Globaltrans Investment PLC

Interim financial information (unaudited)
30 June 2008

Contents

Globaltrans Investment PLC

Condensed Consolidated Income statement

	Note	**Six months ended 30 June 2008 US$'000**	Six months ended 30 June 2007 US$'000
Revenue	5	**318.295**	278.292
Cost of sales	6	**(196.228)**	(201.977)
Gross profit		**122.067**	76.315
Selling and marketing costs		**(1.178)**	(629)
Administrative expenses		**(23.581)**	(16.528)
Other gains/(losses) – net		**1.364**	(925)
Operating profit		**98.672**	58.233
Finance income	7	**1.504**	3.608
Finance costs	7	**(11.120)**	(17.816)
Finance cost – net		**(9.616)**	(14.208)
Profit before income tax		**89.056**	44.025
Income tax expense	13	**(24.160)**	(11.155)
Profit for the period		**64.896**	32.870
Attributable to:			
- equity holders of the Company		**64.896**	33.198
- minority interest		**-**	(328)
		64.896	32.870

	Note	**US$ per Share**	US$ per Share
Earnings per share for profit attributable to the equity holders of the Company			
- basic and diluted	14	**0,59**	0,33

The notes on pages 5 to 24 are an integral part of these condensed consolidated interim financial statements.

Globaltrans Investment PLC

Condensed Consolidated Balance sheet

	Note	**As at 30 June 2008 US$'000**	As at 31 December 2007 US$'000
Assets			
Non-current assets			
Property, plant and equipment	8	**653.152**	602.812
Trade and other receivables	9	**74.644**	20.360
Total non-current assets		**727.796**	623.172
Current assets			
Inventories		**938**	544
Trade and other receivables	9	**122.135**	122.332
Current income tax assets		**2.424**	852
Cash and cash equivalents		**194.249**	31.103
Total current assets		**319.746**	154.831
Total assets		**1.047.542**	778.003
Equity and liabilities			
Capital and reserves			
Share capital	11	**11.696**	10.000
Share premium	11	**277.727**	61.560
Capital contribution		**90.000**	90.000
Common control transactions reserve		**(95.620)**	(95.620)
Retained earnings		**185.519**	129.523
Translation reserves		**41.294**	27.195
Total equity		**510.616**	222.658
Non-current liabilities			
Borrowings	12	**283.580**	301.726
Trade and other payables	10	**-**	427
Deferred gains		**78**	124
Deferred tax liabilities		**31.450**	22.751
Total non-current liabilities		**315.108**	325.028
Current liabilities			
Borrowings	12	**194.855**	149.447
Trade and other payables	10	**26.744**	78.115
Deferred gains		**112**	136
Current income tax liabilities		**107**	2.619
Total current liabilities		**221.818**	230.317
Total liabilities		**536.926**	555.345
Total equity and liabilities		**1.047.542**	778.003

The notes on pages 5 to 24 are an integral part of this condensed consolidated interim financial information.

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Condensed Consolidated Statement of changes in equity

	Note	Attributable to equity holders of the Company								
	Note	Share capital US$'000	Share premium US$'000	Common control transaction reserve US$'000	Translation reserve US$'000	Capital contribution US$'000	Retained earnings US$'000	Total US$'000	Minority interest US$'000	Total US$'000
Balance at 1 January 2007		10.000	61.560	44.380	10.643	4.325	78.525	209.433	702	210.135
Currency translation differences		-	-	-	357	-	-	357	21	378
Net income recognised directly in equity		-	-	-	357	-	-	357	21	378
Profit for the period		-	-	-	-	-	33.198	33.198	(328)	32.870
Total recognised income for the period ended 30 June 2007		-	-	-	357	-	33.198	33.555	(307)	33.248
Common control transaction		-	-	(140.000)	-	99.750	-	(40.250)	-	(40.250)
Balance at 30 June 2007		10.000	61.560	(95.620)	11.000	104.075	111.723	202.738	395	203.133
Balance at 1 January 2008		10.000	61.560	(95.620)	27.195	90.000	129.523	222.658	-	222.658
Currency translation differences			-	-	14.099	-	-	14.099	-	14.099
Net income recognised directly in equity		-	-	-	14.099	-	-	14.099	-	14.099
Profit for the period				-	-	-	64.896	64.896	-	64.896
Total recognised income for the period ended 30 June 2008		-	-	-	14.099	-	64,896	78,995	-	78,995
Issue of shares	11	1.696	223.012	-	-	-	-	224.708	-	224.708
Capitalised expenses incurred in relation to the new shares issued	11	-	(6.845)	-	-	-	-	(6.845)	-	(6.845)
Dividends related to 2008	15	-	-	-	-	-	(8.900)	(8.900)	-	(8.900)
Balance at 30 June 2008		11.696	277.727	(95.620)	41.294	90.000	185.519	510.616	-	510.616

The notes on pages 5 to 24 are an integral part of these condensed consolidated interim financial statements.

