A YEAR OF TRANSFORMATION

ANNUAL REPORT 2013

globalports™

GLOBAL PORTS INVESTMENTS PLC

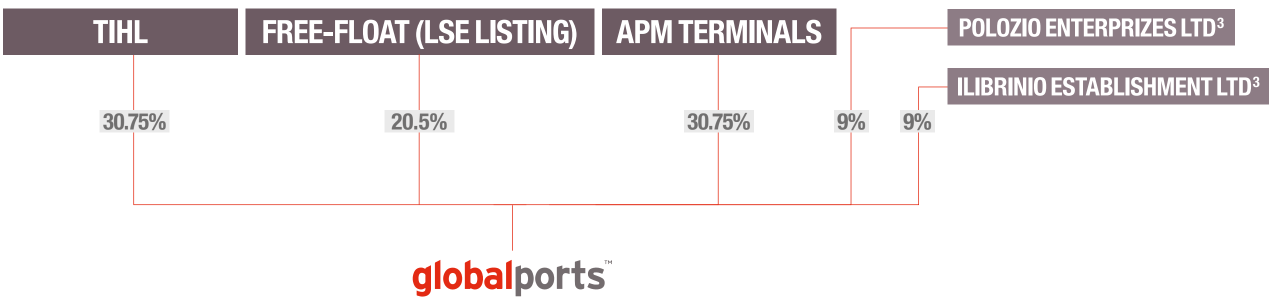
A TRANSFORMATIONAL YEAR

see page 10 for more detail

GLOBAL PORTS IS THE LEADING CONTAINER TERMINAL OPERATOR IN EASTERN EUROPE BY CONTAINER THROUGHPUT[1]

2013 WAS A TRANSFORMATIONAL YEAR FOR GLOBAL PORTS WITH THE ACQUISITION OF NCC GROUP, WHICH SECURED THE GROUP'S LEADERSHIP POSITION IN THE RUSSIAN CONTAINER-HANDLING MARKET AND CREATED THE LEADING CONTAINER TERMINAL OPERATOR IN EASTERN EUROPE[1] BY THROUGHPUT

OWNERSHIP STRUCTURE[2]



Transportation Investments Holding Limited (TIHL) is one of the largest privately owned transportation groups in Russia, the CIS and the Baltic Region with strategic interests in rail transportation and port operations. TIHL carries on business under the brand name N-Trans. Nikita Mishin, Konstantin Nikolaev and Andrey Filatov jointly control TIHL.

APM Terminals B.V. (a member of A.P. Moller-Maersk Group, a leading oil and transportation conglomerate) is a Global Terminal Network of 65 port and terminal facilities and more than 160 Inland Services operations, giving APM Terminals a global presence in 68 countries.

1. Sou rce: Drewry, based on 2013 data, some 2013 numbers are estimated
2. As at 29 April 2014
3. Former owners of NCC Group Limited
4. Russian Ports and Finnish Ports segments on an Illustrative Combined basis, as of 31 December 2013
5. Russian Ports segment of the Enlarged Group
6. Global Ports Group (excluding NCC Group)

KEY DATA

Illustrative Combined basis**

NO.1
container terminal operator in Eastern Europe[1]

10
terminals including two inland facilities in Russia and oil products terminal in Estonia

7
marine container terminals in Russia and Finland

4.1M TEU
the combined annual container handling capacity[4]

2.8M TEU
total container throughput in 2013[4]

9.1M TEU
the potential container handling capacity[5] of terminals at the existing footprint

FINANCIAL HIGHLIGHTS

Illustrative Combined basis**

$737M
2013 Revenue on an illustrative combined basis

$420M
2013 Adjusted EBITDA*** on an illustrative combined basis

+4.3%
Basic and diluted earnings per share increased 4.3% to $0.24 in 2013[6]

51%
2013 dividend payout ratio[6]

CONTENTS

** Assuming the acquisition of NCC Group took place on 1 January 2013
*** Adjusted EBITDA (a non-IFRS financial measure) is defined as profit for the period before income tax expense, finance income/(costs), net, depreciation of property, plant and equipment, amortisation of intangible assets, other gains/(losses)-net, impairment charge of property, plant and equipment and impairment charge of goodwill

OUR PERFORMANCE

see page 26 for more detail

A YEAR OF SOLID RESULTS AND STRONG CASH-FLOW GENERATION

On an Illustrative Combined basis the key business of the Enlarged Group, the container business[7], showed solid results, generating more than 90% of combined Adjusted EBITDA. Strong cash-flow generation and a healthy balance sheet enable the Group to pay respectable dividends to its shareholders.

Enlarged Russian Ports segment Adjusted EBITDA Margin[8]

64.4%

High margin level maintained

Enlarged Russian Ports segment Adjusted EBITDA

$404M

Remained broadly flat compared to 2012

Earnings per share

+4.3%

Basic and diluted earnings per share increased 4.3% to USD 0.24[10]

Capital Expenditure (CAPEX)

-44%

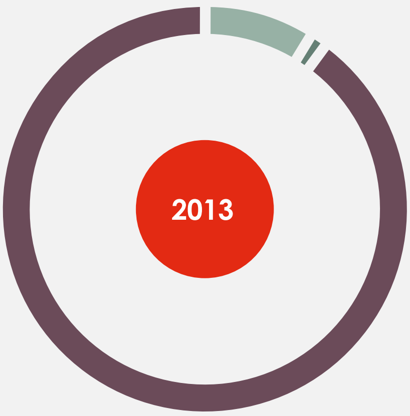
Decrease in 2013 cash CAPEX compared to initial plan driven by NCC Acquisition (-10% versus 2012 consolidated CAPEX on cash basis).[10]

Dividends

$58.5M

The total dividend declared on 2013 profits brings payout ratio to 51% on Net Profit attributable to Owners of the Company[10]

SEGMENTS' CONTRIBUTION TO ADJUSTED EBITDA[9]



RUSSIAN PORTS SEGMENT
90%

OIL PRODUCTS TERMINAL SEGMENT
10%

FINNISH PORTS SEGMENT
< 1%

7. Russian Ports segment of the Enlarged Group including Russian Ports segment of Global Ports and the entire NCC Group
8. Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage
9. Shares of segment's Adjusted EBITDA in the total Adjusted EBITDA of operating segments of the Enlarged Group, excluding Holdings
10. Global Ports Group (excluding NCC Group)

CONSOLIDATED FINANCIAL AND OPERATING DATA

USDm	2012	2013	Change %
SELECTED IFRS FINANCIAL INFORMATION			
Income statement			
Revenue			
Illustrative Combined Financial Metrics (unaudited)	755.1	**736.8**	(2%)
Global Ports Group (excluding NCC Group)	501.8	**480.0**	(4%)
NCC Group	253.3	**256.9**	1%
Balance sheet[11]			
Total assets	1,308.9	**3,413.8**	161%
Net Debt	229.6	**1,418.9**	518%
SELECTED NON-IFRS FINANCIAL INFORMATION (UNAUDITED)			
Illustrative Combined Financial Metrics			
Adjusted EBITDA	451.9	**420.0**	(7%)
Adjusted EBITDA Margin, %	59.8%	**57.0%**	
Global Ports Group (excluding NCC Group)			
Adjusted EBITDA	287.9	**256.8**	(11%)
Adjusted EBITDA Margin, %	57.4%	**53.5%**	
NCC Group			
Adjusted EBITDA	164.0	**163.2**	(0%)
Adjusted EBITDA Margin, %	64.7%	**63.5%**	

GLOBAL PORTS SEGMENTS DATA (UNAUDITED)

USD m	2012	2013	Change %
GLOBAL PORTS GROUP (EXCLUDING NCC GROUP)			
Russian Ports segment			
Gross container throughput, 000s TEU	1,450	**1,405**	(3%)
Revenue (audited)	377.5	**370.7**	(2%)
Adjusted EBITDA	242.0	**241.3**	(0%)
Adjusted EBITDA Margin, %	64.1%	**65.1%**	
Oil Products Terminal segment			
Average annual storage capacity, 000s m^3	1,026	**1,026**	0%
Oil Products Gross Throughput, million tonnes	10.4	**9.7**	(7%)
Revenue, USDm (audited)	233.2	**202.4**	(13%)
Adjusted EBITDA, USDm	113.8	**86.7**	(24%)
Adjusted EBITDA Margin, %	48.8%	**42.9%**	
Finnish Ports segment			
Gross container throughput, 000s TEU	178	**224**	25%
Revenue (audited)	23.5	**23.6**	0%
Adjusted EBITDA	2.8	**3.4**	21%
Adjusted EBITDA Margin, %	12.0%	**14.3%**	
NCC GROUP			
Gross container throughput, 000s TEU	1,069	**1,145**	7%
Revenue (audited)	253.3	**256.9**	1%
Adjusted EBITDA	164.0	**163.2**	(0%)
Adjusted EBITDA Margin, %	64.7%	**63.5%**	
Illustrative Combined			
ILLUSTRATIVE COMBINED			
Russian Ports segment			
Gross container throughput, 000s TEU	2,519	**2,551**	1%
Revenue	630.8	**627.6**	(1%)
Adjusted EBITDA	406.0	**404.4**	(0%)
Adjusted EBITDA Margin, %	64.4%	**64.4%**	

11. Includes the balance sheet of NCC Group as at 31 December 2013

OUR TERMINALS

AN UNPARALLELED NETWORK OF CONTAINER TERMINALS

FROM ST PETERSBURG TO THE FAR EAST, OUR TERMINALS GIVE US A STRONG POSITION IN THE RUSSIAN CONTAINER HANDLING MARKET

BALTIC BASIN 3.49M TEU Global Ports terminal capacity[13]

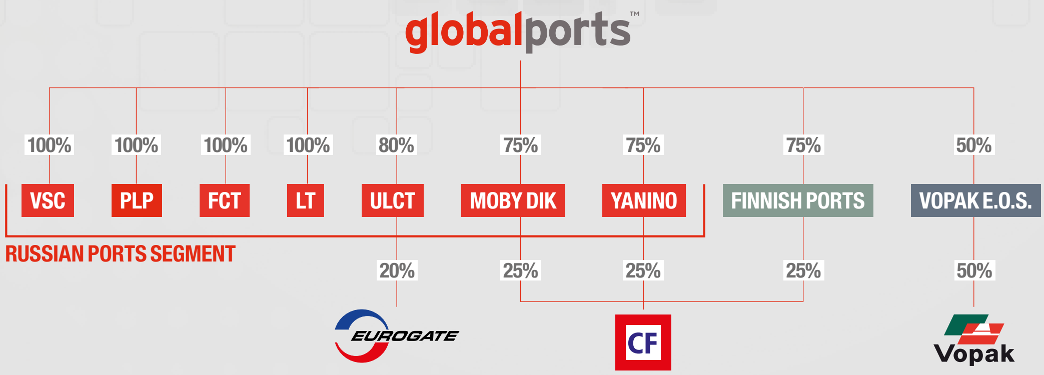
The Group's container terminals in the Baltic Sea Basin offer direct access to the most populous and economically developed regions of the European part of Russia, including Moscow and St Petersburg.

FAR EAST BASIN 550,000 TEU Global Ports terminal capacity

The Group's container terminal in the Far East Basin is in an ice-free harbour with deep-water access and a direct link to the Trans-Siberian Railway.

12. Source: ASOP. Container throughput in Baltic Sea Basin (56%), Far East Basin (26.8%), Black Sea Basin (14.7%), and North Russian Ports (2.5%) total container throughput of Russian terminals in 2013
13. Includes Russian Ports segment of Global Ports and the entire NCC Group

TERMINAL OWNERSHIP



FIRST CONTAINER TERMINAL (FCT)
Location: St Petersburg
Cargo handled: Containers
Container throughput capacity:
1.25 million TEU per year

PETROLESPORT (PLP)
Location: St Petersburg
Cargo handled: Containers, Ro-Ro, bulk and general cargo
Container throughput capacity:
1 million TEU per year

VOSTOCHNAYA STEVEDORING COMPANY (VSC)
Location: Nakhodka
Cargo handled: Containers, Ro-Ro, bulk cargo (coal)
Container throughput capacity:
550,000 TEU per year

UST-LUGA CONTAINER TERMINAL (ULCT)
Location: Ust-Luga port cluster (North-West of Russia)
Cargo handled: Containers, bulk cargo
Container throughput capacity:
440,000 TEU per year

MOBY DIK
Location: Kronstadt (St Petersburg)
Cargo handled: Containers, Ro-Ro, bulk and general cargo
Container throughput capacity:
400,000 TEU per year

YANINO
Location: Inland, near St Petersburg
Cargo handled: Containers, bulk cargo
Container throughput capacity:
200,000 TEU per year

LOGISTIKA TERMINAL (LT)
Location: Inland, near St Petersburg
Cargo handled: Containers, bulk cargo
Container throughput capacity:
200,000 TEU per year

MLT KOTKA & MLT HELSINKI
Locations: Helsinki and Kotka, Finland
Cargo handled: Containers, Ro-Ro, bulk cargo
Container throughput capacity:
420,000 TEU per year

VOPAK E.O.S.
Location: Tallinn, Estonia
Cargo handled: Oil products
Storage capacity: 1,026,000 cbm

KEY STRENGTHS

MARKET LEADER IN CONTAINERS

NO. 1

container terminal operator in Russia[14] by container throughput

7 MARINE CONTAINER TERMINALS

with a total capacity of 4,060 thousand TEU (including five terminals in Russia with a capacity of 3,640 thousand TEU and two terminals in Finland with total capacity of 420 thousand TEU) as at 31 December 2013

2 INLAND CONTAINER TERMINALS

near St Petersburg with a total capacity of 400 thousand TEU as at 31 December 2013

SECURED ASSET BASE, LOW CAPEX REQUIREMENTS

- Not a concession-based operation, direct ownership of 66% of land plots under terminals.
- 1,089 thousand TEU of unutilised container capacity[15], or 39% of 2013 container throughput, resulting in relatively limited CAPEX requirements.
- Potential for a 2.6x increase in the container capacity of the Russian Ports[16].

BEST IN CLASS CORPORATE GOVERNANCE

- Board of Directors with a strong track record and a deep understanding of the industry; two independent NEDs.
- Clear system of internal controls and risk management procedures in place.

HIGH PROFITABILITY, STRONG CASH-FLOW GENERATION[17]

- Adjusted EBITDA[18] of USD 420 million, with 90% generated by Russian Ports segment (mainly container operations).
- Russian Ports segment's Adjusted EBITDA Margin[19] is 64.4%.
- Operating cash flow of USD 375 million.

MARKET DEMAND-BASED EXPANSION

- Global Ports has consistently invested in its facilities. As a result, the Group's terminals have spare operating capacity. This available capacity should enable Global Ports to accommodate additional volumes as container traffic increases.
- Significant scope for further expansion: potential to increase container-handling capacity to approximately 6,900 thousand TEU (2.2 times) in the Russian part of the Baltic Sea Basin (including to 2,600 thousand TEU at ULCT (5.9 times) and to 2,200 thousand TEU (4 times) in the Far East Basin.
- Proven track record of successful development of terminal facilities: the Group's assets are well-invested and require only limited capital expenditure for maintenance.

STRATEGIC PARTNERSHIP WITH MARKET LEADERS

- EUROGATE GmbH & Co. KGaA, KG (owns 20% of Ust-Luga Container Terminal) is Europe's leading shipping line-independent container terminal operator.
- Royal Vopak (owns 50% in Vopak E.O.S.) is a global market leader in independent storage and handling of liquid, oil products, chemicals, vegetable oils and liquefied gases, operating 77 terminals with a combined storage capacity of more than 30 million cubic metres in 29 countries worldwide as of December 2013.
- Container Finance Ltd Oy (owns 25% of Moby Dik, MLT, CD and Yanino) is a Finnish group of companies that also operates a leading inter-European shipping line in the Baltic Sea Basin.

14. Source: ASOP
15. Based on 2013 data. Calculated as total annual throughput capacity of maritime terminals of the Enlarged Group's Russian Ports Segment less 2013 container throughput of these terminals
16. Russian Ports segment of the Enlarged Group including Russian Ports segment of Global Ports and the entire NCC Group
17. Based on the illustrative Combined Financial Metrics of the Enlarged Group for 2013
18. Adjusted EBITDA is defined as profit for the period before income tax expense, finance income/(costs) net, depreciation of property, plant and equipment, amortisation of intangible assets, other gains/(losses) net, impairment charge of property, plant and equipment and impairment charge of goodwill
19. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Revenue

2

STRATEGIC REVIEW

GLOBAL PORTS ACHIEVED A NUMBER OF SIGNIFICANT MILESTONES IN 2013.

WITH NCC ACQUIRED, THE GROUP IS WELL PLACED TO ACHIEVE FURTHER SUCCESS IN THE YEARS AHEAD.

A DECADE OF GROWTH, BUILT ON FIRM FOUNDATIONS, HAS ENABLED GLOBAL PORTS TO ACHIEVE A LANDMARK DEAL

HERE IS A HISTORY OF GLOBAL PORTS, ITS DEVELOPMENT AND ITS TRACK RECORD OF MAKING THE RIGHT BUSINESS MOVES. A STRATEGY INVOLVING ACQUISITION HAS ENABLED THE COMPANY TO PROGRESS IN JUST 10 YEARS FROM A SMALL REGIONAL PLAYER TO BECOME THE NUMBER ONE CONTAINER OPERATOR IN EASTERN EUROPE

1

In 2004 Global Ports had a share in just one container terminal: VSC

2004 SMALL REGIONAL PLAYER

- Share in one terminal in 2004 (VSC).
- One terminal in Russia, Far East basin.
- 273 thousand TEU of total container throughput.
- 550 thousand TEU of total container handling capacity.
- 2.2 million TEU of total potential container handling capacity at existing footprint.

273 THOUSAND TEU
Total container throughput

550 THOUSAND TEU
Total container handling capacity

NO. 1 in Eastern Europe: 10 terminals in three countries and two key basins in 2013

2013 AN ESSENTIAL PART OF THE GLOBAL CONTAINER CHAIN

2.8 MILLION TEU
Total container throughput[20]

4.1 MILLION TEU
Total container handling capacity[20]

10x
Container throughput increase in 2013 compared to 2004

9.1 MILLION TEU
Potential container handling capacity at existing footprint[21]

- Number one container operator in Eastern Europe[22].
- Public company with more than USD 2 billion market capitalisation[23], and that is an essential part of the global container chain.
- 10 terminals in three countries and two key basins.
- 2,774 thousand TEU of total container throughput.
- 4.1 million TEU of total capacity.
- 9.1 million TEU of total potential capacity.
- Further improvements in safety, operations, procurement and insurance coverage in cooperation with APM Terminals.

THE NCC TRANSACTION WAS IN LINE WITH OUR PREVIOUSLY ANNOUNCED STRATEGY AND THE NEXT LOGICAL STEP IN THE GLOBAL PORTS DEVELOPMENT

2005-2012

- **Targeted and timely investments:** the right investments at the right time and the right locations (VSC, MD); converting old Soviet bulk terminals into modern container facilities (PLP).
- **Portfolio optimisation:** sell-off of non-growth assets, while keeping growth assets.
- **Prudent financial policy:** moderate leverage, financial flexibility, prudent capital allocation; focus on returns of invested capital and efficiency.
- **Strategic partnerships:** cooperation with blue-chip partners (Vopak, DP World, Containerships).
- **Investing in the best managers**
- **Best corporate governance practices** implemented in very early stages of development.
- **IPO,** June 2011.
- **APM Terminals Transaction** has strengthened the Global Ports Group's leading position by providing it with access to APM Terminals' unrivalled global expertise in terminal development and operation.

20. Russian Ports and Finnish Ports segments on an Illustrative Combined basis
21. Russian Ports segment of the Enlarged Group
22. Source: Drewry, based on 2013 data, some 2013 numbers are estimated
23. As of 10 April 2014

NCC GROUP IS A GREAT ASSET THAT COMPLEMENTS OUR PORTFOLIO

Well-invested terminals at right locations:

- **First Container Terminal**
  The largest incumbent container terminal in Russia
  1.25 MILLION TEU
  Annual container throughput capacity

- **Ust-Luga Container Terminal**
  A newly developed modern container terminal in active ramp-up phase
  440 THOUSAND TEU
  Annual container throughput capacity

- **Logistika Terminal**
  Inland container terminal offering logistical support to maritime operations
  200 THOUSAND TEU
  Annual container throughput capacity

HOW THE NCC ACQUISITION TRANSFORMS GLOBAL PORTS

IN DECEMBER 2013 GLOBAL PORTS ACQUIRED NCC GROUP, CEMENTING THE GROUP'S LEADING POSITION IN THE RUSSIAN CONTAINER MARKET. NCC IS A HIGH-QUALITY ASSET WITH GREAT GROWTH PROSPECTS

NCC Group demonstrated solid performance in 2013:

+7% growth in total marine container throughput

$257M revenue of NCC in 2013

+2.5% growth in container throughput at FCT

$163M Adjusted EBITDA of NCC in 2013

5.5x increase in throughput of ULCT which is in active ramp-up stage

64% High Adjusted EBITDA Margin in 2013

The acquisition brings Global Ports tangible benefits:

- **Increased exposure on growing Russian container market,** with approximately 90% of the Enlarged Group's Adjusted EBITDA in 2013 generated by containers.
- **Available capacity of 1.1 million TEU** of Combined Group enables substantial CAPEX reduction.
- **Win-win,** creating potential to increase efficiency for both clients and Global Ports.
- **Tangible synergies** in operations, commercial and other areas.

+70% to 2013 Global Ports standalone marine container throughput

+54% to Global Ports standalone consolidated revenue for 2013

+71% to Global Ports standalone container-handling capacity

+64% to Global Ports standalone Adjusted EBITDA for 2013

KEY MANAGEMENT OF ACQUIRED TERMINALS RETAINED

Global Ports has retained the key management of the acquired NCC terminals. All the managers have many years of experience in the container handling business and possess a vast amount of industry knowledge:

ALIONA ASHURKOVA
Deputy Chief Executive Officer of Global Ports

Ms. Ashurkova was appointed as Deputy Chief Executive Officer in 2014. From 2006 to 2013 she served as the President of NCC. Prior to that, from 2002 to 2006, Ms. Ashurkova held the positions of Chief Financial Officer (CFO) in First Quantum and Vice-President of Development and Investments in NCC.

ALEXANDER TIKHOV
General Manager, First Container Terminal

Mr. Tikhov was appointed as the General Manager of First Container Terminal in 2007 whilst part of NCC and has more than 30 years of experience in the industry.

ANDREY BOGDANOV
General Manager, Ust-Luga Container Terminal

Mr. Bogdanov, who has 30 years of experience in the industry, was appointed as the General Manager of the Ust-Luga Container Terminal in 2012 whilst part of NCC.

VITALY MISHIN
General Manager of Logistika-Terminal

Mr. Mishin was appointed as the General Manager of Logistika-Terminal in 2010. He began his career in 1980 at Leningrad Sea Commercial Port (since 1992 – Sea Port of St Petersburg). He has 34 years of experience in the industry.

INTEGRATION OF NCC IS FIRMLY ON TRACK

Rapid integration…

- **Rationalisation of headquarters complete, key personnel retained**
  - One office, unnecessary leases of premises terminated.
  - All terminal Managing Directors and key NCC head office staff retained.
  - Duplicate holding functions eliminated.
- **Clear governance principles established from day one**
  - Full financial control.
  - Single line of command, clear reporting lines along key functions.
  - Clear risk management and budgeting; principles adopted at new facilities.

… delivering tangible results:

- **Reduced CAPEX**
  2014E of USD 66 million versus USD 79 million in 2013.
- **Run rate:**
  of around USD 7 million annual costs savings secured.
  - **Debt portfolio:**
    partially refinanced, more being negotiated.
  - **Optimisation of head office:**
    number of employees, leases.

…with further synergies to be released in the medium term:

- **Safety**
  - Safety reviews of all new facilities complete, action plans being developed.
  - Implement global requirements in all Global Ports terminals by the end of 2014.
- **Information Technology**
  - Strong team of in-house IT developers of NCC (more than 50 people) joining the Group.
  - Optimisation of IT security and functionality.
- **Equipment and Portfolio**
  - Centralized procurement of equipment and major spare parts, resulting in scale efficiencies and better specifications.
  - Repair and maintenance optimisation and transfer of knowledge.
  - Centralised view on asset utilisation, equipment sharing where efficient.
  - Outsource support functions and optimise capital allocation.
- **Operations**
  - Implement Global Ports' KPIs on productivity, performance management.
  - Transfer of knowledge, process optimisation between terminals in St Petersburg.
- **Commercial**
  - Already working seamlessly across the portfolio.
  - Create network benefits, focus on ability to undertake capacity commitments.
  - Work with customers to explore vessel calls optimisation opportunities.

$7M
annual cost savings secured

KEY MILESTONES OF 2013

JANUARY

New Board of Directors elected
Appointment of APM Terminals nominated directors to the Board, aligning governance best practice to reflect the shareholders' interests.

Kim Fejfer, CEO of APM Terminals, became Vice Chairman of the Board.

JUNE

$37.6M

Additional dividend payment of USD 37.6 million or USD 0.24 per GDR distributed to shareholders.

JULY

World's largest container ship at VSC

Maersk Mc-Kinney Møller, the world's largest container ship, docks at VSC terminal during its maiden voyage.

Maersk Mc-Kinney Møller

OCTOBER

$32.9M

Interim dividend payment of USD 32.9 million or USD 0.21 per GDR.

JUNE

150,000 TEUs

MLT Kotka, one of the Group's two Finnish container terminals, adds an additional yard, increasing the port's total capacity from 90,000 TEUs to 150,000 TEUs.

JULY

Appointment of Chief Operating Officer

Executive management team strengthened by the appointment of Anders Kjeldsen as Chief Operating Officer of Global Ports Group.

Mr Kjeldsen joined from APM Terminals and has a strong track record in the industry.

SEPTEMBER

Announcement of NCC acquisition

Global Ports enters into binding arrangements to acquire 100% of the share capital of NCC Group Limited.

Ust-Luga Container Terminal

DECEMBER

$14.1M

Board declares payment of additional dividend (paid in February 2014) of USD 14.1 million or USD 0.09 per GDR, which together with an additional dividend payment of USD 11.5 million or USD 0.06 per GDR (to be paid by June 2014) brings the total dividend payment for 2013 to USD 58.5 million or 51% on Net Profit.

DECEMBER

Acquisition of NCC completed

Global Ports acquires NCC Group Limited, cementing the Group's leading position in the growing Russian container market.

CHAIRMAN'S STATEMENT

GLOBAL PORTS IS NOW ONE OF THE MOST PROMINENT PLAYERS IN THE MARKET

THE ACQUISITION OF NCC HAS CREATED THE LARGEST CONTAINER PORTS GROUP IN EASTERN EUROPE

"FOLLOWING THE ACQUISITION OF THE NCC GROUP, GLOBAL PORTS BECAME THE LARGEST CONTAINER TERMINAL OPERATOR IN EASTERN EUROPE"

Nikita Mishin,
Chairman

Last year was one of strategic transformation for Global Ports as, following the acquisition of the NCC Group, Russia's second largest container terminal operator[24], it became the largest container terminal operator in Eastern Europe[25]. The combined Group now has a network of seven marine container handling terminals in Russia and Finland with ample available capacity to accommodate growth in container volumes for years to come.

It was also a challenging year as the Russian economy steadily lost momentum, which was reflected in slowing growth in consumer spending and imports. Against this background, our core combined container business[26] produced a solid operational performance with container throughput increasing by 2.9%, with revenue and Adjusted EBITDA broadly in line with the previous year. Our cash flow and financial position was strong, enabling us to return more than half our attributable net profits, a total of USD 58.5 million, as dividends to our shareholders.

NCC

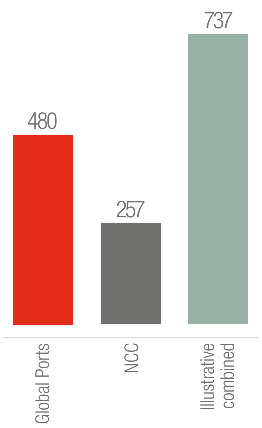
The acquisition of NCC marked a watershed moment in the evolution of the Group. The fact that we were able to seize this unique opportunity was due to a series of carefully planned actions over the last decade that have allowed us to cement the Group's sector leadership. These included our decision to list on the London Stock Exchange in 2011, which improved our access to international capital markets, and the introduction of APM Terminals, one of the largest global container ports operators, as a co-controlling shareholder in Global Ports. These actions were key to us being able to complete this transformational deal.

The purchase of NCC was a logical next step towards meeting our strategic objectives. It enabled us to secure our leadership position for the future in the Russian container handling market, while allowing us to capture sizeable synergies and secure capacity for further long-term growth. The Board felt that a combination with NCC offered shareholders the prospect of far greater value creation than could be achieved by Global Ports alone. I am pleased to say that our shareholders shared this view and voted overwhelmingly in favour of the transaction. Our efforts are now focused on successfully integrating the two companies. The process has started well and we expect full integration will take at least 12 months to complete. In the meantime, we are already seeing benefits starting to emerge in the form of cost

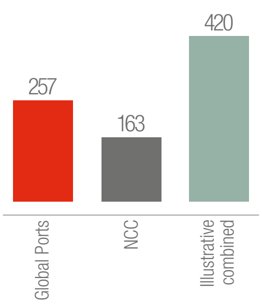
24. Source: ASOP, based on 2013 data
25. Source: Drewry, based on 2013 data, some 2013 numbers are estimated
26. Russian Ports segment on a combined basis including NCC Group and Finnish Ports segment

KEY DATA

REVENUE 2013
USD MILLION



EBITDA 2013
USD MILLION



1.1M

Global Ports available capacity in TEUs, enabling the Company to accommodate growth in container volumes for years to come

$58.5M

The dividend declared for 2013 by the Board

"I AM CONFIDENT THAT THE 'NEW' GLOBAL PORTS, WITH ITS STRONG ASSET BASE AND EXCELLENT MANAGEMENT TEAM, OFFERS A GOOD PLATFORM TO DELIVER VALUE TO OUR SHAREHOLDERS"

savings from the optimisation of head office, lower financing costs and a reduction in capital expenditure allocations. We anticipate capturing further operational synergies over the medium term as we begin to optimise productivity across all parts of the business.

Governance

The Board has long recognised that effective governance is central to the long-term success of Global Ports. As a Board we have consistently adopted high standards of corporate governance, financial reporting and control mechanisms to meet expectations of international investors. Over time, as the Group has grown and new stakeholders have been introduced, we have refined our governance model to ensure it continues to meet best practice standards and supports the Group's business strategy.

A governance framework is, of course, only as effective as the Board that oversees it. We have assembled a high-quality Board of Directors with significant relevant skills and experience across a number of sectors in Russia and internationally. As a result, I believe we have a Board with the right balance of skills and experience to contribute effectively to the management of the business and also, where required, challenge decision making.

Dividend

The Board recognises that dividends are a key component of shareholder returns and is committed to a transparent dividend policy that supports a minimum target payout ratio of 30% of Net Profit attributable to shareholders in any financial year.

On the basis of our solid financial results, healthy balance sheet and strong cash flows, the Board is recommending an additional dividend payment of USD 11.5 million, or USD 0.06 per GDR. This brings the total dividend for the year to USD 0.36 per GDR, which equates to a payout ratio of 51% of Net Profit attributable to shareholders.

Our people

In less than 20 years, Global Ports has grown to become the largest container terminal operator in Eastern Europe. This is a remarkable achievement that would not have been possible without the valuable contribution of all our colleagues over this period. On behalf of the Board, I would like to thank them for their substantial contributions to our performance in 2013. I would also like to take this opportunity to welcome our new colleagues from NCC; we look forward to their involvement in the business in 2014.

Conclusion

The acquisition of NCC makes the Group the leading container terminal operator in Eastern Europe. It increases the quality of our earnings, while providing additional capacity requirements for years to come, thereby removing the need for substantial additional capital expenditure.

Operationally, 2013 was a challenging year, with a slowdown in growth rates in Russia reflected in slowing consumption and imports. Against this backdrop, our container business[26] demonstrated solid results with container throughput increasing 2.9%.

In the short term, Russia faces a testing year ahead as the economy continues to slow, which may cause further volatility in our sector. In this context I am confident that the 'new' Global Ports, with its strong asset base and excellent management team with extensive experience from previous economic cycles, offers a good platform to deliver value to our shareholders.

Nikita Mishin
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

THE GROUP'S GROWTH REINFORCES OUR LEADERSHIP POSITION IN THE REGION

A STRONGER PRESENCE AND SYNERGY POTENTIAL ARE AMONG THE BENEFITS THAT GLOBAL PORTS WILL ENJOY AFTER BUYING NCC, ONE OF THE BEST CONTAINER TERMINAL OPERATORS IN RUSSIA AND EASTERN EUROPE

"THE ACQUISITION OF NCC IS AN IMPORTANT MILESTONE FOR THE FUTURE DEVELOPMENT OF THE GROUP"

Dr. Alexander Nazarchuk, Chief Executive Officer

In 2013 Global Ports achieved another important milestone in its development with the acquisition of the NCC group. This was a transformational deal that deepens our presence in the container terminal sector in Russia and reinforces the Group's leadership position in the region. It represents another logical step in a journey that has seen Global Ports grow from its roots as a small privately-owned, local operator into a major public company operating at the heart of the global shipping and logistics chain across Russia and Eastern Europe.

NCC

In acquiring NCC we have bought one of the best container terminal operators in the region, at what we consider to be an attractive valuation for a well-established business. NCC represents a great fit with our business both strategically and operationally, for a number of reasons:

First, it is a profitable business that produces substantial cash flows and a consistently high EBITDA margin. In 2013 its EBITDA margin amounted to 63.5%.

Second, it is worth highlighting the complementary nature and high quality of the asset base we have acquired. NCC has two marine terminals in the Baltic Basin, the main gateway for Russian container cargo, where Global Ports already has a well-established presence. The NCC portfolio includes First Container Terminal in St Petersburg, the largest container terminal in Russia, which handles over 1 million TEUs per annum, and ULCT, a recently launched purpose-built container terminal at Ust-Luga, Russia's largest port infrastructure development. FCT, due to its long operating history, has an established client base of blue-chip customers and a favourable cargo mix. Meanwhile ULCT, which is currently in ramp-up mode, is ideally placed to compete for Baltic transit cargo.

Third, the enlarged Group has the potential to generate significant cost savings and operational efficiencies. Our integration work has already delivered some early gains. Rationalisation of the head office has been completed, key personnel retained and clear governance principles established. Furthermore, we have already secured an annualised run rate of USD 7 million of cost savings from the reduction in administrative costs together with lower financing costs.

Looking ahead, there is considerable scope to enhance our operational performance, through sharing best practice and improving our operating efficiency further. For instance, minimising the number of double vessel calls our customers make to FCT and Petrolesport, Global Ports's main Baltic Sea terminals, will improve vessel turnaround times and increase terminal productivity and berth utilisation.

64.4%

The impressive level at which the enlarged Russian Ports segment's Adjusted EBITDA Margin held steady

The enlarged Group has approximately 1.1 million TEUs of available capacity, giving us ample room to meet future demand. Importantly, this additional capacity will have a positive impact on our future CAPEX needs as we will no longer need to earmark significant capital expenditure to increase container capacity. Since the year end, we have already announced a reduction to our capital expenditure plan and now expect it to be of the order of USD 66 million, down from our previous USD 79 million level in 2013. The final point is about organisational culture – a key factor in determining whether acquisitions create long-term value. We have retained all of NCC's key management team who, I am pleased to say, share a similar set of values to those we have at Global Ports, and so far the integration process is running smoothly.

Financial performance

On a combined basis, including NCC, Adjusted EBITDA for the enlarged Russian Ports segment was broadly flat at USD 404 million in 2013. Despite industry-wide pressure on storage time, the Adjusted EBITDA Margin held steady at an impressive 64.4%.

Global Ports' container operations delivered a resilient performance in a slowing market. The Russian Ports segment reported revenues of USD 371 million which were broadly on a par with the performance in 2012. Adjusted EBITDA of the segment for the period was largely unchanged at USD 241 million, resulting in a 97 basis point increase in Adjusted EBITDA Margin to 65.1%. This improvement in profit margin resulted from the combination of better pricing and continued good cost discipline. Elsewhere our Finnish Ports segment produced a good performance with a 21% increase in EBITDA on the back of a 25% increase in container throughput, supported by volumes from new customers. Overall, though, reported Group revenues fell by 4.4% to USD 480 million and adjusted EBITDA declined 10.8% to USD 257 million, mainly driven by weak performance of the Oil Products Terminal segment as well as transaction costs and increased headquarter costs.

Global Ports was again highly cash generative in 2013, producing a healthy USD 220 million from operating activities. Capital expenditure fell by 10% to USD 71.8 million, which was actually some 44% lower than our initial 2013 CAPEX budget. Capital expenditure fell in 2013 as investments were postponed primarily in anticipation of the potential acquisition of NCC.

NCC's standalone results in 2013 were also solid. Revenues increased by 1% to USD 257 million, while Adjusted EBITDA of USD 163 million and an Adjusted EBITDA Margin at 63.5% were both broadly unchanged on the previous year. These figures illustrate the fact that NCC is a stable, high-quality business and we acquired a profitable, high margin business at a reasonable valuation.

As mentioned earlier, the addition of NCC's capacity has changed the calculus around the Group's future capital expenditure requirements, which should enable us to reallocate funds to other priorities. One key priority is to reduce our post-acquisition level of leverage. As a result of the NCC transaction, we closed the year with Net Debt of USD 1,419 million, and a Net Debt to Adjusted EBITDA[27] ratio of 3.4 times. The servicing of such a level of debt is comfortable as the business generates strong cash flows, its capital expenditure requirements are low and the debt repayment schedule is undemanding.

Operational review

Container volumes at Global Ports were broadly flat at 1.63 million TEU. Average revenue per TEU in Russian Ports segment increased by 2%, largely due to an increase in headline tariffs that came into effect at the start of the year – however, this was partly offset by an industry-wide decline in container dwell time.

