the Republic of Estonia, the Management Board of the Company shall approve the annual report and it shall be authorised for issue by the General Meeting of Shareholders.

Summary of key accounting policies

The key accounting policies used in the preparation of the Company's financial statements are presented below. The accounting policies have been consistently applied to all the periods presented in the financial statements.

A. Bases of preparation

The financial statements of the Company for 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies, and management makes estimates and assumptions regarding the future. Accounting estimates may often not coincide with subsequent actual events related to them. Estimates and judgments are continually evaluated and they are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or the areas where assumptions and estimates are significant to the financial statements are presented in Note 3.

Changes in accounting policies and presentation

i. Following new standards, amendments to published standards and interpretations to current standards which became mandatory for the Company from 1 January 2010 but are not relevant to the Company's operations:

- *Improvements to International Financial Reporting Standards, issued in April 2009*
- *IFRIC 12, Service Concession Arrangements*
- *IFRIC 15, Agreements for the Construction of Real Estate*
- *Embedded Derivatives - Amendments to IFRIC 9 and IAS 39 issued in March 2009;*
- *IFRIC 16, Hedges of a Net Investment in a Foreign Operation*
- *IFRIC 17, Distributions of Non-Cash Assets to Owners*
- *IFRIC 18, Transfers of Assets from Customers*
- *IAS 27, Consolidated and Separate Financial Statements, revised in January 2008*
- *IFRS 3, Business Combinations, revised in January 2008*
- *Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1)*
- *Eligible Hedged Items—Amendment to IAS 39*
- *IFRS 1, First-time Adoption of International Financial Reporting Standards, revised in December 2008*
- *Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2*
- *Additional Exemptions for First-time Adopters - Amendments to IFRS 1*

New or amended standards and interpretations, which the Company has not early adopted.

i. Following new or amended standards and interpretations are issued and will become effective for the Company from 1 January 2011 or later periods and which the Company has not early adopted:

IFRS 9, Financial Instruments Part 1: Classification and Measurement (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU). IFRS 9 issued in November 2009 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in its own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.

The Company is considering the implications of the standard, the impact on the Company and the timing of its adoption by the Company.

ii. New or amended standards and interpretations that are not yet effective and not early adopted by the Company, and not expected to have a significant effect on the Company's financial statements:

Classification of Rights Issues - Amendment to IAS 32, issued in October 2009 (effective for annual periods beginning on or after 1 February 2011);

Amendment to IAS 24, Related Party Disclosures, issued in November 2009 (effective for annual periods beginning on or after 1 January 2011).

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010);

Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011);

Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters - Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010);

Disclosures—Transfers of Financial Assets – Amendment to IFRS 7 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU);

Deferred Tax: Recovery of Underlying Assets – Amendment to IAS 12 (effective for annual periods beginning on or after 1 January 2012; not yet adopted by the EU);

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU);

Improvements to International Financial Reporting Standards, issued in May 2010 (effective dates vary standard by standard, most improvements are effective for annual periods beginning on or after 1 January 2011; the improvements have not yet been adopted by the EU).

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B. Foreign currency**i. Functional and presentation currency**

The items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements have been prepared in Estonian kroons (EEK), which is the functional and presentation currency of the Company.

The financial statements are presented in thousands of Estonian kroons, rounded to the nearest thousand.

ii. Foreign currency transactions

Foreign currency transactions are recorded based on the exchange rates of the Bank of Estonia officially valid at the transaction date. Gains and losses resulting from the settlement of such transactions are recorded as income or expenses in the income statement. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into Estonian kroons based on the exchange rates of the Bank of Estonia officially valid at the balance sheet date. Gains and losses resulting from the settlement of such transactions are recorded as income or expenses in the income statement.

C. Financial assets

Depending on the purpose for which the financial assets were acquired and management's intentions, financial assets are classified in the following categories at initial recognition:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

As at 31 December 2010 (and as at 31 December 2009), the Company held only financial assets classified as loans and receivables.

Purchases and sales of financial assets are recognised at the trade date, i.e. at the date at which the Company assumes the obligation to purchase or sell a certain financial asset.

Cash and cash equivalents, trade and other receivables are recognised at amortised cost. The amortised cost of current financial liabilities normally equals their nominal value (less any repayments and any impairment allowances); therefore current financial liabilities are stated in the balance sheet in their redemption value.

D. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash, bank account balances (except for overdraft), and term deposits with original maturities of three months or less. Cash with limited use has been eliminated from cash and cash equivalents. Overdraft is included within short-term borrowings in the balance sheet. Cash and cash equivalents are reported at amortised cost.

E. Trade receivables

Short-term receivables arising from the ordinary operating activities are classified as trade receivables. Trade receivables are carried at amortised cost (i.e. original invoice amount less repayments and any impairment allowances).