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Condensed Consolidated Cash flow statement

	Note	**Six months ended 30 June 2008 US$'000**	Six months ended 30 June 2007 US$'000
Cash flows from operating activities			
Profit before tax		**89.056**	44.025
Adjustments for:			
Depreciation of property, plant and equipment	6	**19.716**	15.662
Loss on sale of property, plant and equipment	6	**52**	25
Interest income	7	**(1.504)**	(3,608)
Interest expense	7	**23.650**	22.806
Exchange gains on financing and investing activities	7	**(12.530)**	(4.990)
Recognised deferred gain		**(79)**	(94)
Fair value (gain)/loss of financial guarantees		**(438)**	1.923
		117.923	75.749
Changes in working capital:			
Inventories		**(361)**	329
Trade and other receivables		**(860)**	(7.979)
Trade and other payables		**(43.396)**	4.329
Cash generated from operations		**73.306**	72.428
Tax paid		**(18.209)**	(5.726)
Net cash from operating activities		**55.097**	66.702
Cash flows from investing activities			
Loans granted to third parties		**-**	(460)
Cash outflow for acquisition of subsidiary undertakings - net of cash acquired		**-**	(40.405)
Loans repayments received from third parties		**-**	460
Loan repayments received from related parties		**3.253**	115
Purchases of property, plant and equipment		**(94.179)**	(42.740)
Proceeds from disposal of property, plant and equipment		**125**	5
Interest received		**563**	2.171
Receipts from finance lease – related parties		**20.082**	5.652
Receipts from finance lease – third parties		**1.301**	-
Net cash used in investing activities		**(68.855)**	(75.202)
Cash flows from financing activities			
Proceeds from borrowings		**316.713**	386.376
Repayments of borrowings		**(289.055)**	(383.170)
Finance lease principal payments		**(28.019)**	(28.275)
Interest paid		**(20.911)**	(22.335)
Proceeds from sale and finance leaseback transactions		**-**	11.749
Proceeds from issue of shares		**216.245**	-
Dividends paid to Company's shareholders		**(20.319)**	-
Net cash from/(used in) financing activities		**174.654**	(35.655)
Net increase/(decrease) in cash and cash equivalents		**160.896**	(44.155)
Exchange gains/(losses) on cash and cash equivalents		**2.250**	(343)
Cash and cash equivalents at beginning of period		**31.103**	57.316
Cash and cash equivalents at end of period		**194.249**	12.818

The principal non cash transactions consist of:

(a) Finance leases as a lessor (Note 9)

(b) Finance leases as a lessee (Note 12)

The notes on pages 5 to 24 are an integral part of these condensed consolidated interim financial statements.

Notes to the interim consolidated financial information

1 General information

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

During the first half of 2008 the Group has successfully completed an offering of its ordinary shares in the form of Global Depositary Receipts. The Group has raised a total of US$ 224.7mln in gross proceeds. Global Depositary Receipts representing ordinary shares of the Company are listed on the London Stock Exchange International Main Market.

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 12 September 2008. .

This condensed consolidated interim financial information has been reviewed, not audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union applicable to Interim Financial Reporting (International Accounting Standard 34 "Interim Financial Reporting"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2007, 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 2007, as described in those annual consolidated financial statements.

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

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the group.

- IFRIC 11, "IFRS 2—Company and Treasury Share Transactions".
- IFRIC 12 *, "Service Concession Arrangements".
- IFRIC 14 *, "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

* *Interpretation that have not yet endorsed by the European Union.*

3 Accounting policies (continued)

New standards, interpretations and amendments to published standards (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IFRIC 13, "Customer loyalty programmes" * (effective for annual periods beginning on or after 1 July 2008). The Interpretation clarifies that the sale of goods or services together with customer award credits (for example, loyalty points or the right to free products) is accounted for as a multiple-element transaction. The Interpretation is not relevant to the Group's current operations. The Group will apply the interpretation on 1 January 2009.