In the Baltic Basin, Petrolesport (PLP) saw a reduction in container throughput mainly due to weak growth in the St Petersburg Port area, as some volumes were redistributed to FCT but also due to the fact that a few of our key shipping clients lost market share. In the Far East, VSC, Global Port's second largest container facility, situated on Russia's Pacific coast, had an outstanding year in 2013. VSC has a very strong competitive position in the Far East, and it benefited from strong intra-regional trade flows, supported by its access to the Trans-Siberian Railway.

At NCC, container throughput volumes increased by 7% to 1.15 million TEU, driven by the active ramp-up of ULCT, and supported by a strong performance at FCT, where container volumes increased by 2.5%.

Outlook

In the longer term, we remain positive about the structural growth potential of the container market in Russia. Global Ports, with its unrivalled combination of modern up-to-date port facilities in key locations and exposure to the container market, is well positioned to capitalise on the growth of containerisation in Russia.

In the current uneasy market environment the Group is in a good shape to deal with macroeconomic challenges. We have a healthy balance sheet, our debt levels are manageable and our debt repayment schedule is undemanding. Our main priority over the coming year will be the integration of NCC and the delivery of the associated synergies we have identified. Other key objectives include: expanding capacity at VSC, our container terminal in the Pacific Basin, where buoyant trade flows are driving strong growth in container volumes; and improving the Group's overall operating efficiency. With regard to NCC, we have established an integration taskforce to manage the process and as I have already mentioned, since the transaction closed in December we have already delivered some important cost synergies. We remain confident that the Group will make continued progress in 2014.

Dr. Alexander Nazarchuk
Chief Executive Officer

"GLOBAL PORTS, WITH ITS UNRIVALLED COMBINATION OF MODERN, UP-TO-DATE PORT FACILITIES IN KEY LOCATIONS AND EXPOSURE TO THE CONTAINER MARKET, IS WELL POSITIONED TO CAPITALISE ON THE GROWTH OF CONTAINERISATION IN RUSSIA"

27. Illustrative Combined basis

3

BUSINESS REVIEW

RUSSIAN CONTAINER MARKET GROWTH IN 2013 CONTINUED TO EXCEED THAT OF THE GLOBAL CONTAINER MARKET.

GLOBAL PORTS GROUP TRANSFORMED ITS BUSINESS IN 2013 WITH THE ACQUISITION OF NCC.

EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT TEAM

FROM RUNNING TERMINALS TO HANDLING CROSS-BORDER TRANSACTIONS, THE TEAM IS HUGELY EXPERIENCED IN OPERATING PORTS AROUND THE WORLD

ALEXANDER NAZARCHUK

Member of the Board of Directors, Chief Executive Officer

Dr. Nazarchuk was appointed as an executive member of the Board of Directors in 2008 and has been the Chief Executive Officer of the Company since 2008. Dr. Nazarchuk has also held the positions of Chairman of the council of Vopak E.O.S. (earlier E.O.S.) since December 2004, member of the Board of Directors of Petrolesport since December 2007 and member of the Board of Directors of VSC since October 2005. Dr. Nazarchuk served as a member of the Board of New Forwarding Company OAO from June 2003 until August 2008, a member of the Board of Directors of Sevtekhnotrans OOO from September 2007 until August 2008, a member of the Board of Directors of AS Spacecom from April 2003 until June 2008 and a senior scientist in International Centre of Scientific and Technical Information of Moscow from December 1996 until December 1998.

He graduated from Lomonosov Moscow State University with a Doctorate in Philosophy. Dr. Nazarchuk has been a Professor of the Faculty of Philosophy at Lomonosov Moscow State University since September 2002. He is the author of four books and numerous articles.

ALIONA ASHURKOVA

Deputy Chief Executive Officer

Ms. Ashurkova was appointed as Deputy Chief Executive Officer in 2014. From 2006 to 2013, she served as the President of NCC. Prior to that, from 2002 to 2006, she held the positions of Chief Financial Officer (CFO) in First Quantum and Vice-President of Development and Investments in NCC. She was Director of Development and Investments in Seaport St Petersburg PLC from 1998 to 2002.

Ms. Ashurkova started her career in major financial and investment companies including Sovlink, Alliance-MENATEP and Deloitte & Touche, having graduated from Lomonosov Moscow State University as a specialist in foreign economic affairs, finance and enterprise analysis, and holds a PhD.

MIKHAIL LOGANOV

Member of the Board of Directors, Chief Financial Officer

Mr. Loganov was appointed as the Chief Financial Officer of the Company in October 2013. He has served as a member of the Board of Directors of the Company and was a member of its Audit and Risk and Remuneration Committees between December 2008 and October 2013. He has extensive experience in corporate finance, risk management and business administration acquired during a career primarily across the transportation and logistics industry in Russia.

Mr. Loganov served as a Managing Director and Executive member of the Board of Directors of Globaltrans Investment PLC between April 2008 and October 2013. In that role, he was responsible for financial and reporting activities of Globaltrans as well as having oversight of capital markets and M&A transactions in addition to other responsibilities. Prior to that he held other senior finance positions within the Globaltrans Group. Mr. Loganov started his career with American Express (Europe) Ltd in the UK as a financial analyst in 2001. He graduated with honours from the University of Brighton in the UK with a degree in Business Studies with Finance.

Executive team members who manage specific terminals are featured in this section on page 36

EVGENY ZALTSMAN

Head of Business Development

Mr. Zaltsman has served as the Business Development Director of the Company since 2008. Prior to joining the Company, he worked for four years in Deutsche Bank in the Corporate Finance department in Moscow. He has extensive experience in all aspects of M&A and capital markets transactions execution. He participated in a number of landmark domestic and cross-border transactions in the financial institutions, industrials and transportation industry.

Mr. Zaltsman graduated from the Finance Academy with a degree in International Economic Relations. He also attended the MSc in Management programme at EMLYON business school.

ROY CUMMINS

Chief Commercial Officer

Mr. Cummins has served as the Chief Commercial Officer of the Company since September 2009. He has over 20 years of experience in the ports and shipping industry, having worked in Europe, Asia, the Middle East and Australia. Prior to joining the Group, Mr. Cummins worked for DP World for three years as Chief Executive Officer and was a member of the board of directors of Saigon Premier Container Terminal, a 'greenfield' port development project in Vietnam.

Prior to that, Mr. Cummins held various positions in the P&O Group in both the liner shipping division (P&O Nedlloyd) and the ports division (P&O Ports), where, in the latter case, he held the positions of General Manager of the Port Botany Terminal in Sydney, Australia, and the West Swanson Terminal in Melbourne, Australia, respectively, during the period between 2000 and 2006. Mr. Cummins graduated from the University of Durham (UK), where he obtained a bachelor's degree in French and German in 1990. He also holds an MBA degree from the University of Warwick (UK) which he obtained in 2006.

ANDERS KJELDSEN

Chief Operating Officer

Mr. Kjeldsen has served as the Chief Operating Officer of the Company since July 2013. Prior to that Mr. Kjeldsen headed APM Terminals in the Western Mediterranean (covering terminals in Spain and Morocco with a total capacity of five million TEU). He joined the A.P. Moller-Maersk group in 1991 and during the last 23 years has worked in most disciplines of the container terminal industry. Prior to his role of managing the Western Mediterranean region, he was Managing Director of APM Terminals Algeciras, a 3.6 million TEUs container terminal in Southern Spain. Throughout his career he has worked in Denmark, Germany, the Netherlands and Spain. Through corporate positions and several board memberships Mr. Kjeldsen has been involved in terminal operations in most parts of the world.

MARKET REVIEW

5.3%

Growth in the container market in Russia in 2013, during which total container throughput reached 5.2 million TEU

THE RUSSIAN CONTAINER MARKET REMAINED ONE OF THE FASTEST GROWING IN THE WORLD

IN 2013, THE RUSSIAN CONTAINER MARKET CONTINUED TO GROW AT A FASTER RATE THAN THE GLOBAL CONTAINER MARKET, YET IT REMAINS BEHIND OTHER COUNTRIES IN TERMS OF CONTAINERISATION LEVELS, OFFERING LONG-TERM GROWTH POTENTIAL

Last year saw a continuation of the long-term growth trends exhibited by the Russian container industry in recent years, although the pace of development was impacted by the slowdown in growth of the Russian economy.

In 2013, the total container throughput of Russian marine container terminals grew by a further 5.3%[28] and total container throughput reached 5.2 million TEU[28] compared to 4.9 million TEU[28] in 2012. In line with the previous decade's performance, the container market growth rate remained higher than that of Russian GDP growth of 1.3%[29], driven by growth in imports (+5.9%[29]) and household consumption (+4.7%[29]), as well as the ongoing containerisation of the Russian economy.

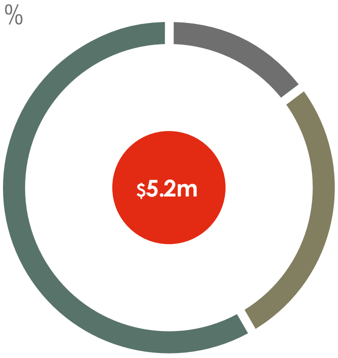
Furthermore, Russian container market growth in 2013 continued to exceed that of the global container market, which grew at 3%[30] year on year, remaining one of the most rapidly growing markets in the world.

The containerisation of Russian cargo flows continued to grow steadily, particularly in non-ferrous metals, automobiles, machinery, and the food industry. Despite achieving growth that consistently outstrips that of the global market, Russia still remains far behind other countries in terms of containerisation levels, thereby retaining its long-term growth potential. In 2013, the level of Russian containerisation amounted to 42 TEU[30] per capita, less than half the global average (90 TEU[30]). Russia lags behind not only European developed economies (135 TEU[30]) and North America (134 TEU[30]),

"RUSSIAN CONTAINER MARKET GROWTH IN 2013 CONTINUED TO EXCEED THAT OF THE GLOBAL CONTAINER MARKET"

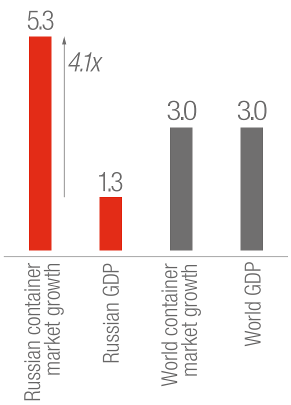
28. Source: ASOP
29. Source: Rosstat
30. Source: Drewry, some 2013 numbers are estimated
31. Source: Drewry (some 2013 number are estimated), ASOP, Company data, open sources
32. Including Baltic, 56% of Russian container flow in 2013

RUSSIAN CONTAINER FLOW IN 2013[¤]
%

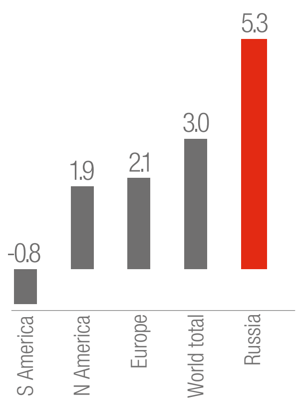


NORTH-WEST BASIN[32] 58.5%
BLACK SEA BASIN 14.7%
FAR EAST BASIN 26.8%

CONTAINER MARKET VS. GDP GROWTH IN 2013*[¤]
%



2013 GLOBAL CONTAINER MARKET GROWTH RATE BY REGION*[¤]
%



but also many emerging markets such as Turkey, which had a containerisation level of 95 TEU[30] per capita in 2013.

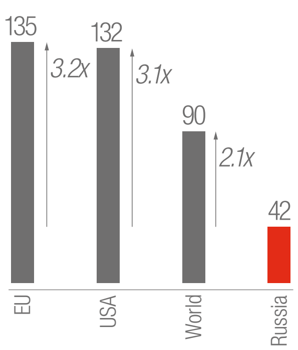
For the Russian container market, 2013 proved to be an interesting year with some varied growth dynamics. The Far East Basin, for example, delivered growth of 18% or 213,000 TEU year on year driven by relatively buoyant intra-Asian trade and increasing support for rail services to central Russia, Moscow and the CIS, and the Black Sea Basin grew by 10% or 72,000 TEU year on year, predominantly due to the positive effect of the Sochi Winter Olympics. The Baltic Basin, Russia's main container gateway, which handles almost 60% of total Russian container terminal throughput, saw flat growth over the period. However, it remains Russia's key container hub due to its close proximity to high population density areas generating a significant share of the country's consumption demand.

Minor capacity additions by existing players increased total industry capacity to 6.9 million TEU[31] as at the end of 2013. Consequently, capacity utilisation levels remained above 70%, a comfortable level both for terminals and their clients. Looking ahead to 2014, there will be no significant capacity added to the market, except for that planned by Global Ports.

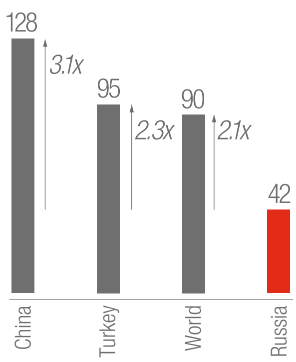
All in all, the Russian container market produced a fundamentally healthy performance against a slowing economic backdrop and still retains significant long-term growth potential due to the key fundamentals of low containerisation levels and growing household consumption.

CONTAINER MARKET HIGHLIGHTS

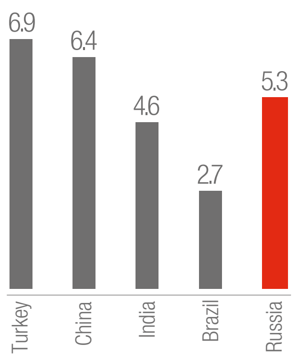
CONTAINER PENETRATION IN 2013*
TEU PER '000 CAPITA



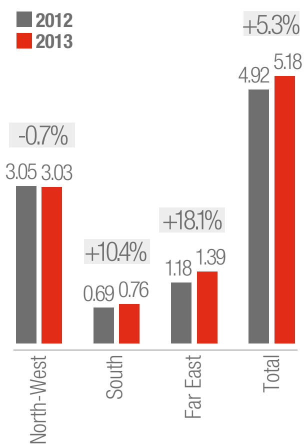
CONTAINER PENETRATION IN 2013*, CERTAIN EMERGING MARKETS
TEU PER '000 CAPITA



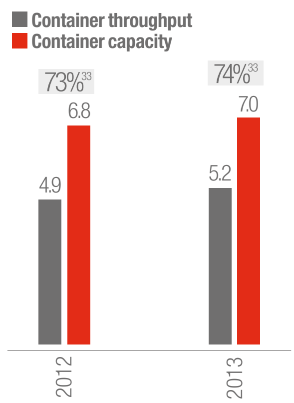
2013 EMERGING MARKETS CONTAINER MARKET GROWTH*¤
%



RUSSIAN CONTAINER MARKET BY BASIN
MILLION TEU



CAPACITY UTILISATION DYNAMICS*¤∆
MILLION TEU



* Source: Drewry, some 2013 numbers are estimated
¤ Source: ASOP
∆ Source: Company estimate

33. Utilisation rate: calculated as container throughput divided by container capacity

GLOBAL PORTS GROUP

SECURING OUR POSITION AS MARKET LEADER AND BUILDING A FIRM FOUNDATION FOR FUTURE GROWTH

WITH THE ACQUISITION OF NCC, GLOBAL PORTS HAS UNDERLINED ITS STATUS AS THE NUMBER ONE OPERATOR IN THE RUSSIAN CONTAINER HANDLING MARKET

THE DEAL HAS ALREADY DELIVERED SYNERGIES, WITH MORE EXPECTED IN THE YEARS AHEAD

The year was a transformational one for Global Ports with the acquisition of NCC, which secured the Group's leadership position in the Russian container handling market and set a foundation for growth going forward.

On an Illustrative Combined basis the key business of the Enlarged Group, the container business[34], showed solid results with gross container throughput up 2.9%. The combined broadly flat Adjusted EBITDA of the Russian Ports container business was offset by a decrease in revenue in the Oil Products Terminal segment, which continued to operate in a difficult market environment, as well as by the Transaction costs and headquarter costs.

The integration of NCC Group has been successful with an annual run rate of USD 7 million* of cost synergies secured already. Further synergies in operations, equipment, commercial and IT are to be realised over the mid-term.

KEY HIGHLIGHTS (ILLUSTRATIVE COMBINED BASIS)

2.9%

Gross container throughput of the Global Ports Group and NCC Group for 2013 on an Illustrative Combined basis rose 2.9%* to 2,774 thousand TEU

USD 420 MILLION

The Group's Adjusted EBITDA on an Illustrative Combined basis was USD 420 million* for 2013

USD 404.4 MILLION

Container business[34] Adjusted EBITDA was broadly flat at USD 404.4 million* for 2013

USD 7 MILLION

The integration of NCC Group has been successful with an annual run rate of USD 7 million* of cost synergies secured already

34. Russian Ports segment of the Enlarged Group including Russian Ports segment of Global Ports and the entire NCC Group and Finnish Ports segment

GLOBAL PORTS GROUP (EXCLUDING NCC GROUP)

1,629 THOUSAND TEU

Global Ports gross container throughput remained broadly flat at 1,629 thousand TEU* in 2013, compared to 1,628 thousand TEU* in 2012

5.8%

Profit attributable to the Owners of the Company in 2013 increased 5.8% to USD 114.1 million from USD 107.8 million in 2012

USD **256.8** MILLION

Global Ports Group's Adjusted EBITDA in 2013 was USD 256.8 million*

4.3%*

Basic and diluted earnings per share increased 4.3% in 2013 to USD 0.24 from USD 0.23 in 2012

65.1%

Russian Ports segment's Adjusted EBITDA Margin in 2013 increased 97 bp to 65.1%* from 64.1%* in 2012, while Adjusted EBITDA remained broadly flat at USD 241.3 million*

44%

Capital expenditures for the Global Ports Group on a cash basis in 2013 decreased by 10% to USD 71.8 million (44% lower than initially planned for 2013)

DIVIDENDS

On the basis of the solid financial results and healthy balance sheet of the Global Ports Group, the Board of Directors declared an additional dividend payment of USD 11.5 million*, or USD 0.06* per GDR. This together with interim dividend payments of USD 32.9 million* or USD 0.21* per GDR in September 2013 and USD 14.1 million* or USD 0.09* per GDR in December 2013 brings the total dividend for the year 2013 to USD 0.36* per GDR (USD 58.5 million* or 51%* of 2013 Net Profit attributable to Owners of the Company).

USD **58.5** MILLION

The total dividend for the year 2013

51%

2013 dividend payout ratio

Certain financial and operational information which is derived from the management accounts is marked in this Annual Report with an asterisk (*)

GROUP FINANCIAL PERFORMANCE

RESULTS OF OPERATIONS FOR THE GLOBAL PORTS GROUP (EXCLUDING NCC GROUP) FOR THE 12 MONTHS ENDED 31 DECEMBER 2012 AND 2013

The following table sets out the principal components of the Global Ports Group's consolidated income statement.

	2012 USD mln	2013 USD mln	Change USD mln	%
Selected consolidated IFRS financial information				
Revenue	501.8	480.0	(21.9)	(4.4%)
Cost of sales, administrative, selling and marketing expenses	(343.2)	(293.7)	49.5	(14.4%)
Operating profit	157.3	189.5	32.3	20.5%
Profit for the period	123.5	114.1	(9.4)	(7.6%)
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period	0.23	0.24	0.01	4.3%
Non-IFRS financial information[35]*				
Cost of Sales, Adjusted for Impairment	241.8*	238.2*	(3.6)	(1.5%)
Total Operating Cash Costs	213.9*	223.2*	9.2	4.3%
Adjusted EBITDA	287.9*	256.8*	(31.1)	(10.8%)
Adjusted EBITDA Margin	57.4%*	53.5%*		

35. Cost of Sales, Adjusted for Impairment, Total Operating Cash Costs, Adjusted EBITDA and Adjusted EBITDA Margin (***the Supplemental Non-IFRS Measures***) are additional non-IFRS financial measures. The Supplemental Non-IFRS Financial Measures are presented as supplemental measures of the Global Ports Group's operating performance, some of which the Global Ports Group believes are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Russian market and global ports sector. The Supplemental Non-IFRS Measures have limitations as analytical tools, and should not be considered in isolation, or as a combination, as a substitute for analysis of the Global Ports Group's operating results as reported under IFRS.
Other companies in the port containers industry may calculate the Supplemental Non-IFRS Measures differently or may use each of them for different purposes than the Global Ports Group, limiting their usefulness as comparative measures.
The Global Ports Group relies primarily on its IFRS operating results and uses the Supplemental Non-IFRS Measures only supplementally. The Supplemental Non-IFRS Measures are not defined by, or presented in accordance with, IFRS. The Supplemental Non-IFRS Measures are not measurements of the Global Ports Group's operating performance under IFRS and should not be considered as alternatives to revenues, profit, operating profit, net cash provided by operating activities or any other measures of performance under IFRS or as alternatives to cash flow from operating activities or as measures of the Global Ports Group's liquidity. In particular, Adjusted EBITDA and Adjusted EBITDA Margin should not be considered as measures of discretionary cash available to the Global Ports Group to invest in the growth of its business.

"The integration process of NCC Group is going well. We have quickly rationalized the headquarters and established GPI's governance principles in all of the newly acquired entities. This together with partial refinancing of debt portfolio secured an annualised cost-savings run rate of USD 7 million and we expect to extract more synergies from optimising the Group's operating processes and commercial activities in the medium-term"

Evgeny Zaltsman, Head of Business Development

RESULTS OF OPERATIONS FOR THE GLOBAL PORTS GROUP (EXCLUDING NCC GROUP)

Revenue

Revenue decreased by USD 21.9 million, or 4.4%, from USD 501.8 million in 2012 to USD 480.0 million in 2013. This decrease was primarily due to a USD 15.4 million or 13.2% decrease in the revenue of the Oil Products Terminal segment and a USD 6.7 million* or 1.8%* decrease in the revenue of the Russian Ports segment, which was partially offset by a USD 0.2 million* or 1.44%* increase in the revenue of the Finnish Ports segment. Revenue is discussed in greater detail in the discussion of the financial results for each of Global Ports Group's segments later or in this section of the Annual Report.

In 2013 the Russian Ports segment contributed 75.2% of the Global Ports Group's revenue. The revenue contribution of the Oil Products Terminal segment decreased from 23.2% in 2012 to 21.1% in 2013. The Finnish Ports segment's contribution accounted for 3.7% of the Group's revenue in 2013.

Cost of sales

Cost of sales decreased by USD 61.6 million, or 20.6%, from USD 299.8 million in 2012 to USD 238.2 million in 2013. This decrease was primarily due to costs related to the impairment charge of Yanino Logistic Park in 2012 in the total amount of USD 58.0 million which were not repeated in 2013. The impairment charge was recognised as follows: impairment charge of property, plant and equipment of USD 51.5 million and impairment charge of goodwill of USD 6.5 million.

Cost of Sales Adjusted for Impairment decreased by USD 3.6 million*, or 1.5%, from USD 241.8 million* in 2012 to USD 238.2* million in 2013.

Cost of sales is discussed in greater detail in the discussion of the financial results for each of the Global Ports Group's segments later in this section.

Administrative, selling and marketing expenses

Administrative, selling and marketing expenses increased by USD 12.1 million, or 28.0%, from USD 43.4 million in 2012 to USD 55.5 million in 2013 primarily due to transaction costs and headquarter costs (mainly staff costs).

Other gains/(losses) — net

Other gains/(losses) – net changed from a loss of USD 1.4 million in 2012 to a gain of USD 3.2 million in 2013. This change was primarily due to USD 2.3 million in currency

EARNINGS PER SHARE
USD

REVENUE

	2012		2013	
	USD mln	% of total	USD mln	% of total
Russian Ports segment	367.8*	73.3%	361.1*	75.2%
Oil Products Terminal segment	116.6*	23.2%	101.2*	21.1%
Finnish Ports segment	17.4*	3.5%	17.7*	3.7%
Total revenue	**501.8**	**100.0%**	**480.0**	**100.0%**

GLOBAL PORTS GROUP CONTINUED

"The combination of a healthy balance sheet, strong cash flows, and reduced capital expenditure needs, means the Group is well positioned to swiftly optimise its leverage"

Mikhail Loganov, Chief Financial Officer

exchange gains on non-financing activities in 2013 compared to USD 0.3 million in currency exchange loss on non-financing activities in 2012.

Operating profit

Operating profit increased by USD 32.3 million, or 20.5%, from USD 157.3 million 2012 to USD 189.5 million 2013 due to the factors already discussed.

Finance costs — net

Finance costs – net increased by USD 34.9 million, or 10.5 times, from USD 3.7 million in 2012 to USD 38.5 million in 2013. This increase was primarily due to net foreign exchange losses on borrowings and other financial items of USD 21.5 million in 2013 compared to foreign exchange gains on borrowings and other financial items of USD 12.0 million in 2012 and was mainly driven by the depreciation of the Russian rouble against the US dollar (at the 2013 period end the exchange rate weakened by 7.8% compared to the end of 2012) and the Russian rouble against the euro (the 2013 period end exchange rate weakened by 11.8% compared to the end of 2012).

Profit before income tax

Profit before income tax decreased by USD 2.6 million, or 1.7%, from USD 153.6 million in 2012 to USD 151.0 million in 2013 due to the factors already discussed.

Income tax expense

Income tax expense increased by USD 6.8 million or 22.6%, from USD 30.1 million in 2012 to USD 36.9 million in 2013. This increase was mainly driven by decreased expenses not deductible for tax purposes and a decrease of income not subject to tax in the Oil Products Terminal segment.

GLOBAL PORTS GROUP'S ADJUSTED EBITDA

The following table sets out the adjustments made to Global Ports Group's profit for the year to calculate the Group's Adjusted EBITDA for the years ended 31 December 2012 and 2013.

	2012 USD mln	2013 USD mln	Change USD mln	%
Profit for the period	**123.5**	**114.1**	**(9.4)**	**(7.6%)**
Plus (*minus*)				
Income tax expense	30.1	36.9	6.8	22.6%
Finance costs, net	3.7	38.5	34.9	952.4%
Amortisation of intangible assets	7.3	7.3	(0.1)	(1.2%)
Depreciation of property, plant and equipment	63.9	63.3	(0.6)	(1.0%)
Impairment of PPE and Goodwill	58.0	–	(58.0)	
Other losses/(gains)	1.4	(3.2)	(4.6)	(334.2%)
Adjusted EBITDA	**287.9***	**256.8***	**(31.1)**	**(10.8%)**

Global Ports Group's effective tax rate, calculated as income tax expense divided by profit before income tax, was 24.5% in 2013 and 19.6% in 2012.

Profit for the year

Profit for the year decreased by USD 9.4 million, or 7.6%, from USD 123.5 million in 2012 to USD 114.1 million in 2013 due to the factors discussed above.

Profit attributable to the owners of the Company

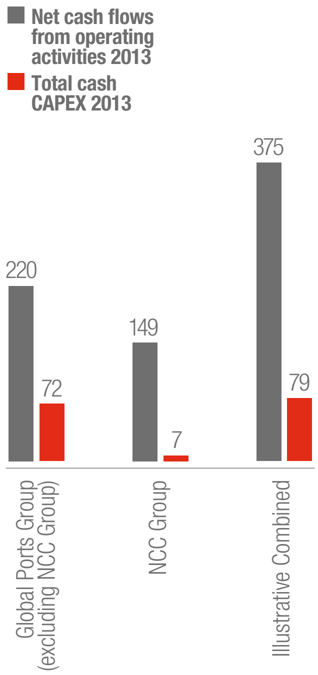
Profit attributable to the owners of the Company increased by USD 6.3 million, or 5.8%, from USD 107.8 million in 2012 to USD 114.1 million in 2013 due to the factors discussed above.

Basic and diluted earnings per share for profit attributable to the owners of the Company during the year

Basic and diluted earnings per share for profit attributable to the owners of the Company during the year increased by USD 0.01, or 4.3%, from USD 0.23 in 2012 to USD 0.24 million in 2013 due to the factors discussed above and the

OPERATING CASH FLOW AND CAPEX, 2013

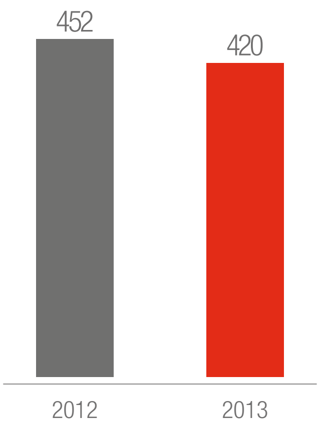
USD MILLION



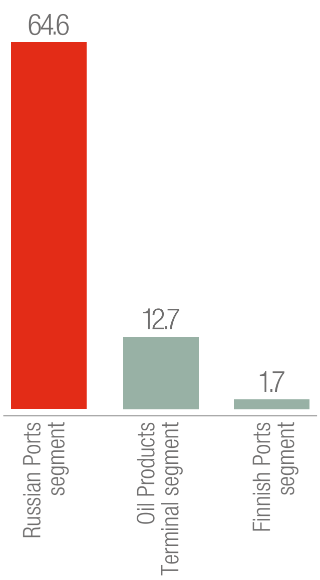
"Gross container throughput for the Enlarged Group grew by 2.9%* in 2013"

Roy Cummins, Chief Commercial Officer

ENLARGED GROUP'S ADJUSTED EBITDA[36]
USD MILLION



CAPITAL EXPENDITURE[37] BREAKDOWN, 2013
USD MILLION



issuance of new shares in the course of the transaction.

Non-IFRS measures: Adjusted EBITDA and Adjusted EBITDA Margin

Global Ports Group's Adjusted EBITDA decreased by USD 31.1 million*, or 10.8%*, from USD 287.9 million* in 2012 to USD 256.8 million* in 2013, mainly impacted by the decrease in revenues from the Oil Products Terminal segment as well as by an increase in administrative, selling and marketing expenses due to the transaction costs and headquarter costs. Adjusted EBITDA of the Russian Ports segment (representing mainly container business) remained relatively flat at USD 241.3 million*.

The Group's Adjusted EBITDA Margin decreased to 53.5%* in 2013 compared to 57.4%* in 2012 due to the factors already discussed. The Adjusted EBITDA Margin of the Russian Ports segment (representing mainly the container business) increased by 97 bp to 65.1%.

Liquidity and capital resources

As at 31 December 2013, the Global Ports Group (including NCC Group) had USD 132.5 million in cash and cash equivalents[38].

Global Ports Group's liquidity needs arise primarily in connection with the capital investment programmes of each of its operating segments as well as their operating costs. In the period under review, Global Ports Group's liquidity needs were met primarily by revenues generated from operating activities as well as through borrowings. The management of Global Ports Group expects to fund its liquidity requirements in both the short and medium term with cash generated from operating activities and borrowings.

"GLOBAL PORTS GROUP'S CAPITAL EXPENDITURES ON A CASH BASIS IN 2012 AND 2013 WERE USD 79.8 MILLION AND USD 71.8 MILLION, RESPECTIVELY"

As a result of the shareholding or joint venture agreements at Moby Dik, the Finnish Ports, Yanino, ULCT and Vopak E.O.S., cash generated from the operating activities of the entities constituting the respective business is not freely available to fund the other operations and capital expenditures of Global Ports Group, or any other businesses within Global Ports Group, and can only be lent to an entity or distributed as a dividend with the consent of the other shareholders who are parties to those arrangements. PLP, FCT, and VSC are not subject to such agreements. Accordingly, each of Global Ports Group's businesses is dependent on the cash generated by it and its own borrowings, whether external or from its shareholders, to fund its cash and capital requirements.

As at 31 December 2013, the Global Ports Group had USD 1,551.4 million of total borrowings, of which USD 1,321.1 million comprised non-current borrowings and USD 230.3 million comprised current borrowings (see also Capital Resources table on p32).

36. On an Illustrative Combined basis
37. On a cash basis
38. Including bank deposits with maturity over 90 days totalling USD 10.9 million

GLOBAL PORTS GROUP CONTINUED

$375M

Cash flow from operating activity of the combined group

CASH FLOWS FOR 2012 AND 2013[39]

The following table sets out the principal components of the Global Ports Group's consolidated cash flow statement for 2012 and 2013.

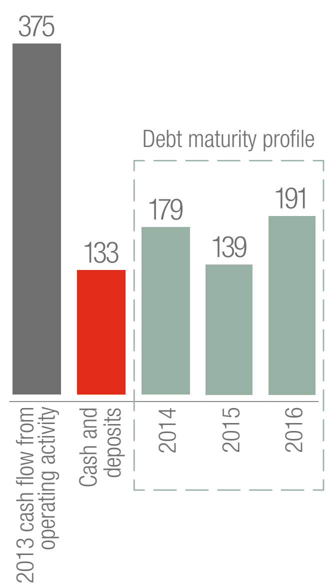
	2012 USD mln	2013 USD mln	Change USD mln	%
Cash generated from operations	**293.1**	**276.8**	**(16.3)**	**(5.5%)**
Tax paid	(41.3)	(57.2)	(16.0)	(38.7%)
Net cash from operating activities	**251.8**	**219.6**	**(32.2)**	**(12.8%)**
Net cash used in investing activities	**(303.8)**	**(247.7)**	**56.1**	**18.5%**
Purchase of shareholdings from non-controlling entities/acquisition of subsidiaries – net of cash acquired	(230.0)	(177.6)	52.4	22.8%
Purchases of intangible assets	(0.2)	(0.3)	(0.1)	(34.7%)
Purchases of property, plant and equipment	(79.8)	(71.8)	8.0	10.0%
Net cash from bank deposits with maturity over 90 days	(10.0)	4.3	14.3	NM
Loans granted to related parties	(2.8)	(5.1)	(2.3)	(84.9%)
Loan repayments received from related parties	14.1	0.6	(13.5)	(96.0%)
Other	4.9	2.3	(2.6)	(53.7%)
Net cash from financing activities	**1.0**	**64.1**	**63.1**	**6,607.2%**
Net cash inflows from borrowings and financial leases	108.1	237.4	129.3	119.6%
Interest paid	(12.3)	(21.5)	(9.2)	(74.5%)
Dividends paid to the owners of the Company	(79.9)	(150.4)	(70.5)	(88.2%)
Dividends paid to non-controlling interests	(14.9)	–	14.9	100.0%

CAPITAL RESOURCES[42]

	31 December 2012 USD mln	31 December 2012 % of total	31 December 2013 USD mln	31 December 2013 % of total
USD	279.7	84.0%	1,251.9	80.7%
RUB	27.0	8.1%	222.2[40]	14.3%
EUR	26.4	7.9%	77.2	5.0%
TOTAL	333.1	100.0%	1,551.4	100.0%

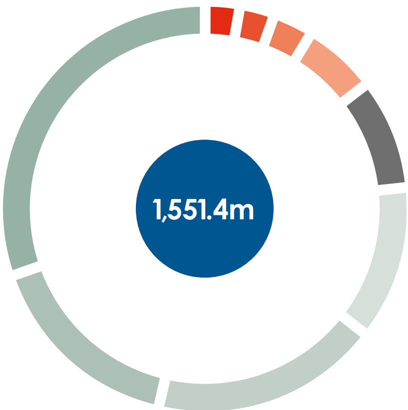
STRONG CASH FLOW AND COMFORTABLE MATURITY PROFILE[41]

USD MILLION



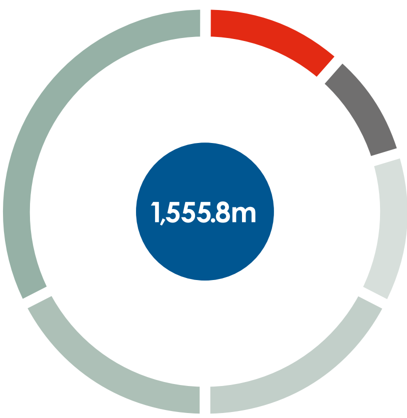
39. Global Ports Group (excluding NCC Group)
40. Includes USD 197 million RUB loan which is hedged with cross-currency interest swap at holding level making it effectively a USD loan
41. As at 31 January 2014
42. Illustrative Combined Financial Metrics

MATURITY PROFILE OF THE GROUP'S BORROWINGS
AS AT 31 DECEMBER 2013
USD MILLION



1ST QUARTER 2014	47.7
2ND QUARTER 2014	43.5
3RD QUARTER 2014	44
4TH QUARTER 2014	95
2015	139
2016	191
2017	283.3
2018	235.2
2019 AND LATER	472.6

MATURITY PROFILE OF THE GROUP'S BORROWINGS*
(FOLLOWING POST NCC ACQUISITION REFINANCING)
AS AT 31 JANUARY 2014
USD MILLION



2014	178.7
2015	139
2016	191
2017	271.8
2018	270.2
2019 AND LATER	505.1

"In response to the rapid growth of the market, Global Ports plans to increase VSC's capacity by 100,000 TEU in 2014"
Anders Kjeldsen, Chief Operating Officer

GLOBAL PORTS GROUP CONTINUED

Capital expenditures
Global Ports Group's capital expenditures on a cash basis in 2012 and 2013 were USD 79.8 million and USD 71.8 million, respectively, and were used to finance the expansion of its terminals' capacity and for the purchase and replacement of equipment.

The Russian Ports segment's capital expenditures on a cash and 100% basis for 2012 and 2013 were USD 66.0 million and USD 64.6 million, respectively.

The Oil Products Terminal segment's capital expenditures on a cash and 100% basis for 2012 and 2013 were USD 27.8 million and USD 12.7 million, respectively.

The Finnish Ports segment's capital expenditures on a cash and 100% basis for 2012 and 2013 were USD 0.5 million and USD 1.7 million, respectively.

Cash flows for 2012 and 2013
Net cash from operating activities
Net cash from operating activities decreased by USD 32.2 million, or 12.8%, from USD 251.8 million in 2012 to USD 219.6 million in 2013. This decrease was primarily due to a USD 16.0 million, or 38.7%, increase in tax paid, from USD 41.3 million in 2012 to USD 57.2 million in 2013. This increase in tax paid was mainly due to the tax paid by Vopak E.O.S on profit distributions to its shareholders in 2013. In addition, a USD 16.3 million, or 5.5%, decrease in cash generated from operations contributed to the decrease mentioned above.