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Evidence of potential impairment includes the bankruptcy or major financial difficulties of the debtor and non-adherence to payment dates. The impairment of the receivables that are individually significant (i.e. need for a write-down) is assessed individually for each customer, based on the present value of expected future collectible amounts. Receivables that are not individually significant or for which no objective evidence of impairment exists, are collectively assessed for impairment using previous years' experience on uncollectible receivables. The amount of the impairment loss is the difference between the carrying amounts of receivables and the present value of expected future cash flows discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating expenses (Note 15). When a trade receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. The collection of the receivables that have previously been written down is accounted for as a reversal of the allowance for doubtful receivables.

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F. Inventories

Inventories are initially recorded at cost, consisting of the purchase costs, direct and indirect production costs and other costs incurred in bringing the inventories to their present location and condition.

The purchase costs of inventories include the purchase price, customs duties and other non-refundable taxes and direct transportation costs related to the purchase, less discounts and subsidies.

Inventories are expensed using the FIFO method.

Inventories are measured in the balance sheet at the lower of acquisition/production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

G. Property, plant and equipment

Property, plant and equipment are assets that are used in the operations of the Company with a useful life of over 1 year. Property, plant and equipment are initially recorded at cost, being the purchase price (incl. customs tax and other non-refundable taxes), and other expenses directly associated with the acquisition of those assets, which are necessary for bringing the asset to its operating condition and location. Property, plant and equipment are stated at historical cost less any accumulated depreciation and any impairment losses.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the cost of the asset can be measured reliably. The cost of a major overhaul performed at leased premises will be depreciated over the rental period. Other maintenance and repair costs are expensed when incurred.

The Company has one group of non-current assets – railway tanks. The useful life of railway tanks is 25 years. Railway tanks are depreciated on a straight-line basis over their useful lives.

The expected useful lives of non-current assets are reviewed at each balance sheet date, when recognising subsequent expenditure and in case of significant changes in the Company's development plans. When the estimate of the useful life of the asset differs significantly from the previous estimate, the remaining useful life of the asset is revalued and as a result, the depreciation charge calculated for the asset changes in subsequent periods.

If an item of property, plant and equipment consists of separately identifiable components with different useful lives, these components are accounted for as separate assets and depreciated in accordance with their useful lives.

Depreciation of an asset begins when the asset is available for use for the purpose intended by management and is ceased when the residual value equals the carrying amount.

At each balance sheet date, management estimates whether there is any known indication of impairment of the asset. If there is such an indication of impairment, management determines the recoverable amount (i.e. higher of the asset's fair value less cost to sell and its value in use). If the asset's recoverable amount is less than its carrying amount, the items of property, plant and equipment are written down to their recoverable amount. When the circumstances of assessing the recoverable amount of the asset have changed, the previous impairment loss is reversed up to the carrying amount of the asset.

Gains and losses from the sale of items of property, plant and equipment which are derived by subtracting the residual value from consideration received from the sale are reported in the line items "Other operating income" or "Other operating expenses" in the income statement.

H. Finance and operating leases

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or a series of payments.

A lease is classified as a finance lease, when all substantial risks and returns related to the ownership of the asset are transferred to the lessee. Other lease agreements are classified as operating leases.

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Prükojatoimkond/Conners Tallinn

The Company is the lessee

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges (interest) so as to achieve a constant rate on the finance balance outstanding. Finance costs are charged to the income statement over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The assets leased under finance leases are depreciated similarly to acquired non-current assets, whereby the depreciation period is the shorter of the expected useful life of the asset and the duration of the lease term (when the transfer of the ownership of the asset is not sufficiently certain).

Payments made under operating leases are charged to the income statement on a straight-line basis over the lease period.

The Company is the lessor

The assets leased out under the operating lease terms are depreciated similarly to purchased non-current assets. Leased assets are depreciated over their expected useful lives on a basis consistent with similar owned assets. Operating lease revenue is recognised on a straight-line basis over the lease term.

I. Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses, bonds issued and other short and long-term borrowings) are initially recorded at their fair value and are subsequently stated at amortised cost, using the effective interest rate method. The amortised cost of current financial liabilities normally equals their nominal value; therefore current financial liabilities are stated in the balance sheet in their redemption value. For calculating the amortised cost of non-current financial liabilities, they are initially recognised at fair value of the proceeds received (net of transaction costs incurred) and an interest cost is calculated on the liability in subsequent periods using the effective interest rate method.

Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings that are due within 12 months after the balance sheet date, but that are refinanced as long-term after the balance sheet date but prior to the authorisation of the financial statements for issue, are presented as short-term. Also, borrowings are classified as short-term if at the balance sheet date, the lender had a contractual right to demand immediate payment of the borrowing as a consequence of a breach of contractual terms.

J. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that the meeting of this obligation leads to lower resources embodying economic benefits and the amount of the liability can be measured reliably. The provisions are recognised based on management's estimates regarding the amount and timing of the expected outflows. The amount recognised as a provision is management's best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to a third party at that time. Provisions are only used to cover those expenses which they had been set up for.

Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the related expenditure of which cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

K. Taxation**i. Corporate income tax**

According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. From 1 January 2008, the tax rate on the net dividends paid out of retained earnings is 21/79. In certain circumstances, it is possible to distribute dividends without any additional income tax expense. The corporate income tax paid on dividends is recognised as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date. An income tax liability is due at the 10th day of the month following the payment of dividends.

Due to the nature of the taxation system, the entities registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise upon the payment of dividends is not recognised in the balance sheet. The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in Note 13 to the financial statements.

ii. Other taxes

The Company's costs are impacted by the following taxes:

Tax	Tax rate
Fringe benefit income tax	21/79 on fringe benefits paid to the employees in 2010 and 2009
Income tax on expenses not related to business activities	21/79 on expenses not related to business activities in 2010 and 2009

L. Revenue recognition*Revenue from the sale of goods and services*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, taking into account all discounts and volume rebates. Revenue excludes value added tax, refunds and discounts. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company's estimates are based on historical experience considering the type of each customer and transaction, as well as special terms and conditions.

Interest income

Interest income is recognised when the receipt of income is probable and the amount of income can be measured reliably. Interest income is recognised using the effective interest method.

M. Statutory reserve capital

Pursuant to the Commercial Code, the statutory legal reserve is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be transferred to the statutory legal reserve, until the reserve reaches one-tenth of share capital. The statutory legal reserve may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from the statutory legal reserve.

N. Related party transactions

In preparing the financial statements, the related parties include the Company's owners, other subsidiaries of the owners, members of the Company's Management and Supervisory Boards, and other persons and entities who can control or impact the Company's financial and business decisions.

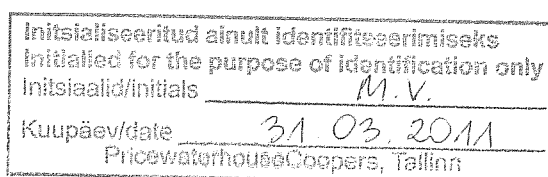
Note 2. Management of financial risks**A. Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (includes foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on changes in the financial markets and it attempts to alleviate potential unfavourable effects on the Company's financial activities. The goal of the management of financial risks is to mitigate financial risks and lower the volatility of financial performance.

i. Market risks

The Company is exposed to foreign exchange risk and interest rate risk. The Company is not exposed to price risk, because it does not hold any securities traded in the open market.

The Company's functional currency is the Estonian kroon (EEK). The Company's financial instruments which are affected by market risk include cash and cash equivalents, trade receivables (invoices in US dollars) and borrowings.



An overview of the financial assets and financial liabilities denominated in USD is presented below. The tables present the amounts in thousands of Estonian kroons:

31.12.2010	Other			
	USD	EEK	currencies	Total
Cash and cash equivalents (Note 4)	9 788	50	454	10 292
Trade receivables (Note 5)	15 583	0	3	15 586
Borrowings and finance lease liabilities (Note 10)	202 546	0	0	202 546
Trade payables (Note 11)	6 127	21	132	6 280
Interest liabilities (Note 12)	485	0	0	485
Total net position	-183 787	29	325	-183 433

31.12.2009	Other			
	USD	EEK	currencies	Total
Cash and cash equivalents (Note 4)	2,939	115	194	3,248
Trade receivables (Note 5)	41 137	121	27	41 235
Borrowings and finance lease liabilities (Note 10)	136,233	0	0	136,233
Trade payables (Note 11)	12,003	69	0	12,072
Interest liabilities (Note 12)	1,592	0	0	1,592
Total net position	-105 752	167	220	-105 414

The Company's borrowings and finance lease liabilities are denominated in US dollars and therefore, the fluctuations in the USD exchange rate will cause major fluctuations in finance income and costs. However, it is offset by cash inflows from operating activities which are also in US dollars, as a result of which there is no significant foreign exchange risk.

The Company's cash flow interest rate risk is primarily related to long-term borrowings (bank loans and finance lease liabilities) with floating interest rates. Interest rate risk is primarily related to potential fluctuations of USD LIBOR and the changes in the average interest rates of banks.

As at 31 December 2010 and 31 December 2009, the Company's long-term bank loans and most of the finance lease liabilities had floating interest rates based on the 6-month USD LIBOR. The effect of interest rate risk on the Company's results of operations is reviewed on a regular basis. Different options of interest rate risk mitigation are evaluated during the review. These options include refinancing, renewal of current positions and alternative financing.

Financial instruments have not been used in the current and previous financial years to mitigate interest rate risk.

Based on the movements and volatility of the variables presented below in previous periods as well as management's knowledge and experience of the financial markets, the Company considers the following changes reasonable over the following 12 months.