- Amendments to IAS 23 "Borrowing costs" * (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This Standard is not expected to have any impact on the Group's financial statements, as the Group has adopted the allowed alternative treatment in IAS 23 prior to its amendment and is already capitalising borrowing costs directly attributable to the acquisition or production of qualifying assets. The Group will apply this amendment from 1 January 2009.

- IAS 1, "Presentation of Financial Statements" * (revised 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 Group expects the revised IAS 1 to affect the presentation of its financial statements but to have no impact on the recognition or measurement of specific transactions and balances. The Group will apply the Standard from 1 January 2009.

- IFRS 8, "Operating Segments" * (effective from 1 January 2009). IFRS 8 replaces IAS 14, "Segment reporting" and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new Standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The Group is currently considering the implications of this standard and the impact is not yet known. The Group will apply this Standard from 1 January 2009.

3 Accounting policies (continued)

New standards, interpretations and amendments to published standards (continued)

- IAS 27 “Consolidated and Separate Financial Statements” * (revised January 2008), (effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously minority interests) even if this results in the non-controlling interests having a deficit balance. The current standard requires excess losses to be allocated to the owners of the parent, except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses. The revised standard also specifies that changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. Any investment retained in the former subsidiary will have to be measured at its fair value at the date when control is lost. The current standard requires the carrying amount of an investment retained in the former subsidiary to be regarded as its cost on initial measurement of the financial asset in accordance with IAS 39 “Financial Instruments: Recognition and Measurement. The expected impact is still being assessed in detail by management and the impact is not yet known or reasonably estimable. The Group will apply this Standard from 1 January 2010.

- IFRS 3 “Business Combinations (revised January 2008) *; (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree’s identifiable net assets) or on the same basis as US GAAP (at fair value). The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purpose of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The disclosures required to be made in relation to contingent consideration will be enhanced. The revised IFRS 3 brings in its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The expected impact is still being assessed in detail by management and the impact is not yet known or reasonably estimable. The Group will apply this Standard from 1 January 2010.

3 Accounting policies (continued)

New standards, interpretations and amendments to published standards (continued)

- Amendment to IFRS 2 "Share-based Payment" * (issued in January 2008; effective for annual periods beginning on or after 1 January 2009). The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Standard is not expected to have significant impact on the Group's financial statements. The Group will apply the Standard from 1 January 2009.

- IAS 32 and IAS 1 Amendment "Puttable financial instruments arising on liquidation" * (effective from 1 January 2009). The amendment requires classification as equity of some financial instruments that meet the definition of a financial liability. The Group will apply the amendment from 1 January 2009 but is not expected to have significant impact on the Group's financial statements.

- IFRIC 15 "Agreements for the construction of real estate" *, (effective for annual periods beginning on or after 1 January 2009) addresses the accounting for real estate sales. The interpretation is not relevant to the Group's operations. The Group will apply the interpretation from 1 January 2009.

- IFRIC 16 "Hedges of a net investment in a foreign operation" *, (effective for annual periods beginning on or after 1 October 2008) clarifies certain aspect in relation to net investment hedging. The Interpretation is not relevant to the Group's operations. The Group will apply this interpretation from 1 January 2009.

- As part of the IFRS improvements project 2008 a number of standards have been amended which either result in accounting changes on presentation, recognition or measurement purposes (denoted by (I)) or amendments to terminology or editorial changes or both (denoted by (II)).

  The standards amended and the subjects of amendment are shown below:

IFRS	Subject of amendment
IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (I) *	Plan to sell the controlling interest in a subsidiary
IAS 1 "Presentation of Financial Statements" (I) *	Current/non-current classification of derivatives
IAS 16 "Property, plant and equipment" (I) *	Recoverable amount Sale of assets held for rental

3 Accounting policies (continued)

New standards, interpretations and amendments to published standards (continued)