Net cash used in investing activities
Net cash used in investing activities decreased by USD 56.1 million, or 18.5%, from USD 303.8 million in 2012 to USD 247.7 million in 2013. This change was primarily due to a 22.8%, or USD 52.4 million, decrease in cash outflow as a result of the acquisition of subsidiaries. This transaction-related cash outflow for acquisitions of subsidiaries, net of cash acquired, amounted to USD 177.6 million in 2013, compared to cash outflow for the purchase of shareholdings from non-controlling interests related to the acquisition of 25% of VSC for USD 230 million in 2012.

Net cash (used in)/from financing activities
Net cash from financing activities in 2012 was USD 1.0 million. This consisted primarily of net cash inflow from borrowings and financial leases (USD 108.1 million), interest paid (USD 12.3 million) and dividends paid (USD 79.9 million).

Net cash from financing activities in 2013 was USD 64.1 million. This consisted primarily of net cash inflows from borrowings and financial leases (USD 237.4 million, including a bank facility of USD 238.4 million to finance the transaction), interest paid (USD 21.5 million) and dividends paid (USD 150.4 million). The increase for the 12-month period ended 31 December 2013 compared to the 12-month period ended 31 December 2012 was mainly due to dividend payments and transaction-related borrowings.

Capital resources
The Global Ports Group's financial indebtedness consists of bank borrowings, loans from related and third parties, and finance leases liabilities in an aggregate principal amount of USD 333.1 million as at 31 December 2012 and USD 1,551.4 million as at 31 December 2013. The increase in financial indebtedness from 2012 was mainly driven by additional borrowings related to the acquisition of NCC.

The Group's weighted average effective interest rate as at 31 December 2013 was 6.22%*.

As at 31 December 2012 and 31 December 2013, the carrying amounts of Global Ports Group's borrowings were denominated in three currencies.

20%

Increase of container throughput at VSC in 2013

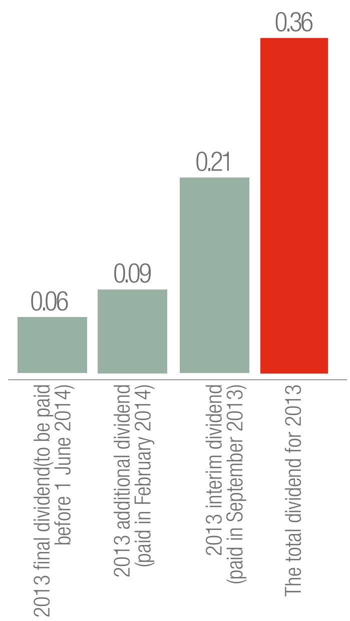
GLOBAL PORTS GROUP'S KEY OPERATIONAL INFORMATION

The following table sets forth the maturity profile of the Group's borrowings (including finance leases) as at 31 December 2013[43].

	2012	2013	Change	%
Gross throughput				
Russian Ports segment				
Containerised cargo (thousand TEUs)				
PLP	827*	711*	(116)	(14%)
VSC	397*	475*	78	20%
Moby Dik	226*	219*	(7)	(3%)
Total	**1,450***	**1,405***	**(45)**	**(3%)**
Non-containerised cargo				
Ro-ro (thousand units)	24*	24*	0	(0%)
Cars (thousand units)	105*	108*	3	3%
Other bulk cargo (thousand tonnes)	1,217*	895*	(322)	(26%)
Yanino (inland container terminal)				
Containerised cargo – inland container depot (thousand TEUs)	63*	63*	0	0%
Bulk cargo throughput (thousand tonnes)	279*	304*	25	9%
Finnish Ports segment				
Containerised cargo (thousand TEUs)	178*	224*	45	25%
Gross Container Throughput (excl. Yanino) (TEUs)	**1,628***	**1,629***	**1**	**0%**
Oil Products Terminal segment				
Oil Products Gross Throughput (million tonnes)	10.4*	9.7*	(0.7)	(7%)

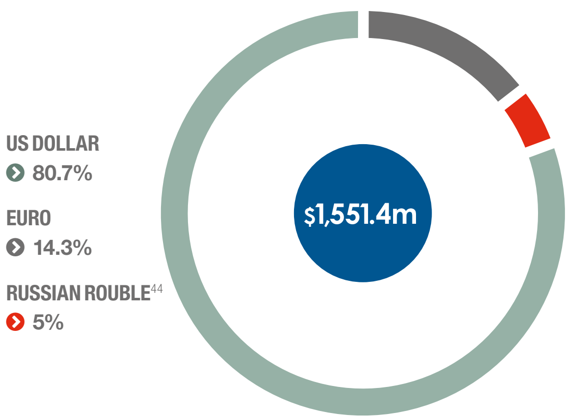
51% OF NET PROFIT DISTRIBUTED AS DIVIDENDS

USD, DIVIDEND PER GDR



GROUP'S TOTAL DEBT BREAKDOWN BY CURRENCIES

AS AT DECEMBER 2013



43. Gross Throughput is shown on a 100% basis for each terminal, including proportionally consolidated terminals held through joint ventures
44. Includes USD 197 million RUB loan which is hedged with cross-currency interest swap at holding level making it effectively a USD loan

RUSSIAN PORTS SEGMENT

RUSSIAN PORTS SEGMENT DEMONSTRATED A SOLID PERFORMANCE

EDUARD CHOVUSHYAN

Managing Director of Petrolesport

Mr. Chovushyan has served as Managing Director of Petrolesport since March 2007. He has more than 15 years' experience in various port managerial positions in the N-Trans group of companies.

VALERY MESTULOV

Managing Director of Vostochnaya Stevedoring Company

Mr. Mestulov was appointed General Manager of VSC in March 2012. Before that he served as a General Manager of Moby Dik since July 2010 and as a General Manager of Yanino since January 2011 until October 2013. His experience in the port industry over a 10-year period includes roles as Deputy General Manager of Vostochny Port OAO, General Manager of VSC, and General Manager of Vladivostok Container Terminal OOO.

VICTORIA SCHERBAKOVA-SLUSARENKO

General Manager of Yanino

Ms. Scherbakova-Slusarenko has been working with the Group since 2009. In 2013 she was appointed as General Director of Yanino Logistics Park LLC.

ALEXANDER DUDKO

General Manager of Moby Dik

Mr. Dudko was appointed General Manager of Moby Dik in March 2012. Before that Mr. Dudko served as Operations Director of VSC since early 2011 when he joined the company from DP World Southampton (UK), where he spent three years in various positions.

The throughput of Russian container terminals grew 5.3%[45] in 2013, nearly double the pace of the global container market, 3%[46], in the same year. Container throughput in the Russian Federation Ports in 2013 was 5.18 million TEU[45]. Overall industry capacity utilisation levels[47] remained at a healthy 74% during 2013 compared to 73% in 2012.

The gross container throughput in the Russian Ports segment (excluding Yanino) declined 3% to 1,405 thousand TEU* in 2013 compared to 1,450 thousand* TEU* in 2012. Container throughput at VSC increased 20% (or 78 thousand TEU*) in 2013 compared to 2012. However, this increase was offset by a 14% decrease (or 116 thousand TEU*) in container throughput at PLP and a 3% decrease (or 7 thousand TEU*) at Moby Dik.

45. Source: ASOP
46. Source: Drewry; some 2013 numbers are estimated
47. Capacity utilisation rate is defined as container throughput in the corresponding period divided by container handling capacity for the period; Source: Drewry (some 2013 numbers are estimated), ASOP, Company data, open sources

COMPONENTS OF THE RUSSIAN PORTS SEGMENT'S REVENUE

The following table sets forth the components of the Russian Ports segment's revenue for 2012 and 2013.

	2012 USD mln	2013 USD mln	Change USD mln	%
Revenue	**377.5**	**370.7**	**(6.8)**	**(1.8%)**
Container handling	283.0*	279.0*	(4.0)	(1.4%)
Other	94.5*	91.7*	(2.8)	(2.9%)

GLOBAL PORTS GROUP'S REVENUE

The following table sets out Global Ports Group's revenue from cargo handling and storage services, the Group's total marine container throughput and the revenue per TEU for the 12 months ended 31 December 2012 and 2013.

		12 months ended 31 December		Change	
		2012	2013	(Abs)	%
Container handling	USD million	283.0*	279.0*	(4.0)	(1.4%)
Total marine container throughput	thousand TEUs	1,450*	1,405*	(44.5)	(3.1%)
Revenue per TEU	USD per TEU	195.2*	198.5*	3.3	1.7%

The 20%* increase in container throughput at VSC was underpinned by its exposure to the relatively buoyant intra-Asian trades and improved rail services arranged by Global Ports from VSC.

The container throughput at PLP and Moby Dik was impacted by the broadly flat container volumes in the St Petersburg basin as well as a reduction in market share of some of the terminals' key customers. Some of the Group's customers also switched to the terminals of NCC. The latter was largely neutral for the Group result as according to the 'locked box' principle of the NCC acquisition, cash generated by NCC in 2013 belonged to Global Ports.

Cars handling volumes increased 3%* in 2013 compared to the previous year. Traditional Ro-Ro handling was flat in 2013 compared to 2012.

Financial performance

Revenue

The Russian Ports segment primarily generates revenue from container handling, which accounted for 75.0%* of the segment's revenue in 2012 and 75.3%* in 2013. The Russian Ports segment also generates revenue from handling bulk cargo, container storage and ancillary services. Revenue from these activities accounted for 25.0%* and 24.8%* of the segment's revenue in 2012 and 2013, respectively.

The segment's revenue decreased by USD 6.8 million, or 1.8%, from USD 377.5 million in 2012 to USD 370.7 million in 2013. This decrease was due to a USD 4.0 million or 1.4% decrease in revenue, related to container handling, and a USD 2.8 million or 2.9% decrease in other revenue. This decline in revenue from container handling was primarily due to the lower container throughput in the Russian Ports segment.

Other revenue decreased primarily due to a 26.5% decrease in other bulk cargo handling in 2013, which was caused by cessation of refrigerated bulk cargo handling at PLP as well as a decrease in other bulk cargo handled by terminals of the Russian Ports segment.

Revenue per TEU in 2013 increased by USD 3.3*, or 1.7%*, compared to 2012, mainly driven by increases in tariffs as well as by other factors, which was partially offset by the continuing industry-wide

RUSSIAN PORTS SEGMENT CONTINUED

"THE ADJUSTED EBITDA MARGIN OF THE RUSSIAN PORTS SEGMENT INCREASED BY 97 BASIS POINTS, FROM 64.1% IN 2012 TO 65.1% IN 2013"

decrease in dwell time for containers negatively affecting storage revenues.

Cost of sales, administrative, selling and marketing expenses

The Russian Ports segment's cost of sales, administrative, selling and marketing expenses decreased by USD 84.5 million, or 31.1%, from USD 271.9 million in 2012 to USD 187.4 million in 2013. This decrease was primarily due to a USD 75.2 million one-off PPE and goodwill impairment charge recognised in respect of Yanino Logistic Park in 2012.

The segments' Operating Cash Costs decreased by USD 6.0* million, or 4.4%*, outpacing the decline in the segment's revenue of USD 6.8 million, or 1.8%.

The decline in the Russian Ports segment's Operating Cash Costs was driven by a decrease in other operating expenses by USD 4.0 million, or 10.4%, decreases in fuel, electricity and gas by USD 1.3 million, or 12.2%, and a decline in Transportation expenses by USD 0.7 million, or 4.6%, primarily due to the lower level of cargo handling during the reporting period.

Adjusted EBITDA (Non-IFRS financial measure)

The Russian Ports segment's Adjusted EBITDA remained broadly flat at USD 241.3* million.

The Adjusted EBITDA Margin of the Russian Ports segment increased by 97 basis points, from 64.1%* in 2012 to 65.1%* in 2013, due to the reasons already discussed.

COST OF SALES, ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Russian Ports segment for 2012 and 2013.

	2012 USD mln	2013 USD mln	Change USD mln	Change %
Staff costs	58.3	58.6	0.3	0.5%
Depreciation of property, plant and equipment and amortisation of intangible assets	61.2	57.9	(3.3)	(5.4%)
Transportation expenses	15.4	14.7	(0.7)	(4.6%)
Fuel, electricity and gas	11.0	9.6	(1.3)	(12.2%)
Repair and maintenance of property, plant and equipment	12.0	11.8	(0.2)	(1.8%)
PPE and goodwill impairment	75.2	–	(75.2)	(100.0%)
Total	**233.1**	**152.6**	**(80.5)**	**(34.5%)**
Other operating expenses	38.8	34.8	(4.0)	(10.4%)
Total cost of sale, administrative, selling and marketing expenses	**271.9**	**187.4**	**(84.5)**	**(31.1%)**
Operating Cash Costs of Russian Ports segment	**135.5***	**129.5***	**(6.0)**	**(4.4%)**

"Vopak E.O.S. continued to operate in a difficult environment"
Arnout Dirk Lugtmeijer, General Manager of Vopak E.O.S.

OIL PRODUCTS TERMINAL SEGMENT

The Oil Products Terminal segment consists of the Global Ports Group's ownership interest in Vopak E.O.S (in which Royal Vopak currently has a 50% effective ownership interest). The results of the Oil Products Terminal segment are proportionally consolidated in the Global Ports Group's financial information but are included in the figures and discussion below on a 100% basis.

The table, right, sets out the results of operations for the Oil Products Terminal segment for 2012 and 2013.

RESULTS OF OPERATIONS FOR THE OIL PRODUCTS TERMINAL SEGMENT

	2012 USD mln	2013 USD mln	Change USD mln	%
Revenue	233.2	202.4	(30.8)	(13.2%)
Operating Cash Costs of the Oil Products Terminal segment, USD million	119.4*	115.7*	(3.8)	(3.1%)
Adjusted EBITDA, USD million	113.8*	86.7*	(27.0)	(23.8%)
Adjusted EBITDA Margin, %	48.8%*	42.9%*		

Revenue

The Oil Products Terminal segment's revenue decreased by USD 30.8 million, or 13.2%, from USD 233.2 million in 2012 to USD 202.4 million 2013. This decrease was primarily due to a 7.1% decrease in throughput at the terminal due to the difficult market environment, including the increased competition from Russian Ports, combined with a 6.5% decrease in Revenue per Tonne of Throughput, from USD 22.4* in 2012 to USD 21.0* in 2013, due to changes in the service and cargo mix.

Cost of sales, administrative, selling and marketing expenses

The table, right, sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Oil Products Terminal segment for 2012 and 2013.

COST OF SALES, ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

	2012 USD mln	2013 USD mln	Change USD mln	%
Staff costs	25.1	25.2	0.1	0.3%
Depreciation of property, plant and equipment and amortisation of intangible assets	21.4	26.2	4.8	22.4%
Transportation expenses	50.0	46.8	(3.2)	(6.4%)
Fuel, electricity and gas	29.1	28.7	(0.4)	(1.4%)
Repair and maintenance of property, plant and equipment	4.5	4.5	(0.1)	(1.3%)
Total	130.1	131.3	1.2	0.9%
Other Operating Expenses (non-IFRS measure)	10.7	10.5	(0.2)	(1.8%)
Total cost of sale, administrative, selling and marketing expenses	**140.8**	**141.9**	**1.0**	**0.7%**
Operating Cash Costs of the Oil Products Terminal segment	**119.4***	**115.7***	**(3.8)**	**(3.1%)**

The Oil Products Terminal segment's cost of sales, administrative, selling and marketing expenses increased by USD 1 million, or 0.7%, from USD 140.8 million in 2012 to USD 141.9 million in 2013. This increase was primarily due to a USD 4.8 million, or 22.4%, increase in depreciation of property, plant and equipment and amortisation of intangible assets following the completion of the construction of additional rail unloading facilities at the terminal in the third quarter of 2012. That increase was offset by a decrease in Transportation expenses by USD 3.2 million, or 6.4%, as a result of the decline in throughput volumes.

Operating Cash Costs of the Oil Products Terminal segment declined by USD 3.8* million, or 3.1%*, from USD 119.4* million in 2012 to USD 115.7* million in 2013, primarily driven by the decline in transportation expenses of USD 3.2 million, or 6.4%, as a result of the decline in throughput volumes.

Adjusted EBITDA (Non-IFRS financial measure)

The Oil Products Terminal segment's Adjusted EBITDA decreased by USD 27.0* million or 23.8%* from USD 113.8* million in 2012 to USD 86.7* million in 2013 due to the factors described above.

The Adjusted EBITDA Margin of the Oil Products Terminal segment decreased from 48.8%* in 2012 to 42.9%* in 2013 due to the factors already described.

"Gross container throughput of the Finnish Ports segment increased by 25% in 2013"

Dirk van Assendelft, General Manager of Multi-Link Terminals

FINNISH PORTS SEGMENT

The Finnish Ports segment consists of the Global Ports Group's ownership interests in MLT Kotka, MLT Helsinki (in each of which Container Finance currently has a 25% effective ownership interest). The results of the Finnish Ports segment are proportionally consolidated in the Global Ports Group's financial information but are included in the figures and discussion here on a 100% basis.

Operational performance

The Gross Container Throughput of the Finnish Ports segment increased by 25% year on year to 224 thousand* TEU from 178 thousand* TEU driven by acquisition of new clients.

Financial performance

Revenue

The Finnish Ports segment's revenue increased by USD 0.1 million, or 0.4%, from USD 23.5 million in 2012 to USD 23.6 million in 2013. The increase was primarily due to increased container throughput in the segment.

Cost of sales, administrative, selling and marketing expenses

The table, below, sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Finnish Ports segment for 2012 and 2013.

The Finnish Ports segment's cost of sales, administrative, selling and marketing expenses decreased by USD 0.6 million, or 2.6%, from USD 23.5 million in 2012 to USD 22.9 million in 2013.

Adjusted EBITDA (Non-IFRS financial measure)

The Finnish Ports segment's Adjusted EBITDA increased by USD 0.6 million*, or 21.1%*, from USD 2.8 million* in 2012 to USD 3.4 million* in 2013 due to the factors already described.

The Adjusted EBITDA Margin of the Finnish Ports segment increased from 12.0%* in 2012 to 14.3%* in 2013 due to the factors already described.

COST OF SALES, ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

	2012 USD mln	2013 USD mln	Change USD mln	Change %
Staff costs	9.2	8.4	(0.8)	(8.9%)
Depreciation of property, plant and equipment and amortisation of intangible assets	2.7	2.6	(0.1)	(4.6%)
Transportation expenses	2.4	3.2	0.7	30.1%
Fuel, electricity and gas	1.1	1.0	(0.1)	(12.3%)
Repair and maintenance of property, plant and equipment	1.3	1.3	0.0	0.7%
Total	16.8	16.4	(0.3)	(2.1%)
Other Operating Expenses (non-IFRS measure)	6.7	6.5	(0.3)	(4.0%)
Total cost of sale, administrative, selling and marketing expenses	**23.5**	**22.9**	**(0.6)**	**(2.6%)**
Operating Cash Costs of Finnish Ports segment	**20.8***	**20.3***	**(0.5)**	**(2.3%)**

4

CORPORATE GOVERNANCE

EFFECTIVE GOVERNANCE IS CENTRAL TO GLOBAL PORTS' LONG-TERM SUCCESS.

THE GROUP HAS ASSEMBLED A SKILLED, DIVERSE BOARD OF DIRECTORS TO HELP DELIVER HIGH STANDARDS.

BOARD OF DIRECTORS

5

The number of members of the Global Ports Group's Board of Directors with over 15 years' experience in ports and shipping industry

OUR BOARD HAS A UNIQUE MIX OF SKILLS AND EXPERIENCE

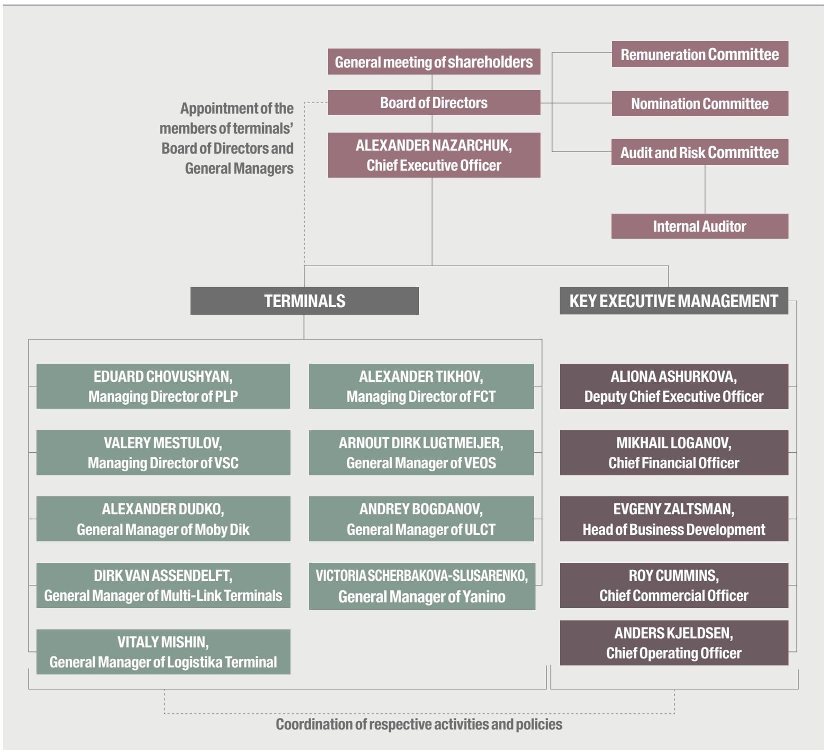
GLOBAL PORTS VALUES TALENT, EXPERIENCE AND DIVERSITY, WHICH CAN BE SEEN IN OUR DIRECTORS. BETWEEN THEM, THEY POSSESS A WIDE RANGE OF INDUSTRY KNOWLEDGE GAINED OVER MANY YEARS WORKING WITHIN RUSSIA AND AROUND THE GLOBE

2013 was a transformational year for Global Ports as we completed the takeover of NCC, making Global Ports the largest container terminal operator in Eastern Europe[48]. The Board is committed to building on this achievement to create long-term, sustainable value for our shareholders.

Global Ports has put in place a strong and effective governance system within which the Board plays a central role. We have a broad range of Non-Executive Directors with the requisite skills, knowledge and experience to match the Company's strategic requirements. All the Board members are actively involved in the stewardship of the Company: all major strategic and commercial decisions are delegated to them for review and approval, including all major financial expenditure items. Full details of the skills and experience of the Board members are provided on pages 44-45.

In 2013, the Board was reinforced by the appointment, as Non-Executive Directors, of two senior executives from APM Terminals, a co-controlling investor in Global Ports. APM Terminals is one of the world's leading international port operators and the appointment of Kim Fejfer, CEO of APM Terminals, and Tiemen Meester, APM Terminals' Head of Business Implementation, has increased the weight of industry expertise and experience on the Board of Directors. Mr. Fejfer, who has led APM Terminals since 2004, is widely recognised as one of the leading figures in the global ports industry. Both he and Mr. Meester have extensive international experience, having worked in a variety of different international management roles for APM Terminals over the last 20 years.

GLOBAL PORTS GOVERNANCE STRUCTURE



In 2013 the Group made further progress in aligning its programme for employee motivation with its corporate goals, assisted by the global experience of APM Terminals.

The Board Committees, all of which are chaired by Independent Non-Executive Directors, continued to function well in 2013, exercising strong controls over the Company's operations and demonstrating the Group's ongoing commitment to openness and transparency.

48. Source: Drewry; based on 2013 data, some 2013 numbers are estimated

FOR DIRECTORS' BIOGRAPHIES, SEE PAGE 44

NIKITA MISHIN

Chairman

"The Board of Global Ports is fully committed to strong governance and I believe that at Global Ports our governance principles and practices are on a par with best international practice."

KIM FEJFER

Vice Chairman

"One of the hallmarks of success is strong governance. Consequently, it is something I, and the rest of the Board, take extremely seriously."

SIOBHAN WALKER

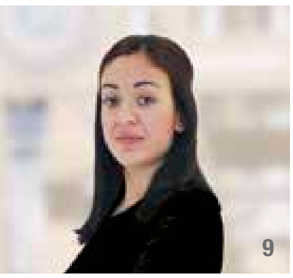
Independent Non-Executive Director

"As a Board, we play very close attention to the integrity of the Group's financial reporting and how we go about managing risk. The work of our Committee deeply focuses on the Group's financial reporting process, risk management systems and internal financial control systems. Our purpose is to ensure that we maintain a strong risk and control culture at Global Ports."

CAPT. BRYAN SMITH

Senior Independent Non-Executive Director

"I chair the Nominations and Remuneration Committees. Respectively, these committees ensure that the composition of our Board matches shareholder representation and the ongoing needs of our business, and that our remuneration policies are competitive so that our executive compensation is properly aligned to our strategy of delivering long-term value to shareholders."



1. Alexander Nazarchuk
2. Tiemen Meester
3. Mikhail Loganov
4. Alexander Iodchin
5. Konstantin Shirokov
6. Michael Thomaides
7. Constantinos Economides
8. Chrystalla Stylianou
9. Laura Michael
10. George Sofocleous

BOARD OF DIRECTORS' BIOGRAPHIES[49]

NIKITA MISHIN

Chairman of the Board of Directors, Member of Remuneration and Nomination Committees

Mr. Mishin was appointed as a non-executive member of the Board of Directors of Global Ports and elected as its Chairman in 2008. In addition, Mr. Mishin has served as the Chairman of the Board of Directors of Petrolesport since 2007, the Chairman of the Board of Directors of VSC since October 2005, a member of the Board of Directors of FCT since December 2013 and a member of the Board of Directors of ULCT since December 2013.

He graduated from the Lomonosov Moscow State University where he studied philosophy.

Mr. Mishin is one of the controlling shareholders of TIHL.

KIM FEJFER[50]

Vice Chairman of the Board of Directors

Mr. Fejfer was appointed CEO of APM Terminals in June 2004 and is based in The Hague, Netherlands company headquarters. He has been a member of the Maersk Group's Executive Board since January 2011. Mr. Fejfer first joined the A.P. Moller-Maersk Group in 1992 and has held a number of roles within the company including positions based in Denmark, Jakarta and Tokyo and became Senior Vice President and Chief Financial Officer of Maersk Inc based in New Jersey, USA in 2000. Mr. Fejfer graduated from the University of Aarhus, Denmark with a Master's in Finance and Economics. He served as an officer in the Danish Army, and has attended management programmes at IMD, Switzerland, Cranfield School of Management in England and Harvard Business School in Cambridge, Massachusetts.

SIOBHAN WALKER

Member of the Board of Directors, Independent Non-Executive Director, Chairman of Audit and Risk Committee

Ms. Walker was appointed as a member of the Board of Directors of the Company in May 2011 and is an independent Non-executive Director and Chairman of the Audit and Risk Committee. Ms. Walker has over 20 years of banking experience across multiple disciplines and geographies. She is currently Managing Director with the UK Corporate Coverage Division of ING Bank N.V., London.

Prior to this, Ms. Walker held a number of senior managerial positions in the Moscow office of ING Bank Eurasia over a period of 13 years. She graduated with Honours from the University of Sussex in England with a B.A. in International Relations.

CAPT. BRYAN SMITH

Member of the Board of Directors, Senior Independent Non-Executive Director, Chairman of Nominations Committee, Chairman of Remuneration Committee

Capt. Smith was appointed as a member of the Board of Directors of the Company in 2008 and is the Senior Independent Non-Executive Director. He has also held the positions of Chairman of the Board of Directors of Asian Terminals Incorporated from 2005 to 2009. Capt. Smith served as Vice President and Managing Director for South East Asia at DP World until his retirement from this position in July 2008. He also served as Deputy Chairman of the Board of Directors of LCIT (Laem Chabang, Thailand) from 1999 until 2008 and as Chairman of the Board of Directors of SPCT (Saigon, Vietnam) from 2006 until 2008. Capt. Smith was a Director and Chairman of Sydney Ports Corporation from 2009 to 2013. He received his Master Mariner qualification at the University of Technology, Sydney, Australia and is a graduate of the Advanced Management Program, Macquarie Graduate School of Management, Macquarie University, Sydney, Australia.

TIEMEN MEESTER[50]

Member of the Board of Directors

Mr. Meester was appointed Head of Business Implementation of APM Terminals and Vice President in July 2011. He has held various management positions within APM Terminals across Europe, the Middle East and CEE, including Country Manager for Russia and Area Manager for Eastern Europe for Maersk Line, and CEO of the Port of Salalah, Oman and Regional Manager for West and Central Asia region for APM Terminals. On APM Terminals Group level, he was appointed as CCO in 2007 and Head of Human Resources and Labour Relations in 2008. He began his industry career in 1992 at Sea-land Service Inc. and held operational managerial positions in Latvia, Russia and Pakistan before the company was acquired by AP Moller in 1999.

After graduation from the Dutch Naval College as an engineer and Merchant Marine Officer, Mr. Meester served as a Mariner, spending five years at sea with the merchant fleet, rising to the rank of First Officer before joining Sea-Land Service in 1992. His postgraduate education includes advanced Management and Business course work at the University of Groningen in the Netherlands, Columbia University in New York City, and Harvard Business School in Massachusetts.

ALEXANDER IODCHIN

Member of the Board of Directors

Mr. Iodchin was appointed as an executive member of the Board of Directors of the Company with the functions of the Secretary of the Board of Directors and the internal auditor of Global Ports in 2008. He resigned from the position of internal auditor in 2011. Mr. Iodchin currently also serves as a member of the Board of NCC Group Limited, Railfleet Holdings Limited and some other companies of the Group. Mr. Iodchin has held a position as a member of the Supervisory Board of Forstok Invest OÜ and Baleani Invest OÜ since February 2008.

Mr. Iodchin graduated from the Lomonosov Moscow State University where he obtained a Master's Dgree in Economics. He also completed a post-graduate programme at the Moscow Institute for Economics and Linguistics and the Lomonosov Moscow State University, where he obtained a Ph.D. in Economics. Mr. Iodchin was a teaching assistant in the Economics Faculty of the Lomonosov Moscow State University from 2004 until June 2008. He has a Diploma in International Finance, Reporting Standards and Corporate Finance.

49. The biographies of Alexander Nazarchuk, Member of the Board of Directors and CEO, and Mikhail Loganov, Member of the Board of Directors and CFO, are presented on page 22
50. Appointed in January 2013. The members of Audit and Risk Committee, Nomination Committee, Remuneration Committee

KONSTANTIN SHIROKOV

Member of Audit and Risk Committee

Mr. Shirokov was appointed as a non-executive member of the Board of Directors of the Company in 2008. Mr. Shirokov is currently Financial Manager and a member of revision committees of a number of companies of TIHL's group; positions he has held since 2005 and 2007, respectively. Mr. Shirokov has served as a member of the Board of Directors and an internal auditor for Globaltrans since 2008. He has more than 10 years of experience in the areas of financial planning, budgeting, and auditing.

Mr. Shirokov graduated from the Finance Academy of the Russian Federation where he studied International Economic Relations. Mr. Shirokov has also completed a course in Business Management at the Business School of Oxford Brookes University, UK.

CONSTANTINOS ECONOMIDES

Member of the Board of Directors

Mr. Economides is the Managing Director of Orangefield Fidelico Limited. He is a Fellow Chartered Accountant, a member of the Certified Public Accounts of Cyprus (ICPAC) and a member of the Institute of Chartered Accountants in England & Wales (ICAEW) from where he holds a practicing certificate to engage in public service in areas of Taxation, Management Consultancy and Corporate Finance. He is a member of the Society of Trust and Estate Practitioners, the Institute of Financial Accountants, the International Tax Planning Association and a member of the Board of Directors of the Cyprus Fiduciary Association. Mr. Economides is ACA qualified and holds an MSc in Management Sciences from Warwick Business School. Prior to setting up his own firm, Fidelico, in 2006 he worked at Ernst & Young (London) and Deloitte (Cyprus).

MICHAEL THOMAIDES

Member of the Board of Directors, Member of Nomination Committee

Mr. Thomaides was appointed as an executive member of the Board of Directors in February 2008. He has also been a Director at Leverret Holding Ltd (Cyprus) since 2007. He previously served as a director at Globaltrans Investment Plc from 2004 until 2008. Mr. Thomaides graduated with Honours from the London Southbank University, and has a Bachelor of Science Degree in Consumer Product Management. He is a member of the Cyprus Chamber of Commerce.

GEORGE SOFOCLEOUS

Member of the Board of Directors

Mr. Sofocleous is a part-qualified Chartered Certified Accountant currently employed at Orangefield Fidelico Limited, the Cyprus office of Orangefield Group. Prior to joining Orangefield in 2012, he worked at Consulco Ltd, Intertax Audit Ltd, Moore Stephens (Limassol) Ltd, and Savvides Audit Ltd based in Cyprus. Mr. Sofocleous studied Accounting at the Cyprus College (European University Cyprus) and is a student/member of the Association of Chartered Certified Accountants of UK (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC).

LAURA MICHAEL

Member of the Board of Directors

Ms. Michael is a member of the Institute of Chartered Accountants of Scotland (ICAS) and the Certified Public Accountants of Cyprus (ICPAC). Ms. Michael is the Finance Manager of Orangefield Fidelico Limited, the Cyprus Office of Orangefield Group. Before joining Orangefield Fidelico in 2011, she was employed at Deloitte Ltd (Cyprus) between 2009 to 2011 and started her career at Ernst & Young (London), where she worked from 2006 until 2009. Ms. Michael has a BSc Accounting and Management degree from the University of Bristol, England.

CHRYSTALLA STYLIANOU

Member of the Board of Directors

Ms. Stylianou is a part-qualified Chartered Certified Accountant currently working at Orangefield Fidelico Limited, the Cyprus office of Orangefield Group. Prior to joining Orangefield, she worked at IronFX Financial Services Ltd, Baker Tilly Klitou and DJC Certified Public Accountants based in Cyprus. Ms. Stylianou studied Accounting at the University of Northumbria at Newcastle, England and is a student member of the Association of Chartered Certified Accountants (ACCA) in the UK.

10

The number of non-executive Board members, which includes the Chairman

The Board of Global Ports believes that implementing and maintaining high governance standards are vital to underpinning its business objectives and helping to drive shareholder value.

In order to safeguard the rights of Global Ports Investments' (GPI) shareholders, the Group is determined to match best international corporate governance practices. As such, the Group seeks to ensure its corporate governance framework is in line with the expectations of investors and other stakeholders.

Policies

To improve its corporate governance framework in accordance with internationally recognised best practices, GPI adopted a number of key policies and procedures in 2008.

These policies and practices are designed to ensure the Group is focused on upholding its responsibilities to shareholders. They include:

- Appointment policy;
- Terms of reference of the Board of Directors;
- Terms of reference of the Audit and Risk Committee;
- Terms of reference of the Nomination Committee;
- Terms of reference of the Remuneration Committee;
- Anti fraud policy;
- Policy on reporting and investigating allegations of suspected improper activities ('Whistleblowing' policy);
- Code of Ethics and Conduct.

GPI's Code of Ethics and Conduct outlines the general business ethics and acceptable standards of professional behaviour we expect of all our Directors, employees and contractors. This Code, which is given to all new staff as part of their induction, means that everyone at GPI is accountable for their own decisions and conduct. The Code covers general behaviour expectations, fraud and corruption responsibilities, including approaches on acceptance of gifts and benefits and ethics and conflicts of interest requirements. As such, employees are encouraged to report any suspected breaches.

The Code is available to all staff on GPI's website (under the Corporate Governance section) and also at the HR department at each of the Group's operating facilities. The Code also interacts with other more detailed policies concerning Anti-fraud policy and Policy on reporting and investigating allegations of suspected improper activities ('Whistleblowing' policy).

The Board receives a summary of any breaches and resulting actions on a quarterly basis. However any significant breaches must be immediately reported to the Board Members.

In addition to the policies itemised above, and in order to further strengthen the corporate governance framework, the Board of Directors approved the following policies in 2012:

- Anti-Corruption Policy; and
- Foreign Trade Controls Policy.

The latest version of the Terms of Reference of the Board of Directors was approved by the shareholders on 16 October 2012 and came into force on 28 November 2012. It is available for review on the Global Ports website.

Board of Directors

The role of the Board of Directors

GPI is governed by its Board of Directors ('the Board') which is collectively responsible to the shareholders for the successful performance of the Group.

The primary role of the Board is to provide leadership to the Group, to set the Group's long-term strategic objectives, to monitor management and financial performance against those objectives, and to develop robust corporate governance and risk management practices.

Election of Directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than three years. Any term beyond six years for a Non-Executive Director is subject to rigorous review, and takes into account the need for a progressive system of refreshing of the Board.

Board composition

There are currently 14 Directors on the Board. The Board comprises 10 Non-Executive Directors, including the Chairman, and four Executive Directors.

Mr. Kim Fejfer was appointed as a Non-Executive Director, Vice Chairman of the Board and a member of the Remuneration, Nomination, and Audit and Risk Committees on 23 January 2013.
Mr. Tiemen Meester was appointed as a Non-Executive Director and a member of the Remuneration, Nomination, and Audit and Risk Committees on 23 January 2013.
Mr. Robert Dirk Korbijn, Ms. Laura Michael, Mr. Georgios Sofocleous and Ms. Chrystalla Stylianou were appointed as Non-Executive Directors on 23 January 2013.

Mr. Constantinos Economides was appointed as Non-Executive Director on 27 September 2013. Ms. Elia Nicolaou and Mr. Marios Tofaros resigned as Directors on 23 January 2013, Mr. Robert Dirk Korbijn resigned on 27 September 2013. All other Directors were members of the Board throughout the year ended 31 December 2013. Information regarding the Directors serving at the date of this Report is set out on page 42.

Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Chief Executive Office (CEO) of the Company. The Chairman is responsible for the overall operation, leadership and governance of the Board. The CEO is responsible for the day-to-day management of the Group's business, consistent with the strategy and commercial objectives agreed by the Board.