- Proportionate movement in the USD exchange rate - 10% appreciation of USD (depreciation of EEK) and 10% depreciation of USD (appreciation of EEK); USD 1 = EEK 11.7107 at 31.12.2010 (USD 1 = EEK 10.8653 at 31.12.2009).
- Parallel change by +100 basis points / -100 basis points in the interest rates of the USD credit market as compared to the rates prevailing at 31.12.2010 (31.12.2009: change by +100 basis points/-100 basis points in the interest rates of the USD credit market).
- Change by + 100 basis points in the interest rates of EEK overnight deposits as compared to the rate of 0.20% prevailing at 31.12.2010 (1.15% at 31.12.2009).

The following table presents the effects of foreign exchange and interest rate risks on the Company's operations.

	Foreign exchange risk		Interest rate risk	
	USD	USD	Interest rate	Interest rate
	31.12.2010	appreciates	appreciates	increases
		10%	100 basis points	100 basis points
	Carrying amount	Effect on net profit	Effect on net profit	Effect on net profit
Financial assets	26,429			
Total effect from financial assets		2,592	-2,592	0
Financial liabilities	213,650			
Total effect from financial liabilities		-21,350	21,350	1,694
Total effect on net profit		-18,757	18,757	1,694

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	31.12.2009	Foreign exchange risk		Interest rate risk	
		USD appreciates	USD appreciates	Interest rate increases	Interest rate decreases
		10%	10%	150 basis points	50 basis points
	Carrying amount	Effect on net profit	Effect on net profit	Effect on net profit	Effect on net profit
Financial assets	46,699				
Total effect from financial assets		4,463	-4,463	0	0
Financial liabilities	149,896				
Total effect from financial liabilities		-15,633	15,633	-1,803	1,803
Total effect on net profit		-11,170	11,170	-1,803	1,803

If as at 31.12.2010, the USD exchange rate had depreciated against EEK by 10% and all other variables had remained constant, the net profit for the reporting period would have been EEK 18,757 thousand (2009: EEK 11,170 thousand) higher, primarily related to the revaluation borrowings in USD, offset by costs from revaluation of cash and receivables in USD. And vice versa, if the USD exchange rate had appreciated against EEK and all other variables had remained constant, the net profit for the reporting period would have been EEK 18,757 thousand (2009: EEK 11,170 thousand) lower. The net profit in 2010 is impacted by changes in the USD/EEK exchange rate more than in 2009 because the amounts of the loans assumed in USD have increased.

If as at 31.12.2010, the interest rates in the USD credit market had been 100 basis points higher and all other variables had remained constant, the net profit for the financial year would have been lower by EEK 1,694 thousand.

If as at 31.12.2010, the interest rates in the USD credit market had been 100 basis points lower and all other variables had remained constant, the net profit for the financial year would have been higher by EEK 1,694 thousand.

If as at 31.12.2009, the interest rates in the USD credit market had been 100 basis points higher and all other variables had remained constant, the net profit for the financial year would have been lower by EEK 1,803 thousand.

If as at 31.12.2009, the interest rates in the USD credit market had been 100 basis points lower and all other variables had remained constant, the net profit for the financial year would have been higher by EEK 1,803 thousand.

The Company used EEK overnight deposit in the financial year (in 2009: EEK and USD overnight deposits). The effect of a change in market interest rates of overnight deposits on the Company's profit is insignificant. As at 31.12.2010, the balance of the overnight deposit was zero.

ii. Liquidity risk

Liquidity risk is risk that the Company is unable to settle the financial liabilities it has assumed. Liquidity risk is mitigated by various financial instruments such as loans from banks and owners. In its daily activities, management attempts to maintain adequate liquid assets to meet its financial obligations, continuously monitoring cash flow forecasts for the following three months.

The following table shows the liquidity analysis of the Company's current and non-current financial liabilities according to the terms of the contracts. All amounts presented in the table are undiscounted cash flows. The amounts of financial liabilities payable in 12 months of the balance sheet date are equal to their carrying amounts.

	Up to 3 months	Between 4 months and 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
As at 31.12.2009					
Borrowings (Note 10)	7,824	23,077	195,809	226,710	202,546
Trade payables (Note 11)	6,280	0	0	6,280	6,280
Interest liabilities (Note 12)	0	485	0	485	485
Total cash flows related to financial obligations	14,105	23,562	195,809	233,476	209,311

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	Up to 3 months	Between 4 months and 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
As at 31.12.2009					
Borrowings (Note 10)	7 225	24 706	120 725	152 656	136 233
Trade payables (Note 11)	12 072	0	0	12 072	12 072
Interest liabilities (Note 12)	1 591	0	0	1 591	1 591
Total cash flows related to financial obligations	20 888	24 706	120 725	166 319	149 896

The cash flows presented in the table have not been discounted and therefore, these amounts do not correspond to the amounts disclosed in Note 10. As the bank loans and the loans from the owners are denominated in US dollars, the exchange rate of USD 1 =EEK 11.7107 (31.12.2009; USD 1=EEK 10.8653) prevailing at 31.12.2010 has been used.