IFRS	Subject of amendment
IAS 19 “Employee Benefits” (I) *	Curtailments and negative past service cost Plan administration costs Replacement of term “fall due” Guidance on contingent liabilities
IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” (I) *	Government loans with a below-market rate of interest
IAS 23 “Borrowing Costs“ (I) *	Components of borrowing costs
IAS 27 “Consolidated and Separate Financial Statements” (I) *	Measurement of subsidiary held for sale in separate financial statements
IAS 28 “Investments in Associates” (I) *	Required disclosure when investments in associates are accounted for at fair value through profit or loss Impairment of investment in associate
IAS 31 “Interests in Joint Ventures” (I) *	Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss
IAS 29 “Financial Reporting in Hyperinflationary Economies” (I) *	Description of measurement basis in financial statements
IAS 36 “Impairment of Assets” (I) *	Disclosure of estimates used to determine recoverable amount
IAS 38 “Intangible Assets” (I) *	Advertising and promotional activities Unit of production method of amortisation
IAS 39 “Financial Instruments: Recognition and Measurement” (I) *	Reclassification of derivatives into and out of the classification of at fair value through profit or loss. Designating and documenting hedges at the segment level Applicable effective interest rate on cessation of fair value hedge accounting

3 Accounting policies (continued)

New standards, interpretations and amendments to published standards (continued)

IFRS	Subject of amendment
IAS 40 “Investment Property” (I) *	Property under construction or development for future use as investment property
IAS 41 “Agriculture” (I) *	Discount rate for fair value calculations Additional biological transformation
IFRS 7 “Financial Instruments: Disclosures” (II) *	Presentation of finance costs
IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (II) *	Status of implementation guidance
IAS 10 “Events after the Reporting Period” (II) *	Dividends declared after the end of the reporting period
IAS 18 “Revenue” (II) *	Costs of originating a loan
IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” (II) *	Consistency of terminology with other IFRSs
IAS 29 “Financial Reporting in Hyperinflationary Economies” (II) *	Consistency of terminology with other IFRSs
IAS 34 “Interim Financial Reporting” (II) *	Earnings per share disclosures in interim financial reports
IAS 40 “Investment Property” (II) *	Consistency of terminology with IAS 8 Investment property held under lease
IAS 41 “Agriculture” (II) *	Examples of agricultural produce and products Point-of-sale costs

The Group will apply the improvements from 1 January 2009. The expected impact is still being assessed in detail by management and the impact is not yet known.

3 Accounting policies (continued)

New standards, interpretations and amendments to published standards (continued)

- IFRS 1, “First-time adoption of IFRSs” (effective from 1 January 2009).* IFRS 1 provides an additional exemption in relation to the cost of investment in subsidiaries, associates and joint ventures for first time adopters. The Group will apply the standard from 1 January 2009 but it is not expected to have any impact on the Group’s financial statements.

- IAS 27 “Consolidated and separate financial statements” * (effective from 1 January 2009). An entity shall recognise a dividend from subsidiary, jointly controlled entity or associate in profit or loss in its separate financial statements when its right to receive the dividend is established. In addition when a parent reorganises the structure of its group by establishing a new entity as its parent in a manner that satisfies certain criteria, the new parent shall measure cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. The Group will apply the Standard from 1 January 2009 but it is not expected to have significant impact on the Group’s financial statements.

- IAS 39, “Financial instruments: Recognition and Measurement” * (effective from 1 January 2010). In July 2008 the Board amended the Standard, by Eligible Hedged Items, to clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Group will apply the Standard from 1 January 2010 but it is not expected to have any impact on the Group’s financial statements.

  * *Standard, amendments to Standards and interpretations that have not yet been endorsed by the European Union.*

4 Segment information

The Group’s main operations relate to railway transportation services. This segment include also operating leases of temporarily available tankers and open wagons and resale of wagons and locomotives which no longer constitute separate reportable segments.

The Group operates mainly in the Russian Federation and the operations can not be subdivided into smaller segments. All services are allocated to the geographical section of the Russian Federation.

5 Revenue

	Six months ended 30 June 2008 US$'000	Six months ended 30 June 2007 US$'000
Railway transportation – operators services (tariff borne by the Group)	**123.937**	148.354
Railway transportation – operators services (tariff borne by the client)	**169.119**	117.181
Railway transportation – freight forwarding	**2.062**	321
Operating leasing of rolling stock (tankers and open wagons)	**12.933**	11.087
Resale of wagons and locomotives sold in trading transactions [(1)]	**10.099**	395
Other	**145**	954
	318.295	278.292

The sales mix as well as the empty runs (see Note 6) have significant impact on the Group's gross profit margin.

(1) The Group sold a number of new wagons and locomotives acquired during the period which were not part of property, plant in equipment.