Mr. Nikita Mishin is Chairman of the Board and is responsible for the overall operation and governance of the Board. His responsibilities include:

- Ensuring that the Board as a whole is fully engaged in the development and resolution of the Group's strategy and business objectives;
- Reviewing and approving the agenda of Board meetings in consultation with the CEO;
- Ensuring that Board members receive accurate, timely and clear information on all matters that affect the Group;
- Promoting high standards of integrity, and corporate governance at Board level and across the Group;
- Monitoring communications and encouraging dialogue between the Company and its shareholders including between the Board and executive management with a view to facilitating constructive relations.

The CEO, Alexander Nazarchuk, is responsible for the executive management of Global Ports' business, consistent with the strategy and commercial objectives laid by the Board. His responsibilities include:

- Developing the Group's strategy and implementing the strategy agreed by the Board;
- Managing the business day-to-day and making and implementing operational decisions.

Non-Executive Directors

There are 10 Non-Executive Directors of the Group, including the Chairman. The Board reviews the size of the Board on an annual basis and considers the present Board size as appropriate for the current scope and nature of the Group's operations.

The role of the Non-Executive Directors is to monitor executive management performance against the Group's agreed strategy and provide constructive input into the discussions and, where required, challenge management to ensure that the Group's objectives are met. The Independent Non-Executive Directors play a particularly important role because they are independent of management and have no relationship with the Company, its related companies or their officers. Therefore they are judged capable of exercising independent objective judgement on corporate matters. There are two Independent Non-Executive Directors on the Board, Captain Bryan Smith and Ms. Siobhan Walker.

Captain Smith is the Senior Independent Director (SID), and in this role he provides a sounding board for the Chairman and is available to meet with other Directors and shareholders who have concerns that cannot be addressed through the Chairman or CEO.

"THE BOARD REVIEWS THE SIZE OF THE BOARD ON AN ANNUAL BASIS AND CONSIDERS THE PRESENT BOARD SIZE AS APPROPRIATE FOR THE CURRENT SCOPE AND NATURE OF THE GROUP'S OPERATIONS"

Election of Directors

The Company`s Articles of Association do not provide for the retirement of Directors by rotation. In accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting on 29 April 2013 all current Directors except Mr. Constantinos Economides continue in office. Mr. Constantinos Economides was re-elected at the Annual General Meeting of the Shareholders of the Company which was held on 29 April 2014.

The Board nominated Mr. Alexander Iodchin to the position of Managing Director and granted him the powers to carry out all business related to the business of the Company up to a total value per transaction of USD500 thousand. It also granted him powers to discharge other managerial duties related to the ordinary course of business of the Company, including representing the Company before any government or government-backed authority.

The decisions for all other matters are reserved for the Board. The Terms of Reference of the Board of Directors contains the list of such reserved matters.

Team Nominees Limited has been acting as the Company Secretary since the Company's incorporation in February 2008, while Mr. Iodchin has been acting as the Board Secretary since December 2008.

There were no significant changes in the responsibilities of the Directors during 2013, except Mikhail Loganov, who resigned from the Audit and Risk Committee and Nomination Committee following his appointment of CFO.

Directors' interests

The interests in the share capital of Global Ports Investments PLC and its Group companies, both direct and indirect, of those who were Directors as at 31 December 2013 and 31 December 2012 are shown below:

Total number of issued shares of the Company as at 31 December 2013 was 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares (as at 31 December 2012: 293,750,001 ordinary shares and 176,250,000 ordinary non-voting shares).

Board evaluation

The effectiveness of the Board, its Committees and individual Directors is subject to regular review. The evaluation of the Board and individual Directors' performance is facilitated internally or by an external third party. The Non-Executive Directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman of the Board.

Board meetings

The Board meets at least four times during the year and on an ad-hoc basis to consider specific matters as required. In 2013 the Board met 18 times (2012: 16) and the matters considered included:

- the acquisition of NCC;

"THE NON-EXECUTIVE DIRECTORS, LED BY THE SENIOR INDEPENDENT DIRECTOR, ARE RESPONSIBLE FOR THE PERFORMANCE EVALUATION OF THE CHAIRMAN OF THE BOARD"

18

The number of times the Board met in 2013

INTERESTS OF DIRECTORS

Name	Type of holding	Shares held at 31 December 2013	Shares held at 31 December 2012
Nikita Mishin	Through shareholding in Transportation Investments Holding Limited and other related entities	39,731,086 ordinary shares 15,488,390 ordinary non-voting shares	27,609,738 ordinary shares 27,609,738 ordinary non-voting shares

- review of the 2013 financial statements;
- approval of the 2014 budget;
- approval of capital expenditure programmes;
- changes to the management of the Group.

The details of Board and Committee attendance during 2013 are set out in the table below.

Board Committees

Since December 2008, the Board has operated with three principal committees, the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. These committees operate within defined terms of reference which cover the authority delegated to them by the Board.

Audit and Risk Committee

The Audit and Risk Committee comprises of four Non-Executive Directors. It is chaired by Ms. Siobhan Walker (an Independent Non-Executive Director) and the other members are Mr. Konstantin Shirokov, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). Mr. Mikhail Loganov resigned from the Committee following his appointment as the Chief Financial Officer of the Company. The Committee meets at least four times a year.

The Committee's primary functions include monitoring the integrity of the Company's financial statements and financial results announcements; reviewing and monitoring the effectiveness of the Company's internal controls and risk management systems; overseeing the relationship with the external auditor including reviewing the independence, objectivity and effectiveness of the audit process and the auditors.

The Audit and Risk Committee met 10 times in 2013, including four meetings attended by the Company's external auditors. The principal issues that were considered were:

- Review of the parent financial statements of Global Ports Investments Plc and consolidated financial statements of the Group for 2012;

"THE AUDIT AND RISK COMMITTEE MET 10 TIMES IN 2013, INCLUDING FOUR MEETINGS ATTENDED BY THE COMPANY'S EXTERNAL AUDITORS"

BOARD AND COMMITEE ATTENDANCE

	Board of Directors		Nomination Committee		Remuneration Committee		Audit and Risk Committee	
	A	B	A	B	A	B	A	B
Michalis Thomaides	18	18	–	–	–	–	–	–
Alexander Iodchin	18	17	1	1	–	–	–	–
Bryan Smith	18	17	1	1	3	3	–	–
Nikita Mishin	18	8	1	0	3	0	–	–
Alexander Nazarchuk	18	17	–	–	–	–	–	–
Mikhail Loganov	18	12	–	–	3	3	7	7
Konstantin Shirokov	18	18	–	–	–	–	10	8
Siobhan Walker	18	17	–	–	–	–	10	10
Kim Fejfer	18	15	1	1	3	3	10	8
Tiemen Meester	18	18	1	1	3	3	10	10
Robert Korbijn	11	11	–	–	–	–	–	–
Laura Michael	18	17	–	–	–	–	–	–
Georgios Sofocleous	18	17	–	–	–	–	–	–
Chrystalla Stylianou	18	15	–	–	–	–	–	–
Constantinos Economides	7	6	–	–	–	–	–	–

A: Number of meetings eligible to attend during the year
B: Number of meetings attended

"THE NOMINATION COMMITTEE ENSURES THAT THE BOARD IS COMPRISED OF INDIVIDUALS WITH THE NECESSARY KNOWLEDGE, SKILLS AND EXPERIENCE"

- Review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2013;
- Review of press releases containing financial information;
- Review of reports prepared by external auditors on significant matters arising from their audit and review procedures;
- Review of the fees and terms of engagement of external auditors and recommendation for their approval;
- Consideration and approval of non-audit services provided by the external auditors and their fees;
- Consideration of the independence of the external auditors and performance and recommendation to the Board to recommend to shareholders to reappoint the external auditor for the next year.

Internal Audit

The Internal Audit Function is carried out internally by the Group's Internal Audit Service ('IAS'). IAS is responsible for analysing the systems of risk management, internal control procedures and the corporate governance process for the Group with a view to obtaining a reasonable assurance that:

- The risk management system functions efficiently;
- Material financial, management and operating information is accurate, reliable and up-to-date;
- Actions of employees and management bodies are in compliance with the Group's internal policies, standards and procedures and the applicable laws;
- Resources are procured reasonably, used efficiently and their safe-keeping is fully guaranteed;
- Group companies conduct their business in compliance with applicable laws.

The Internal Audit function is headed by Mr. Oleg Saprykin.

Nomination Committee

The Nomination Committee comprises five Directors. It is chaired by Captain Bryan Smith (an Independent Non-Executive Director) and the other members are Mr. Nikita Mishin, Mr. Alexander Iodchin, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). The Committee meets at least once each year.

The Committee is responsible for reviewing the composition of the Board (and Board Committees) to ensure it is comprised of individuals with the necessary knowledge, skills and experience to ensure it is effective in discharging its responsibilities.

"THE BOARD IS COMMITTED TO EFFECTIVE COMMUNICATION BETWEEN THE GROUP AND ITS SHAREHOLDERS AND IT MAKES EVERY EFFORT TO ENSURE THAT SHAREHOLDERS ARE KEPT INFORMED OF SIGNIFICANT COMPANY DEVELOPMENTS"

The Committee regularly reviews the structure of the Board and makes recommendations to the Board as to any changes. The Committee also manages the process for identifying and making recommendations regarding future appointments to the Board of Directors.

It is also makes recommendations to the Board on the composition of the Audit and Risk Committee and Remuneration Committees.

In 2013 the Nomination Committee met once to consider and recommend to the Board a candidate for the position of Chief Financial Officer of the Company.

Remuneration Committee

The Remuneration Committee comprises of four Directors. It is chaired by Captain Bryan Smith (an Independent Non-Executive Director), and the other members are Mr. Nikita Mishin, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). Mr. Mikhail Loganov resigned from the Remuneration Committee after his appointment as the Chief Financial Officer of the Company. The Committee meets at least once each year.

The Committee is responsible for reviewing and recommending the Company's remuneration policies. It is also responsible for determining, on behalf of the Board, the individual remuneration packages of the Chairman, the Executive Directors and senior managers of the Company.

The remuneration of Independent Directors is a matter for the Chairman and the Executive Directors. No Director can be involved in any decisions relating to his or her own remuneration.

In 2013 the Committee met three times.

Board remuneration

Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Directors. Levels of remuneration for Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties. Non-Executive Directors are not eligible for bonuses, retirement benefits or to participate in any incentive plans operated by the Company.

The Company's shareholders approved the remuneration of the Board on 29 April 2013.

The total remuneration of the Board of Directors in 2013 amounted to USD 859,000 (2012: USD 928,000).

Investor relations

The Board is committed to effective communication between the Group and its shareholders and it makes every effort to ensure that shareholders are kept informed of significant Company developments.

The Company's shares are listed on the London Stock Exchange in the form of Global Depositary Receipts (GDRs), and Global Ports aims to comply with the information disclosure standards required by the London Stock Exchange.

The Group's approach to external relations is guided by its information policy which aims to meet international best practice standards in Investor relations. The main principles of the Company's information policy are regularity, efficiency, availability,

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The number of times the Remuneration Committee met in 2013 reliability, completeness, balance, equality and safety of information resources

The Company Secretary is responsible for safeguarding the rights and interests of shareholders, including the establishment of effective and transparent arrangements for securing the rights of shareholders.

The Company Secretary's responsibilities include ensuring compliance with the law and the Company's Charter and internal documents. The Company Secretary organizes the communication process between the parties to corporate relations, including the preparation and holding of General Meetings; storage, maintenance and dissemination of information about the Company and reviewing communications from shareholders.

There is an ongoing programme of meetings and dialogue between Board members, the executive team, institutional investors and analysts. These meetings provide the opportunity to discuss developments at the Group and for shareholders and analysts to voice their opinions and give valuable feedback to the Group's representatives.

The IR Department interacts with the investor community on a regular basis, reporting on the most important matters to the Group's senior management. The IR team maintains a continuous dialogue with the investor community by arranging teleconferences to discuss the Group's financial performance, one-on-one meetings and participation in international conferences. The Group also organises regular site visits for investors so that they can see the Group's facilities and operations first-hand and meet with senior management.

External auditors

At the Annual General Meeting of GPI an external auditor is appointed on an annual basis to review the financial and operating performance of the Group.

This follows proposals drafted by the Audit and Risk Committee for the Board of Directors regarding the nomination of the external auditor of the Group, selected from a list of recognised independent auditors of high professional repute. While drafting its proposals, the Audit and Risk Committee is guided by the following principles:

- Qualifications of the external auditor and its professional reputation;
- Quality of services; and
- Compliance with requirements for external auditor independence.

In 2013 the Shareholders of GPI re-appointed PricewaterhouseCoopers Limited as the external auditor for the purposes of auditing the Group's IFRS financial statements for the year 2013. PricewaterhouseCoopers Limited was re-elected as the auditor for the year 2014 at the Annual General Meeting held on 29 April 2014.

"THERE IS AN ONGOING PROGRAMME OF MEETINGS AND DIALOGUE BETWEEN BOARD MEMBERS, THE EXECUTIVE TEAM, INSTITUTIONAL INVESTORS AND ANALYSTS"

WELL-DEFINED RISK MANAGEMENT PRINCIPLES, DERIVED FROM EXPERIENCE, BEST PRACTICE AND GOOD GOVERNANCE

BY IDENTIFYING AND MITIGATING RISK, WE SEEK TO ACHIEVE LONG-TERM GROWTH FOR OUR SHAREHOLDERS. RISKS ARE THOSE THINGS THAT COULD PREVENT US FROM ACHIEVING OUR CORPORATE GOALS

Risk management process, principal risks and uncertainties

The Company's risk management efforts are focused on mitigating the potential negative impact on its business from changes in the external and internal environment. That is despite the Group ensuring it has as well-balanced a structure as possible in which sites are owned in partnership with world industry leaders and having managers who have been in place since its foundation over 15 years ago.

We believe that identifying and managing risk is central to achieving the corporate objective of delivering long-term value to shareholders.

The Group's key risks are being regularly discussed with the members of the Group's Board of Directors. Risks are defined as the possibility that an action, or inaction, would adversely affect the achievement of corporate goals. The Board has delegated the oversight of risk management to the Audit and Risk Committee. In addition, it delegated to the Chief Executive Officer responsibility for the effective and efficient implementation and maintenance of the risk management system. The Board members, through the Audit and Risk Committee, review the effectiveness of systems that have been established for this purpose. The Board has adopted a Risk Management Policy and a Risk Management Standard that provide a consistent framework for the identification, assessment and management of the risks. The Group's risk management system is subject to a continual improvement process.

The Group bases its risk management activity on a series of well-defined risk management principles, derived from experience, best practice and corporate governance principles.

Effective risk management is critical to achieving the Group's strategic objectives. Global Ports has comprehensive risk control and management systems in place to prevent the potential adverse effects of changes in its environment or situation.

In order to manage risks, the Board of Directors has established a risk management process comprising the necessary organisational rules and procedures for identifying risks at an early stage, and is taking proactive steps to

"GLOBAL PORTS HAS COMPREHENSIVE RISK CONTROL AND MANAGEMENT SYSTEMS IN PLACE TO PREVENT POTENTIAL ADVERSE EFFECTS OF CHANGES IN ITS ENVIRONMENT OR SITUATION"

manage the risks inherent to any commercial activity. The Board of Directors systematically monitors and undertakes an assessment of risks critical to the Group's performance and strategic delivery. After identifying and assessing the risk, the Company then defines control measures aimed at reducing the likelihood of its occurrence and the potential impact. The Group's business involves a certain number of risks, the most notable of which are presented here.

The order in which the following risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects. Additional risks that are not known to the Group at this time, or that it currently believes are immaterial, could also have a material adverse effect on the Group's business, financial position, results of operations or future prospects and the trading price of the GDRs.

For more detail on some of the risks set forth here, see the prospectus dated 20 December 2013 ('Risk Factors', pages 22-58), available for viewing on the corporate website of Global Ports at www.globalports.com/globalports/investors/reporting-transactions/corporate-transactions.

Strategic risks

- The Group is dependent on the growth of trade volumes and, accordingly, on economic growth and the liberalisation of trade;
- The Group may be subject to increasing competition from other container and oil products terminals, and consolidation between container terminal operators and container shipping companies may enable the Group's competitors to compete more effectively. The introduction of significant new capacity planned by the Group's competitors could result in surplus capacity and subject the Group to intensified price competition and lower utilisation;
- The Group's growth on certain terminals depends on substantial capital investment and it may not have sufficient capital to make, or may be restricted by covenants in financing agreements from making, future capital expenditures and other investments as it deems necessary or desirable;
- The NCC acquisition and other possible expansions through acquisition entail certain risks, and the Group may be exposed to unexpected risks and experience problems realising the intended benefits of the NCC acquisition or other potential acquisitions;
- The Group's current operations and future expansion may depend on the construction of new quays, dredging of existing quays and canals, and maintenance of quay drafts, which are governed by ports and other governmental authorities and are outside of the Group's control;
- The Group's ability to substantially increase throughput volumes depends on the ongoing improvement and development of railway and road infrastructure;
- The Group's ability to discover, evaluate and select among alternatives to allocate financial and human resources for effective development and execution of a strategic plan to achieve the strategic objectives of the Group;
- Exposure to social and political factors within a market environment that affect the ability to sell products and services;
- The political instability in Ukraine, tension between Russia and Ukraine and the sanctions imposed by the United States, the European Union and other countries and potential imposition of further sanctions, asset freezes, travel limitations and certain other measures could adversely affect our ability to deal with certain persons and entities in Russia, trade volumes, the Russian economy or demand for commodities.

Operational risks

- The Group is dependent on a limited number of shipping lines and customers for a significant portion of its business;
- The Group is subject to a wide variety of regulations and standards requirements and may face substantial liability if it fails to comply with existing or future regulations applicable to its businesses;
- The Group leases a significant amount of the land and quays required to operate its terminals from government agencies and any revision or alteration of the terms of these leases or the termination of these leases could adversely affect the Group's business;
- The Group's Oil Products business could be affected by changes in Russia's exports of oil products and handling of such exports at its oil products terminal in Estonia, a decline in global demand for oil products or in Russian oil product export volumes or any change in trade relationships with Estonia;
- Tariffs for certain services at some of the GPI Group's terminals have been, in the past, regulated by the Russian federal government and, as a result, the tariffs charged for such services are subject to a maximum tariff rate unless the Group obtains permission to increase the maximum tariff rate;

- The Group's insurance policies may be insufficient to cover certain losses;

- The Group's competitive position and prospects depend on the expertise and experience of its key managers and its ability to continue to attract, retain and motivate qualified personnel;

- Failure of the operational information and technology systems at the Group's terminals could result in disruptions to the services it provides;

- Accidents involving the handling of hazardous materials and oil products at the Group's terminals could disrupt its business and operations and/or subject the Group to environmental and other liabilities;

- The risk of safety incidents is inherent in the Group's businesses.

Compliance and shareholder risks

- The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs;

- The Group is exposed to risks in connection with its interests in joint venture and strategic partnership businesses;

- Adverse determination of pending and potential legal actions involving the Company's subsidiaries could have an adverse effect on the Group's business, revenues, cash flows and the price of the GDRs;

- The lack of independence of certain members of the judiciary, the difficulty of enforcing court decisions and governmental discretion in instigating, joining and enforcing claims could prevent the Group from obtaining effective redress in court proceedings.

Financial risks

- The Company is a holding company and its ability to pay dividends or meet costs depends on the receipt of funds from its subsidiaries;

- The Group is subject to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, the Russian rouble and the US dollar. Foreign exchange risk is the risk to profits and cash flows of the Group arising from movement of foreign exchange rates due to inability to appropriately plan for and react to fluctuations in foreign exchange rates. Risk arises from revaluation of assets and liabilities denominated in foreign currency (mainly debt);

- The Group is subject to interest rate risk due to floating rate liabilities in relation to its leases and long-term borrowings. Increases in interest rates may adversely affect the Group's financial condition;

- The Group may be subject to credit risk due to its dependence on key customers and suppliers;

- The Group's indebtedness or the enforcement of certain provisions of its financing arrangements could affect its business or growth prospects;

- The Group's borrowings are subject to certain covenants and restrictions, and no assurance can be provided that the Group or the terminals can promptly monitor and forecast compliance with such conditions through adequate controls and monitoring processes.

General business risks

- The Group's inability to maintain and monitor labour relations with labour unions;

- Failure of information systems to adequately protect the critical data and infrastructure from theft, corruption and unauthorised usage.

CORPORATE RESPONSIBILITY

WE WORK HARD TO SUPPORT THE COMMUNITIES IN WHICH WE OPERATE

GLOBAL PORTS PLAYS A SIGNIFICANT ROLE IN THE DEVELOPMENT OF THE REGIONS IN WHICH IT OPERATES. THE GROUP IS EQUALLY COMMITTED TO SAFE WORKING AND HELPING THE ENVIRONMENT

All the companies of Global Ports Group adhere to the principle of corporate social responsibility, taking into account the interests of all stakeholders including their employees, customers, local authorities and communities. Programmes are being implemented in every region in which the Group's terminals operate and these activities are aimed at supporting the social, cultural and economic development of these regions.

The Group's main activities in the field of corporate social responsibility are as follows: environment, health and safety, charity and local community sponsorship, and people.

We consider honest, constructive collaboration with all our stakeholders to be an important part of our dynamic development in the international business community and our contribution to sustainable social development.

We recognise that community issues are key issues for our business both now and in the future, and that we cannot operate independently of them.

We encourage all parts of our business to take a proactive and business-driven approach to donations and community investments.

Environment

A responsible attitude towards the environment is one of the key components of our corporate social responsibility approach and an important factor in the stable, long-term development of Global Ports. The Group seeks to comply strictly with all applicable requirements of environmental law in the regions where we operate.

Responsibility towards the environment is at the forefront of the Group's investment programmes. Investments in key projects which help to protect the environment are mainly represented by the construction of new local cleaning facilities at terminals' locations and the modernisation of currently operational cleaning equipment.

Vopak E.O.S. partners with the Estonian Nature Society, rendering financial support to the Society's programmes;

In 2013 Vopak E.O.S. supported the Estonian Scuba-diving Club, sponsoring an event through the global AWARE initiative related to cleaning ponds.

Health and Safety

With the activity level, in both bulk and container operations, at Global Ports continuously increasing, Health and Safety remains a main priority and an ongoing challenge for the Group. Global Ports continues to work on installing a safety culture in all aspects of our company and ensures that all incidents and accidents are evaluated with the highest priority.

All the companies of the Group adhere to three major Health and Safety principles: providing safe labour conditions, involving employees in safety rules and policies, and training in safe behaviour. Each of these principles includes special tools or detailed procedures, such as:

- Regular monitoring of Occupational Health and Safety (OHS) measures at the Company divisions for compliance with statutory federal and local requirements;
- Conduct of proper medical examinations and regular reviews of employee health to improve their wellbeing;
- Preventative medical action to reduce the occurrence of occupational diseases;
- Regular workplace reviews for compliance with working environment standards;

- Training and skills improvement for OHS specialists, training of workers in employing safe methods of operation, Group-wide OHS briefings and information circulation;
- Measures to increase personnel motivation to uphold strict compliance with OHS requirements and promote stronger labour discipline.

In 2013 the following main initiatives were exercised:

- Sharing of incidents and accidents from the global port industry with follow-up and implementation of preventive measures in the Group's terminals;
- Implementation and training of internationally recognised root cause investigation methodologies;
- Internal and external safety reviews of all Global Ports container terminals;
- Improved reporting structures of all incidents within the Group.

Charity and local community sponsorship

The Group's cooperation with regions in the social sphere is based on strategic programmes in areas such as employment and occupational guidance, health care and the support of culture and sport, as well as socially or physically vulnerable people.

Each Group company plays an important role in the socio-economic status of their respective towns and regions. The companies invest in the development of social infrastructure and cooperate with the local authorities and social institutions of their regions.

Global Ports is committed to charitable support and conducts the following:

- Petrolesport and VSC both support the development and restoration of churches;
- In 2013 VSC continued to donate to their chosen charity, the Lifeline Charity Fund – financial support for complex medical treatment of children with cardiac diseases;
- In 2013 Vopak E.O.S. donated to the Russian Orthodox Church in Narva city.
- In 2013 VSC donated to the Serafim Sarovsky Fund.

It is an important objective of Global Ports to maintain and support local sport and cultural events in the regions in which it operates. The Group's sponsorship programmes are also aimed at preserving local historical heritage, and supporting schools, hospitals and orphanages:

- VSC currently supports Nakhodka Hospital and an orphanage house for orphans with disabilities in Nakhodka city;
- In 2013 Vopak E.O.S. sponsored the renovation of a football stadium in Maardu city;
- In 2013 Vopak E.O.S. sponsored the Estonian Olympic Committee and Football Union;
- Moby Dik supported sport activity events for those with special needs and in 2013, continued to support a disabled local sportsman;
- In 2013 Vopak E.O.S. continued to donate to the local initiative which maintains a food bank for poor families;
- In 2013 Vopak E.O.S. continued its sponsorship of the Maardu city youth centre, focusing on various educational, cultural and sports programmes;
- VSC sponsored a Little Crane Folk Ensemble of Vrangel village;
- Moby Dik currently supports a rehabilitation center for disabled people in St Petersburg.

People

Global Ports employs over 4,000 people and we consider our employees to be one of the Group's greatest assets. The Group strives to create the conditions to stimulate and realise the creative potential of its employees and shape a corporate culture based on professionalism, personal initiative and responsibility.

Key areas of CSR activity in the employment sphere include employee basic training, support for working mothers and their children, catering and recreation activities for workers, employee development and professional training, incentives for employee improvement, social support for retirees and veterans, insurance and many other kinds of benefits.

The Group companies rely on the following fundamental principles to look after their employees adequately in the long-term:

- Providing adequate wage levels and social environment for our employees (i.e. sponsorships of various celebration parties for employees and their children);
- Offering improved procedures for employee recruitment, adaptation and skill development through professional training programmes, training to acquire additional skills, and skill improvement across all areas of professional expertise;
- Creating a safe and comfortable operating environment;
- Offering health improvement programmes for employees and their families, providing preventive treatment for those employees who need it;
- Providing financial assistance, medical and special-purpose charitable support for its retirees.

DEFINITIONS

Terms that require definitions are marked with capital letters in this Annual Report and definitions of which are provided below in alphabetical order:

Adjusted EBITDA (a non-IFRS financial measure) for Global Ports Group is defined as profit for the period before income tax expense, finance income/(costs) – net, depreciation of property, plant and equipment, amortisation of intangible assets, other gains/(losses)-net, impairment charge of property, plant and equipment and impairment charge of goodwill; for NCC Group is defined as profit for the period before income tax expense, foreign exchange gains/(loss), net, finance costs, finance income and depreciation and amortisation expenses adjusted further certain non-cash or one-off nonrecurring gains and losses included within other income/(expenses), net in Note 8 of the NCC Group Financial Information; and for the Global Ports Group and NCC Group on an Illustrative Combined basis.

There are certain differences in the format and the presentation layout of the GPI Financial Information and the NCC Financial Information, which are relevant to the calculation of Adjusted EBITDA. In particular, included within other income/(expenses), net, in Note 8 to the NCC Audited Annual Financial Statements, are certain non-cash or one-off items which would be excluded from Adjusted EBITDA calculation had the NCC Financial Information been prepared in accordance with the format and layout of the GPI Financial Information.

Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as the applicable Adjusted EBITDA divided by the applicable revenue, expressed as a percentage.

Average Storage Capacity is a storage capacity available at Vopak E.O.S. oil products terminals, averaged for the beginning and end of the period.

Baltic Sea Basin: the geographic region of northwest Russia, Estonia and Finland surrounding the Gulf of Finland on the eastern Baltic Sea, including St Petersburg, Tallinn, Helsinki and Kotka.

Container Throughput in the Russian Federation Ports is defined as total container throughput of the ports located in the Russian Federation excluding half of cabotage cargo volumes. Respective information is sourced from ASOP ("Association of Sea Commercial Ports", www.morport.com).

Cash Costs of Sales of Russian Ports segment is defined as Cost of Sales, Adjusted for depreciation and amortisation of intangible assets, a non-IFRS measure.

Cash Costs of Sales of Oil Products Terminal segment is defined as Cost of Sales, Adjusted for depreciation and amortisation of intangible assets, a non-IFRS measure.

Cash Cost of Sales is defined as Cost of Sales, Adjusted for Impairment less depreciation and amortisation of intangible assets, a non-IFRS measure.

Cost of Sales, Adjusted for Impairment is defined as cost of sales less impairment charge of property, plant and equipment and impairment charge of goodwill, a non-IFRS measure.

Far East Basin is defined as the geographic region of southeast Russia, surrounding the Peter the Great Gulf, including Vladivostok and the Nakhodka Gulf, including Nakhodka on the Sea of Japan.

FCT includes First Container Terminal ZAO that owns and manages a container terminal in St Petersburg port, North-West Russia. The Global Ports Group owns a 100% effective ownership interest in FCT. The results of FCT have been fully consolidated in the consolidated financial statements of the NCC for the year ended 31 December 2013.

Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki (in the port of Vuosaari), in each of which Container Finance currently has a 25% effective ownership interest. The financial results of the Finnish Ports segment have been proportionally consolidated in the Global Ports Group's report and consolidated financial information for the year ended 31 December 2013.

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company and certain other entities in the Global Ports Group is US dollars. The functional currency of the Global Ports Group's operating companies for the years under review was (a) for the Russian Ports segment, the Russian rouble, (b) for Oil Products Terminal segment, and (c) or the Finnish Ports segment, the Euro.

The functional currency for Russian subsidiaries of the NCC Group is the Russian Ruble, and for Cypriot and British Virgin Islands subsidiaries, it is the United States Dollar ("USD"). For purposes of the consolidated financial statements, the results and financial position of each NCC Group's entity are expressed in USD, which is the functional currency of the Parent and the presentation currency for the consolidated financial statements.

Gross Container Throughput represents total container throughput of a Global Ports Group's terminal or a Global Ports Group's operating segment shown on a 100% basis. For the Russian Ports segment it excludes the container throughput of the Global Ports Group's inland container terminal, Yanino.

The Gross Container Throughput of NCC Group represents total container throughput of the NCC Group's terminals shown on a 100% basis, it excludes the container throughput of the NCC Group's inland container terminal, Logistika Terminal.

Gross Throughput is throughput shown on a 100% basis for each terminal, including terminals held through joint ventures and proportionally consolidated.

Logistika Terminal (LT) includes NCC Logistika OOO that owns and manages a container terminal, located to the side of the St. Petersburg – Moscow road, approximately 17 kilometres from FCT and operates in the Shushary industrial cluster. The Global Ports Group owns a 100%

effective ownership interest in FCT. The results of LT have been fully consolidated in the consolidated financial statements of the NCC for the year ended 31 December 2013.

Net Debt (a non-IFRS financial measure) is defined as a sum of current borrowings and non-current borrowings, less cash and cash equivalents and bank deposits with the initial maturity over 90 days.

Oil Products Terminal segment consists of the Global Ports Group's 50% ownership interest in Vopak E.O.S. (in which Royal Vopak currently has a 50% effective ownership interest). The financial results of the Oil Products Terminal segment are proportionally consolidated and are referred to as "VEOS segment" in the consolidated financial statements of the Group.

Operating Cash Costs of Oil Products Terminal Segment is defined as total Oil Products Terminal segment's cost of sales and administrative, selling and marketing expenses, less segment's depreciation and amortisation of intangible assets, less impairment charge of property, plant and equipment and impairment charge of goodwill, a non-IFRS measure.

Operating Cash Costs of Russian Ports Segment is defined as total Russian Ports segment's cost of sales and administrative, selling and marketing expenses, less segment's depreciation and amortisation of intangible assets, less impairment charge of property, plant and equipment and impairment charge of goodwill, a non-IFRS measure.

Operating Cash Costs of Finnish Ports Segment is defined as total Finnish Ports segment's cost of sales and administrative, selling and marketing expenses, less segment's depreciation and amortisation of intangible assets, less impairment charge of property, plant and equipment and impairment charge of goodwill, a non-IFRS measure.

Operating Profit Adjusted for Impairment is defined as revenue less Cost of Sales, Adjusted for Impairment less administrative, selling and marketing expenses, less other gains/(losses) – net, a non- IFRS measure.

PLP includes Petrolesport OAO, OOO Farwater and various other entities (including some intermediate holdings) that own and manage a container terminal in St Petersburg port, North-West Russia. The Global Ports Group owns a 100% effective ownership interest in PLP. The results of PLP have been fully consolidated in the consolidated financial statements of the Group for the year ended 31 December 2013.

Profit Before Income Tax Adjusted for Impairment is defined as Operating Profit Adjusted for Impairment less finance costs – net, a non-IFRS measure.

Profit for the Period Adjusted for Impairment is defined as Profit Before Income tax Adjusted for Impairment plus deferred tax credit related to the impairment, a non-IFRS measure.

Revenue per CBM of Storage is defined as the total revenue of Oil Products Terminal segment for a respective period divided by Average Storage Capacity during that period.

Revenue per Tonne of Throughput is defined as the total revenue of Oil Products Terminal segment for a respective period divided by Oil Products Terminal segment's Gross Throughput in tonnes.

Russian Ports segment consists of the Global Ports Group's 100% interest in PLP, 100% interest in VSC (with DP World having 25% interest till October 2012), and 75% interest in Moby Dik and Yanino (in each of which Container Finance currently has a 25% effective ownership interest). The financial results of Moby Dik and Yanino are proportionally consolidated and the financial results of PLP and VSC are fully consolidated.

Russian Ports segment of the Enlarged Global Ports Group consists of the Group's 100% interest in PLP, FCT and VSC and Logistika Terminal, 80% interest in ULCT (in which Eurogate currently has a 20% effective ownership interest), 75% interest in Moby Dik and Yanino (in each of which Container Finance currently has a 25% effective ownership interest). The financial results of ULCT, Moby Dik and Yanino are proportionally consolidated.

Ro-Ro, roll on-roll off means cargo that can be driven into the belly of a ship rather than lifted aboard. Includes cars, buses, trucks and other vehicles.

TEU is defined as twenty-foot equivalent unit, which is the standard container used worldwide as the uniform measure of container capacity; a TEU is 20 feet (6.06 metres) long and eight feet (2.44 metres) wide and tall.

Total Operating Cash Costs is defined as Global Ports Group's cost of sales, administrative, selling and marketing expenses, less depreciation and amortisation of intangible assets less impairment charge of property, plant and equipment and impairment charge of goodwill, a non-IFRS measure.

ULCT includes Ust-Luga Container Terminal OAO that owns and manages a container terminal in in the large multi-purpose Ust-Luga port cluster on the Baltic Sea, Russia. The Global Ports Group owns an 80% effective ownership interest in ULCT, Eurogate currently has a 20% effective ownership interest. The results of ULCT have been proportionally consolidated in the consolidated financial statements of the NCC Group for the year ended 31 December 2013.

Vopak E.O.S. includes AS Vopak E.O.S. and various other entities (including an intermediate holding) that own and manage an oil products terminal in Muuga port near Tallinn, Estonia. The Global Ports Group owns a 50% effective ownership interest in Vopak E.O.S. The remaining 50% ownership interest is held by Royal Vopak. The results of Vopak E.O.S. have been proportionally consolidated in the consolidated financial statements of the Group for the year ended 31 December 2013.

VSC includes Vostochnaya Stevedoring Company OOO and various other entities (including some intermediate holdings) that own and manage a container terminal in Vostochny port near Nakhodka, Far-East Russia. The Global Ports Group owns a 100% effective ownership interest in VSC. The results of VSC have been fully consolidated in the consolidated financial statements of the Group for the year ended 31 December 2013.

Weighted average effective interest rate is the average of interest rates weighted by the share of each loan in the total debt portfolio.

PRESENTATION OF INFORMATION

Unless stated otherwise, financial information presented in this Annual Report is derived from the audited consolidated financial information of Global Ports Investments PLC ('the Company' and, together with its subsidiaries and joint ventures, 'Global Ports' or 'the Global Ports Group') for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 and from the consolidated financial information of NCC (together with its subsidiaries and joint ventures, 'NCC' or 'the NCC Group') for 2013 and prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"). The Global Ports Group's and NCC Group's audited consolidated financial statements for the year ended 31 December 2013 are available at the Global Ports Group's corporate website (www.globalports.com).

The financial information is presented in US dollars, which is also the functional currency of the Company and certain other entities in the Global Ports Group. The functional currency of the Global Ports Group's operating companies for the periods under review was (a) for the Russian Ports segment, the Russian Ruble, and (b) for Oil Products Terminal segment and for the Finnish Ports segment, the Euro.

The functional currency for Russian subsidiaries of the NCC Group is the Russian Ruble, and for Cypriot and British Virgin Islands subsidiaries, it is the United States Dollar ('USD'). For purposes of the consolidated financial statements, the results and financial position of each NCC Group's entity are expressed in USD, which is the functional currency of the Parent and the presentation currency for the consolidated financial statements.

Certain financial information which is derived from management accounts is marked in this Annual Report with an asterisk {*}.

In this Annual Report, the Global Ports Group has used certain non-IFRS financial information as supplemental measures of the Global Ports Group's and NCC Group's operating performance.

Information (including non-IFRS financial measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions are provided in Definitions on page 58 of this Annual Report.

Rounding adjustments have been made in calculating some of the financial and operational information included in this Annual Report. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Market share data has been calculated using the information published by the Association of Sea Commercial Ports ('ASOP'), www.morport.com.

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APPENDICES

A DETAILED EXPLANATION OF GLOBAL PORTS GROUP'S FINANCIAL PERFORMANCE IN 2013.

INCLUDES DIRECTORS' REPORT AND INDEPENDENT AUDITOR'S REPORT.

