

**AS INTOPEX TRANS**

**2009 ANNUAL REPORT  
(Translation of the Estonian original)**

|                                      |   |
|--------------------------------------|---|
| Legal address:                       | Mõisa 4<br>13522 Tallinn<br>Republic of Estonia |
| Commercial Register no.:             | 11145977  |
| Phone:                               | +372 678 82 40                                  |
| Fax:                                 | +372 678 82 46                                  |
| Auditor:                             | AS PricewaterhouseCoopers                       |
| Beginning and end of financial year: | 01.01.2009-31.12.2009                           |
| Main activity:                       | Leasing of railway tanks                        |

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**MANAGEMENT REPORT**

AS Intopex Trans (hereinafter the Company) 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 31.12.2009, the Company's railway tank park consisted of 866 tanks designed for the purpose of transporting oil products (as at 31.12.2008: 866 tanks). During 2009, railway tanks were neither purchased nor sold. AS Intopex Trans does not plan to expand its railway tank park but to continue with the same capacity in the same operating area, maintaining and reinforcing its market position.

The overall development of the Company's operating environment during 2009 did not have a negative effect on the Company's results of operations. The rental rates of railway tanks in the market of Kazakhstan increased during the year, and significant revenue growth occurred mostly on account of higher number of subleased tanks. By the year-end, the Company had launched its operations in the Belarusian market. In 2009, the Company's management constantly improved the customer base and if necessary, redirected its main operations from one market to another. In 2010, the Company's management continues 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 cause major fluctuations in 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 Board.

Key financial ratios characterising the Company's activities:

|                       | 2009   | 2008   |
|-----------------------|--------|--------|
| ROA                   | 26.72% | 4.43%  |
| ROE                   | 78.01% | 23.47% |
| Debt ratio            | 53.29% | 78.70% |
| Times interest earned | 1.92   | 2.19   |

*ROA = net profit / average assets*

*ROE = net profit / average equity balance*

*Debt ratio = borrowings / assets*

*Times interest earned = operating profit / interest income*

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Jekaterina Pistsalkina  
Member of the Management Board

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Boriss Pereskokov  
Member of the Management Board

Tallinn, 30 March 2010

**FINANCIAL STATEMENTS****Management Board's confirmation of the financial statements**

The Management Board confirms the correctness and completeness of AS Intopex Trans 2009 financial statements as presented on pages 4-26.

The Management Board confirms that:

1. the accounting policies used in the preparation of the financial statements are in compliance with International Financial Reporting Standards (IFRS) as adopted in the European Union;
2. the financial statements present a true and fair view of the financial position, the results of operations and the cash flows of the Company;
3. AS Intopex Trans is a going concern.

  
\_\_\_\_\_  
Jekaterina Pitsgalkina  
Member of the Management Board  
\_\_\_\_\_  
Boriss Pereskokov  
Member of the Management Board

Tallinn, 30 March 2010

**Balance sheet***(in thousands of Estonian kroons)*

|                                      | Note | 31.12.2009     | 31.12.2008     |
|--------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                        |      |                |                |
| <b>Current assets</b>                |      |                |                |
| Cash and cash equivalents            | 4    | 3,248          | 5,765          |
| Trade receivables                    | 5    | 41,285         | 19,942         |
| Other short-term receivables         | 5    | 550            | 465            |
| Tax prepayments                      | 6    | 1,617          | 615            |
| <b>Total current assets</b>          |      | <b>46,700</b>  | <b>26,787</b>  |
| <b>Non-current assets</b>            |      |                |                |
| Property, plant and equipment        | 7    | 246,838        | 255,706        |
| <b>Total non-current assets</b>      |      | <b>246,838</b> | <b>255,706</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>293,538</b> | <b>282,493</b> |
| <b>LIABILITIES AND EQUITY</b>        |      |                |                |
| <b>Current liabilities</b>           |      |                |                |
| Borrowings                           | 8, 9 | 26,408         | 36,857         |
| Trade payables and prepayments       | 10   | 15,688         | 6,679          |
| Tax payables                         | 6    | 2,337          | 1,488          |
| Other liabilities                    | 11   | 2,158          | 8,711          |
| <b>Total current liabilities</b>     |      | <b>46,590</b>  | <b>53,735</b>  |
| <b>Non-current liabilities</b>       |      |                |                |
| Borrowings                           | 8, 9 | 109,825        | 168,593        |
| <b>Total non-current liabilities</b> |      | <b>109,825</b> | <b>168,593</b> |
| <b>Total liabilities</b>             |      | <b>156,415</b> | <b>222,328</b> |
| <b>Equity</b>                        |      |                |                |
| Share capital at nominal value       | 12   | 400            | 400            |
| Statutory reserve capital            |      | 40             | 40             |
| Retained earnings                    |      | 136,682        | 59,726         |
| <b>Total equity</b>                  |      | <b>137,122</b> | <b>60,166</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |      | <b>293,538</b> | <b>282,493</b> |