6 Expenses by nature

	Six months ended 30 June 2008 US$'000	Six months ended 30 June 2007 US$'000
Total expenses		
Depreciation of property, plant and equipment (Note 8)	**19.716**	15.662
Loss on sale of property, plant and equipment	**52**	25
Employee benefit expense	**13.401**	9.364
Impairment charge for receivables	**(511)**	237
Operating lease rentals – rolling stock	**16.242**	21.282
Operating lease rentals – office	**2.117**	1.503
Repairs and maintenance	**25.459**	12.986
Infrastructure and locomotive tariffs:		
Loaded trips	**73.730**	96.689
Empty run trips and services provided by other transportation organisations	**46.716**	52.182
Auditors' remuneration	**899**	187
Legal, consulting and other professional fees	**208**	103
Legal, consulting and other professional fees related to the IPO	**5.009**	-
Advertising and promotion	**185**	70
Communication costs	**323**	260
Information services	**459**	382
Taxes (other than income tax and value added taxes)	**3.864**	3.152
Cost of wagons and locomotives sold in trading transactions (not part of property, plant and equipment)	**9.312**	338
Other expenses	**3.806**	4.712
Total cost of sales, selling and marketing costs and administrative expenses	**220.987**	219.134

6 Expenses by nature (continued)

	Six months ended 30 June 2008 US$'000	Six months ended 30 June 2007 US$'000
Cost of sales		
Depreciation of property, plant and equipment	**19.327**	15.254
Gain on sale of property, plant and equipment	**(2)**	-
Employee benefit expense	**4.098**	1.988
Operating lease rentals – rolling stock	**16.242**	21.282
Repairs and maintenance	**25.459**	12.986
Infrastructure and locomotive tariffs:		
Loaded trips	**73.730**	96.689
Empty run trips and services provided by other transportation organisations	**46.716**	52.182
Cost of wagons and locomotives sold in trading transactions (not part of property, plant and equipment - refer to Note 5)	**9.312**	338
Other expenses	**1.346**	1.258
Total cost of sales	**196.228**	201.977
Selling, marketing and administrative expenses		
Depreciation of property, plant and equipment	**389**	408
Loss on sale of property, plant and equipment	**54**	25
Employee benefit expense	**9.303**	7.376
Impairment charge of receivables	**(511)**	237
Operating lease rental – office	**2.117**	1.503
Auditors' remuneration	**899**	187
Legal, consulting and other professional fees	**208**	103
Legal, consulting and other professional fees related to the IPO	**5.009**	-
Advertising and promotion	**185**	70
Communication costs	**323**	260
Information services	**459**	382
Taxes (other than income tax and value added taxes)	**3.864**	3.152
Other expenses	**2.460**	3.454
Total selling, marketing and administrative expenses	**24.759**	17.157

7 Finance income and costs

	Six months ended 30 June 2008 US$'000	Six months ended 30 June 2007 US$'000
Interest expense:		
Bank borrowings	**(8.362)**	(7.003)
Finance leases	**(13.115)**	(13.012)
Loans from:		
Related parties – Note (17 (d))	**(2.173)**	(2.791)
Total interest expense	**(23.650)**	(22.806)
Net foreign exchange transaction gains on financing and investing activities	**12.530**	4.990
Finance costs	**(11.120)**	(17.816)
Interest income:		
Bank balances	**662**	993
Finance leases – third parties	**621**	2.575
Loans to:		
Related parties (Note 17 (d))	**98**	37
Third parties	**123**	3
Total interest income	**1.504**	3.608
Finance income	**1.504**	3.608
Net finance costs	**(9.616)**	(14.208)

8 Property, plant and equipment

	Property, plant and equipment US$'000
Six months ended 30 June 2008	
Opening net book amount as at 1 January 2008	**602.812**
Additions – third parties	**37.794**
Additions – related parties (Note 17 (c))	**4.018**
Disposals – third parties	**(99)**
Disposals – related parties	**(74)**
Exchange difference	**28.417**
Depreciation (note 6)	**(19.716)**
Closing net book amount as at 30 June 2008	**653.152**