APPENDIX 1: DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

BOARD OF DIRECTORS

Mr. Nikita Mishin (appointed 15 December 2008)
(Mr. Mikhail Loganov is the alternate to Mr. Nikita Mishin)
Chairman of the Board of Directors
Non-Executive Director
Member of Remuneration and Nomination Committees

Mr. Kim Fejfer (appointed 23 January 2013)
(Mrs. Iana Boyd Penkova and Mr. Christian Moller Laursen are the alternates to Mr. Kim Fejfer)
Vice Chairman of the Board of Directors
Non-Executive Director
Member of Remuneration, Nomination and Audit and Risk Committees

Capt. Bryan Smith (appointed 19 August 2008)
Senior Independent Non-Executive Director
Chairman of Remuneration and Nomination Committees

Mrs. Siobhan Walker (appointed 30 May 2011)
Independent Non-Executive Director
Chairman of Audit and Risk Committee

Dr. Alexander Nazarchuk (appointed 15 December 2008)
(Mr. Alexander Iodchin is the alternate to Dr. Alexander Nazarchuk)
Executive Director
Chief Executive Officer

Mr. Michalis Thomaides (appointed 29 February 2008)
Executive Director

Mr. Alexander Iodchin (appointed 18 August 2008)
Executive Director
Member of Nomination Committee

Mr. Mikhail Loganov (appointed 15 December 2008)
Non-executive Director up to 11 October 2013, Executive Director as from 11 October 2013
Chief Financial Officer as from 11 October 2013
Member of Remuneration and Audit and Risk Committees up to 11 October 2013

Mr. Konstantin Shirokov (appointed 15 December 2008)
Non-Executive Director
Member of Audit and Risk Committee

Ms. Elia Nicolaou (appointed 22 June 2009, resigned on 23 January 2013)
Non-Executive Director

Mr. Marios Tofaros (appointed 26 October 2009, resigned on 23 January 2013)
Non-Executive Director

BOARD OF DIRECTORS AND OTHER OFFICERS (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Mr. Robert Dirk Korbijn (appointed 23 January 2013, resigned on 27 September 2013)
(Mr. Constantinos Economides is the alternate to Mr. Robert Dirk Korbijn)
Non-Executive Director

Mr. Tiemen Meester (appointed 23 January 2013)
(Mrs. Iana Boyd Penkova is the alternate to Mr. Tiemen Meester)
Non-Executive Director
Member of Remuneration, Nomination and Audit and Risk Committees

Ms. Laura Michael (appointed 23 January 2013)
Non-Executive Director

Mr. Georgios Sofocleous (appointed 23 January 2013)
Non-Executive Director

Ms. Chrystalla Stylianou (appointed 23 January 2013)
Non-Executive Director

Mr. Constantinos Economides (appointed 27 September 2013)
Non-Executive Director

Board support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures. Also a procedure is in place to enable Directors, if they so wish, to seek independent professional advice at the Company's expense.

Company Secretary

Team Nominees Limited
20 Omirou Street
Ayios Nicolaos
CY-3095 Limassol
Cyprus

Registered office
20 Omirou Street
Ayios Nicolaos
CY-3095 Limassol
Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited consolidated financial statements of Global Ports Investments Plc (hereafter also referred to as “GPI” or the “Company”) and its subsidiaries and joint-ventures (hereinafter collectively referred to as the “Group”) for the year ended 31 December 2013. The Group’s financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter also referred as “IFRS”) as adopted by the European Union (“EU”) and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Group, which are unchanged from the previous year, are the operation of container and oil products terminals in Russia and the Baltics. The Group offers its customers a wide range of services for their import and export logistics operations.

Review of Developments, Position and Performance of the Group's Business

The net profit of the Group for the year ended 31 December 2013 was US$114,067 thousand (2012: US$123,474 thousand). On 31 December 2013 the total assets of the Group were US$3,413,779 thousand (2012: US$1,308,915 thousand) and the net assets were US$1,192,677 thousand (2012: US$819,286 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

On 27 December 2013 GPI completed the acquisition of 100% of the share capital of NCC Group Limited, (together with its subsidiaries, “NCC Group”), the second largest container terminals operator in Russia (the “NCC Acquisition”). See Note 30 for further details.

Principal Risks and Uncertainties

The Group’s financial risk management and critical accounting estimates and judgments are disclosed in Notes 3 and 4 to the consolidated financial statements.

The Group’s contingencies are disclosed in Note 28 to the consolidated financial statements.

The Board has adopted a formal process to identify, evaluate and manage significant risks faced by the Group.

Future Developments of the Company

The Board of Directors does not expect any significant changes in the activities of the Group in the foreseeable future.

Results

The Group’s results for the year are set out on pages 14 and 15. The Board of Directors recommends the payment of a dividend as detailed below and the remaining profit for the year is retained.

Dividends

Pursuant to the Articles of Association the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (hereafter also referred as “GDRs”) on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company expects to pay dividends in US Dollars. If dividends are not paid in US Dollars, they will be converted into US Dollars by the Depositary and paid to holders of GDRs net of currency conversion expenses.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Dividends (continued)

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries and joint-ventures to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries and joint-ventures is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company's subsidiaries and joint-ventures is restricted to the total accumulated retained earnings of the relevant subsidiary or joint-venture, determined according to the law applicable to each entity.

During the year 2013 the Company has declared dividends in the total amount of US$164.5 million (US$0.35 per share). Dividends amounting to US$150.4 million were paid during 2013 and remaining balance amounting to US$14.1 million was payable at 31 December 2013.

The Board of Directors of the Company recommends the payment of a dividend for the year 2013 amounting to US$11.463 million (US$0.02 per share). The dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividend payable.

During 2012 the Company declared and paid dividends in the total amount of US$79.9 million (US$0.17 per share).

Share Capital

Authorised share capital

On 16 October 2012 the Company converted 176,250,000 of its ordinary authorised ordinary shares into ordinary non-voting shares. As a result of this conversion, the authorised share capital of the Company amounted to US$53,000 thousand divided into 353,750,000 ordinary shares and 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 September 2013 the Company increased its authorised share capital from US$53,000 thousand to US$58,159 thousand divided into 353,750,000 ordinary shares and 227,835,364 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 the Company converted 77,378,048 of its authorised ordinary non-voting shares into ordinary shares. After this conversion of the share capital, the authorised share capital of the Company is divided into 431,128,048 ordinary shares with par value of US$0.10 each and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

Issued share capital

On 16 October 2012 the Company converted 176,250,000 of its issued ordinary issued shares into ordinary non-voting shares. As a result of this conversion, the issued share capital of the Company consisted of 293,750,001 ordinary shares and of 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 in the course of NCC Acquisition the Company issued as part of consideration payable 51,585,366 ordinary voting shares with a par value of US$0.10 each at a price of US$4.66 per share (the share premium was US$4.56 per share) and 51,585,364 ordinary non-voting shares with a par value of US$0.10 each at a price of US$4.66 per share (the share premium was US$4.56 per share). An amount of US$1.461 thousand out of the total expenses directly attributable to the new shares issued was written off against the share premium.

On 27 December 2013 the Company converted 77,378,048 of its issued ordinary non-voting shares into ordinary shares. After the conversion of the share capital, the issued share capital of the Company amounts to US$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The Role of the Board of Directors

GPI is governed by its Board of Directors (hereafter also referred as "the Board") which is collectively responsible to the shareholders for the short- and long-term successful performance of the Group.

The Board of Directors' role is to provide entrepreneurial leadership to the Group through setting the corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance. The Board sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board maintains a sound system of internal control and enterprise risk management to safeguard the Group's assets and shareholders' investments in the Group.

Members of the Board of Directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than three years. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need for progressive system of refreshing of the Board.

The members of the Board of Directors at 31 December 2013 and at the date of this report are shown on pages 2 and 3. Mr. Kim Fejfer was appointed as a Non-Executive Director, Vice Chairman of the Board of Directors and a member of Remuneration, Nomination and Audit and Risk Committees on 23 January 2013. Mr. Tiemen Meester was appointed as a Non-Executive Director and a member of Remuneration, Nomination and Audit and Risk Committees on 23 January 2013. Mr. Robert Dirk Korbijn, Ms. Laura Michael, Mr. Georgios Sofocleous and Ms. Chrystalla Stylianou were appointed as Non-Executive Directors on 23 January 2013. Mr. Constantinos Economides was appointed as Non-Executive Director on 27 September 2013. Ms. Elia Nicolaou and Mr. Marios Tofaros resigned on 23 January 2013. Mr. Robert Dirk Korbijn resigned on 27 September 2013. All other Directors were members of the Board throughout the year ended 31 December 2013.

The Board currently has 14 members and they were appointed as shown on pages 2 and 3.

There is no provision in the Company's Articles of Association for retirement of Directors by rotation. However in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting on 29 April 2013 and at the Extraordinary General Meeting on 27 September 2013 all current Directors (except Mr. Constantinos Economides) remain in office and Mr. Constantinos Economides will be offered for re-election at the next Annual General Meeting of the Shareholders of the Company.

Team Nominees Limited has been acting as the Company Secretary since its incorporation in February 2008. Mr. Alexander Iodchin has been acting as the Board Secretary since December 2008.

There were no significant changes in the responsibilities of the Directors during 2013 except in the case of Mr Mikhail Loganov who was a non-Executive director until 11 October 2013 and was appointed as a Chief Financial Officer and became Executive Director as from this date onwards.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Directors' Interests

The interests in the share capital of Global Ports Investments Plc, both direct and indirect, of those who were Directors as at 31 December 2013 and 31 December 2012 are shown below:

Name	Type of holding	Shares held at 31 December 2013	Shares held at 31 December 2012
Nikita Mishin	Through shareholding in Transportation Investments Holding Limited and other related entities	**39,731,086 ordinary shares**	27,609,738 ordinary shares
		15,488,390 ordinary non–voting shares	27,609,738 ordinary non–voting shares

Total number of issued shares of the Company as at 31 December 2013 was 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares (as at 31 December 2012 was 293,750,001 ordinary shares and 176,250,000 ordinary non-voting shares). Each share is issued at par value of $0.10.

Board Performance

The Board meets at least four times a year. Fixed meetings are scheduled at the start of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

In 2013 the Board met formally 18 (2012: 16) times to review current performance and to discuss and approve important business decisions.

In 2013 the Board met to discuss and approve important business decisions:

a. NCC Acquisition;
b. Financial statements and budgets;
c. Credit facilities;
d. Changes in the management of the Group and its subsidiaries and their remuneration;
e. Dividends;
f. Investment opportunities;
g. Major CAPEX and OPEX spending;
h. Transactions within the Group;
i. Various other resolutions related to the activity of the Company and Group members.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Board Performance (continued)

The number of Board and Board Committee meetings held in the year 2013 and the attendance of directors during these meetings is as follows:

	Board of Directors		Nomination Committee		Remuneration Committee		Audit and Risk Committee	
	A	B	A	B	A	B	A	B
Michalis Thomaides	18	18	–	–	–	–	–	–
Alexander Iodchin	18	17	1	1	–	–	–	–
Bryan Smith	18	17	1	1	3	3	–	–
Nikita Mishin	18	8	1	0	3	0	–	–
Alexander Nazarchuk	18	17	–	–	–	–	–	–
Mikhail Loganov	18	12	–	–	3	3	7	7
Konstantin Shirokov	18	18	–	–	–	–	10	8
Siobhan Walker	18	17	–	–	–	–	10	10
Kim Fejfer	18	15	1	1	3	3	10	8
Tiemen Meester	18	18	1	1	3	3	10	10
Robert Korbijn	11	11	–	–	–	–	–	–
Laura Michael	18	17	–	–	–	–	–	–
Georgios Sofocleous	18	17	–	–	–	–	–	–
Chrystalla Stylianou	18	15	–	–	–	–	–	–
Constantinos Economides	7	6	–	–	–	–	–	–

A = Number of meetings eligible to attend during the year
B = Number of meetings attended

The operation of the Board, its Committees and individual Directors is subject to regular evaluation. The evaluation of the Board and individual Directors' performance is conducted through self-assessment, cross-assessment or by an external third party. The Non-Executive Directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman of the Board.

The Board Committees

Since December 2008 the Board of Directors established the operation of three committees: an Audit and Risk committee, a Nomination Committee and a Remuneration Committee.

The Audit and Risk Committee as of the date of this report comprises four Non-Executive Directors, and meets at least four times a year. The Audit and Risk Committee is currently chaired by Mrs. Siobhan Walker (an Independent Non-Executive Director) and the other members are Mr. Konstantin Shirokov, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). Mr. Mikhail Loganov resigned from the Audit and Risk Committee after his appointment as the Chief Financial Officer of the Company. The Committee is responsible for considering, among other matters: (i) the integrity of the Company's financial information, including its annual and interim condensed consolidated financial information, and the effectiveness of the Company's internal controls, risk management systems and the work of the Internal Auditor; (ii) auditors' reports; and (iii) the terms of appointment and remuneration of the auditor. The Committee supervises and monitors, and advises the Board of Directors on risk management and control systems and the implementation of codes of conduct. In addition, the Committee supervises the submission of financial information by the Company. The Committee recommends the Board on appointment, re-appointment and removal of the external auditor, reviews its independence, objectivity and effectiveness of the audit process. In addition the Committee implements the policy on the engagement of the external auditors to perform non-audit services.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The Board Committees (continued)

In the year 2013 the Audit and Risk Committee met 10 times to review and discuss inter alia:

a. entity and consolidated financial statements for the year ended 31 December 2012 and interim condensed consolidated financial information for six months ended 30 June 2013;
b. the press releases containing financial information;
c. reports prepared by external auditors on significant matters arising from their audit and review procedures;
d. evaluation of external auditors` independence and performance and recommendation to the Board to recommend to shareholders to reappoint the external auditor for the next year;
e. drafts of engagement and fees letters between the external auditors and the Company or its subsidiaries, as applicable in respect of their audit and non-audit services;
f. consideration of several reports from the management and external consultants.

The Nomination Committee as of the date of this report comprises five Directors, one of whom is independent. The Committee meets at least once each year. Currently the Nomination Committee is chaired by Capt. Bryan Smith (an Independent Non-Executive Director) and the other members are Mr. Nikita Mishin, Mr. Alexander Iodchin, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). The Committee's role is to prepare selection criteria and appointment procedures for members of the Board of Directors and to review on a regular basis the structure, size, diversity and composition of the Board. In undertaking this role, the Committee refers to the skills, knowledge and experience required of the Board given the Company's stage of development and makes recommendations to directors as to any changes. The Committee also considers future appointments in respect to the composition of the Board of Directors as well as making recommendations regarding the membership of the Audit and Risk Committee and the Remuneration Committee. In addition to it the Committee advises the Board on the appointment of the senior management of the Company.

In 2013 the Nomination Committee met one time to discuss and recommend to the Board a candidate for the appointment to the position of the Chief Financial Officer of the Company.

The Remuneration Committee as of the date of this report comprises four Directors, one of whom is independent. The Committee meets at least once each year. Currently the Remuneration Committee is chaired by Capt. Bryan Smith (an Independent Non-Executive Director), and the other members are Mr. Nikita Mishin, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). Mr. Mikhail Loganov resigned from the Remuneration Committee after his appointment as the Chief Financial Officer of the Company. The Committee is responsible for determining and reviewing, among other matters, the remuneration of the executive directors, Chairman and the executive management and the Company's remuneration policies. The remuneration of independent Directors is a matter for the chairman of the Board of Directors and the executive directors. No director or manager may be involved in any decisions as to his or her own remuneration.

In 2013 the Remuneration Committee met three times to discuss and recommend to the Board the remuneration for the executive management of the Group.

Corporate Governance

Improving its corporate governance structure in accordance with the internationally recognised best practices the Company adopted in 2008 and 2012 important policies and procedures.

The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders. They include, inter alia:

- Appointment policy;
- Terms of reference of the Board of Directors;
- Terms of reference of the Audit and Risk Committee;
- Terms of reference of the Nomination Committee;
- Terms of reference of the Remuneration Committee;
- Code of Ethics and Conduct;
- Antifraud policy;
- Anti-Corruption Policy; and
- Foreign Trade Controls Policy.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Board and Management Remuneration

Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors.

Levels of remuneration for the Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties.

The shareholders of the Company approved the remuneration of the members of the Board for the year 2013 on 29 April 2013.

Refer to Note 32(h) to the consolidated financial statements for details of the remuneration paid to the members of the Board and key management.

Events after the balance sheet date

The events after the balance sheet date are disclosed in Note 33 to the consolidated financial statements.

Branches

The Group did not have or operate through any branches during the year.

Treasury shares

The Company did not acquire either directly or through a person in his own name but on behalf of the Company any of its own shares.

Going Concern

Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the consolidated financial statements based on the fact that, after making enquiries and following a review of the Group's budget for 2014, including cash flows and borrowing facilities, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future.

Auditors

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution approving their reappointment and giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Nikita Mishin
Chairman of the Board of Directors

Limassol
14 March 2014

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Global Ports Investments Plc ("Company") is responsible for preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Each of the Directors confirms to the best of his or her knowledge that the consolidated financial statements which are presented on pages 14 to 75 have been prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, and give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as whole.

By Order of the Board

Michalis Thomaides
Director

Alexander Iodchin
Director

Limassol
14 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PORTS INVESTMENTS PLC

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Global Ports Investments Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated 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 consolidated 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 whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, 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 and the requirements of the Cyprus Companies Law, Cap 113.

Report on other legal and regulatory requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
Limassol, 14 March 2014

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2013

(in thousands of US dollars)	Note	For the year ended 31 December 2013	2012
Revenue	5	**479,953**	501,829
Cost of sales	6	**(238,172)**	(299,807)
Including impairment of goodwill and property, plant and equipment	4(a)(ii)	**–**	(58,025)
Gross profit		**241,781**	202,022
Administrative, selling and marketing expenses	6	**(55,507)**	(43,377)
Other gains/(losses) – net	7	**3,248**	(1,387)
Operating profit		**189,522**	157,258
Finance costs – net	9	**(38,518)**	(3,660)
Profit before income tax		**151,004**	153,598
Income tax expense	10	**(36,937)**	(30,124)
Profit for the year		**114,067**	123,474
Attributable to:			
Owners of the Company		**114,120**	107,822
Non-controlling interest		**(53)**	15,652
		114,067	123,474
Basic and diluted earnings per share for profit attributable to the owners of the parent of the Company during the year (expressed in US$ per share)	12	**0.24**	0.23

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Profit for the year	**114,067**	123,474
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**(37,858)**	45,416
Other comprehensive (loss)/income for the year, net of tax	**(37,858)**	45,416
Total comprehensive income for the year	**76,209**	168,890
Total comprehensive income attributable to:		
Owners of the Company	**76,441**	152,946
Non-controlling interest	**(232)**	15,944
Total comprehensive income for the year	**76,209**	168,890

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

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2013

(in thousands of US dollars)		As at 31 December	
	Note	2013	2012
ASSETS			
Non-current assets		**3,130,860**	1,141,618
Property, plant and equipment	14	**1,544,519**	928,043
Intangible assets	15	**1,555,239**	170,325
Prepayments for property, plant and equipment	14	**11,158**	30,574
Trade and other receivables	19	**19,944**	12,676
Current assets		**282,919**	167,297
Inventories	18	**9,302**	5,985
Trade and other receivables	19	**137,472**	57,412
Income tax receivable		**3,622**	402
Bank deposits with maturity over 90 days	20	**10,940**	13,854
Cash and cash equivalents	21	**121,583**	89,644
TOTAL ASSETS		**3,413,779**	1,308,915
EQUITY AND LIABILITIES			
Total equity		**1,192,677**	819,286
Equity attributable to the owners of the Company		**1,208,030**	816,774
Share capital	22	**57,317**	47,000
Share premium	22	**923,511**	454,513
Capital contribution		**101,300**	101,300
Translation reserve		**(155,802)**	(118,123)
Transactions with non-controlling interest	31	**(210,376)**	(210,376)
Retained earnings		**492,080**	542,460
Non-controlling interest		**(15,353)**	2,512
Total liabilities		**2,221,102**	489,629
Non-current liabilities		**1,772,713**	356,686
Borrowings	23	**1,321,090**	263,295
Derivative financial instruments	24	**26,069**	–
Deferred tax liabilities	25	**423,566**	91,392
Trade and other payables	26	**1,988**	1,999
Current liabilities		**448,389**	132,943
Borrowings	23	**230,293**	69,814
Trade and other payables	26	**213,979**	47,567
Current income tax liabilities		**4,117**	15,562
TOTAL EQUITY AND LIABILITIES		**3,413,779**	1,308,915

On 14 March 2014 the Board of Directors of Global Ports Investments Plc authorised these consolidated financial statements for issue.

Michalis Thomaides
Director

Alexander Iodchin
Director

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

(in thousands of US dollars)		Attributable to the owners of the Company								
	Note	Share capital	Share premium	Capital contribution	Translation reserve	Transactions with non-controlling interest	Retained earnings*	Total	Non-controlling interest	Total
Balance at 1 January 2012		47,000	454,513	101,300	(163,247)	–	514,538	954,104	21,117	975,221
Currency translation differences		–	–	–	45,124	–	–	45,124	292	45,416
Total other comprehensive income		–	–	–	45,124	–	–	45,124	292	45,416
Profit for the year		–	–	–		–	107,822	107,822	15,652	123,474
Total comprehensive income for the year ended 31 December 2012		–	–	–	45,124	–	107,822	152,946	15,944	168,890
Transactions with non-controlling interest	31	–	–	–	–	(210,376)	–	(210,376)	(19,624)	(230,000)
Distributions to shareholders	13	–	–	–	–	–	(79,900)	(79,900)	(14,925)	(94,825)
Total transactions with owners for the year ended 31 December 2012		–	–	–	–	(210,376)	(79,900)	(290,276)	(34,549)	(324,825)
Balance at 31 December 2012		**47,000**	**454,513**	**101,300**	**(118,123)**	**(210,376)**	**542,460**	**816,774**	**2,512**	**819,286**
Currency translation differences		–	–	–	(37,679)	–	–	(37,679)	(179)	(37,858)
Total other comprehensive loss		–	–	–	(37,679)	–	–	(37,679)	(179)	(37,858)
Profit for the year		–	–	–		–	114,120	114,120	(53)	114,067
Total comprehensive income for the year ended 31 December 2013		**–**	**–**	**–**	**(37,679)**	**–**	**114,120**	**76,441**	**(232)**	**76,209**
Non-controlling interest in acquired subsidiaries	30	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,633)**	**(17,633)**
Issue of shares related to business combination – net of incremental expenses	22, 30	10,317	468,998	–	–	–	–	479,315	–	479,315
Distributions to shareholders	13	–	–	–	–	–	(164,500)	(164,500)	–	(164,500)
Total transactions with owners for the year ended 31 December 2013		**10,317**	**468,998**	**–**	**–**	**–**	**(164,500)**	**314,815**	**(17,633)**	**297,182**
Balance at 31 December 2013		**57,317**	**923,511**	**101,300**	**(155,802)**	**(210,376)**	**492,080**	**1,208,030**	**(15,353)**	**1,192,677**

* Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends.

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013

(in thousands of US dollars)	Note	For the year ended 31 December 2013	2012
Cash flows from operating activities			
Profit before income tax		**151,004**	153,598
Adjustments for:			
Depreciation of property, plant and equipment	14	**63,256**	63,893
Gain on sale of property, plant and equipment	14	**(395)**	(741)
Impairment charge of property, plant and equipment	4(a)(ii)	**–**	51,541
Impairment of goodwill	4(a)(ii)	**–**	6,484
Amortisation of intangible assets	15	**7,257**	7,343
Interest income	9	**(1,987)**	(2,801)
Interest expense	9	**21,586**	15,026
Foreign exchange losses/(gains) on non-operating activities		**20,181**	(11,229)
Other non-cash items		**594**	2,813
Operating cash flows before working capital changes		**261,496**	285,927
Changes in working capital			
Inventories		**(841)**	592
Trade and other receivables		**(1,321)**	5,269
Trade and other payables		**17,491**	1,291
Cash generated from operations		**276,825**	293,079
Income tax paid		**(57,248)**	(41,272)
Net cash from operating activities		**219,577**	251,807
Cash flows from investing activities			
Cash outflow for acquisitions of subsidiaries – net of cash acquired	30	**(177,648)**	–
Purchase of shareholdings from non-controlling interests	31	**–**	(230,000)
Purchases of intangible assets	15	**(272)**	(202)
Purchases of property, plant and equipment	5	**(71,772)**	(79,765)
Proceeds from sale of property, plant and equipment	14	**1,066**	2,651
Loans granted to related parties	32(i)	**(5,099)**	(2,758)
Loans granted to third parties		**(77)**	(112)
Loan repayments received from related parties		**562**	14,106
Loan repayments received from third parties		**80**	–
Interest received		**1,197**	2,351
Investment in bank deposits with maturity over 90 days		**(9,949)**	(13,920)
Cash from bank deposits with maturity over 90 days		**14,223**	3,893
Net cash used in investing activities		**(247,689)**	(303,756)
Cash flows from financing activities			
Proceeds from borrowings		**336,557**	330,126
Repayments of borrowings		**(79,737)**	(214,943)
Interest paid		**(21,526)**	(12,335)
Finance lease principal payments (third parties)		**(19,379)**	(7,068)
Expenses in relation to issued shares	30	**(1,461)**	–
Dividends paid to the owners of the Company	13	**(150,400)**	(79,900)
Dividends paid to non-controlling interests	13	**–**	(14,925)
Net cash from financing activities		**64,054**	955
Net increase/(decrease) in cash and cash equivalents		**35,942**	(50,994)
Cash and cash equivalents at beginning of the year		**89,644**	137,068
Exchange (losses)/gains on cash and cash equivalents		**(4,003)**	3,570
Cash and cash equivalents at end of the year	21	**121,583**	89,644

The notes on pages 19 to 75 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Country of incorporation

Global Ports Investments Plc (hereafter the "Company" or "GPI") was incorporated on 29 February 2008 as a private limited liability company and is domiciled in Cyprus in accordance with the provisions of the Companies Law, Cap. 113. The address of the Company's registered office is 20 Omirou Avenue, Limassol, Cyprus.

On 18 August 2008, following a special resolution passed by the shareholder, the name of the Company was changed from "Global Ports Investments Ltd" to "Global Ports Investments Plc" and the Company was converted into a public limited liability company in accordance with the provisions of the Companies Law, Cap. 113.

During the first half of 2011 the Company has successfully completed an initial public offering ("IPO") of its shares in the form of global depositary receipts ("GDRs"). The Company's GDRs (one GDR representing 3 ordinary shares) are listed on the Main Market of the London Stock Exchange under the symbol "GLPR". For further details please refer to Note 22.

On 27 December 2013 GPI completed the acquisition of 100% of the share capital of NCC Group Limited, (together with its subsidiaries, "NCC Group"). See Note 30 for further details about this acquisition. NCC Group's principal subsidiaries are included in Russian ports segment as shown in Note 5.

Approval of the consolidated financial statements

These consolidated financial statements were authorised for issue by the Board of Directors on 14 March 2014.

Principal activities

The principal activities of the Company, its subsidiaries and joint ventures (hereinafter collectively referred to as the "Group") are the operation of container and oil products terminals in Russia and the Baltics. The Group offers its customers a wide range of services for their import and export logistics operations.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of these consolidated financial statements all International Financial Reporting Standards issued by International Accounting Standards Board (IASB) and effective as at 1 January 2013 have been adopted by the EU through the endorsement procedure established by the European Commission with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of derivatives.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards adopted by the Group

During the current year the Group adopted all the new and revised IFRS as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2013. This adoption did not have a material effect on the accounting policies of the Group with the exception of the following:

- Amendment to IAS 1 "Financial Statements Presentation" on Presentation of Items of Other Comprehensive Income". As a result of the adoption of this amendment, the Company groups items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). This affected the presentation of 'currency translation differences' in the consolidated statement of comprehensive income.
- IFRS 13, "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Standard resulted in additional disclosures in these financial statements. Refer to notes 19, 23 and 24.

The Group has also decided to early adopt the following amendment as of 1 January 2013:

- Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; EU effective date for 1 January 2014). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. As a result the Group has not disclosed this information in these financial statements.

New standards and interpretations not yet adopted by the Group

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on these consolidated financial statements, except the following set out below:

(a) Adopted by the European Union

- IAS 27 (revised 2011), 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2013; EU effective date for 1 January 2014). IAS 27 was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective for annual periods beginning on or after 1 January 2013; EU effective date for 1 January 2014). IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. IFRS 10, "consolidated financial statements" (effective for annual periods beginning on or after 1 January 2014) was issued in May 2011 and provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity shall be included within the consolidated financial statements of the parent company.
- IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013; EU effective date for 1 January 2014), replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation – special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not yet adopted by the Group (continued)

(a) Adopted by the European Union (continued)

- IFRS 11, 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2013; EU effective date for 1 January 2014). The adoption of IFRS 11 will affect the accounting policy followed by the Group for accounting for its joint arrangements. A joint venture gives the Group rights to the net assets or profit of the joint arrangement. A joint operation gives the Group direct rights to the assets and obligations for the liabilities of the joint arrangement. Investments that meet the definition of a joint operation will be accounted for by recognising assets, liabilities, revenues and expenses according to the entity's shares in the assets, liabilities, revenues and expenses of the joint operation as determined and specified in the contractual arrangement. For investments that meet the new definition of a joint venture proportionate consolidation will no longer be applicable. Under IFRS 11 joint ventures will be accounted for using the equity method of accounting. This change will impact the presentation of joint ventures with the effect that revenues and costs in the consolidated income statement and assets and liabilities in the consolidated balance sheet will be reflected in a single line through the application of the equity method. The adoption of IFRS 11 will not affect the layout and presentation of the segment reporting (see Note 5, Segmental information) where assets, liabilities, revenues and costs of joint ventures are currently presented on a 100% basis and then adjusted on line-by-line basis to reflect the share held by the Group.
- IFRS 12, 'Disclosures of interests in other entities' (effective for annual periods beginning on or after 1 January 2013; EU effective date for 1 January 2014). IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group yet to assess the full impact of IFRS 12.
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014; EU effective date for 1 January 2014). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014; EU effective date for 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.
- Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and effective for annual periods beginning 1 January 2013; EU effective date for 1 January 2014). The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014; EU effective date for 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not yet adopted (continued)

(b) Not yet adopted and not yet endorsed by the European Union

- IFRIC 21 – Levies (issued on 20 May 2013 and effective for annual periods beginning on 1 January 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.
- IFRS 9, 'Financial Instruments: Classification and Measurement'. Key features of the standard issued in November 2009 and amended in October 2010, December 2011 and November 2013 are:
  - 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 payments of principal and interest only (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 own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging. The amendments made to IFRS 9 in November 2013 removed its mandatory effective date, thus making application of the standard voluntary. The Group does not intend to adopt the existing version of IFRS 9 until this is enclosed by the European Union. The Group has not yet assessed the impact of the adoption of IFRS9 in its financial statements.
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014) The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not yet adopted (continued)

(b) Not yet adopted and not yet endorsed by the European Union (continued)

- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Board of Directors assesses the impact of new standards and interpretations at the point when these are endorsed by the European Union. As a result the impact of the above new standards and interpretations that have not been endorsed by the European Union has not been assessed.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully included in the consolidated financial statements from the date on which control was transferred to the Group or to the extent that the subsidiaries were obtained through a transaction between entities under common control from the date which control was transferred to its shareholders. They are derecognised from the financial statements from the date that control ceases.

Business combinations involving entities under common control (ultimately controlled by the same party, before and after the business combination, and that control is not transitory) are accounted using the predecessor basis of accounting. Under this method, the financial statements of the acquiree are included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies, on the assumption that the Group was in existence from the date where common control was established. For these transactions, the excess of the cost of acquisition over the carrying amount of the Group's share of identifiable net assets acquired, including goodwill, arising at the date of acquisition by the shareholders, is recorded in equity in retained earnings at the date of the legal restructuring.

The purchase method of accounting is used for acquisitions of subsidiaries that do not involve entities or businesses under common control with the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

All intra-company transactions, balances, income, expenses and unrealised gains and losses are eliminated on consolidation. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into compliance with those used by the Group.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Each venturer usually contributes cash or other resources to the jointly controlled entity.

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired joint venture, at the date of acquisition is recognised as goodwill. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where the participation in a joint venture was effected as a result of transactions involving entities under common control, the income and expenses, assets and liabilities and cash flows of the joint venture are proportionately included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies (predecessor basis of accounting), on the assumption that the Group was a venturer from the date where common control was established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

(c) Joint ventures (continued)
Upon formation of a joint venture, the income and expenses, assets and liabilities and cash flows of the joint venture are proportionately included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies (predessessor basis of accounting).

The Group recognises the portion of a gain or loss attributable to other venturer on transfer of non-monetary assets to the joint venture, in exchange for an equity interest in the joint venture.

Unrealised gains on transactions between the Group and its joint venturers are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Company.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Transactions with equity holders
The Group enters into transactions with its shareholders. When consistent with the nature of the transaction (i.e. when these transactions are not at arm's length prices), the Group's accounting policy is to recognise any gains or losses with equity holders, directly through equity and consider these transactions as the receipt of additional capital contribution or the distribution of dividends. Similar transactions with non-equity holders, or parties which are not under the control of the parent company, are recognised through the income statement.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues earned by the Group are recognised on the following bases:

(a) Sales of services
The Group provides oil products handling, container handling, general cargoes handling, ro-ro cargoes handling, reefer cargoes handling and other related stevedoring services. Revenue from rendering of services is recognised based on the stage of completion determined by reference to services performed to date as a percentage of total services to be provided. If the income from rendering of services cannot be reliably measured, only the income up to the level of the expenses to be claimed is recognised.

(b) Sales of goods
The Group sells unused materials and goods. These sales are ex works from the sales of the terminals and with usual payment terms. Revenue from the sale of goods is recognised when the customer takes the goods out of the territory of the terminal (i.e. risks and rewards of ownership are transferred to the buyer).

(c) Rental income
See accounting policy for leases below.

(d) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method and is included within finance income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(e) Dividend income
Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars (US$), which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to loans receivable and cash and cash equivalents are presented in the income statement within 'finance income'. Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance costs. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

(c) Group companies
The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate existing at the date of the balance sheet presented;
- Income and expense items at the average monthly rate, which approximates the exchange rate existing at the date of transactions;
- Share capital, share premium and all other reserves are translated using the historic rate; and
- All exchange differences resulting from the above translation are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. On disposal of a foreign operation (including partial disposals which result in loss of control, significant influence or joint control of a subsidiary, associate or joint venture respectively, that include a foreign operation), the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss is recognised. In these cases, the cumulative amount of exchange differences relating to the foreign operation sold that have been attributed to the non-controlling interests are derecognised but are not reclassified to profit or loss.

On partial disposal of a subsidiary that includes a foreign operation, the Group re-attributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation, the Group reclassifies to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

Property, plant and equipment ("PPE")

Property, plant and equipment are recorded at purchase or construction cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items.

Land is not depreciated.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, less residual value, over their estimated useful lives, as follows:

	Number of years
Buildings and facilities	5 to 50
Loading equipment and machinery	3 to 25
Other production equipment	3 to 25
Office equipment	1 to 10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (“PPE”) (continued)

Assets under construction are not depreciated until they are completed and brought into use, at which time they are reclassified in the relevant class of property, plant and equipment and depreciated accordingly.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they are incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for intended use or sale are capitalised and amortised over the useful life of the asset. Other borrowing costs are recognised as an expense in the reporting period incurred. Interest is capitalised at a rate based on the Group’s weighted average cost of borrowing or at the rate on project specific debt, where applicable.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and these are included within operating income.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary/joint venture/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures is included in ‘intangible assets’. Separately recognised goodwill is tested for impairment annually and whenever there is indication that goodwill may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill related to the partial disposal of an entity is not derecognised unless there is loss of control.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Group reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognises immediately in profit or loss any excess remaining after that reassessment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each CGU (Note 5).

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. These costs are amortised using straight line method over their estimated useful lives (3 to 5 years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(c) Client base

Client base (mainly customer relationships) acquired as a result of business combinations is at the cost of acquisition. Client base have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of client base over their estimated useful lives (5 to 11 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

(d) Contractual rights

Contractual rights acquired as a result of business combinations are shown at the cost of acquisition. Contractual rights relate primarily to quay and land lease agreements. These contractual rights are renewable. Contractual rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of contractual rights over their estimated useful lives (being 3 to 59 years as of 31 December 2013) which are in accordance with the underlying agreements, including renewal periods whenever renewal is at no significant cost and the Group has evidence, based on past experience that the contract will be renewed.

Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Leases

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

The Group is the lessee

(a) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group is the lessor

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Assets leased out under operating leases include insignificant portions of some properties which are not used by the Group which cannot be sold or leased out separately under a finance lease. These properties are included in property, plant and equipment in the balance sheet based on the nature of the asset.

Loans and receivables

The Group classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date.

These are classified as non-current assets. The Group's loans and receivables comprise cash and cash equivalents, bank deposits with maturity over 90 days, trade and other receivables and loans to related and third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and receivables (continued)

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor/borrower, probability that the debtor/borrower will enter bankruptcy or financial difficulty, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement against 'administrative, selling and marketing expenses'.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or a liability or highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 24. Movements on the hedging reserve are shown in the statement of other comprehensive income. The full fair value of hedging derivatives is classified as a non-current asset or liability when the maturity of the hedging relationship is more than 12 months and as a current asset or liability when the remaining maturity of the hedging relationship is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "other gains/(losses) – net".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance income/cost'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/losses – net'.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Cash and cash equivalents

In the cash flow statement cash and cash equivalents include cash in hand and deposits held at call with original maturity up to 90 days with banks. Cash and cash equivalents are carried at amortised cost using the effective interest method. Deposits with original maturity over 90 days are included in the cash flow from investing activities.

Cash flow statement

The cash flow statement is prepared under the indirect method. Purchases of property, plant and equipment (including prepayments for PPE) are presented within cash flows from investing activities and finance lease repayments within cash flows from financing activities are shown net of VAT. Related input VAT is included in movement in changes of working capital, within trade and other receivables.

Share capital, share premium and capital contribution

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium. Share premium is subject to the provision of the Cyprus Companies Law on reduction of share capital.