Undiscounted cash flows have been determined according to the current payment schedules valid as at the end of the period. For bank loans with floating interest rates, the USD LIBOR rate prevailing at the balance sheet date has been used.

Interest rates used in analysis

	31.12.2010	31.12.2009
Bank loans	2.95%	3.31%
Loans from owners	-	6.25-8.5%
Loans from entities related to owners	3%	-
Finance lease liabilities	2.94%	2.69-7.85%
Trade and other payables	0%	0%

iii. Credit risk

Credit risk is the risk that the Company's customers and counterparties fail to fulfil their obligations. The following financial instruments are exposed to credit risk: cash at bank and trade receivables. Cash is deposited in commercial banks with a high credit rating, bank ratings are presented in Note 4. The Company's sales transactions are concluded with business partners that the Company has long-term collaboration experience with and whose solvency has been tested, and management has not deemed it necessary to assign credit limits to them. Two-week payment terms are valid for the buyers, providing fast feedback to the Company in case of payment difficulties and enabling the Company to apply measures on time to collect the accounts receivable according to the original terms of receivables (Analysis of receivables is disclosed in Note 5).

The Company's maximum amount exposed to credit risk as at the balance sheet date is as follows:

	31.12.2010	31.12.2009
Bank accounts and short-term deposits in banks	10,292	3,248
Trade receivables	15,586	41,285
Total amounts exposed to credit risk	25,878	44,532

Capital risk management

The goal of the Company's capital risk management is to continue as a going concern in order to generate returns for the owners and maintain the optimal capital structure, in order to lower the cost of capital. For the Company, capital includes loans and equity.

	31.12.2010	31.12.2009
Total borrowings	203,031	137,824
Less cash and cash equivalents	-10,292	-3,248
Net debt	192,739	134,577
Total equity	207,807	137,123
Total capital	400,546	271,700
Leverage ratio	48.12%	49.53%

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Fair value

The Company estimates that the fair values of assets and liabilities reported at amortised cost do not materially differ from the carrying amounts reported in the Company's consolidated balance sheet as at 31.12.2010 and 31.12.2009. The carrying amounts of trade receivables (less any impairment losses) and trade payables equal their estimated fair value.

The fair value of financial liabilities is determined for disclosure purposes by discounting the future contractual cash flows with the market interest rate which is available for similar financial instruments of the Company.

In 2010, the Company received a loan from the party related to owners (Note 18). For determining the fair value of the loans received, the Company used market interest rates of similar transactions. The Company estimates that the fair value of liabilities does not significantly differ from their carrying amount as reported in the Company's balance sheet.

Note 3. Effect of the ongoing financial and economic crisis and management judgements***Effect of the ongoing financial and economic crisis***

The ongoing global financial and economic crisis which commenced in the middle of 2007 due to the considerable contraction in liquidity (often also referred to as the "Credit Crunch") has resulted, among other things, in a lower level of capital market funding, lower liquidity across the banking and other sectors, and at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to the failures and takeovers of banks and other entities in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or be completely guarded against.

Management is unable to reliably determine the effects on the Company's future financial position of any further deterioration in the Company's operating environment as a result of the ongoing crisis. Management believes it has taken all necessary measures to support the sustainability and development of the Company's business in the current circumstances.

Effect on liquidity:

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

Effect on customers:

The financial and economic environment may negatively impact the solvency of the Company's debtors. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and lead to impairment of monetary and non-monetary assets. To the extent that information is available, management has reviewed the assumptions used in cash flow forecasts for the purpose of impairment testing.

Management judgements

According to International Financial Reporting Standards, management needs to make certain decisions and pass judgement which may impact the assets and liabilities reported in the financial statements in the next financial year. Management estimates and judgements have been reviewed on an ongoing basis and they are based on historical experience and other factors considered reasonable under current circumstances. In addition to estimates, management exercises its judgement regarding the application of accounting policies. The areas which have required more significant management decisions and which have the most significant impact on the amounts recognised in the financial statements and estimates which may lead to major adjustments in the carrying amount of assets and liabilities in the next financial year include: determination of useful lives of property, plant and equipment (Note 8), estimated impairment of property, plant and equipment, and contingent liabilities (Note 19).

Evaluation of the allowance for doubtful receivables

The estimated collectability of individually significant receivables is assessed separately for each receivable. The circumstances indicating potential impairment of receivables include bankruptcy or significant financial difficulties of the debtor and violation of payment terms. The amount of the allowance is adjusted at each balance sheet date, using the data based on prior experience in respect of how many of the receivables deemed doubtful will be collected and how many of them will not be collected in a subsequent period. In the reporting period, the Company deemed receivables as doubtful in the amount of EEK 9,290 thousand and as irrecoverable in the amount of EEK 11,943 thousand (2009: the Company deemed receivables as doubtful in the amount of EEK 2,653 thousand) (Notes 5, 18).