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 PricewaterhouseCoopers, Tallinn

The notes to the financial statements presented on pages 9-26 are an integral part of the Annual Report.

**Statement of comprehensive income***(in thousands of Estonian kroons)*

|  | Note | 01.01.09 - 31.12.09 | 01.01.08 - 31.12.08 |
|--|------|---------------------|---------------------|
| <b>Operating income</b>                                  |      |                     |                     |
| Revenue  | 13   | 190,474             | 85,861              |
| Other gains  | 14   | 0                   | 2,756               |
| <b>Total operating income</b>                            |      | <b>190,474</b>      | <b>88,617</b>       |
| <b>Operating expenses</b>                                |      |                     |                     |
| Operating expenses                                       | 15   | 94,430              | 40,841              |
| Depreciation and impairment                              | 7    | 8,867               | 8,864               |
| Other losses   | 14   | 1,516               | 0                   |
| <b>Total operating expenses</b>                          |      | <b>104,813</b>      | <b>49,705</b>       |
| <b>Operating profit</b>                                  |      | <b>85,661</b>       | <b>38,912</b>       |
| <b>Finance income and costs</b>                          |      |                     |                     |
| Finance income   | 16   | 35,817              | 48,384              |
| Finance costs  | 16   | -44,523             | -74,657             |
| <b>Total finance income and costs</b>                    |      | <b>-8,706</b>       | <b>-26,273</b>      |
| <b>Net profit for the financial year</b>                 |      | <b>76,956</b>       | <b>12,639</b>       |
| <b>Total comprehensive income for the financial year</b> |      | <b>76,956</b>       | <b>12,639</b>       |

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## Statement of changes in equity

| <i>(in thousands of Estonian kroons)</i> | Share capital | Statutory reserve capital | Retained earnings | Total   |
|--|---------------|---------------------------|-------------------|---------|
| <b>Balance as at 31.12.2007</b>          | 400           | 40                        | 47,087            | 47,527  |
| Net profit for the financial year        | 0             | 0                         | 12,639            | 12,639  |
| <b>Balance as at 31.12.2008</b>          | 400           | 40                        | 59,726            | 60,166  |
| Net profit for the financial year        | 0             | 0                         | 76,956            | 76,956  |
| <b>Balance as at 31.12.2009</b>          | 400           | 40                        | 136,682           | 137,122 |

More detailed information on share capital and other equity items is set out in Note 12.

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

|   | Note | 01.01.09 - 31.12.09 | 01.01.08 - 31.12.08 |
|---|------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                           |      |                     |                     |
| Operating profit  |      | 85,661              | 38,912              |
| <u>Adjustments:</u>   |      |                     |                     |
| Depreciation and impairment   | 7    | 8,867               | 8,864               |
| Change in receivables and prepayments related to operating activities |      | -22,427             | -1,274              |
| Change in liabilities and prepayments related to operating activities |      | 9,801               | 1,878               |
| Interest paid   |      | -18,588             | -13,247             |
| Interest received   |      | 79                  | 224                 |
| <b>Total cash flows from operating activities</b>                     |      | <b>63,393</b>       | <b>35,357</b>       |
| <b>Cash flows from investing activities</b>                           |      |                     |                     |
| Purchase of property, plant and equipment                             | 7    | 0                   | -20,887             |
| <b>Total cash flows from investing activities</b>                     |      | <b>0</b>            | <b>-20,887</b>      |
| <b>Cash flows from financing activities</b>                           |      |                     |                     |
| Proceeds from borrowings and finance lease                            |      | 93,626              | 36,030              |
| Repayments of borrowings and finance lease                            |      | -159,157            | -48,967             |
| <b>Total cash flows from financing activities</b>                     |      | <b>-65,531</b>      | <b>-12,937</b>      |
| <b>Total cash flows</b>   |      | <b>-2,138</b>       | <b>1,533</b>        |
| <b>Cash and cash equivalents at the beginning of the period</b>       | 4    | <b>5,765</b>        | <b>3,416</b>        |
| <b>Net decrease/increase in cash and cash equivalents</b>             |      | <b>-2,138</b>       | <b>1,534</b>        |
| Exchange gains/losses on cash and cash equivalents                    |      | -379                | 815                 |
| <b>Cash and cash equivalents at the end of the period</b>             | 4    | <b>3,248</b>        | <b>5,765</b>        |