Capital contribution represents contributions by the shareholders directly in the reserves of the Company. The Company does not have any contractual obligation to repay these amounts. However, these are distributable to the Company's shareholders at the discretion of the Board of Directors subject to the shareholders' approval.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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 obligation cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and amortised over the useful life of the asset. Other borrowing costs are recognised as an expense in the reporting period incurred. Interest is capitalised at a rate based on the Group's weighted average cost of borrowing or at the rate on project specific debt, where applicable.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved, appropriately authorised and are no longer at the discretion of the Company.

More specifically, interim dividends are recognised as liability in the period in which these are approved by the Board of Directors and in the case of final dividends, they are recognised in the period in which these are approved by the Company's shareholders.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the probability of realising the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the income statement in 'other gains/(losses) – net'.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised on profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the country where the entity operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Value Added Tax ("VAT")

In the Russian Federation, output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice except for export sales related input VAT which is reclaimable upon confirmation of export. The tax authorities permit the settlement of VAT on a net basis. Where provision has been made for impairment of receivables, impairment loss is recognised for the gross amount of the debtor, including VAT. The lease liabilities are disclosed net of VAT. While the leasing payment includes VAT, the amount of VAT from the lease payment made is reclaimable against sales VAT. VAT related to sales and purchases is recognised in the balance sheet on a gross basis and disclosed separately as an asset and liability.

Employee benefits

Wages, salaries, contributions to state pension and social insurance funds, paid annual leave and sick leave, bonuses and other benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group. These are included in staff costs and the Group has no further obligations once the contributions have been paid.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in the currency different from the functional currency of each of the entities of the Group.

Usually the Group does not hedge the foreign exchange risk. In the course of NCC Acquisition (note 30) the Group has inherited a cross-currency and interest rate swap. Upon the NCC Acquisition the Group has designated the cross-currency interest rate swap as a cash flow hedge of the variability of interest rates of on the underlying external borrowings and as a cash flow hedge of the changes in the expected cash flows arising from the highly probable forecasted revenues in USD due to USD/RUR exchange rate (Note 24).

Currently the long-term debt of the Group is denominated in US dollars, Euros and Russian Roubles. The US dollar and Euro interest rates are relatively more attractive compared to the Russian Rouble interest rate.

The Group will continue to review its borrowing policy in order to maintain a balance between term and interest rate of available financing and its currency.

For foreign exchange risk analysis purposes the Group may be divided into companies operating in Russia, where their functional currency is Russian Rouble (being Russian ports segment), and into those operating in Euro zone, where their functional currency is Euro (segments VEOS and Finnish ports). For more details please refer to Note 5.

Limitations of sensitivity analysis the below tables demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Russian operations

Currently Russian operations attract a substantial amount of long-term borrowings and lease liabilities denominated in US dollars, Euros and Russian Roubles. Their revenues are mainly denominated in Russian Roubles and US Dollars, whereas most of expenses are denominated and settled in Russian Roubles.

The carrying amount of monetary assets and liabilities in Russian operations denominated in US dollars are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Assets	**82,340**	62,080
Liabilities	**1,199,592**	276,945
Capital commitments	**–**	–

Had US dollar exchange rate strengthened/weakened by 15% against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2013, would have (decreased)/increased by US$134,070 thousand (2012: 15% change, effect US$25,784 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, loans, borrowings, cash and cash equivalents and accounts receivable denominated in US dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The carrying amount of monetary assets and liabilities in Russian operations denominated in Euros as at 31 December 2013 and 31 December 2012 are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Assets	**1,160**	2,748
Liabilities	**17,769**	11,422
Capital commitments	**12,290**	12,185

Had Euro exchange rate strengthened/weakened by 15% against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2013, would have (decreased)/increased by US$1,993 thousand (2012: 15% change, effect US$1,041 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, loans, borrowings, cash and cash equivalents and accounts receivable denominated in Euros.

Euro zone operations

Euro zone operations' revenues are mainly denominated in Euros and US Dollars, whereas most of expenses are denominated and settled in Euros. Their long-term borrowings and lease liabilities are denominated in US dollars and Euros.

The carrying amount of monetary assets and liabilities in Euro zone operations denominated in US dollars are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Assets	**7,417**	3,033
Liabilities	**2,931**	2,747
Capital commitments	**–**	12

Had US dollar exchange rate strengthened/weakened by 15% against the Euro and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2013, would have (decreased)/increased by US$538 thousand (2012: 15% change, effect US$34 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, borrowings, cash and cash equivalents and accounts receivable denominated in US dollars.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are exposed to changes in market interest rates arising mainly from floating rate cash and cash equivalents and borrowings. In addition the Group is exposed to fair value interest rate risk through market value fluctuations of loans receivable, borrowings and lease liabilities with fixed rates.

Lease and long-term borrowing contracts of the Group are concluded to finance the purchase of property, plant and equipment. While analysing new investment projects and concluding credit facility agreements, loan agreements and lease contracts, various scenarios are developed taking into account terms of refinancing and alternative financing sources. Based on these scenarios the Group measures the impact of a definite change in interest rate on profit or loss and selects the financing model that allows maximizing the estimated future profit.

Had market interest rates on US dollars, Euro and Russian Rouble denominated floating interest bearing financial assets and liabilities shift by 100 basis points and all other variables remained unchanged, the post tax profit of the Group would have decreased by US$11,716 thousand for the year ended 31 December 2013 (2012: US$2,131 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The Group obtains borrowings at current market interest rates and usually does not hedge the interest rate risk. In the course of NCC Acquisition (note 30) the Group has inherited a cross-currency and interest rate swap. Upon the NCC Acquisition the Group has designated the cross-currency interest rate swap as a cash flow hedge of the variability of interest rates of on the underlying external borrowings and as a cash flow hedge of the changes in the expected cash flows arising from the highly probable forecasted revenues in USD due to USD/RUR exchange rate (Note 24). Management monitors changes in interest rates and takes steps to mitigate these risks as far as practicable by ensuring the Group has financial liabilities with both floating and fixed interest rates.

(b) Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables and loans receivable (Note 19), bank deposits with maturity over 90 days (Note 20) and cash and cash equivalents (Note 21).

The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. These policies enable the Group to reduce its credit risk significantly. However, the Group's business is heavily dependent on several large key customers accounting for 45% and 43% of the Group's revenue for the year ended 31 December 2013 and 2012, respectively. The Group has policies in place to ensure that loans are granted to counterparties which it has long-standing trading relationships with and that cash balances are deposited with high credit quality financial institutions.

The table below summarises the analysis of trade and accounts receivables under contractual terms of settlement at the balance sheet date.

(in thousands of US dollars)	Fully performing	Past due	Impaired	Impairment provision	Total
As at 31 December 2013					
Trade receivables	**38,792**	**4,796**	**–**	**–**	**43,588**
Loans receivable	**17,653**	**–**	**–**	**–**	**17,653**
Other receivables	**70,447**	**70**	**–**	**–**	**70,517**
Bank deposits with maturity over 90 days	**10,940**	**–**	**–**	**–**	**10,940**
Total	**137,832**	**4,866**	**–**	**–**	**142,698**
As at 31 December 2012					
Trade receivables	23,563	7,027	–	–	30,590
Loans receivable	12,074	120	–	–	12,194
Other receivables	2,945	3	–	–	2,948
Bank deposits with maturity over 90 days	13,854	–	–	–	13,854
Total	52,436	7,150	–	–	59,586

(c) Liquidity risk

The Group has successful credit and refinancing history and maintains enough flexibility ensuring the ability to attract necessary funds either through committed credit facilities or shareholders' loans. Due to availability of cash and cash equivalents amounting to US$121,583 thousand (31 December 2012: US$89,644 thousand) (Note 21), bank deposits over 90 days amounting to US$10,940 thousand (31 December 2012: US$13,854 thousand) (Note 20), committed credit lines amounting to US$401,247 thousand at 31 December 2013 (US$83,045 thousand at 31 December 2012) together with long-term borrowings (Note 23) the Group has the ability to meet its liabilities as they fall due and mitigate risks of adverse changes in the financial markets environment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below summarises the analysis of financial liabilities of the Group by maturity as of 31 December 2013 and 2012. The amounts in the table are contractual undiscounted cash flows. Trade and other payables balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(in thousands of US dollars)	Less than 1 month	1-3 months	3-6 months	6 months - 1 year	1-2 years	2-5 years	Over 5 years	Total
As at 31 December 2013								
Borrowings	**17,232**	**51,877**	**67,562**	**185,686**	**223,803**	**883,721**	**593,710**	**2,023,591**
Trade and other payables	**73,012**	**47,202**	**51**	**64,333**	**1,663**	**–**	**–**	**186,261**
Total	**90,244**	**99,079**	**67,613**	**250,019**	**225,466**	**883,721**	**593,710**	**2,209,852**
As at 31 December 2012								
Borrowings	5,982	8,844	24,253	43,730	143,283	119,577	122,287	467,956
Trade and other payables	10,221	14,294	13	336	1,532	5	–	26,401
Total	16,203	23,138	24,266	44,066	144,815	119,582	122,287	494,357

(d) Capital risk management

The Group's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the profitability of the Group, maintain optimum equity structure and reduce its cost of capital.

Defining capital, the Group uses the amount of equity and the Group's borrowings.

The Group manages the capital based on borrowings to total capitalisation ratio. Borrowings include lease liabilities and loan liabilities.

Total capitalisation is calculated as the sum of the total Group borrowings and net assets at the date of calculation. The management does not currently have any specific target for the rate of borrowings to total capitalisation.

The rate of borrowings to total capitalisation is as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Total borrowings	1,551,383	333,109
Total capitalisation	2,745,388	1,152,395
Total borrowings to total capitalisation ratio (percentage)	57%	29%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(e) Fair value estimation

Fair value is the amount at which a financial asset could be exchanged or a liability settled in a transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group, using available market information, where it exists, and appropriate valuation methodologies and assistance of experts. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Group has used all available market information in estimating the fair value of financial instruments.

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables approximate their fair values.

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Carrying amounts of trade and other payables which are due within twelve months approximate their fair values.

Financial instruments carried at fair value are valued by the following valuation methods:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group's specific estimates.

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's only financial instrument carried at fair value that is disclosed in note 24. It is valued using Level 2 from the table above. See note 4(a)(iii).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Determination of useful lives and residual value of property, plant and equipment

The estimation of the useful lives and residual values of items of property, plant and equipment is a matter of judgement based on experience with similar assets. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives and residual values in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions. Reviews at each balance sheet date indicate whether there is a need for changes in estimations and assumptions as a result of which the useful lives and residual values need to be adjusted accordingly. The carrying amount of property, plant and equipment of the Group was US$1,544,519 thousand (31 December 2012: US$928,043 thousand). If depreciation rates were increased by 10%, the carrying amount of property, plant and equipment would decrease by around US$6,326 thousand (2012: US$6,389 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(ii) Estimated impairment of goodwill and property, plant and equipment

The Group tests annually whether goodwill has suffered an impairment. In addition the Group reviews long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Also the Group assessed whether there are any circumstances giving grounds to the reversal of the impairment recognised in previous periods on non-financial assets other than goodwill. When the carrying amount of an asset does not yet include all the cash outflows to be incurred before it is ready for use or sale, the estimate of future cash outflows includes an estimate of any further cash outflow that is expected to be incurred before the asset is ready for use or sale. If the total of the discounted future cash flows is less than the carrying amount of the asset or group of assets, the asset is not recoverable and the Group recognizes an impairment loss for the difference between the estimated recoverable amount (based on value in use) and the carrying value of the asset or group of assets. The Group assesses long-lived assets for possible impairment upon the occurrence of a triggering event. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset. Estimating discounted future cash flows requires making judgments about long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are uncertain as they require assumptions about volumes, prices for the products and services, future market conditions and future technological developments. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period. Based on the current world-wide economic circumstances, the Group performed a test of the estimated recoverable amount of the cash-generating units (CGUs), compared to their carrying value.

Goodwill has been allocated for impairment testing purposes to six individual CGUs – VEOS segment, Finnish ports segment and five CGUs in Russian ports segment (VSC, PLP, MD and YLP, see Note 5). The Group prepared value in use calculation models for identification of potential impairment for each CGU.

Models are prepared based on the Group's best estimates and the latest budgets available as at the year end. Best estimates are based on historic experience and data of growth of each CGU and statistical data of similar entities. They are consistent with external sources of information. However, in the light of recent developments in the world economy and Russian Federation reasonable corrections of historic data have been made to arrive at best estimates of key assumptions used in value in use calculations.

For all CGUs cash flow projections cover a period of five years. Cash flows beyond that five-year period have been extrapolated using a steady terminal growth rate. The terminal growth rate used does not exceed the long-term average growth rate for the market in which entities operate. For projections prepared for CGUs in Russian ports and Finnish ports segments terminal growth rate of 3% has been applied (2012: 3%). For projections prepared for VEOS segment as at 31 December 2013 a terminal growth rate of 2% was applied (2012: 2%). The discount rate applied for Russian ports CGUs in projections prepared as at 31 December 2013 is 11.6% (2012: 11.7%), for VEOS the discount rate is 10.2% (2012: 10.1%) and for Finnish ports the discount rate is 10.8% (2012: 10.8%).

Key assumptions for all CGUs are throughput volume and price per unit. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. The growth rates for Finnish ports and VEOS revenues are conservatively estimated to be very moderate in view of the competition nature in the Finnish Ports and VEOS. For PLP, VSC and MD CGUs volume growth is estimated to be in line with the long-term market development, position of each terminal on the market and its pricing power. As supported by historical market performance and in view of relatively low containerisation level in Russia, long-term average throughput growth rate for the Russian container market is higher than in developed markets. For YLP long-term forecast takes into account the fact that it is a greenfield development, which started operations in the second half of 2010.

Based on the impairment results of the impairment testing carried out in 2013, the Board of Directors believes that there is no requirement for further impairments or indications for reversal of impairments recognised in previous periods for non-financial assets other than goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(iii) Determination of fair values in business combinations

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

Fair values are estimated based upon assumptions believed to be reasonable. These estimates are based on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates include but are not limited to future throughput volume, prices and discount rate.

In relation to NCC acquisition (see Note 30):

- The fair values of property, plant and equipment were determined by independent valuators by reference to market data.
- The fair value of lease contractual rights was determined by management to relate to the main asset of NCC Group, CJSC First Container Terminal (FCT). The fair value was estimated using the multi-period excess earnings method within the income approach. The projected cash flows were estimated by the management for a period which the Group expects to have benefits from these contractual rights. The cash flows attributed to the lease contractual rights were discounted using a discount rate of 11,6%. Key assumptions are throughput volume and price per unit. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. Volume growth is estimated to be in line with the long-term market development, position of each terminal on the market and its pricing power. As supported by historical market performance and in view of relatively low containerisation level in Russia, long-term average throughput growth rate for the Russian container market is higher than in developed markets.
- The estimation of useful lives of lease contractual rights is also a matter of judgement based on experience with similar assets. In determining the useful lives management takes into account several factors such as applicable laws and regulations, the ability and cost of renewal of such contractual rights and the date of expiration of the contractual agreements.
- The management considers that both land and the quays adjacent are necessary for conducting the operations of a terminal and as such the fair value of the quay lease rights and adjacent land lease rights cannot be reliably estimated separately.
- The Board of Directors assessed the estimated useful economic life for the acquired lease contractual rights as 59 years taking into account one expected lease renewal on the major quay leases of FCT.
- For details regarding the assessment of the fair value of CTI option and the contingent consideration related to NCC Acquisition please refer to Note 30.

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

(iv) Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION

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

Group operations consist of several major business units which are usually and mainly organised as separate legal entities. Segment profit is obtained directly from the accounting records of each business unit and adjustments are made to bring their accounting records in line with IFRS as adopted by the EU; the accounting records are all prepared using the same accounting policies as those used for the preparation of these consolidated financial statements therefore there are no arbitrary allocations between segments. Certain business units are operating with one major operating company and some supporting companies.

The Board of Directors considers the business from both a geographic (which is represented by different port locations managed by separate legal entities) and services perspective regularly monitoring the performance of each major business unit.

The Board of Directors assesses the performance of the operating segments based on revenue (both in monetary and quantity terms) major costs items and net profit after the accounting records of business units are converted to be in line with IFRS as adopted by the EU. For the purposes of the internal reporting, joint ventures are assessed on a 100% ownership basis. There are no changes in the basis of measurement of segment profit or loss compared to prior years.

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Other information provided to the CODM except as noted below is measured in a manner consistent with that in the financial statements.

The brief description of segments is as follows:

Russian ports

The segment consists of the following operating units:

- Petrolesport OAO, Farwater ZAO (PLP) and various other entities (including some intermediate holdings) that own and manage a container terminal in St. Petersburg port, North-West Russia. PLP is engaged in handling of containers, ro-ro, general cargo and scrap metal.
- Vostochnaya Stevedoring Company OOO (VSC) and various other entities (including some intermediate holdings) that own and manage a container terminal in Vostochnyi port near Nahodka, Far-East Russia.
- Moby Dik OOO (MD) and various other entities (including some intermediate holdings) that own and manage a container terminal in Kronstadt near St. Petersburg, North-West Russia.
- Yanino Logistic Park OOO (YLP) being an in-land container terminal in Yanino near St. Petersburg, North-West Russia.
- Entities of acquired NCC Group (Note 30). The major acquired operating facilities are: CJSC First Container Terminal (FCT), CJSC Logistika-Terminal (LT), OJSC Ust-Luga Contaner Terminal (ULCT). FCT is the biggest container terminal in Russia, located in St. Petersburg port, North-West Russia. LT is an in-land container terminal in Shushary near St. Petersburg, North-West Russia. ULCT is a container terminal in Ust-Luga, near St. Petersburg, North-West Russia.

Finnish ports

The segment consists of container terminals in the ports of Vuosaari (Helsinki) and Kotka, Finland.

VEOS

The segment consists of AS V.E.O.S., various other entities and the intermediate holding company that own and manage an oil products terminal in Muuga port near Tallinn, Estonia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The following items do not represent operating segments, however are provided to the CODM together with segment information:

Holding companies (all other)

The segment consists of Global Ports Investments Plc (GPI) and some intermediate holding and service companies.

Reconciliation adjustments

Reconciliation adjustments consist of two major components:

- Effect of proportionate consolidation – demonstrates the effect of proportionate consolidation of MD, YLP, Finnish ports and VEOS. In the financial statements the financial position and financial results of these segments are incorporated using the proportionate consolidation method (using respectively 75%, 75%, 75% and 50% proportion). In the current segment reporting the information is presented on the 100% basis and then the portion which is not consolidated is deducted as a 'Reconciliation Adjustment'.
- Other adjustments – all other consolidation adjustments including but not limited to:
  - elimination of intragroup transactions (mainly intragroup sales and dividends) and balances (mainly intragroup loans and investments in subsidiaries and joint ventures);
  - consolidation adjustments of results of sale or purchase of shares of subsidiaries;
  - other consolidation adjustments.

The Group does not have any regular transactions between segments except for transactions between MD, Finnish ports and YLP. In addition there are several one-off transactions between other segments which mainly relate to financing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2013 are as follows:

						Reconciliation adjustments		
(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Sales to third parties	370,712	202,402	23,544	596,658	–	(116,705)	–	479,953
Inter-segment revenue	24	–	102	126	–	(40)	(86)	–
Total revenue	370,736	202,402	23,646	596,784	–	(116,745)	(86)	479,953
Cost of sales	(164,479)	(128,713)	(21,750)	(314,942)	–	76,696	74	(238,172)
Administrative, selling and marketing expenses	(22,874)	(13,140)	(1,125)	(37,139)	(26,017)	7,637	12	(55,507)
Other losses – net	1,318	782	383	2,483	141,297	(423)	(140,109)	3,248
Operating profit	184,701	61,331	1,154	247,186	115,280	(32,835)	(140,109)	189,522
Finance costs	(44,452)	(3,573)	(2,650)	(50,675)	4,713	7,418	26	(38,518)
incl. interest income	6,143	43	33	6,219	4,360	(93)	(8,499)	1,987
incl. interest expenses	(28,579)	(2,946)	(1,922)	(33,447)	(696)	4,058	8,499	(21,586)
Profit before income tax	140,249	57,758	(1,496)	196,511	119,993	(25,417)	(140,083)	151,004
Income tax expense	(40,156)	1,329	(192)	(39,019)	2,018	64	–	(36,937)
Profit after tax	100,093	59,087	(1,688)	157,492	122,011	(25,353)	(140,083)	114,067
CAPEX* on cash basis	64,584	12,706	1,676	78,966	38	(7,232)	–	71,772
CAPEX* on accrual basis	118,749	13,523	1,922	134,194	38	(8,487)	–	125,745

* CAPEX is purchases of property, plant and equipment

Included within 'Other adjustments' on the line 'Other losses – net' is the elimination of intragroup dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The segment items operating expenses for the year ended 31 December 2013 are as follows:

						Reconciliation adjustments		
(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Depreciation of property, plant and equipment	51,786	23,702	2,600	78,088	28	(14,860)	–	63,256
Amortisation of intangible assets	6,107	2,494	–	8,601	–	(1,344)	–	7,257
Staff costs	58,550	25,177	8,387	92,114	19,992	(16,942)	–	95,164
Transportation expenses	14,703	46,801	3,153	64,657	–	(24,692)	–	39,965
Fuel, electricity and gas	9,636	28,663	983	39,282	10	(15,091)	–	24,201
Repair and maintenance of property, plant and equipment	11,815	4,477	1,298	17,590	4	(3,252)	–	14,342
Total	152,597	131,314	16,421	300,332	20,034	(76,181)	–	244,185
Other operating expenses	34,756	10,539	6,454	51,749	5,983	(8,152)	(86)	49,494
Total cost of sales, administrative, selling and marketing expenses	187,353	141,853	22,875	352,081	26,017	(84,333)	(86)	293,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2013 are as follows:

(in thousands of USD)						Reconciliation adjustments		
	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Property, plant and equipment (including prepayments for PPE)	1,442,506	256,040	15,191	1,713,737	75	(158,135)	–	1,555,677
Intangible assets	1,492,026	72,884	4,716	1,569,626	–	(14,387)	–	1,555,239
Other non-current assets	87,302	–	33,739	121,041	2,113,131	(12,091)	(2,202,137)	19,944
Inventories	8,151	2,586	–	10,737	–	(1,435)	–	9,302
Trade and other receivables (including income tax prepayment and cash deposits over 90 days)	893,573	42,938	4,510	941,021	76,945	(21,511)	(844,421)	152,034
Cash and cash equivalents	103,185	3,115	1,434	107,734	17,669	(3,820)	–	121,583
Total assets	4,026,743	377,563	59,590	4,463,896	2,207,820	(211,379)	(3,046,558)	3,413,779
Long-term borrowings	1,440,039	71,424	31,386	1,542,849	603,619	(76,930)	(748,448)	1,321,090
Other long-term liabilities	456,751	–	2,463	459,214	(1,881)	(2,278)	(3,432)	451,623
Trade and other payables	50,568	40,951	3,079	94,598	149,516	(19,458)	(10,677)	213,979
Short-term borrowings	221,498	22,130	2,612	246,240	232,706	(15,477)	(233,176)	230,293
Other short-term liabilities	1,500	5,253	1	6,754	2	(2,639)	–	4,117
Total liabilities	2,170,356	139,758	39,541	2,349,655	983,962	(116,782)	(995,733)	2,221,102
Non-controlling interest	(15,353)	–	–	(15,353)	–	–	–	(15,353)

Included within ‘Russian ports’, ‘Finnish ports’ and ‘Holdings’ segments ‘Other non-current assets’ are investments in subsidiaries and joint ventures in the total amount of US$8,066 thousand, US$9,763 thousand and US$2,038,410 thousand respectively (fully eliminated on consolidation).

Included within ‘Russian ports’ and ‘Holdings’ segments there are intragroup ‘trade and other receivables’ and ‘borrowings’ in the total amount of US$833,291 thousand which are fully eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2012 are as follows:

(in thousands of USD)						Reconciliation adjustments		
	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Sales to third parties	377,511	233,212	23,221	633,944	–	(132,115)	–	501,829
Inter-segment revenue	–	–	325	325	–	(85)	(240)	–
Total revenue	377,511	233,212	23,546	634,269	–	(132,200)	(240)	501,829
Cost of sales	(244,575)	(126,085)	(22,196)	(392,856)	–	92,809	240	(299,807)
Administrative, selling and marketing expenses	(27,290)	(14,742)	(1,292)	(43,324)	(8,526)	8,473	–	(43,377)
Other losses – net	(2,262)	430	235	(1,597)	132,719	(191)	(132,318)	(1,387)
Operating profit	103,384	92,815	293	196,492	124,193	(31,109)	(132,318)	157,258
Finance costs	(6,377)	(1,467)	(1,190)	(9,034)	3,822	1,491	61	(3,660)
incl. interest income	4,736	73	133	4,942	3,256	(109)	(5,288)	2,801
incl. interest expenses	(20,036)	(1,355)	(2,199)	(23,590)	–	3,276	5,288	(15,026)
Profit before income tax	97,007	91,348	(897)	187,458	128,015	(29,618)	(132,257)	153,598
Income tax expense	(28,675)	1,866	(217)	(27,026)	(42)	(3,056)	–	(30,124)
Profit after tax	68,332	93,214	(1,114)	160,432	127,973	(32,674)	(132,257)	123,474
CAPEX* on cash basis	65,994	27,780	485	94,259	76	(14,570)	–	79,765
CAPEX* on accrual basis	97,963	26,781	399	125,143	76	(14,300)	–	110,919

*CAPEX is purchases of property, plant and equipment

Included within 'Other adjustments' on the line 'Other losses – net' is the elimination of intragroup dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The segment items operating expenses for the year ended 31 December 2012 are as follows:

(in thousands of USD)						Reconciliation adjustments		
	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Depreciation of property, plant and equipment	54,914	19,148	2,664	76,726	24	(12,857)	–	63,893
Amortisation of intangible assets	6,266	2,261	60	8,587	–	(1,244)	–	7,343
Impairment of property, plant and equipment	68,722	–	–	68,722	–	(17,181)	–	51,541
Impairment of goodwill	6,484	–	–	6,484	–	–	–	6,484
Staff costs	58,259	25,109	9,209	92,577	3,744	(16,992)	–	79,329
Transportation expenses	15,419	49,980	2,423	67,822	–	(26,154)	–	41,668
Fuel, electricity and gas	10,972	29,057	1,120	41,149	8	(15,396)	–	25,761
Repair and maintenance of property, plant and equipment	12,036	4,535	1,289	17,860	3	(3,157)	–	14,706
Total	233,072	130,090	16,765	379,927	3,779	(92,981)	–	290,725
Other operating expenses	38,793	10,737	6,723	56,253	4,747	(8,301)	(240)	52,459
Total cost of sales, administrative, selling and marketing expenses	271,865	140,827	23,488	436,180	8,526	(101,282)	(240)	343,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 SEGMENTAL INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2012 are as follows:

(in thousands of USD)						Reconciliation adjustments		
	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Property, plant and equipment (including prepayments for PPE)	849,053	255,053	15,208	1,119,314	67	(160,764)	–	958,617
Intangible assets	109,159	72,157	4,512	185,828	–	(15,503)	–	170,325
Other non-current assets	128,960	–	33,866	162,826	706,627	(10,986)	(845,791)	12,676
Inventories	4,825	2,423	72	7,320	–	(1,335)	–	5,985
Trade and other receivables (including income tax prepayment and cash deposits over 90 days)	46,089	46,536	7,285	99,910	56,366	(26,738)	(57,870)	71,668
Cash and cash equivalents	77,458	6,802	274	84,534	11,254	(6,144)	–	89,644
Total assets	1,215,544	382,971	61,217	1,659,732	774,314	(221,470)	(903,661)	1,308,915
Long-term borrowings	441,435	3,863	30,819	476,117	–	(41,802)	(171,020)	263,295
Other long-term liabilities	85,325	13,880	2,373	101,578	–	(8,168)	(19)	93,391
Trade and other payables	37,336	17,588	3,124	58,048	677	(10,342)	(816)	47,567
Short-term borrowings	75,662	153	3,620	79,435	–	(5,233)	(4,388)	69,814
Other short-term liabilities	1,703	131,993	1	133,697	22	(66,042)	(52,115)	15,562
Total liabilities	641,461	167,477	39,937	848,875	699	(131,587)	(228,358)	489,629
Non-controlling interest	2,512	–	–	2,512	–	–	–	2,512

Included within 'Russian ports', 'Finnish ports' and 'Holdings' segments 'Other non-current assets' are investments in subsidiaries and joint ventures in the total amount of US$8,066 thousand, US$9,763 thousand and US$663,188 thousand respectively (fully eliminated on consolidation).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5 SEGMENTAL INFORMATION (CONTINUED)

The revenue of the Group mainly comprises of stevedoring services, storage and ancillary port services for container, bulk cargoes (Russian ports and Finnish ports segments) and oil products (VEOS segment). The entities of the Group also provide services which are of support nature in relation to the core services mentioned above.

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Revenues related to container, bulk and other cargoes	**378,752**	385,223
Revenues related to oil products	**101,201**	116,606
Total consolidated revenue	**479,953**	501,829

Revenue attributable to domestic and foreign customers for the year ended 31 December 2013 is disclosed below in accordance with their registered address. Major clients of the Group are internationally operating companies. Their registered addresses are usually not relevant to the location of their operations.

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Revenue from domestic customers – Cyprus	**20,948**	10,127
Revenue from foreign customers by countries:		
Russia	**318,637**	315,041
UK	**31,121**	44,379
Finland	**27,633**	26,664
Korea	**20,783**	18,899
Other	**60,831**	83,163
Revenue from foreign customers total	**459,005**	491,702
Total revenue	**479,953**	501,829

In 2013 there was one customer representing more than 10% of consolidated revenue. This customer originated from Russian ports segment and was domiciled in Russia. In 2012 there was one customer whose contribution to the consolidated revenue was 10%. This customer originated from VEOS segment and was domiciled in Russia.

6 EXPENSES BY NATURE

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Staff costs (Note 8)	**95,164**	79,329
Depreciation of property, plant and equipment (Note 14)	**63,256**	63,893
Amortisation of intangible assets (Note 15)	**7,257**	7,343
Impairment charge of property, plant and equipment (Note 4(a)(ii))	**–**	51,541
Impairment charge of goodwill (Note 4(a)(ii))	**–**	6,484
Transportation expenses	**39,965**	41,668
Fuel, electricity and gas	**24,201**	25,761
Repair and maintenance of property, plant and equipment	**14,342**	14,706
Taxes other than on income	**7,732**	7,869
Legal, consulting and other professional services	**4,602**	3,386
Auditors' remuneration	**1,778**	1,774
Operating lease rentals	**5,981**	7,114
Purchased services	**11,564**	9,449
Insurance	**2,114**	2,144
Other expenses	**15,723**	20,723
Total cost of sales, administrative, selling and marketing expenses	**293,679**	343,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

6 EXPENSES BY NATURE (CONTINUED)

The auditors' remuneration stated above includes fee of US$469 thousand (2012: US$414 thousand) for audit services charged by the Company's statutory audit firm.

The legal, consulting and other professional services stated above include fees of US$19 thousand (2012: US$24 thousand) for tax consultancy services charged by the Company's statutory audit firm.

The above expenses are analysed by function as follows:

Cost of sales

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Staff costs	**60,554**	59,265
Depreciation of property, plant and equipment	**62,475**	62,855
Amortisation of intangible assets	**7,081**	7,180
Impairment charge of property, plant and equipment (Note 4(a)(ii))	**–**	51,541
Impairment charge of goodwill (Note 4(a)(ii))	**–**	6,484
Transportation expenses	**39,965**	41,668
Fuel, electricity and gas	**23,842**	25,369
Repair and maintenance of property, plant and equipment	**13,606**	12,832
Taxes other than on income	**6,790**	6,893
Operating lease rentals	**3,307**	4,638
Purchased services	**11,564**	9,449
Insurance	**1,883**	1,834
Other expenses	**7,105**	9,799
Total cost of sales	**238,172**	299,807

Administrative, selling and marketing expenses

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Staff costs	**34,610**	20,064
Depreciation of property, plant and equipment	**781**	1,038
Amortisation of intangible assets	**176**	163
Fuel, electricity and gas	**359**	392
Repair and maintenance of property, plant and equipment	**736**	1,874
Taxes other than on income	**942**	976
Legal, consulting and other professional services	**4,602**	3,386
Auditors' remuneration	**1,778**	1,774
Operating lease rentals	**2,674**	2,476
Insurance	**231**	310
Other expenses	**8,618**	10,924
Total administrative, selling and marketing expenses	**55,507**	43,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

7 OTHER GAINS/(LOSSES) – NET

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Foreign exchange gains/(losses) on non-financing activities – net (Note 11)	**2,254**	(274)
Non-recurring donation to a charity which is a related party (Note 32(d), within “other related parties”)	**–**	(965)
Other gains/(losses) – net	**994**	(148)
Total	**3,248**	(1,387)

8 EMPLOYEE BENEFIT EXPENSE

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Wages and salaries	**76,924**	61,521
Social insurance costs	**16,023**	15,395
Other staff costs	**2,217**	2,413
Total	**95,164**	79,329

Included within ‘Social insurance costs’ for 2013 are contributions made to the state pension funds in the total amount of US$10,884 thousand (2012: US$10,202 thousand).

9 FINANCE COSTS – NET

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Included in finance income:		
Interest income on bank balances	**806**	481
Interest income on short-term bank deposits	**319**	1,392
Interest income on loans to related parties (Note 32(i))	**858**	923
Interest income on loans to third parties and bank deposits with the maturity over 90 days	**4**	5
Interest income	***1,987***	*2,801*
Net foreign exchange gains/(losses) on cash, cash equivalents and loans receivable	**2,613**	(3,442)
Finance income total	**4,600**	(641)
Included in finance costs:		
Interest expenses on bank borrowings	**(15,219)**	(9,245)
Interest expenses on finance lease	**(4,277)**	(3,399)
Interest expenses on loans from related parties (Note 32(j))	**–**	(212)
Interest expenses on loans from third parties	**(2,090)**	(2,170)
Interest expense	***(21,586)***	*(15,026)*
Net foreign exchange gains/(losses) on borrowings and other financial items	**(21,532)**	12,007
Finance costs total	**(43,118)**	(3,019)
Finance costs – net	**(38,518)**	(3,660)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

10 INCOME TAX EXPENSE

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Current tax	**41,929**	55,092
Deferred tax credit – origination and reversal of temporary differences (Note 25)	**(4,992)**	(24,968)
Total	**36,937**	30,124

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Profit before tax	**151,004**	153,598
Tax calculated at the applicable tax rates – 20%[1]	**30,201**	30,720
Income not subject to tax – VEOS segment[2]	**(5,783)**	(9,140)
Tax effect of expenses not deductible for tax purposes	**8,300**	5,220
Withholding tax on undistributed profits	**6,501**	6,669
Tax effect of reduced tax rates of entity in Russian ports segment[3]	**(2,282)**	(3,345)
Tax charge	**36,937**	30,124

[1] The applicable tax rate used for 2013 and 2012 is 20% as this is the income statutory tax rate applicable to the Russian ports segment, where a substantial part of the taxable income arises.

[2] For subsidiaries incorporated in Estonia the profits earned by enterprises are not subject to income tax. The effect on the profit before tax is included within 'Income not subject to tax – VEOS segment' in the tax reconciliation note. The withholding tax rate for dividend distribution is 21% and the effect is included within 'Withholding tax on undistributed profits'.

[3] The statutory tax rate for OAO Petrolesport (hereinafter "Petrolesport", included in Russian ports segment) is 15.5% (2012: 15.5%) because of tax benefits granted by the authorities of St. Petersburg. Effective from 31 December 2009 the tax rate for Petrolesport is 15.5% for the three years that the benefit is granted and 20% thereafter. Due to the changes in the local tax legislation this entity applied the normal tax rate of 20% starting from 1 January 2012. In September 2012 the authorities of St. Petersburg clarified their position in relation the new legislation. Based on clarifications received Petrolesport is eligible to utilise the tax benefit of 4.5% for the period from effective from 1 January 2012 till 31 December 2013. The effect of this benefit is shown in the tax reconciliation note above as 'Tax effect of reduced tax rates of entity in Russian ports segment'.

The statutory tax rate for the Finnish entities is 24.5% up to 31 December 2013 and 20.0% as from 1 January 2014.

Deferred tax is provided on the undistributed profits of subsidiaries and joint ventures, except when it is probable that the Group will not distribute dividends from the specific investment in the foreseeable future and the Group can control the payment of dividends.

The Company and its Cypriot subsidiaries are subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12,5% as from 1 January 2013. As from tax year 2012 brought forward losses of only five years may be utilised. Up to 31 December 2008, under certain conditions interest may be subject to special contribution for defence at the rate of 10%. In such cases 50% of the same interest will be exempt from income tax thus having an effective tax rate burden of approximately 15%. In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

11 NET FOREIGN EXCHANGE (LOSSES)/GAINS

The exchange differences (charged)/credited to the income statement are as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Included in 'finance costs' (Note 9)	**(18,919)**	8,565
Included in 'other gains/(losses) – net' (Note 7)	**2,254**	(274)
Total	**(16,665)**	8,291

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number in issue during the respective period.

	For the year ended 31 December	
	2013	2012
Profit attributable to the owners of the parent of the Company – in thousands of US dollars	**114,120**	107,822
Weighted average of ordinary shares in issue (thousands)	**471,131**	470,000
Basic and diluted earnings per share for profit attributable to the owners of the parent (expressed in US$ per share)	**0.24**	0.23

13 DIVIDEND DISTRIBUTION

During 2013 the Company has declared dividends to the equity holders of the Company amounting to US$164,500 (US$0.35 per share) thousand and paid out of this dividends in the amount of US$150,400 thousand.

During 2013 there were no dividend payments from Group companies to non-controlling interests.

The Board of Directors of the Company recommends the payment of a dividend for the year 2013 amounting to US$11,463 thousand (US$0.02 per share). The dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividend payable.