9 Trade and other receivables

	30 June 2008 US$'000	31 December 2007 US$'000
Trade receivables – third parties	**19.831**	14.265
Trade receivables – related parties (Note 17 (f))	**5.326**	7.861
Less: Provision for impairment of trade receivables	**(2.410)**	(2.746)
Trade receivables – net	**22.747**	19.380
Loans to related parties (Note 17 (g))	**-**	3.363
Other trade receivables	**20.779**	8.292
Other receivables – related parties (Note 17 (f))	**2.132**	7.796
Prepayments - related parties (Note 17 (f))	**-**	1.076
Prepayments – third parties	**45.075**	44.561
Prepayments for the acquisition of property, plant and equipment	**65.874**	103
Finance lease receivables:	**-**	
Leases to third parties	**8.393**	9.705
Leases to related parties (Note 17 (f)) (1)	**-**	18.766
VAT recoverable	**31.779**	29.650
	196.779	142.692
Less non-current portion:		
Prepayments for the acquisition of property, plant and equipment	**(65.874)**	(103)
Finance lease receivables:		
Leases to third parties	**(5.746)**	(7.048)
Leases to related parties	**-**	(9.589)
VAT recoverable	**(3.024)**	(3.620)
Total non-current portion	**(74.644)**	(20.360)
	122.135	122.332

(1) Finance leases from related parties as at 31 December 2007 have been settled in advance to their repayment date during the period. No early settlement discounts were granted.

10 Trade and other payables

	30 June 2008 US$'000	31 December 2007 US$'000
Current		
Trade payables to third parties	**3.315**	3.419
Trade payables to related parties (Note 17 (f))	**1.137**	9.752
Other payables to related parties (Note 17 (f))	**481**	153
Other trade payables to third parties	**12.757**	834
Accrued expenses	**1.628**	8.677
Advances from customers (1)	**7.426**	38.963
Advances from related parties (1) (Note 17 (f))	**-**	4.865
Dividends payable (Note 17 (f))	**-**	11.452
	26.744	78.115
Non-current		
Other payables to third parties (Note 17 (i))	-	427
	-	427

(1) Advances from customers and related parties consist of prepayments received in accordance with contracts on transportation services and balances from time to time may fluctuate significantly.

11 Share capital and share premium

	Number of shares	Share capital US$'000	Share premium US$'000	Total US$'000
At 1 January 2007/30 June 2007	10 000 000	10.000	61.560	71.560
Opening balance as at 1 January 2008	10 000 000	10.000	61.560	71.560
Change of nominal value	90 000 000	-	-	-
Additional share issue				
- Proceeds from share issue	16 959 064	1.696	223.012	224.708
- Capitalised expenses incurred in relation to the new shares issued	-	-	(6.845)	(6.845)
At 30 June 2008	116.959.064	11.696	277.727	289.423

On 19 March 2008, the Company changed its authorized and issued share capital from 10 000 000 shares with a par value of US$1 per share to 100 000 000 shares with a par value of US$0,10 per share. It also increased its total authorized number of ordinary shares to 116 959 064 shares with a par value of US$0,10 per share.

Following the initial public offering (IPO) on 30 April 2008 of Global Depository Receipts, on 6 May 2008, the Company has issued 16 959 064 new shares out of the authorized share capital as fully paid at a price of US$13.25 (including a premium of US$ 13.15 per share). In the context of the IPO, the existing shareholders have also sold 18 543 791 shares to the public.

The expenses directly attributable to the new shares issued amounting to US$6.845 thousand were capitalized against share premium. The not directly attributable expenses were charged in the income statement (Note 6).

12 Borrowings

	30 June 2008 US$'000	31 December 2007 US$'000
Non-current	**283.580**	301.726
Current	**194.855**	149.447
	478.435	451.173
Current		
Bank borrowings	**143.047**	100.117
Loans from related parties (Note 17 (h))	**3.284**	1.103
Finance lease liabilities	**48.524**	48.227
	194.855	149.447
Non current		
Bank borrowings	**66.789**	76.235
Loan from related parties (Note 17 (h))	**50.000**	50.000
Finance lease liabilities	**166.791**	175.491
	283.580	301.726
Total borrowings	**478.435**	451.173

12 Borrowings (continued)

Movements in borrowings are analysed as follows:

	US$'000
Six months ended 30 June 2008	
Opening amount as at 1 January 2008	**451.173**
Proceeds from borrowings	**316.713**
Proceeds from finance leases	**18.921**
Repayments of borrowings	**(296.192)**
Repayments of finance leases	**(41.643)**
Interest charged	**23.527**
Net foreign exchange difference	**5.937**
Closing amount as at 30 June 2008	**478.436**

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

Bank borrowings bear average interest of 8.31% for the six months ended 30 June 2008 (year ended 31 December 2007: 8,96%).