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## Notes to the financial statements

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

#### General information

AS Intopex Trans (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.

AS Intopex Trans 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 30.03.2010.

#### 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 2009 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. Standards, amendments to published standards and interpretations that became effective for the Group's reporting period beginning on 1 January 2009.

**IAS 1, Presentation of Financial Statements, revised in September 2007** (effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 affected the presentation of Company's financial statements but had no impact on the recognition or measurement of specific transactions and balances or accounting principles.

**Improvements to International Financial Reporting Standards, issued in May 2008** (effective for annual periods beginning on or after 1 January 2009). The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary (effective for annual periods beginning on or after 1 July 2009); possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method;

clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments had no major impact on the financial statements, except:

**IAS 16, Property, Plant and Equipment (and consequential amendments to IAS 7).** Under the amended standard, entities that routinely sell assets previously held for rental are required to classify such assets as inventories from the point that the assets cease to be leased and become held for sale, while the proceeds from sale are recognised as revenue. The rent and proceeds from sale have to be classified as cash flows from operating activities. The Company has amended its accounting policies accordingly.

**Improving Disclosures about Financial Instruments - Amendment to IFRS 7, Financial Instruments: Disclosures, issued in March 2009** (effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The enhanced disclosures are included in these financial statements.

**ii. New standards, revisions to standards and interpretations to standards that became effective for the Group's reporting period beginning on 1 January 2009, but are not relevant to Group's operations.**

*IFRS 8 Operating Segments*

*IFRIC 17 Distributions of Non-Cash Assets to Owners*

*IAS 23 Borrowing Costs*

*Puttable Financial Instruments and Obligations Arising on Liquidation, IAS 32 and IAS 1 Amendment*

*Vesting Conditions and Cancellations, Amendment to IFRS 2*

*IFRIC 13 Customer Loyalty Programmes*

*IFRIC 15 Agreements for the Construction of Real Estate*

*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate, IFRS 1 and IAS 27 Amendment*

*Embedded Derivatives, Amendments to IFRIC 9 and IAS 39, issued in March 2009*

*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*

*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*

**iii. New standards, revisions to standards and interpretations to standards that will become effective for the reporting periods beginning on or after 1 January 2010 which the Group has not applied early.**

**Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2** (effective for annual periods beginning on or after 1 January 2010, not yet adopted by the EU). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The Company is currently assessing the impact of the amendments on its financial statements.

**Improvements to International Financial Reporting Standards, issued in April 2009** (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010; the improvements have not yet been adopted by the EU). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other

standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Company does not expect the amendments to have a major impact on its financial statements.

**IFRS 9, Financial Instruments Part 1: Classification and Measurement, issued in November 2009** (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. 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.

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

**IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments** (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The Company is currently assessing the impact of the interpretation on its financial statements.

**iv. New standards, revisions to standards and interpretations to standards that will become effective for the reporting periods beginning on or after 1 January 2010 which the Group has not applied early and which are not relevant to Group's operations:**

**Additional Exemptions for First-time Adopters - Amendments to IFRS 1** (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

**Amendment to IAS 24, Related Party Disclosures, issued in November 2009** (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).

**Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14** (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).

**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; not yet adopted by the EU).

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