Determination of useful lives of property, plant and equipment

Management has evaluated the useful lives of items of property, plant and equipment while considering business conditions and volumes, historical experience in this area and potential future use. The depreciation charge of the Company in the reporting period totalled EEK 8,874 thousand (2009: EEK 8,867 thousand). If the depreciation rates are increased/reduced by 10%, the annual depreciation charge will increase/decrease by approximately EEK 887 thousand (2009: depreciation would increase/decrease by about EEK 886 thousand). The depreciation rates based on management estimates are disclosed in Note 1 under accounting policies of property, plant and equipment.

Contingent liabilities

In estimating the probability of settlement of contingent liabilities, management considers historical experience, general information about the economic and social environment, and the assumptions and conditions of the possible events in the future based on the best knowledge of the situation.

Note 4. Cash and cash equivalents*Cash and cash equivalents*

	<u>31.12.2010</u>	<u>31.12.2009</u>
Cash at bank	10,292	3,248
Total	10,292	3,248

In 2010, the average interest rate on the deposit was 1.00%. (2009: 2.06%).

Cash and cash equivalents – credit ratings of banks

According to the ratings of the international rating agency Moody's, the Company's monetary funds have been deposited in financial institutions as follows:

	<u>31.12.2010</u>	<u>31.12.2009</u>
AA2	10,285	0
Baa3	2	3,232
A1	5	13
B2	0	3
Cash and cash equivalents	10,292	3,248

Note 5. Trade receivables and other short-term receivables*Trade receivables*

	<u>31.12.2010</u>	<u>31.12.2009</u>
Accounts receivable for lease of railway tanks	15,586	41,285
<i>incl. from related parties (Note 18)</i>	3,091	20,736

In the reporting period, the Company's receivables deemed doubtful totalled EEK 9,290 thousand and the receivables deemed irrecoverable totalled EEK 11,493 thousand (in 2009: the Company's receivables deemed irrecoverable totalled EEK 2,653 thousand) (Note 18).

	<u>31.12.2010</u>	<u>31.12.2009</u>
Allowance for doubtful receivables at the beginning of the period	2,653	0
Receivables deemed doubtful in the reporting period	9,290	2,653
Receivables deemed irrecoverable in the reporting period	-11,943	0
Allowance for doubtful receivables at the end of the period	0	2,653

Trade receivables - by due dates:

	<u>31.12.2010</u>	<u>31.12.2009</u>
Not overdue	12,830	19,599
Overdue up to 1 month	1,334	4,036
Overdue by 1 - 3 months	825	505
Overdue by 3 - 6 months	4	433
Overdue up to 1 year	593	16,711
Total	15,586	41,285

The Company's management has adopted necessary timely measures for collection of overdue receivables recognised at the year-end. By the time of preparing the financial statements, some of these receivables have been collected. The Company's management believes that all overdue receivables will be collected in the next financial year.

Other short-term receivables

	<u>31.12.2010</u>	<u>31.12.2009</u>
Prepaid expenses	550	550
Total	550	550

Note 6. Taxes

Tax	<u>31.12.2010</u>		<u>31.12.2009</u>	
	Receivable	Liability	Receivable	Liability
Value added tax	1,320	0	1,617	2,337
Total	1,320	0	1,617	2,337

Note 7. Inventories

	<u>31.12.2010</u>	<u>31.12.2009</u>
Spare parts	842	0
Total	842	0

Note 8. Property, plant and equipment

	<u>Railway tanks</u>
Balance as at 31.12.2008	
Cost	273,783
Accumulated depreciation	-18,077
Carrying amount	255,706
Transactions occurred in 2009	
Depreciation charge	-8,867
Balance as at 31.12.2009	
Cost	273,783
Accumulated depreciation	-26,944
Carrying amount	246,838
Transactions occurred in 2010	
Depreciation charge	-8,874
Balance as at 31.12.2010	
Cost	273,783
Accumulated depreciation	-35,818
Carrying amount	237,965

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Note 9. Finance lease and operating lease**Finance lease**The Company is the lessee

As at 31.12.2010, the Company has 698 railway tanks (as at 31.12.2009: 792 railway tanks) acquired under the finance lease terms. According to the lease agreements, the Company is not entitled to sublease the assets without a written consent from the lessor.

Lease agreements do not set any restrictions on the Company's dividend and financing policies; after the expiration of the agreements, ownership is transferred to the Company.

Finance lease liabilities are disclosed in Note 10.

Carrying amount of railway tanks acquired under finance lease terms:

	31.12.2010	31.12.2009
Cost	239,110	263,782
Accumulated depreciation	-30,989	-26,078
Carrying amount	208,121	237,704

Minimum lease payments:

	2010	2009
Minimum lease payments	32,112	48,855
Unrealised finance costs	-901	-1,868
Present value of minimum lease payments (Note 10)	31,211	46,987

	2010		2009	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Incl. due in 12 months	20,040	19,392	19,104	18,028
1-5 years	12,073	11,820	29,751	28,959
over 5 years	0	0	0	0
Total	32,112	31,212	48,855	46,986

All railway tanks acquired under a finance lease are subleased under the operating lease terms (see "Operating lease" below).