During 2012 the Company has declared and paid dividends to the equity holders of the Company amounting to US$79,900 thousand (US$0.17 per share).

During 2012 dividend payments from Group companies to non-controlling interests amounted to US$14,925 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT

(in thousands of US dollars)	Land	Buildings and facilities	Assets under construction	Loading equipment and machinery	Other production equipment	Office equipment	Total
At 1 January 2012							
Cost	325,520	479,727	52,826	179,912	93,498	3,144	1,134,627
Accumulated depreciation and impairment	–	(126,085)	–	(72,818)	(43,222)	(2,541)	(244,666)
Net book amount	325,520	353,642	52,826	107,094	50,276	603	889,961
Additions	175	36,781	34,132	30,816	8,658	357	110,919
Transfers	–	15,284	(29,513)	156	14,087	(14)	–
Disposals	(1,619)	(4,049)	(82)	(315)	(287)	(22)	(6,374)
Depreciation charge (Note 6)	–	(33,794)	–	(19,197)	(10,552)	(350)	(63,893)
Impairment charge (Note 4(a)(ii))	(16,994)	(31,158)	(3,389)	–	–	–	(51,541)
Translation reserve	19,411	18,054	2,745	6,237	2,494	30	48,971
Closing net book amount	326,493	354,760	56,719	124,791	64,676	604	928,043
At 31 December 2012							
Cost	343,487	536,390	60,108	213,111	110,451	2,994	1,266,541
Accumulated depreciation and impairment	(16,994)	(181,630)	(3,389)	(88,320)	(45,775)	(2,390)	(338,498)
Net book amount	326,493	354,760	56,719	124,791	64,676	604	928,043

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(in thousands of US dollars)	Land	Buildings and facilities	Assets under construction	Loading equipment and machinery	Other production equipment	Office equipment	Total
At 1 January 2013							
Cost	343,487	536,390	60,108	213,111	110,451	2,994	**1,266,541**
Accumulated depreciation and impairment	(16,994)	(181,630)	(3,389)	(88,320)	(45,775)	(2,390)	**(338,498)**
Net book amount	326,493	354,760	56,719	124,791	64,676	604	**928,043**
Additions	49	47,164	11,619	54,815	11,965	133	**125,745**
Acquisitions of subsidiaries (Note 30)	50,663	354,499	32,382	155,471	13,518	397	**606,930**
Transfers	–	13,256	(17,843)	(7)	4,532	62	**–**
Disposals	–	(116)	(529)	–	(26)	–	**(671)**
Depreciation charge (Note 6)	–	(28,321)	–	(24,741)	(9,888)	(306)	**(63,256)**
Translation reserve	(23,216)	(15,685)	(3,552)	(8,537)	(1,242)	(40)	**(52,272)**
Closing net book amount	353,989	725,557	78,796	301,792	83,535	850	**1,544,519**
At 31 December 2013							
Cost	369,760	928,716	81,919	416,851	137,497	3,526	**1,938,269**
Accumulated depreciation and impairment	(15,771)	(203,159)	(3,123)	(115,059)	(53,962)	(2,676)	**(393,750)**
Net book amount	353,989	725,557	78,796	301,792	83,535	850	**1,544,519**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In the cash flow statement proceeds from sale of property, plant and equipment comprise of:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Net book amount	**671**	6,374
Less: Termination of finance leases and write-offs of property, plant and equipment	**–**	(4,464)
	671	1,910
Profit on sale of property, plant and equipment[1]	**395**	741
Proceeds from sale of property, plant and equipment	**1,066**	2,651

[1] Profit on sale of property, plant and equipment is included in 'Cost of sales' in the income statement.

Net carrying amount of property, plant and equipment (included above) that are held under finance leases are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Buildings and constructions	**19,261**	18,405
Loading equipment	**54,111**	29,232
Other production equipment	**3,433**	19
Total	**76,805**	47,656

The total net book value of pledged property, plant and equipment (included above) which are held as collateral for borrowings and loans are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Land	**16,684**	32,193
Buildings and constructions	**145,062**	67,902
Construction in progress	**3,014**	–
Loading equipment and machinery	**156,771**	32,962
Other production equipment	**33,590**	11,943
Total	**355,121**	145,000

Depreciation expense amounting to US$62,475 thousand in 2013 (2012: US$62,855 thousand) has been charged to 'cost of sales' and US$781 thousand in 2013 (2012: US$1,038 thousand) has been charged to 'administrative, selling and marketing' expenses.

The amount of the borrowing costs capitalised during the period was US$528 thousand (2012: US$562 thousand), the average capitalisation rate was 5.6% (2012: 4.9%).

Lease rentals relating to the lease of machinery and property amounting to US$3,307 thousand in 2013 (2012: US$4,638 thousand) have been charged to 'cost of sales' and US$2,674 thousand in 2013 (2012: US$2,476 thousand) has been charged to 'administrative, selling and marketing expenses'.

As at 31 December 2013 the amounts prepaid for equipment not delivered and prepayments for construction works not yet carried out were US$11,158 thousand (2012: US$30,574 thousand).

In 2012 impairment charge related to property, plant and equipment amounting to US$51,541 thousand has been charged to 'cost of sales' in the consolidated income statement in relation to YLP CGU within the Russian ports segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

15 INTANGIBLE ASSETS

(in thousands of US dollars)	Goodwill	Contractual rights	Client base	Computer software	Total
At 1 January 2012					
Cost	113,222	68,178	33,067	9,876	224,343
Accumulated amortisation and impairment	–	(19,566)	(19,021)	(8,475)	(47,062)
Net book amount	113,222	48,612	14,046	1,401	177,281
Additions	–	–	–	202	202
Amortisation charge (Note 6)	–	(3,634)	(3,248)	(461)	(7,343)
Impairment charge (Note 4(a)(ii))	(6,484)	–	–	–	(6,484)
Translation reserve	4,637	1,221	719	92	6,669
Closing net book amount	111,375	46,199	11,517	1,234	170,325
At 31 December 2012					
Cost	111,375	70,734	32,688	9,702	224,499
Accumulated amortisation and impairment	–	(24,535)	(21,171)	(8,468)	(54,174)
Net book amount	111,375	46,199	11,517	1,234	170,325
Additions	–	–	–	272	272
Acquisition of subsidiaries (Note 30)	–	1,395,014	–	11	1,395,025
Amortisation charge (Note 6)	–	(3,745)	(3,035)	(477)	(7,257)
Translation reserve	(1,685)	(516)	(880)	(45)	(3,126)
Closing net book amount	109,690	1,436,952	7,602	995	1,555,239
At 31 December 2013					
Cost	109,690	1,461,379	32,868	2,260	1,606,197
Accumulated amortisation and impairment	–	(24,427)	(25,266)	(1,265)	(50,958)
Net book amount	109,690	1,436,952	7,602	995	1,555,239

As at 31 December 2013 the remaining useful lives for contractual rights and client base were up to 59 years and 4 years respectively (2012: up to 43 years and 3.5 years respectively).

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to their operating segment. An operating segment-level summary of the goodwill allocation is presented below:

(in thousands of US dollars)	As at 31 December	
	2013	2012
PLP (Russian ports segment)	**7,725**	8,324
VSC (Russian ports segment)	**10,136**	10,922
MD (Russian ports segment)	**35,116**	37,840
AS V.E.O.S. (VEOS segment)	**51,997**	49,777
Finnish ports (Finnish ports segment)	**4,716**	4,512
Total	**109,690**	111,375

The recoverable amount of CGU is determined based on value in use calculations. These calculations are based on pre-tax cash flow projections and all the assumptions in relation to growth rates are determined by reference to management's past experience and industry forecasts. The discount rates used reflect the specific risks of each segment. See Note 4(a)(ii) for details of assumptions used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

16 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied in the line items below:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Loans and receivables		
Financial assets as per balance sheet:		
Trade and other receivables[1]	**131,758**	45,732
Bank deposits with maturity over 90 days	**10,940**	13,854
Cash and cash equivalents	**121,583**	89,644
Total	**264,281**	149,230
Financial liabilities measured at amortised cost		
Financial liabilities as per balance sheet:		
Borrowings	**1,551,383**	333,109
Trade and other payables[2]	**186,261**	26,401
Total	**1,737,644**	359,510
Derivatives used for hedging		
Financial liabilities as per balance sheet:		
Derivative financial instruments	**26,069**	–
Total	**26,069**	–

[1] Trade and other receivables do not include taxes and prepayments.
[2] Trade and other payables do not include taxes, advances and deferred gains.

17 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external and internal sources of information like business reputation, financial position and performance, prior working history records. Customers with longer history of working with the Group are regarded by management as having lower risk of default.

The credit quality of financial assets that are neither past due nor impaired classified by reference to the working history of the counterparty with the Group is as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Trade and other receivables		
Core customers – new (less than one year of working history with the Group)	**967**	813
Core customers – existing (more than one year of working history with the Group)	**27,680**	18,106
Related party loans	**17,414**	11,844
Loans to third parties	**239**	230
Bank deposits with maturity over 90 days	**10,940**	13,854
Trade and other receivables from other customers (third parties)	**10,466**	5,810
Amount held in escrow for NCC Acquisition (Note 30)	**61,100**	–
Trade and other receivables from related parties	**9,026**	1,779
Total	**137,832**	52,436

Loans granted to the third parties, trade and other receivables are related to highly reputable counterparties with no external credit rating. Amount held in escrow is with a bank with a credit rating A2.

See Note 20 for the ratings of banks holding deposits with maturity over 90 days.

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(CONTINUED)

17 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Cash at bank and short-term bank deposits:

(in thousands of US dollars)		As at 31 December	
Agency	Rating	**2013**	2012
International rating agency Moody's Investors Service	A1 – Aa3	**42,823**	55,243
International rating agency Moody's Investors Service	Baa1 – Ba3	**63,921**	33,627
International rating agency Moody's Investors Service	Caa3	**172**	–
Fitch Ratings	AA	**10,034**	–
Fitch Ratings	BBB+	**–**	163
Standard&Poor's rating services	BB/B – B-	**–**	217
Russian rating agency Expert RA Rating Agency	A	**333**	358
* No rating	No rating	**4,300**	36
Total		**121,583**	89,644

* Cash in hand and cash and cash equivalents with banks for which there is no rating. These banks are highly reputable local banks in the country of operation of respective group entities.

18 INVENTORIES

(in thousands of US dollars)	As at 31 December	
	2013	2012
Spare parts	**8,244**	4,919
Goods for resale	**1,058**	1,066
Total	**9,302**	5,985

All inventories are stated at cost.

19 TRADE AND OTHER RECEIVABLES

(in thousands of US dollars)	As at 31 December	
	2013	2012
Trade receivables – third parties	**39,520**	28,839
Trade receivables – related parties (Note 32(f))	**4,068**	1,751
Trade receivables – net	**43,588**	30,590
Other receivables	**4,459**	2,920
Other receivables – related parties (Note 32(f))	**4,958**	28
Amount held in escrow for NCC Acquisition (Note 30)	**61,100**	–
Prepayments for goods and services	**13,545**	11,387
Prepayments for goods and services – related parties (Note 32(f))	**378**	396
Loans to third parties	**239**	350
Loans to related parties (Note 32(i))	**17,414**	11,844
VAT and other taxes recoverable	**11,735**	12,573
Total trade and other receivables	**157,416**	70,088
Less non-current portion:		
Loans to related parties	**(17,282)**	(11,083)
Prepayments for goods and services	**(687)**	–
Other receivables	**(1,975)**	(1,593)
Total non-current portion	**(19,944)**	(12,676)
Current portion	**137,472**	57,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19 TRADE AND OTHER RECEIVABLES (CONTINUED)

According to management estimates the fair values of trade and other receivables do not materially differ from their carrying amounts.

The effective interest rate on loans receivable from third parties and related parties were in the range from 3.8% to 8.1% (2012: from 3.8% to 8.1%).

Trade and other receivables amounting to US$46,948 thousand (31 December 2012: US$26,508 thousand), were fully performing.

Trade and other receivables amounting to US$4,866 thousand (31 December 2012: US$7,030 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no history of either non repayment in the past or renegotiation of the repayment terms due to inability of the customer to repay the balance.

The analyses of past due trade and other receivables is as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Less than 1 month overdue	**3,679**	4,378
From 1 to 3 months overdue	**888**	2,095
From 3 to 6 months overdue	**159**	201
Over 6 months overdue	**140**	356
Total	**4,866**	7,030

During 2013 trade receivables amounting to US$1,611 thousand (2012: US$2,379 thousand) were impaired and written off in full. These are individually impaired receivables mainly related to customers, which are in a difficult economic situation.

The movement on the Group provision for impairment of trade receivables is as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
At the beginning of the year	**–**	–
Provision for receivables impairment	**1,605**	2,413
Unused amounts reversed	**6**	(34)
Receivables written off during the year as uncollectible	**(1,611)**	(2,379)
Foreign exchange differences	**–**	–
At the end of the year	**–**	–

None of loans to third parties (31 December 2012: US$120 thousand) were past due or impaired.

The other classes within trade and other receivables do not contain impaired assets except as disclosed in Note 3(b).

The creation and release of allowance and write off of impaired receivables have been included in 'administrative, selling and marketing expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The fair value of receivables approximates their carrying value as the impact of the discounting is insignificant and is within Level 2 of the fair value hierarchy. The fair value is based on discounting of cash flows using 8% (2012: 8%) discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Currency:		
US dollar	**97,506**	17,499
Russian Rouble	**39,703**	37,881
Euro	**20,207**	14,708
Total	**157,416**	70,088

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security for any receivables.

20 BANK DEPOSITS WITH MATURITY OVER 90 DAYS

(in thousands of US dollars)	As at 31 December	
	2013	2012
Bank deposits with original maturity over 90 days	**10,940**	13,854
Total	**10,940**	13,854

Bank deposits that have a maturity over 90 days are denominated in Euro, US dollars and Russian Roubles (2012: Euro) and the average interest rate is 0.7% (2012: 5.9%) per annum. From said amounts US$9,943 thousand are placed in the banks with credit rating A1-Aa3 (according to International rating agency Moody's Investors Service), and US$997 thousand are placed in the banks with credit rating Baa2-Ba3 (according to International rating agency Moody's Investors Service). In 2012 all deposits were placed in the bank with the credit rating Baa2 according to International rating agency Moody's Investors Service.

21 CASH AND CASH EQUIVALENTS

(in thousands of US dollars)	As at 31 December	
	2013	2012
Cash at bank and in hand	**94,160**	40,515
Short term bank deposits (less than 90 days)	**27,423**	49,129
Total	**121,583**	89,644

The effective average interest rate on short-term deposits was 3.7% in 2013 (2012: 1.8%) and these deposits have an average maturity of 20 days in 2013 (2012: 19 days).

Cash and cash equivalents include the following for the purposes of the cash flow statement:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Cash and cash equivalents	**121,583**	89,644
Total	**121,583**	89,644

The principal of non-cash transactions during the current year were the issue of 103,170,730 new GPI shares (Note 22) and the assignment to GPI, loans due to NCC Group Ltd from sellers, for the partial settlement of consideration of NCC Acquisition (Note 30) amounting to US$480,776 thousand and US$603,290 thousand respectively (2012: US$ Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

22 SHARE CAPITAL, SHARE PREMIUM

Authorised share capital

On 16 October 2012 the Company converted 176,250,000 of its ordinary authorised ordinary shares into ordinary non-voting shares. As a result, the authorised share capital of the Company consists of 353,750,000 ordinary shares and 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 September 2013 the Company increased its authorised share capital from 353,750,000 ordinary shares and 176,250,000 ordinary non-voting shares into 353,750,000 ordinary shares and 227,835,364 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 the Company converted 77,378,048 of its authorised ordinary non-voting shares into ordinary shares. After the conversion of the share capital, the authorised share capital of the company amounts to 431,128,048 ordinary shares with par value of US$0.10 each and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

Issued share capital

On 16 October 2012 the Company converted 176,250,000 of its issued ordinary issued shares into ordinary non-voting shares. As a result, the issued share capital of the Company consists of 293,750,001 ordinary shares and of 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 in the course of NCC Acquisition the Company issued as part of consideration payable 51,585,366 ordinary voting shares with a par value of US$0.10 each at price of US$4.66 per share (the share premium was US$4.56 per share) and 51,585,364 ordinary non-voting shares with a par value of US$0.10 each of price of US$4.66 per share (the share premium was US$4.56 per share). An amount of US$1,461 thousand out of the total expenses directly attributable to the new shares issued was written off against the share premium.

On 27 December 2013 the Company converted 77,378,048 of its issued ordinary non-voting shares into ordinary shares. After the conversion of the share capital, the issued share capital of the Company amounts to US$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

(in thousands of US dollars)	Number of shares '000	Share capital	Share premium	Total
At 31 December 2011/31 December 2012	470,000	47,000	454,513	501,513
Ordinary shares issued net of issue costs (Note 30)	103,171	10,317	468,998	479,315
At 31 December 2013	**573,171**	**57,317**	**923,511**	**980,828**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

23 BORROWINGS

(in thousands of US dollars)	As at 31 December	
	2013	2012
Non-current borrowings		
Bank loans	**1,211,202**	207,482
Finance lease liabilities	**36,627**	27,253
Loans from third parties	**62,845**	25,650
Interest payable on loans from third parties	**10,416**	2,910
Total non-current borrowings	**1,321,090**	263,295
Current borrowings		
Bank loans	**203,703**	58,171
Interest payable on bank loans	**3,346**	1,558
Finance lease liabilities	**11,773**	8,071
Interest payable on finance lease liabilities	**1,117**	1,085
Loans from third parties	**6,817**	841
Interest payable on loans from third parties	**3,537**	88
Total current borrowings	**230,293**	69,814
Total borrowings	**1,551,383**	333,109

The maturity of non-current borrowings (excluding finance lease liabilities) is analysed as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Between 1 and 2 years	**132,296**	121,990
Between 2 and 5 years	**699,915**	103,440
Over 5 years	**452,252**	10,612
Total	**1,284,463**	236,042

Bank borrowings mature until 2020 (31 December 2012: 2017) and loans from third parties mature until 2020 (31 December 2012: 2020).

Finance lease liabilities – minimum lease payments:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Under 1 year	**14,895**	10,509
Between 1 and 2 years	**8,389**	6,882
Between 2 and 5 years	**16,922**	8,663
Over 5 years	**113,549**	109,674
Total	**153,755**	135,728
Future finance charges of finance leases	**(104,238)**	(99,319)
Present value of finance lease liabilities	**49,517**	36,409
The present value of finance lease liabilities is analysed as follows:		
Under 1 year	**12,889**	9,156
Between 1 and 2 years	**6,482**	5,078
Between 2 and 5 years	**9,816**	2,607
Over 5 years	**20,330**	19,568
Total	**49,517**	36,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

23 BORROWINGS (CONTINUED)

According to the management's estimates the carrying amount of borrowings do not materially differ from their fair value as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the appropriate Libor and Euribor rates and are within Level 2 of the fair value hierarchy.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows (the table excludes interest payable):

(in thousands of US dollars)	As at 31 December	
	2013	2012
6 months or less	**1,373,577**	228,444
6-12 months	**–**	36,063
1-5 years	**127,746**	28,365
Over 5 years	**30,820**	34,141
Total	**1,532,143**	327,013

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

(in thousands of US dollars)	As at 31 December	
	2013	2012
Russian Rouble	**222,232**	27,018
US Dollar	**1,251,915**	279,674
Euro	**77,236**	26,417
Total	**1,551,383**	333,109

The weighted average effective interest rates are as follows:

(percentage)	As at 31 December	
	2013	2012
Bank borrowings	**6.04**	5.25
Loans from third parties	**8.13**	6.62
Finance lease liabilities – third parties	**8.87**	9.11

The Group has the following undrawn borrowing facilities:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Floating rate:		
Expiring after one year	**–**	69,000
Expiring within one year	**400,000**	12,075
Fixed rate:		
Expiring within one year	**1,247**	1,970
Total	**401,247**	83,045

As of 31 December 2013 the Group had undrawn loan facilities in the total amount of US$400 million which were utilised in 2014 to restructure existing debt on a more favourable conditions.

The Group is leasing mainly container loading equipment, cars and terminal facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

23 BORROWINGS (CONTINUED)

The bank loans and overdrafts are secured as follows:

- by the pledge of the property, plant and equipment with carrying amount as at 31 December 2013 of US$388,444 thousand (31 December 2012: US$145,000 thousand) (see Note14).
- some bank loans given to a group entities in Russian ports segment are secured also by the pledge of shares of certain group entities.

The finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Agreements of the bank loans given to some of the subsidiaries of the Group include certain covenants which set forth certain financial ratios that have to be complied with. There were no breaches of covenants as at 31 December 2013 and 2012.

24 DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instrument included within non-current liabilities represent cross-currency interest rate swap arrangement entered into by NCC Group in the first half of 2013 which was acquired in the course of NCC Acquisition. On acquisition the Group has designated the derivative as a cash flow hedge of the variability of interest rates on the external borrowing of an entity within the Group and as a cash flow hedge of the changes in expected cash flow arising from the highly probable forecasted revenues of this entity denominated in USD due to USD/RUR exchange rate. According to this arrangement payments under a Rouble-denominated loan are swapped into US dollars and MosPrime based floating interest rate under this loan is swapped to a fixed rate (7%).

The underlying cash flows are expected to occur in 2013-2017. The notional principal amount of the outstanding cross-currency interest rate swap at 31 December 2013 was US$207,789 thousand.

As of 31 December 2013 the fair value of this swap was negative – US$(26,069) thousand.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedging relationship is more than 12 months and, as a current asset or liability, if the maturity of the hedging relationship is less than 12 months.

There was no ineffectiveness to be recorded from cash flow hedges.

25 DEFERRED INCOME TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	**(423,566)**	(91,392)
Deferred tax liabilities (net)	**(423,566)**	(91,392)

The gross movement on the deferred income tax account is as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
At the beginning of the year	**(91,392)**	(110,819)
Income statement charge:		
Deferred tax credit	**4,992**	24,968
Other movements:		
Acquisitions of subsidiaries (Note 30)	**(343,513)**	–
Currency translation differences	**6,347**	(5,541)
At the end of the year	**(423,566)**	(91,392)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

25 DEFERRED INCOME TAX LIABILITIES (CONTINUED)

The movement on the deferred tax assets (+) and liabilities (-) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of US dollars)	Property, plant and equipment	Withholding tax provision	Intangible assets	Borrowings	Subtotal	Other assets and liabilities	Grand total
At 1 January 2012	(81,226)	(24,014)	(6,264)	(108)	111,612	793	(110,819)
Income statement (Note 10)	9,931	13,115	1,197	49	24,292	676	24,968
Including deferred tax credit on impairment (Note 4(a)(ii))	10,308	–	–	–	10,308	–	10,308
Translation differences	(4,825)	(156)	(354)	(115)	(5,450)	(91)	(5,541)
At 31 December 2012	(76,120)	(11,055)	(5,421)	(174)	(92,770)	1,378	(91,392)
Income statement (Note 10)	**(5,526)**	**7,227**	**1,121**	**(610)**	**2,212**	**2,780**	**4,992**
Acquisitions of subsidiaries (Note 30)	**(53,662)**	**(10,262)**	**(279,034)**	**(1,306)**	**(344,264)**	**751**	**(343,513)**
Translation differences	**5,670**	**92**	**375**	**21**	**6,158**	**189**	**6,347**
At 31 December 2013	**(129,638)**	**(13,998)**	**(282,959)**	**(2,069)**	**(428,664)**	**5,098**	**(423,566)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

26 TRADE AND OTHER PAYABLES

(in thousands of US dollars)	As at 31 December	
	2013	2012
Trade payables – third parties	**7,299**	7,974
Trade payables – related parties (Note 32(g))	**426**	511
Payables for property, plant and equipment	**5,817**	5,261
Other payables – third parties	**5,528**	2,324
Other payables – related parties (Note 32(g))	**4,209**	1,226
Dividends payable – third parties	**8,466**	–
Dividends payable – related parties (Note 32(g))	**10,575**	–
Contingent consideration payable (Note 30)	**122,703**	–
Payroll payable	**5,291**	4,821
Accrued expenses and deferred gains	**16,437**	4,907
Advances received	**19,024**	16,474
Taxes payable (other than income tax)	**10,192**	6,068
Total trade and other payables	**215,967**	49,566
Less non-current portion:		
Deferred gains	**(387)**	(467)
Other payables – third parties	**(1,601)**	(1,532)
Total non-current portion	**(1,988)**	(1,999)
Current portion	**213,979**	47,567

The fair value of trade and other payables approximates their carrying amount at the balance sheet date.

27 JOINT VENTURES

(a) CD Holding Oy (former Container-Depot Limited Oy)/ Multi-Link Terminals Limited

The following amounts represent the Group's 75% share of the assets and liabilities, sales and results for the joint ventures of CD and MLT groups (comprising of entities in Finnish ports segment and MD and YLP in Russian ports segment, see Note 5). They are included in the balance sheet and the income statement:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Assets		
Non-current assets	**107,287**	114,370
Current assets	**14,360**	16,871
Total assets	**121,647**	131,241
Liabilities		
Non-current liabilities	**112,709**	105,352
Current liabilities	**17,154**	18,174
Total liabilities	**129,863**	123,526
Net assets	**(8,216)**	7,715
Income	**46,638**	46,453
Expenses	**(59,329)**	(88,252)
Loss after income tax	**(12,691)**	(41,799)
Proportionate interest in joint venture's commitments	**–**	248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

27 JOINT VENTURES (CONTINUED)

(b) AS V.E.O.S.

The following amounts represent the Group's 50% share of the assets and liabilities, sales and results for the joint venture. They are included in the balance sheet and the income statement:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Assets		
Non-current assets	**168,303**	167,265
Current assets	**21,846**	27,862
Total assets	**190,149**	195,127
Liabilities		
Non-current liabilities	**35,712**	1,931
Current liabilities	**31,719**	74,827
Total liabilities	**67,431**	76,758
Net assets	**122,718**	118,369
Income	**101,592**	116,821
Expenses	**(78,955)**	(85,530)
Profit after income tax	**22,637**	31,291
Proportionate interest in joint venture's commitments	**403**	764

28 CONTINGENCIES

Operating environment of the Group

The Russian Federation displays certain characteristics of an emerging market. The legal, tax and regulatory framework is subject to varying interpretations.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors. The future economic and regulatory situation may differ from management's current expectations. Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the 'incurred loss' model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

Estonia and Finland represent well established market economies with the stable political systems and developed legislation based on EU directives and regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

28 CONTINGENCIES (CONTINUED)

Tax legislation in Russia

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. 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.

The transfer pricing rules that become effective from 1 January 2012 appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions. Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of 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. Significant difficulties exist in interpreting and applying transfer pricing legislation in practice. Any prior existing court decisions may provide guidance, but are not legally binding for decisions by other, or higher level, courts in the future.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The transfer pricing legislation that is applicable to transactions on or prior to 31 December 2011, also provided the possibility for tax authorities to make transfer pricing adjustments and to 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 included transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differed by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. Significant difficulties exist in interpreting and applying that transfer pricing legislation in practice.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group's management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, as of 31 December 2013 and 2012 management believes that no additional tax liability has to be accrued in the financial statements.

Insurance policies

The Group holds insurance policies in relation to its loading machinery and facilities 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 except for AS V.E.O.S., VSC (BI) and Finnish ports (BI).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

28 CONTINGENCIES (CONTINUED)

Environmental matters

The Group is subject to laws, regulations and other legal requirements relating to the protection of the environment, including those governing the discharge of waste water and the clean-up of contaminated sites.

Issues related to protection of water resources in Russia are regulated primarily by Environmental Protection Law, the Water Code and a number of other federal and regional normative acts.

Pursuant to the Water Code, discharging waste water into the sea is allowed, provided that the volume does not exceed the established standards of admissible impact on water resources. At the same time, the Environmental Protection Law establishes a "pay-to-pollute" regime, which implies that companies need to pay for discharging waste waters. However, the payments of such fees do not relieve a company from its responsibility to comply with environmental protection measures.

If the operations of a company violate environmental requirements or cause harm to the environment or any individual or legal entity, environmental authorities may suspend these operations or a court action may be brought to limit or ban these operations and require the company to remedy the effects of the violation. The limitation period for lawsuits for the compensation of damage caused to the environment is twenty years. Courts may also impose clean-up obligations on offenders in lieu of or in addition to imposing fines.

The enforcement of environmental regulation in the countries in which the Group operates 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

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

Other matters

Refer to Note 30(c) for guarantee to third parties.

29 COMMITMENTS

Capital commitments

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

(in thousands of US dollars)	As at 31 December	
	2013	2012
Property, plant and equipment	**14,271**	23,928
Total	**14,271**	23,928

Operating lease commitments – Group as lessee

The future minimum lease payments payable under non-cancellable operating leases (mainly port infrastructure) are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Not later than 1 year	**5,410**	682
Later than 1 year and not later than 5 years	**19,890**	2,318
Later than 5 years	**117,327**	13,875
Total	**142,627**	16,875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

29 COMMITMENTS (CONTINUED)

Operating lease commitments – Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases (mainly port infrastructure) are as follows:

(in thousands of US dollars)	As at 31 December	
	2013	2012
Not later than 1 year	**1,475**	12
Total	**1,475**	12

30 BUSINESS COMBINATIONS

On 27 December 2013 GPI completed the acquisition of 100% of the share capital of NCC Group Limited, (together with its subsidiaries, "NCC Group"), the second largest container terminals operator in Russia (the "NCC Acquisition").

The NCC Acquisition also includes a call option for GPI to acquire 50% of the Container Terminal Illichevsk ("CTI") operations located in Ukraine on the Black Sea for the strike price of US$60 million adjusted for the proportionate amount of the net debt at the time of exercise (but not less than US$1 million) from NCC Group's former shareholders. The term of the call option is three years following the closing of the NCC Acquisition. The option is exercisable at any time during this period. The Board of Directors considers that the fair value of this option is insignificant.

The following table summarises the consideration paid for NCC Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

(in thousands of US dollars)	Note	
Share consideration	(a)	480,776
Cash consideration paid	(b)	229,354
Less cash deposited on escrow account	(c)	(61,100)
Contingent consideration payable	(d)	122,703
Total consideration transferred, net of loans assigned (Note (e))		**771,733**
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		51,706
Property, plant and equipment (Note 14)		606,930
Contractual rights (included in intangibles, Note 15)		1,395,014
Trade and other receivables		622,719
Other assets		8,953
Trade and other payables		(9,184)
Borrowings		(949,166)
Liabilities under swap arrangements		(26,069)
Deferred tax liabilities (Note 25)		(343,513)
Total identifiable net assets		**1,357,390**
Less NCC Group loans receivable due from the Sellers assigned to the Group upon Closing (included in 'trade and other receivables' above)	(e)	(603,290)
Total adjusted identifiable net assets		**754,100**
Non-controlling interest	(f)	17,633
Total		**771,733**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

30 BUSINESS COMBINATIONS (CONTINUED)

a) At the closing of the NCC Acquisition, the Sellers have received 17,195,122 GDRs (representing 51,585,366 ordinary voting shares credited as fully paid of the Company constituting approximately 9% of its entire issued share capital) and 51,585,364 ordinary non-voting shares credited as fully paid, constituting approximately 9% of the entire issued share capital of the Company following completion of the NCC Acquisition, on a fully diluted basis.

   A total of 103,170,730 new shares have been issued, to give a total share capital of 573,170,731 issued shares. The fair value of US$480,776 thousand of these shares issued as a part of the consideration paid for NCC Group was based on the published share price of GPI's GDRs traded on the London Stock Exchange on 27 December 2013. An amount of US$1,461 thousand of expenses directly attributable to the new shares issued was written off against the share premium.

b) The total cash consideration payable is US$291 million. The part of the cash consideration paid on completion of NCC Acquisition comprised US$229,354 thousand (of which US$61,100 thousand were placed on escrow as described in (c) below). GPI Group has obtained bank borrowings in the amount of US$238,400 thousand to finance a part of the cash consideration.

c) From the cash consideration paid to the Sellers on completion of NCC Acquisition mentioned above, US$61,100 thousand has been placed to an escrow account to cover potential claims on the guarantee below. As of 31 December 2013 there was a guarantee agreement in the total amount of US$60 million between entities within NCC Group and a bank in relation to the loan obtained by a company related to the previous owners of NCC Group.

   In January 2014 the guarantee agreement was terminated and the amount deposited on the escrow was released to the Sellers.

d) Contingent consideration payable to the Sellers of US$122,703 thousand comprises of funds placed on the escrow account in the amount of US$61,100 thousand as mentioned in (c) above and the Holdback Amount of US$61,603 thousand as described below.

   At closing of the NCC Acquisition, the GPI Group withheld US$61,603 thousand (the Holdback Amount) from the purchase price payable to the Sellers, and will pay this amount to the Sellers on condition and to the extent that the Sellers fulfill the following conditions.

   The GPI Group has agreed, subject to Eurogate's consent and assistance, to procure that, during the period beginning on the closing of the NCC Acquisition and ending on 1 January 2015, the shareholder loans payable by ULCT, an indirect 80% subsidiary of NCC Group Limited, to Eurogate International Gmbh ("Eurogate"), a 20% shareholder in ULCT, will be converted into equity of ULCT. The amount of loans due by ULCT to Eurogate comprised US$57,523 thousand (incl. US$ 9,949 thousand of short-term part and US$47,574 thousand of long-term part) as of 31 December 2013.

   Alternatively, at any time prior to 1 September 2014, the Sellers have the right to waive the requirement that the GPI Group proceeds with the above conversion, and instead the Sellers may buy out Eurogate's stake in ULCT. Should the Sellers select this option, the GPI Group will procure that ULCT issues new shares to the Sellers. In this case GPI will pay to ULCT on behalf of the Sellers the subscription price for these new shares in cash with the subscription price equaling to the amount of ULCT's indebtedness under loans from Eurogate but not more than the Holdback Amount.

   The GPI Group's effective 80% ownership interest in ULCT will not be affected under any of the scenarios described above.

   The Board of Directors has assessed that the Holdback Amount forms part of the consideration for the acquisition of NCC Group which is payable to the Sellers upon fulfillment of certain conditions by the Sellers. The Board of Directors assessment at the acquisition date is that the probability of payment of this contingent consideration within 2014 is high. Therefore this contingent consideration is shown at fair value based on the expected date of payment.

e) As per the agreement for the acquisition of the NCC Group, loans due to the NCC Group from the Sellers (US$603,290 thousand as of date of acquisition) have been assigned to GPI Group by the Sellers on closing of the NCC Acquisition. The total consideration payable and the net identifiable assets acquired are shown net of this amount. On the acquisition this amount has been fully eliminated on consolidation of the enlarged GPI group and does not affect the amount of the total consolidated borrowings.

f) Non-controlling interest being 20% share of Eurogate in ULCT equity has been measured at the present ownership instruments' proportionate share in the recognised amounts of ULCT identifiable net assets

The fair value of trade and other receivables does not materially differ from their book value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

30 BUSINESS COMBINATIONS (CONTINUED)

No material amounts of revenues, costs and net profit of the NCC Group since the acquisition date (27 December 2013) are included in the consolidated income statement and the statement of comprehensive income for the reporting period.

Had NCC Group been consolidated from 1 January 2013, the consolidated statement of income would show pro-forma revenue of US$737 million and net profit attributable to the owners of the parent of US$110 million. The pro-forma result would differ from combined GPI and NCC Group results mainly by the effect of additional depreciation of property, plant and equipment, additional amortization of contractual rights, borrowing costs related to the bank loan taken to finance the NCC Acquisition and the implementation of the hedge accounting on derivatives taken by NCC Group.

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

31 TRANSACTIONS WITH NON-CONTROLLING INTEREST

On 22 October 2012, the Group acquired the remaining 25% of Railfleet Holdings Ltd, 100% owner of Vostochnaya Stevedoring Company LLC ("VSC"), from the non-controlling interest for a purchase consideration of US$230 million.

The effect of this transaction is as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Carrying amount of non-controlling interest acquired	–	19,624
Consideration paid to non-controlling interest	–	230,000
Excess of consideration paid recognised in the Group's equity	–	210,376

32 RELATED PARTY TRANSACTIONS

The Group is jointly controlled by Transportation Investments Holding Limited ("TIHL"), one of Russia's largest privately owned transportation groups, and APM Terminals B.V. ("APM Terminals"), a global port, terminal and inland services operator.