The group has the following undrawn borrowing facilities:

	30 June 2008 US$'000	31 December 2007 US$'000
Fixed rate:		
- expiring within one year	**41.778**	30.555
- expiring beyond one year		-
Floating rate:		
- expiring within one year	**6.974**	19.629
- expiring beyond one year		10.000
Total undrawn borrowing facilities	**48.752**	60.184

With effect from 15 April 2008 the pledge agreement in favour of International Finance Corporation for the pledge of 26% of charter capital of OOO Sevtekhnotrans (STT) has been terminated. Effectively from 15 April 2008, no shares of subsidiaries of Globaltrans Investment PLC are pledged as collateral. The pledge agreement was replaced by a share retention agreement whereby the parent company Transportation Investment Holdings Limited (TIHL) is obliged to retain at least 26% of the share capital of the Company free and clean of any lien and additionally the Company to maintain 100% of the share capital of STT free and clear of any lien.

13 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 2008 is 27,13% (2007: 25,34%). The increase to the effective tax rate is partly due to the withholding tax charge in the period ended 30 June 2008 following the dividends paid by the subsidiaries in the period and due to IPO related expenses not being allowable for tax purposes.

14 Earnings per share

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

	Six months ended 30 June 2008	Six months ended 30 June 2007
Weighted average number of ordinary shares for basic earnings per share	**109.597.712**	100.000.000
Profit for the period attributable to equity holders of the Company (US$'000)	**64.896**	33.198
Earnings per share for profit attributable to the equity holders of the company:		
- basic and diluted (US$ per share)	**0,59**	0,33

On 19 March 2008, the Company changed its authorized and issued share capital from 10 000 000 shares with a par value of US$1 per share to 100 000 000 shares with a par value of US$0,10 per share. It also increased its total authorized number of ordinary shares to 116 959 064 shares with a par value of US$0,10 per share. For the purposes of the calculation of earnings per share, the number of shares was increased using a conversion ratio of 10:1.

15 Dividends

In March 2008, the Board of Directors declared and the shareholders approved the payment of an interim dividend for the year ended 31 December 2008 of US$0,89 per share, amounting to US$8.900 thousand. An amount of US$8.900 thousand was paid before the end of April 2008.

16 Contingencies

Tax and VAT legislation

Russian tax and currency legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. The Russian tax authorities may be taking more assertive position in their interpretation of the legislation and assessments and it is possible that transactions and activities that have not been challenged in the past may be challenged. In October 2006, the Supreme Arbitration Court issued guidance to lower courts on renewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities scrutiny.

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

16 Contingencies (continued)

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

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

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

Tax liabilities of the Group are determined on the assumption that the companies incorporated outside of Russian Federation are not subject to Russian profit tax because they do not have a permanent establishment in Russia. Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of the interpretation of these rules and changes in the approach of the Russian tax authorities the non-taxable status of some or all of the foreign companies of the Group in Russia may be challenged.

VAT investigation results

Based on the preliminary conclusion of the tax inspection for the year 2004 results of New Forwarding Company, OAO (NFC), tax authorities could claim additional VAT in the amount of RUB 410 mln (US$ 17.5 mln). This claim is based on the tax authorities' interpretation and suggests that NFC's activities related to export transactions do not qualify as "zero rated" for VAT purposes and consequently should be charged with 18% VAT. Results of the tax inspection are not yet finalised. No similar claim has been raised in the course of tax inspection for the year 2005 which was completed earlier. Total revenue to which NFC applied 0% VAT for the periods 2006, 2007 and 6 months of 2008 which are still open for tax inspection amount to RUB 9,398 mln (US$401 mln). The potential exposure amounts to US$72,18 million excluding any penalties and interest. Currently there is no indication that similar claims will be raised by tax authorities in respect of these periods.

The treatment applied by NFC appears to be in line with a number of court precedents and clarifications communicated by the Federal Tax Service to the local tax authorities in June 2008. Management therefore strongly believes that it has sufficient arguments to defend its position and currently is in process of discussing this matter with tax authorities and does not consider probable that any loss to the Group will materialise.

No provision for this matter has been recorded in these interim financial statements.

16 Contingencies (continued)

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including claims for early repayment. The Group is in compliance with covenants.

Insurance policies

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

Environmental matters

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

Legal proceedings

During the 6 months ended 30 June 2008, the Group was involved as a claimant in a number of court proceedings. In the opinion of management, there are no legal proceedings or other claims outstanding, as of 30 June 2008, which could have a material effect on the results of operations or financial position of the Group and which have not been accrued or disclosed in these financial statements.