Operating leaseThe Company is the lessee

As at 31.12.2010, the Company leases 502 railway tanks under the operating lease terms (as at 31.12.2009: 387 railway tanks).

Operating lease payments

	2010	2009
Operating lease payments made during the period (Note 16)	55,488	51,384
Future operating lease payments on the basis of effective contracts as at the end of the period	64,302	11,120
Future minimum operating lease payments under non-cancellable operating leases	349	1,157

The Company is the lessor

As at 31.12.2010, the Company leased out 1,368 railway tanks (as at 31.12.2009: 1,253 railway tanks) under operating lease terms.

Operating lease income

	2010	2009
Operating lease income (Note 14)	177,464	186,596
Expected operating lease income in 2010 on the basis of effective contracts as at the end of the period	184,088	101,086
Future minimum lease income under non-cancellable operating leases	886	2,027

Note 10. Borrowings**Borrowings and finance lease liabilities**

	Balance as at 31.12.2010	incl. current portion	incl. non- current portion	Maturity	Interest rate
Loans					
Loans from other entities related to owners (Note 18)	147,555	0	147,555	2015	3% 6 month USD
Bank loans	23,779	9,706	14,073	2013	LIBOR+2.2%
Total loans	171,334	9,706	161,628		
Finance lease liabilities (Note 9)	31,212	19,392	11,820	2011-2013	6 month USD LIBOR+2.2%; 7.85%
Total borrowings	202,546	29,098	173,448		

	Balance as at 31.12.2009	incl. current portion	incl. non- current portion	Maturity	Interest rate
Loans					
Loans from other entities related to owners (Note 18)	58,803	0	58,803	2013	6% 6 month USD
Bank loans	30,443	8,381	22,063	2013	LIBOR+2.2%
Total loans	89,246	8,381	80,866		
Finance lease liabilities (Note 9)	46,986	18,028	28,959	2010-2013	6 month USD LIBOR+ 2.5-3%; 7.85%
Total borrowings	136,233	26,408	109,825		

Note 11. Trade payables and prepayments

	31.12.2010	31.12.2009
Trade payables	6,280	12,072
<i>incl. to related parties (Note 18)</i>	4,904	10,295
Customer prepayments	4,339	3,616
<i>incl. from related parties (Note 18)</i>	1,850	1,164
Total:	10,619	15,688

Note 12. Other liabilities

	31.12.2010	31.12.2009
Other accrued expenses	0	566
Interest liabilities (<i>to other related parties, Note 18</i>)	485	1,592
Total	485	2,158

Note 13. Equity

Share capital as at 31.12.2010 and 31.12.2009 consists of 400 common shares with the nominal value of 1,000 kroons. All issued shares have been fully paid for. The maximum allowed number of common shares is 1,600 as set by the Articles of Association of the Company.

As at 31 December 2010, the Company's retained earnings totalled EEK 207,366 thousand (2009: EEK 136,682 thousand). Upon the payment of dividends, the corporate income tax is 21/79 on the amount paid out as net dividends. As at the balance sheet date, it would have been possible to pay out EEK 163,819 thousand (31 December 2009: EEK 107,979 thousand) as dividends and the corresponding income tax would have amounted to EEK 43,547 thousand (31 December 2009: EEK 28,703 thousand). The Company has proposed to the shareholders not to pay dividends from the net profit for 2010. No dividends were paid in 2010 and 2009.

Note 14. Revenue**Revenue by activities:**

	2010	2009
Lease of railway tanks (Note 9)	177,464	186,596
Other	2,135	3,878
Total	179,599	190,474

Revenue by geographical regions:

	2010	2009
Kazakhstan	134,653	156,223
Finland	20,616	31,288
Estonia	23,545	2,768
Latvia	785	195
Total	179,599	190,474

Note 15. Other gains/losses

	2010	2009
Foreign exchange gains/losses	1,581	-1,516
Total	1,581	-1,516

Note 16. Operating expenses

	2010	2009
Rent of railway tanks (Note 9)	55,488	51,384
Maintenance of railway tanks	8,644	19,056
Other operating expenses	17,519	23,989
<i>incl. receivables deemed as doubtful (Note 5)</i>	<i>9,290</i>	<i>2,653</i>
Total	81,652	94,430

Note 17. Finance income and costs

	2010	2009
Finance income		
Interest income		
Interest income on bank deposits	2	79
Total interest income	2	79
Total finance income	2	79

Finance costs		
Interest expenses		
Interest expense on loans from owners and other related parties (Note 18)	-1,853	-6,107
Interest expense on bank loans	-820	-1,336
Interest expense on finance lease	-1,186	-4,882
Total interest expenses	-3,859	-12,325
Foreign exchange gains /-loss	-16,113	3,541
Total finance costs	-19,972	-8,784

Note 18. Related party transactions

In preparing the Company's financial statements, the following entities have been considered as related parties:

- owners (parent company and owners of the parent company);
- other entities in the same consolidation group;
- management and supervisory boards;
- close relative of the persons mentioned above and the entities related to them.

The Company's parent is Globaltrans Investment Plc (registered in Cyprus) which in turn belongs to Transportation Investments Holding Limited (TIHL) Group. The Company's ultimate controlling party is Leveret Holding Limited.

Purchases and services rendered:

	2010		2009	
	Purchases	Sales	Purchases	Sales
Lease of railway tanks	41,857	42,515	38,539	88
Maintenance of railway tanks	9,403	361	12,426	1,285
Other services	3,666	0	16,558	0
Interest	1,853	0	6,107	0
Total	56,779	42,876	73,630	1,373

Loans and interests received and paid off:

	2010		2009	
	Loans received	Repayments of loans	Loans received	Repayments of loans
Loans	143,510	64,899	93,626	89,971
Interests	0	3,239	0	12,359

Balances with the related parties:

	31.12.2010	31.12.2009
Short-term receivables		
Other subsidiaries of parent		
Trade receivables (Note 5)	3,091	20,736
Total short-term receivables	3,091	20,736
Current liabilities		
Other subsidiaries of parent		
Short-term payables (Note 11)	6,754	11,459
Interest (Note 12)	485	1,592
Total current liabilities	7,239	13 051
Non-current liabilities		
Entities related to owners		
Long-term loans (Note 10)	147,555	58,803
Total non-current liabilities	147,555	58,803

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Upon expiration or premature termination of an employment contract, the members of the management board are not paid any compensation. In the reporting period, the Company did not pay any remuneration to the members of the management and supervisory boards.

In the financial year, receivables from related parties were deemed as doubtful in the amount of EEK 9,290 thousand and as irrecoverable in the amount of EEK 11,943 thousand (2009: the receivables were deemed doubtful in the amount of EEK 1,227 thousand) (Note 5). The allowance was recognised due to the fact that in 2009 a party acting as a service intermediary leased the Company's railway tanks out to a third party, who refused to settle the receivables which arose in the transaction and in 2010, declared bankruptcy. Therefore, the Company realised its business risks.

Note 19. Contingent liabilities

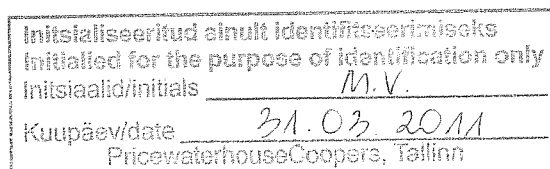
Potential liabilities arising from the tax audit

The tax authorities have the right to verify the Company's tax records up to 6 years from the time of submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines.

The Company's management estimates that there are not any circumstances which may lead the tax authorities to impose additional significant taxes on the Company.

Note 20. Events after balance sheet date

On 1 January 2011, the Republic of Estonia joined the euro area and adopted the euro as a national currency, replacing the Estonian kroon. Consequently, the Company's functional currency is the euro from 2011 and the annual reports for 2011 and subsequent years to be submitted to the Commercial Register will be presented in euros. Comparative figures will be recalculated to euros using the conversion rate of EUR 1 = EEK 15.6466, which is the fixed exchange rate that was applicable also in the earlier periods.





INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholders of AS Spacecom Trans

We have audited the accompanying financial statements of AS Spacecom Trans (the Company), which comprise the balance sheet as of 31 December 2010 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Board's Responsibility for the Financial Statements

Management Board is responsible for the preparation, and true and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation, and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

AS PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Raimla', written in a cursive style.

Tiit Raimla
Auditor's Certificate No.287

A handwritten signature in black ink, appearing to read 'Kadõrko', written in a cursive style with a long horizontal stroke extending to the right.

Aleksei Kadõrko
Auditor's Certificate No.557

31 March 2011

** This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

PROFIT ALLOCATION PROPOSAL

The Management Board of AS Spacecom Trans proposes to the General Meeting of Shareholders not to distribute the net profit for 2010 in the amount of EEK 70,684 thousand and to transfer it to retained earnings.

Jekaterina Pistsalkina
Member of the Management Board

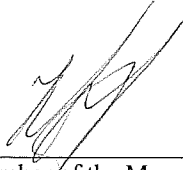
Boriss Pereskokov
Member of the Management Board

Signatures of the Management to the 2010 Annual Report

Signing of AS SPACECOM TRANS 2010 annual report on March 31, 2011:



Member of the Management Board
Boriss Pereskokov



Member of the Management Board
Jekaterina Pištšalkina

Revenue of AS Spacecom Trans according to EMTAK 2008

EMTAK	Area of activity	2010
77391	Renting and leasing of railroad vehicles	177,464
82991	Other business support service activities not classified elsewhere	2,135
	Total revenue	179,599