17 Related party transactions

The following transactions were carried out with related parties:

(a) Sales of goods and services

	30 June 2008 US$'000	30 June 2007 US$'000
Sales of services:		
Other related parties	**41.486**	59.528

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

17 Related party transactions (continued)

(b) Purchases of goods and services

	30 June 2008 US$'000	30 June 2007 US$'000
Purchases of services:		
Other related parties	**13.992**	40.725

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

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

	30 June 2008 US$'000	30 June 2007 US$'000
Additions:		
Other related parties	**4.018**	1,835
Disposals:		
Other related parties	**96**	-

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

(d) Interest income and expenses

	30 June 2008 US$'000	30 June 2007 US$'000
Interest income:		
Loans to:		
Other related parties	**9**	37
Finance leases:		
Other related parties	**89**	-
	98	37
Interest expense:		
The parent	**(2.173)**	(2.771)
Other related parties	**-**	(20)
	(2.173)	(2.791)

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

17 Related party transactions (continued)

(e) Key management compensation

	30 June 2008 US$'000	30 June 2007 US$'000
Salaries and other short term employee benefits	**974**	1.088
Director's fees in non executive capacity	**110**	-

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

	30 June 2008 US$'000	31 December 2007 US$'000
Trade receivables from related parties:		
Other related parties	**5.326**	7.861
Other receivables and pre-payments from related parties:		
Other related parties	**2.132**	8.872
Finance lease receivables		
Current:		
Other related parties	-	9.177
Non-current:		
Other related parties	-	9.589
	-	18.766
Trade payables to related parties:		
Other related parties	**1.137**	9.752
Other payable and advances to/from related parties:		
Other related parties	**481**	5.018
Dividends payable	**-**	11.452

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

The majority of the above finance lease receivables balances with "other related parties" arise from transactions with entities under common significant influence.

17 Related party transactions (continued)

(g) Loans to related parties

	30 June 2008 US$'000	31 December 2007 US$'000
Other related parties:		
Beginning of period/year	**3.363**	846
Balances with parties not previously related	**-**	3.363
Loans repayments received	**(3.253)**	(830)
Interest charged	**9**	39
Interest received	**(192)**	(80)
Foreign exchange gain	**73**	25
End of period/year	**-**	3.363

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

(h) Loans from related parties

	30 June 2008 US$'000	31 December 2007 US$'000
The parent:		
Beginning of period/year	**51.103**	81.412
Loans advanced during the year	**-**	8.324
Loans repaid during the year	**-**	(29.754)
Interest charged	**2.173**	5.468
Interest repaid	**-**	(4.654)
Foreign exchange gain/(loss)	**8**	(1.337)
Balances of the parent with parties no longer part of the Group	**-**	(8.356)
	53.284	51.103

The loans from the parent have the following terms and conditions:

Period ended 30 June 2008:
The balance at the period end carries interest at 8,75% and is payable on 15 June 2012.

(i) Other transactions with related parties

Period ended 30 June 2008

The property pledge agreement with OAO "Swedbank" of September 2007 under which property, plant and equipment of the Group with carrying net book value of US$14.520 thousand were pledged as a collateral under non-current loan agreement between OAO "Swedbank" and a related party and which was valued at US$427 thousand at 31 December 2007 was cancelled during the period ended 30 June 2008 (Note 10).

18 Events occurring after the balance sheet date

On 15 July 2008, the Board of Directors of the Company approved the establishment of a Ukrainian subsidiary. The Group will hold 100% of the share capital of the newly created subsidiary. It is planned that this subsidiary will provide railway transportation services on the territory of Ukraine.

In July-August 2008 the Group acquired rolling stock (289 hopper wagons and 200 open wagons) through purchase and finance lease arrangements for the total amount of RR915.237 thousand (approximately US$38.550 thousand).

In July 2008 a subsidiary of the Group concluded long term credit line agreement with financial institutions for the total of US$25.000 thousand of which US$17.000 thousand has been received as at 29 August 2008.

On 31 July 2008, the Group has settled in full the shareholder loan provided by Transportation Investments Holding Ltd in the amount of US$ 53.6 mln (including accrued interest of US$ 3.6 mln). This did not give rise to any early settlement gains or losses.

19 Seasonality

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

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Report on review of Interim Financial Information to Globaltrans Investment PLC

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Globaltrans Investment PLC as of 30 June 2008 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended. The Board of Directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared in all material respects in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited
Chartered Accountants

Limassol, 12 September 2008