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following transactions were carried out with related parties:

(a) Sale of services

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
TIHL	–	1
Entities under control of owners of TIHL and APM Terminals	**58,208**	4,646
Joint ventures in which GPI is a venturer	**12**	–
Other related parties	**96**	55
Total	**58,316**	4,702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Purchase of property, plant and equipment

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Entities under control of owners of TIHL and APM Terminals	–	14
Other related parties	–	5
Total	–	19

(c) Sales of property, plant and equipment

Net book amount of sold property, plant and equipment(in thousands of US dollars)

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Other related parties	**12**	–
Total	**12**	–

Profit on sales of property, plant and equipment(in thousands of US dollars)

	For the year ended 31 December	
	2013	2012
Other related parties	**8**	–
Total	**8**	–

(d) Purchases of services and incurred expenses

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Entities under control of owners of TIHL and APM Terminals	**2,043**	2,264
Joint ventures in which GPI is a venturer	**487**	293
Other related parties	**4,889**	4,250
Total	**7,419**	6,807

(e) Interest income and expenses

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Interest income:		
Joint ventures in which GPI is a venturer	**860**	923
Total	**860**	923
Interest expense:		
TIHL	–	212
Total	–	212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Trade, other receivables and prepayments

(in thousands of US dollars)	As at 31 December	
	2013	2012
Entities under control of owners of TIHL and APM Terminals	**4,369**	2,128
Joint ventures in which GPI is a venturer	**4,945**	–
Other related parties	**90**	47
Total	**9,404**	2,175

(g) Trade and other payables

(in thousands of US dollars)	As at 31 December	
	2013	2012
Entities under control of owners of TIHL and APM Terminals	**14,873**	1,269
Joint ventures in which GPI is a venturer	**–**	6
Other related parties	**337**	462
Total	**15,210**	1,737

(h) Key management compensation/directors' remuneration

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
Key management compensation:		
Salaries, payroll taxes and other short term employee benefits	**18,274**	6,329
Directors' remuneration (included also above):		
Fees	**393**	512
Emoluments in their executive capacity	**466**	416
Total	**859**	928

(i) Loans to related parties

The details of loans provided to joint ventures in which GPI is a venturer are presented below (see also Note 19):

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
At the beginning of the year	**11,844**	22,711
Loans advanced during the year	**4,841**	2,758
Interest charged	**860**	923
Loan and interest repaid during the year	**(376)**	(14,585)
Foreign exchange differences	**245**	37
At the end of the year (Note 19)	**17,414**	11,844

The loans are not secured, bear interest at 3.8 – 8.1% (2012: 3.8 – 8.1%) and are repayable between 2015 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Loans to related parties (continued)

The details of loans provided to other related parties are presented below:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
At the beginning of the year	–	–
Loans advanced during the year	**258**	–
Interest charged	**–**	–
Loan and interest repaid during the year	**(258)**	–
At the end of the year (Note 19)	**–**	–

(j) Loans from related parties

The details of loans received from TIHL by the various Group entities are presented below:

(in thousands of US dollars)	For the year ended 31 December	
	2013	2012
At the beginning of the year	**–**	–
Loans received during the year	**–**	145,000
Loan and interest repaid during the year	**–**	(145,212)
Interest charged	**–**	212
Foreign exchange differences	**–**	–
At the end of the year (Note 23)	**–**	–

The loans were provided at interest rates of 2.32%.

33 EVENTS AFTER THE BALANCE SHEET DATE

From the beginning of 2014 there has been increased volatility in currency markets and the Russian Rouble has depreciated significantly against some major currencies. As of the middle of the March 2014 the Russian Rouble has depreciated against the US Dollar from 32.73 as of 31 December 2013 to approximately 36.5 Russian Roubles (11% devaluation) and has depreciated against the Euro from 44.96 as of 31 December 2013 to approximately 50.6 Russian Roubles (13% devaluation). For the period from January 2014 to the middle of March 2014 the lowest values of Russian Rouble to US Dollar and the Euro were 36.48 and 50.81 respectively.

The guarantee referred to Note 30(c) was terminated in January 2014.

The Board of Directors of the Company recommends the payment of a dividend for the year 2013 amounting to US$11.463 million (US$0.02 per share). The dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividend payable.

There were no other material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report is on pages 12-13.

APPENDIX 2: DIRECTORS' REPORT AND PARENT COMPANY FINANCIAL STATEMENTS

31 December 2013

BOARD OF DIRECTORS AND OTHER OFFICERS

BOARD OF DIRECTORS

Mr. Nikita Mishin (appointed 15 December 2008)
(Mr Mikhail Loganov is the alternate to Mr Nikita Mishin)
Chairman of the Board of Directors
Non-Executive Director
Member of Remuneration and Nomination Committees

Mr. Kim Fejfer (appointed 23 January 2013)
(Mrs Iana Boyd Penkova and Mr Christian Moller Laursen are the alternates to Mr Kim Fejfer)
Vice Chairman of the Board of Directors
Non-Executive Director
Member of Remuneration, Nomination and Audit and Risk Committees

Capt. Bryan Smith (appointed 19 August 2008)
Senior Independent Non-Executive Director
Chairman of Remuneration and Nomination Committees

Mrs. Siobhan Walker (appointed 30 May 2011)
Independent Non-Executive Director
Chairman of Audit and Risk Committee

Dr. Alexander Nazarchuk (appointed 15 December 2008)
(Mr. Alexander Iodchin is the alternate to Dr. Alexander Nazarchuk)
Executive Director
Chief Executive Officer

Mr. Michalis Thomaides (appointed 29 February 2008)
Executive Director

Mr. Alexander Iodchin (appointed 15 August 2008)
Executive Director
Member of Nomination Committee

Mr. Mikhail Loganov (appointed 15 December 2008)
Non-Executive Director up to 11 October 2013, Executive Director as from 11 October 2013
Chief Financial Officer as from 11 October 2013
Member of Remuneration and Audit and Risk Committees up to 11 October 2013

Mr. Konstantin Shirokov (appointed 15 December 2008)
Non-Executive Director
Member of Audit and Risk Committee

Ms. Elia Nicolaou (appointed 22 June 2009, resigned on 23 January 2013)
Non-Executive Director

BOARD OF DIRECTORS AND OTHER OFFICERS (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Mr. Marios Tofaros (appointed 26 October 2009, resigned on 23 January 2013)
Non-Executive Director

Mr. Robert Dirk Korbijn (appointed 23 January 2013, resigned on 27 September 2013)
(Mr Constantinos Economides was the alternate to Mr Robert Dirk Korbijn)
Non-Executive Director

Mr. Tiemen Meester (appointed 23 January 2013)
(Mrs. Iana Boyd Penkova is the alternate to Mr. Tiemen Meester)
Non-Executive Director
Member of Remuneration, Nomination and Audit and Risk Committees

Ms. Laura Michael (appointed 23 January 2013)
Non-Executive Director

Mr. Georgios Sofocleous (appointed 23 January 2013)
Non-Executive Director

Ms. Chrystalla Stylianou (appointed 23 January 2013)
Non-Executive Director

Mr. Constantinos Economides (appointed 27 September 2013)
Non-executive Director

Board support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures. Also a procedure is in place to enable Directors, if they so wish, to seek independent professional advice at the Company`s expense.

Company Secretary

Team Nominees Limited
20 Omirou Street
Ayios Nicolaos
CY-3095 Limassol
Cyprus

Registered office
20 Omirou Street
Ayios Nicolaos
CY-3095 Limassol
Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited parent company financial statements of Global Ports Investments Plc (hereafter also referred to as "GPI" or the "Company") for the year ended 31 December 2013. These parent company financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter also referred as "IFRS") as adopted by the European Union ("EU") and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company, which is unchanged from the previous year, is the holding of investments including any interest earning activities.

Review of Developments, Position and Performance of the Company's Business

The net profit of the Company for the year ended 31 December 2013 was US$141,521 thousand (2012: US$116,361 thousand). On 31 December 2013 the total assets of the Company were US$2,189,483 thousand (2012: US$759,581 thousand) and the net assets were US$1,214,960 thousand (2012: US$758,624 thousand). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

On 27 December 2013 GPI completed the acquisition of 100% of the share capital of NCC Group Limited (together with its subsidiaries "NCC Group"), the second largest container terminal operator in Russia (the "NCC Acquisition"). See Note 14 of the parent company financial statements for further details.

Principal Risks and Uncertainties

The Company's financial risk management and critical accounting estimates and judgments are disclosed in Notes 3 and 4 to the financial statements.

The Company's contingencies are disclosed in Note 22 to the financial statements.

The Board has adopted a formal process to identify, evaluate and manage significant risks faced by the Company.

Future Developments of the Company

The Board of Directors does not expect any significant changes in the activities of the Company in the foreseeable future.

Results

The Company's results for the year are set out on page 13. The Board of Directors recommends the payment of a dividend as detailed below and the remaining profit for the year is retained.

Dividends

Pursuant to the Articles of Association the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (hereafter also referred as "GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company expects to pay dividends in US Dollars. If dividends are not paid in US Dollars, they will be converted into US Dollars by the Depositary and paid to holders of GDRs net of currency conversion expenses.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Dividends (continued)

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries and joint-ventures to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries and joint-ventures is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company's subsidiaries and joint-ventures is restricted to the total accumulated retained earnings of the relevant subsidiary or joint-venture, determined according to the law applicable to each entity.

During the year 2013 the Company has declared dividends in the total amount of US$164.5 million (US$0.35 per share). Dividends amounting to US$153.9 million were paid during 2013 and remaining balance amounting to US$14.1 million was payable at 31 December 2013.

The Board of Directors of the Company recommends the payment of a dividend for the year 2013 amounting to US$11.5 million (US$0.02 per share). The dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividend payable.

During 2012 the Company declared and paid dividends in the total amount of US$79.9 million (US$0,17 per share).

Share Capital

Authorised share capital

On 16 October 2012 the Company converted 176,250,000 of its ordinary authorised ordinary shares into ordinary non-voting shares. As a result of this conversion, the authorised share capital of the Company amounted to US$53,000 thousand divided into 353,750,000 ordinary shares and 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 September 2013 the Company increased its authorised share capital from US$53,000 thousand to US$58,159 thousand divided into 353,750,000 ordinary shares and 227,835,364 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 the Company converted 77,378,048 of its authorised ordinary non-voting shares into ordinary shares. After this conversion of the share capital, the authorised share capital of the Company is divided into 431,128,048 ordinary shares with a par value of US$0.10 each and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

Issued share capital

On 16 October 2012 the Company converted 176,250,000 of its issued ordinary issued shares into ordinary non-voting shares. As a result of this conversion, the issued share capital of the Company consisted of 293,750,001 ordinary shares and of 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 in the course of NCC Acquisition the Company issued as part of consideration payable 51,585,366 ordinary voting shares with a par value of US$0.10 each at a price of US$4.66 per share (the share premium was US$4.56 per share) and 51,585,364 ordinary non-voting shares with a par value of US$0.10 each at a price of US$4.66 per share (the share premium was US$4.56 per share). An amount of US$1,461 thousand out of the total expenses directly attributable to the new shares issued was written off against the share premium.

On 27 December the Company converted 77,378,048 of its issued ordinary non-voting shares into ordinary shares. After the conversion of the share capital, the issued share capital of the Company amounts to US$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The Role of the Board of Directors

GPI is governed by its Board of Directors (hereafter also referred as "the Board") which is collectively responsible to the shareholders for the short and long-term successful performance of the Company.

The Board of Directors' role is to provide entrepreneurial leadership to the Company through setting the corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and reviewing management performance. The Board sets the Company's values and standards and ensures all obligations to shareholders are understood and met. The Board maintains a sound system of internal control and enterprise risk management to safeguard the Company's assets and shareholders' investments in the Company.

Members of the Board of Directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than three years. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need for progressive system of refreshing of the Board.

The members of the Board of Directors at 31 December 2013 and at the date of this report are shown on pages 1 and 2. Mr. Kim Fejfer was appointed as a Non-Executive Director, Vice Chairman of the Board of Directors and a member of Remuneration, Nomination and Audit and Risk Committees on 23 January 2013. Mr. Tiemen Meester was appointed as a Non-Executive Director and a member of Remuneration, Nomination and Audit and Risk Committees on 23 January 2013. Mr. Robert Dirk Korbijn, Ms. Laura Michael, Mr. Georgios Sofocleous and Ms. Chrystalla Stylianou were appointed as Non-Executive Directors on 23 January 2013. Mr Constantinos Economides was appointed as Non-Executive Director on 27 September 2013. Ms. Elia Nicolaou and Mr. Marios Tofaros resigned on 23 January 2013. Mr Robert Dirk Korbijn resigned on 27 September 2013. All other Directors were members of the Board throughout the year ended 31 December 2013.

The Board currently has 14 members and they were appointed as shown on pages 1 and 2.

There is no provision in the Company`s Articles of Association for retirement of Directors by rotation. However in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting on 29 April 2013 and at the Extraordinary General Meeting on 27 September 2013 all current Directors (except Mr Constantinos Economides) remain in office and Mr Constantinos Economides will be offered for re-election at the next Annual General Meeting of the Shareholders of the Company.

Team Nominees Limited has been acting as the Company Secretary since its incorporation in February 2008.
Mr. Alexander Iodchin has been acting as the Board Secretary since December 2008.

There were no significant changes in the responsibilities of the Directors during 2013, except in the case of Mr Mikhail Loganov who was a non-Executive director until 11 October 2013 and was appointed as a Chief Financial Officer and became Executive Director as from this date onwards.

Directors' Interests

The interests in the share capital of Global Ports Investments Plc, both direct and indirect, of those who were Directors as at 31 December 2013 and 31 December 2012 are shown below:

Name	Type of holding	**Shares held at 31 December 2013**	Shares held at 31 December 2012
Nikita Mishin	Indirect through shareholding in Transportation Investments Holding Limited and other related entities	**39,731,086 ordinary shares**	27,609,738 ordinary shares
		15,488,390 ordinary non-voting shares	27,609,738 ordinary non-voting shares

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Directors' Interests (continued)

Total number of issued shares of the Company as at 31 December 2013 was 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares (as at 31 December 2012 was 293,750,001 ordinary shares and 176,250,000 ordinary non-voting shares). Each share is issued at par value of US$0.10.

Board Performance

The Board meets at least four times a year. Fixed meetings are scheduled at the start of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

In 2013 the Board met formally 18 (2012: 16) times to review current performance and to discuss and approve important business decisions.

In 2013 the Board met to discuss and approve important business decisions:

a. NCC Acquisition;
b. Financial statements and budgets;
c. Credit facilities;
d. Changes in the management of the Company and its subsidiaries and their remunerations;
e. Dividends;
f. Investment opportunities;
g. Major CAPEX and OPEX spendings;
h. Transactions within the Group;
i. Various other resolutions related to the activity of the Company and Group members.

The number of Board and Board Committee meetings held in the year 2013 and the attendance of directors during these meetings is as follows:

	Board of Directors		*Nomination Committee*		*Remuneration Committee*		*Audit and Risk Committee*	
	A	*B*	*A*	*B*	*A*	*B*	*A*	*B*
Michalis Thomaides	18	18	–	–	–	–	–	–
Alexander Iodchin	18	17	1	1	–	–	–	–
Bryan Smith	18	17	1	1	3	3	–	–
Nikita Mishin	18	8	1	0	3	0	–	–
Alexander Nazarchuk	18	17	–	–	–	–	–	–
Mikhail Loganov	18	12	–	–	3	3	7	7
Konstantin Shirokov	18	18	–	–	–	–	10	8
Siobhan Walker	18	17	–	–	–	–	10	10
Kim Fejfer	18	15	1	1	3	3	10	8
Tiemen Meester	18	18	1	1	3	3	10	10
Robert Korbijn	11	11	–	–	–	–	–	–
Laura Michael	18	17	–	–	–	–	–	–
Georgios Sofocleous	18	17	–	–	–	–	–	–
Chrystalla Stylianou	18	15	–	–	–	–	–	–
Constantinos Economides	7	6	–	–	–	–	–	–

A = Number of meetings eligible to attend during the year
B = Number of meetings attended

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Board Performance (continued)

The operation of the Board, its Committees and individual Directors is subject to regular evaluation. The evaluation of the Board and individual Directors' performance is conducted through self-assessment, cross-assessment or by an external third party. The Non-Executive Directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman of the Board.

The Board Committees

Since December 2008 the Board of Directors established the operation of three committees: an Audit and Risk committee, a Nomination Committee and a Remuneration Committee.

The Audit and Risk Committee as of the date of this report comprises four Non-Executive Directors, and meets at least four times a year. The Audit and Risk Committee is currently chaired by Mrs. Siobhan Walker (an Independent Non-Executive Director) and the other members are Mr. Konstantin Shirokov, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). Mr. Mikhail Loganov resigned from the Audit and Risk Committee after his appointment as the Chief Financial Officer of the Company. The Committee is responsible for considering, among other matters: (i) the integrity of the Company's financial information, including its annual and interim condensed consolidated financial information, and the effectiveness of the Company's internal controls, risk management systems and the work of the Internal Auditor; (ii) auditors' reports; and (iii) the terms of appointment and remuneration of the auditor. The Committee supervises and monitors, and advises the Board of Directors on risk management and control systems and the implementation of codes of conduct. In addition, the Committee supervises the submission of financial information by the Company. The Committee recommends the Board on appointment, re-appointment and removal of the external auditor, reviews its independence, objectivity and effectiveness of the audit process. In addition the Committee implements the policy on the engagement of the external auditors to perform non-audit services.

In the year 2013 the Audit and Risk Committee met 10 times to review and discuss inter alia:

(a) entity and consolidated financial statements for the year ended 31 December 2012 and interim condensed consolidated financial information for six months ended 30 June 2013;

(b) the press releases containing financial information;

(c) reports prepared by external auditors on significant matters arising from their audit and review procedures;

(d) evaluation of external auditors` independence and performance and recommendation to the Board to recommend shareholders to reappoint the external auditor for the next year;

(e) drafts of engagement and fees letters between the external auditors and the Company or its subsidiaries, as applicable in respect of their audit and non-audit services;

(f) consideration of several reports from the management and external consultants

The Nomination Committee as of the date of this report comprises five Directors, one of whom is independent. The Committee meets at least once each year. Currently the Nomination Committee is chaired by Capt. Bryan Smith (an Independent Non-Executive Director) and the other members are Mr. Nikita Mishin, Mr. Alexander Iodchin, Mr. Kim Fejfer (appointed on 23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). The Committee's role is to prepare selection criteria and appointment procedures for members of the Board of Directors and to review on a regular basis the structure, size, diversity and composition of the Board. In undertaking this role, the Committee refers to the skills, knowledge and experience required of the Board given the Company's stage of development and makes recommendations to directors as to any changes. The Committee also considers future appointments in respect to the composition of the Board of Directors as well as making recommendations regarding the membership of the Audit and Risk Committee and the Remuneration Committee. In addition to it the Committee advises the Board on the appointment of the senior management of the Company.

In 2013 the Nomination Committee met one time to discuss and recommend to the Board a candidate for the appointment to the position of the Chief Financial Officer of the Company.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The Board Committees (continued)

The Remuneration Committee as of the date of this report comprises four Directors, one of whom is independent. The Committee meets at least once each year. Currently the Remuneration Committee is chaired by Capt. Bryan Smith (an Independent Non-Executive Director), and the other members are Mr. Nikita Mishin, Mr. Kim Fejfer (appointed on
23 January 2013) and Mr. Tiemen Meester (appointed on 23 January 2013). Mr. Mikhail Loganov resigned from the Remuneration Committee after his appointment as the Chief Financial Officer of the Company. The Committee is responsible for determining and reviewing, among other matters, the remuneration of the executive directors, Chairman and the executive management and the Company's remuneration policies. The remuneration of independent Directors is a matter for the chairman of the Board of Directors and the executive directors. No director or manager may be involved in any decisions as to his or her own remuneration.

In 2013 the Remuneration Committee met three times to discuss and recommend to the Board the remuneration for the executive management of the Group.

Corporate Governance

Improving its corporate governance structure in accordance with the internationally recognised best practices the Company adopted in 2008 and 2012 important policies and procedures.

The Company`s corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders. They include, inter alia:

- Appointment policy;
- Terms of reference of the Board of Directors;
- Terms of reference of the Audit and Risk Committee;
- Terms of reference of the Nomination Committee;
- Terms of reference of the Remuneration Committee;
- Code of Ethics and Conduct;
- Antifraud policy;
- Anti-Corruption Policy; and
- Foreign Trade Controls Policy.

Board and Management Remuneration

Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors.

Levels of remuneration for the Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties.

The shareholders of the Company approved the remuneration of the members of the Board for the year 2013 on 29 April 2013.

Refer to Note 23 (iii) and Note 23 (iv) to the financial statements for details of the remuneration paid to the members of the Board and key management.

Events after the balance sheet date

The events after the balance sheet date are disclosed in Note 24 to the financial statements.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Branches

The Company did not have or operate through any branches during the year.

Treasury shares

The Company did not acquire either directly or through a person in his own name but on behalf of the Company any of its own shares.

Going Concern

Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the consolidated financial statements based on the fact that, after making enquiries and following a review of the Company's budget for 2014, including cash flows and borrowing facilities, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future.

Auditors

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution approving their reappointment and giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Nikita Mishin
Chairman of the Board of Directors

Limassol
14 March 2014

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Global Ports Investments Plc ("Company") is responsible for preparation and fair presentation of these parent company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Each of the Directors confirms to the best of his or her knowledge that these parent company financial statements which are presented on pages 13 to 39 have been prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, and give a true and fair view of the assets, liabilities, financial position and profit of the Company.

By Order of the Board

Michalis Thomaides
Director

Alexander Iodchin
Director

Limassol
14 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL PORTS INVESTMENTS PLC

Report on the financial statements

We have audited the accompanying financial statements of parent company Global Ports Investments Plc (the "Company"), which comprise the balance sheet as at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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 of financial statements that give a true and fair view 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 the Board of Directors, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company Global Ports Investments Plc as at 31 December 2013, 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 and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The opinion in that report is not qualified.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 14 March 2014

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Note	2013 US$000	2012 US$000
Dividend income	23 (i)	**139,638**	132,363
Interest income	5	**5,351**	3,764
Administrative expenses	7	**(4,599)**	(5,417)
Other gains/(losses) – net	6	**1,768**	(29)
Impairment of investment in joint ventures	15	**–**	(14,290)
Operating profit		**142,158**	116,391
Finance cost	9	**(604)**	–
Profit before income tax		**141,554**	116,391
Income tax expense	10	**(33)**	(30)
Profit for the year		**141,521**	116,361
Other comprehensive income		**–**	–
Total comprehensive income for the year		**141,521**	116,361

The notes on pages 17 to 39 are an integral part of these financial statements.

BALANCE SHEET
at 31 December 2013

	Note	2013 US$000	2012 US$000
Assets			
Non-current assets			
Property, plant and equipment	13	**52**	53
Investments in subsidiaries	14	**1,881,553**	507,180
Investments in joint ventures	15	**143,013**	143,003
Loans receivable	16	**71,341**	43,355
Total non-current assets		**2,095,959**	693,591
Current assets			
Loans receivable	16	**3,970**	3,881
Trade and other receivables	17	**75,500**	52,296
Cash and bank balances	18	**14,054**	9,813
Total current assets		**93,524**	65,990
Total assets		**2,189,483**	759,581
Equity and liabilities			
Capital and reserves			
Share capital	19	**57,317**	47,000
Share premium	19	**923,511**	454,513
Capital contribution		**101,300**	101,300
Retained earnings		**132,832**	155,811
Total equity		**1,214,960**	758,624
Non-current liabilities			
Trade and other payables	20	**125**	270
Total non-current liabilities		**125**	270
Current liabilities			
Trade and other payables	20	**141,104**	687
Current income tax liabilities		**3**	-
Borrowings	21	**833,291**	-
Total current liabilities		**974,398**	687
Total liabilities		**974,523**	957
Total equity and liabilities		**2,189,483**	759,581

On 14 March 2014 the Board of Directors of Global Ports Investments Plc authorised these financial statements for issue.

Michalis Thomaides
Director

Alexander Iodchin
Director

The notes on pages 17 to 39 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Note	Share capital US$000	Share premium US$000	Capital contributions US$000	Retained earnings(1) US$000	Total US$000
Balance at 1 January 2012		47,000	454,513	101,300	119,350	722,163
Comprehensive income						
Profit for the year		–	–	–	116,361	116,361
Transactions with owners						
Dividends to shareholders	19	–	–	–	(79,900)	(79,900)
Total transactions with owners				–	(79,900)	(79,900)
Balance at 31 December 2012/1 January 2013		47,000	454,513	101,300	155,811	758,624
Comprehensive income						
Profit for the year		–	–	–	141,521	141,521
Transactions with owners						
Issue of shares	19	10,317	468,998	–	–	479,315
Dividends to shareholders	19	–	–	–	(164,500)	(164,500)
Total transactions with owners		10,317	468,998	–	(164,500)	314,815
Balance at 31 December 2013		57,317	923,511	101,300	132,832	1,214,960

(1) Retained earnings is the only reserve that is available for distribution in the form of dividends.

The notes on pages 17 to 39 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	Note	2013 US$000	2012 US$000
Cash flows from operating activities			
Profit before tax		**141,554**	116,391
Adjustments for:			
Depreciation of property, plant and equipment	13	**17**	17
Impairment of investment in joint ventures	15	**-**	14,290
Profit on disposal of subsidiary	6	**6**	-
Dividend income	23 (i)	**(139,638)**	(132,363)
Interest income	5	**(4,304)**	(3,198)
Interest expense	9	**604**	-
Fair value (gains)/losses on initial recognition of financial assets and liabilities	6	**(300)**	175
Financial guarantees	6	**-**	430
Amortisation of financial guarantee	6	**(144)**	(17)
Foreign exchange (gain)/loss		**(590)**	(28)
		(2,795)	(4,303)
Changes in working capital:			
Trade and other receivables		**(2,035)**	30
Trade and other payables		**375**	(848)
Cash used in operations		**(4,455)**	(5,121)
Tax paid		**(30)**	(413)
Net cash used in operating activities		**(4,485)**	(5,534)
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(16)**	(65)
Proceeds from disposal of property, plant and equipment	13	**-**	14
Additional investments in subsidiaries	14	**(229,354)**	(86,602)
Additional investments in joint ventures	15	**(10)**	(10)
Expenses in relation to issue of shares	19	**(1,461)**	-
Loans advanced to related parties	23 (vi)	**(70,285)**	(13,170)
Loan repayments received from related parties	23 (vi)	**46,332**	28,695
Interest received		**1,053**	1,529
Dividends received		**183,470**	80,408
Net cash from investing activities		**(70,271)**	10,799
Cash flows from financing activities			
Proceeds from loans from related parties	23 (v)	**229,397**	-
Dividends paid to Company's shareholders	19	**(150,400)**	(79,900)
Net cash used in financing activities		**78,997**	(79,900)
Net increase in cash and cash equivalents		**4,241**	(74,635)
Cash and cash equivalents at beginning of year		**9,813**	84,448
Cash and cash equivalents at end of year	18	**14,054**	9,813

The notes on pages 17 to 39 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Country of incorporation

Global Ports Investments Plc (hereafter the "Company" or "GPI") was incorporated on 29 February 2008 as a private limited liability company and is domiciled in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The address of the Company's registered office is 20 Omirou Street, Limassol, Cyprus.

On 18 August 2008, following a special resolution passed by the shareholders, the name of the Company was changed from "Global Ports Investments Ltd" to "Global Ports Investments Plc" and the Company was converted into a public limited liability company in accordance with the provisions of the Companies Law, Cap. 113.

During the first half of 2011 the Company has successfully completed an initial public offering ("IPO") of its shares in the form of global depositary receipts ("GDRs"). The Company's GDRs (one GDR representing 3 ordinary shares) are listed on the Main Market of the London Stock Exchange under the symbol "GLPR". For further details please refer to Note 19.

On 27 December 2013 GPI completed the acquisition of 100% of the share capital of NCC Group Limited (together with its subsidiaries, "NCC Group"), the second largest container terminals operator in Russia (the "NCC Acquisition"). See Note 14 for further details.

Approval of the parent company financial statements

These parent company financial statements were authorized for issue by the Board of Directors on 14 March 2014.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

The financial statements have been prepared under the historical cost convention.

The Company has prepared these separate financial statements of the parent company for compliance with the requirements of the Cyprus Income Tax Law and the Disclosure Rules as issued by the Financial Services Authority of the United Kingdom.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2013 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated financial statements

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU for the Company and its subsidiaries (the "Group"). A copy of the consolidated financial statements is available to the members, at the Company's registered office and at the Company's website at www.globalports.com.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2013 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

New Standards, interpretations and amendments adopted by the Company

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning 1 January 2013. This adoption did not have a material effect on the accounting policies of the Company.

The Company has decided to early adopt the following amendment as of 1 January 2013:

Amendments to IAS36 – Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; EU effective date for 1 January 2014). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

New standards, interpretations and amendments not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these separate financial statements of the parent company. None of these is expected to have a significant effect on these separate financial statements of the parent company, except the following set out below:

(a) Not yet adopted by the European Union

IFRS 9, 'Financial Instruments: Classification and Measurement'. The standard was issued in November 2009 and amended in October 2010, December 2011 and November 2013. The key features of IFRS 9 are:

- 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 payments of principal and interest only (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 own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments not yet adopted by the Company (continued)

(a) Not yet adopted by the European Union (continued)

The amendments made to IFRS 9 in November 2013 removed its mandatory effective date, thus making application of the standard voluntary. The Company does not intend to adopt the existing version of IFRS 9 until this is endorsed by the European Union. The Company has not yet assessed the impact of the adoption of IFRS 9 in its financial statements.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

(i) Interest income

Interest income is recognised when it is probable that benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized on a timeproportion basis using the effective interest method. When a loan receivable is impaired, the Company reduces the carrying amount to its recoverable amount being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The Company and the employees contribute to the Cyprus Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars (US$), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance cost". Foreign exchange gains and losses that relate to loans receivable and cash and cash equivalents are presented in profit or loss within "interest income". All other foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and deferred income tax (continued)

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Motor vehicles	20
Office equipment	50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. In its parent company financial statements, the Company carries the investments in subsidiaries at cost less any impairment.

The Company recognises income from investments in subsidiaries to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition.

Investments in joint ventures

Joint ventures are contractual arrangements whereby the Company together with other parties undertake an economic activity that is subject to joint control. In its parent company financial statements the Company carries its investments in joint ventures at cost less any impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Nonfinancial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Loans and receivables

The Company classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date.

These are classified as non-current assets. The Company's loans and receivables comprise cash and cash equivalents, trade and other receivables and loans to related and third parties.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment of 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 receivables. Significant financial difficulties of the debtor/borrower, probability that the debtor/borrower will enter bankruptcy or financial difficulty, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement against 'administrative expenses'.

Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recognized as share premium. Share premium is subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Capital contribution represents contributions by the shareholders directly in the reserves of the Company. The Company does not have any contractual obligation to repay these amounts. However, these are distributable to the Company's shareholders at the discretion of the Board of Directors subject to the shareholders' approval

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are appropriately authorised and are no longer at the discretion of the Company.

More specifically, interim dividends are recognised as liability in the period in which these are approved by the Board of Directors and in the case of final dividends, they are recognised in the period in which these are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straightline basis over the period of the lease.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the grant has been reliably measured. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. For financial guarantees provided to related parties other than its direct subsidiaries the difference between the fair value of the financial guarantee and the fee received is treated as an expense. For financial guarantees provided to direct subsidiaries the difference between the fair value of the financial guarantee and the fee received is included in the cost of the investment. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in profit or loss the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to profit or loss in 'other gains/(losses) – net'.

Derivatives

Derivative financial instruments which comprise mainly options for shares are initially recognised in the balance sheet at fair value (excluding transaction costs) and are subsequently remeasured at their fair value. They are classified as financial assets at fair value through profit or loss and are included in current assets. The resulting gain or loss is recorded in the income statement within "other gains – net". Transaction costs arising on entering into derivatives are recognised in the income statement as incurred. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in bank, cash in hand and deposits held at call with banks, with original maturities of three months or less.

3 FINANCIAL RISK MANAGEMENT

(i) Financial risk factors

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

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

- **Market risk**

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities (mainly loans receivable, trade and other receivables, cash and cash equivalents and borrowings) that are denominated in a currency that is not the Company's functional currency.

Had Euro exchange rate strengthened/weakened by 15% (2012:10%) against the US dollar and all other variables remained unchanged, the posttax profit of the Company for the year ended 31 December 2013, would have (decreased)/increased by US$4,917 thousand (2012: US$6,166 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of dividends receivable, loans receivable, cash in bank and payables denominated in Euros.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Cash flow and fair value interest rate risk

The Company is exposed to cash flow interest rate risk arising from changes in market interest rates of cash and cash equivalents. In addition, the Company is exposed to fair value interest rate risk as all its loans receivable and borrowings are at fixed rates.

Had market interest rates on Euro and United States dollar denominated floating interest bearing cash and cash equivalents shift by 100 basic points and all other variables remained unchanged, the post tax profit of the Company would not significantly change for the years ended 31 December 2013 and 31 December 2012. In addition, as all of the Company's fixed rate loans receivable are carried at amortised cost, any reasonably possible change in the interest rates as of 31 December 2013 and 31 December 2012 would not have any significant impact on the Company's post tax profit. Also, borrowings from related parties were obtained near the end of the year and as a result any reasonably possible change in the interest rates as of 31 December 2013 would not have any significant impact on the Company's post tax profit. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of loans receivable, dividends receivable, other receivable and cash and cash equivalents.

The majority of receivables are with related parties. Management believes that there is no significant risk of loss to the Company. Finally, see Note 12 for credit quality of cash and cash equivalents.

At 31 December 2013 and 2012 none of the loans receivable or cash and cash equivalents were past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Financial risk factors (continued)

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$000	1 to 2 years US$000	2 to 5 years US$000	Over 5 years US$000	Total US$000
At 31 December 2012					
Trade and other payables	544	–	–	–	544
Financial guarantee *	136,000	–	–	–	136,000
	136,544				136,544
At 31 December 2013					
Trade and other payables	140,960	–	–	–	140,960
Financial guarantee *	393,229	–	–	–	393,229
Borrowings	833,291	–	–	–	833,291
	1,367,480	–	–	–	1,367,480

* Full amount payable if the loans guaranteed are non-performing (Note 23 (ix)).

- **Capital risk management**

The Company's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the profitability its operations, maintain optimum equity structure and reduce its cost of capital.

The Company monitors capital based on borrowings to total capitalization ratio. Total capitalization is calculated as the sum of the total borrowings and equity at the date of calculation.

(ii) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

The different levels of financial instruments measured at fair value by valuation method have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Adjusted comparable price-to-book value multiples
- Other techniques, such as discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

- **Estimated impairment of investments**

The Company reviews investments, long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated recoverable amount is less than the carrying amount of the asset or group of assets, the asset is not recoverable and the Company recognises an impairment loss for the difference between the estimated recoverable amount (based on value in use) and the carrying value of the asset or group of assets. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset. Models are prepared based on the Company's best estimates and latest budgets available as at the year end. Estimating discounted future cash flows requires making judgments about long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are uncertain as they require assumptions about volumes, prices for the products and services, future market conditions and future technological developments. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period.

Based on the impairment results of the impairment testing carried out in 2013, for all investments management believes that any reasonable possible change in the key assumptions would not cause the carrying amounts to exceed the recoverable amounts.

For 2012, the Company has performed an impairment test for the investment in the joint venture CD Holding Oy. As a result an impairment charge amounting to US$14,290 thousand was recognised
(Note 15).

- **Contingent consideration**

At closing of the NCC Acquisition (refer to Notes 14 and 20), the Company withheld US$61,603 thousand from the purchase price payable to the Sellers, and will release this amount to the Sellers upon and to the extent of the fulfilment of certain conditions. The Board of Directors estimates that the fair value of this contingent consideration approximates the carrying amount.

- **Valuation of option**

The NCC Acquisition described in Note 14 includes a call option for GPI to acquire 50% of the Illichevsk Container Terminal ("CTI") operations located in Ukraine on the Black Sea for the strike price of US$ 60 million adjusted for the proportionate amount of the net debt at the time of exercise (but not less than US$1 million) from NCC Group's former shareholders. The term of the call option is three years following the closing of the NCC Acquisition. The option is exercisable at any time during this period. The Board of Directors considers that the fair value of this option is insignificant.

- **Financial guarantees**

The Board of Directors has assessed the exposure of the Company in relation to the guarantees provided to related parties for the loan facilities granted to them (refer to Note 23 (ix)).

(ii) Critical judgments in applying the Company's accounting policies

There were no critical judgments in applying the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 INTEREST INCOME

	2013 US$000	2012 US$000
Interest income on bank balances	**2**	2
Interest income on short term deposits	**4**	205
Interest income on loans to related parties (Note 23 (i))	**4,298**	2,991
Net foreign exchange gains on cash and cash equivalents and loans receivable	**1,047**	566
	5,351	3,764

6 OTHER GAINS/(LOSSES) – NET

	2013 US$000	2012 US$000
Profit from partial disposal of subsidiaries (Note 14)	**6**	–
Net foreign exchange transaction gains on non-financing activities	**1,318**	559
Fair value gains/(losses) on initial recognition of financial assets and liabilities (Note 23 (vi))	**300**	(175)
Financial guarantee (Note 23 (ix))	**–**	(430)
Amortisation of financial guarantee	**144**	17
	1,768	(29)

7 EXPENSES BY NATURE

	2013 US$000	2012 US$000
Depreciation of property, plant and equipment (Note 13)	**17**	17
Insurance	**118**	192
Auditors' remuneration	**642**	640
Staff costs (Note 8)	**956**	1,037
Advertising and promotion	**72**	54
Travelling expenses	**631**	1,309
Legal and consulting fees	**1,518**	1,677
Taxes other than on income	**462**	304
Office rent	**43**	28
Bank charges	**28**	52
Other expenses	**112**	107
Total administrative expenses	**4,599**	5,417

The auditors' remuneration stated above include fees of US$469 thousand (2012: US$414 thousand) for audit services charged by the Company's statutory audit firm.

The legal and consulting fees stated above include fees of US$19 thousand (2012: US$24 thousand) for tax consultancy services charged by the Company's statutory audit firm.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 STAFF COSTS

	2013 US$000	2012 US$000
Wages and salaries	**913**	993
Social insurance costs	**39**	40
Other staff costs	**4**	4
	956	1,037

9 FINANCE COST

	2013 US$000	2012 US$000
Interest expense on loans from related parties (Note 23(i))	**604**	–

10 INCOME TAX EXPENSE

	2013 US$000	2012 US$000
Current tax:		
Corporation tax	**32**	–
Defence contribution	**1**	30
	33	30

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2013 US$000	2012 US$000
Profit before tax	**141,554**	116,391
Tax calculated at the applicable corporation tax rate of 12,5%/10%	**17,694**	11,639
Tax effect of expenses not deductible for tax purposes	**576**	2,351
Tax effect of allowances and income not subject to tax	**(17,683)**	(13,894)
Tax effect of utilisation of prior year tax losses	**–**	–
Withholding tax	**30**	–
Group relief	**(585)**	(96)
Special contribution for defence	**1**	30
	33	30

The Company is subject to corporation tax on taxable profits at the rate of 10%, up to 31 December 2012 and at the rate of 12.5% as from 1 January 2013.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%, increased to 15% as from 31 August 2011 and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident Companies may also be subject to special contribution for defence.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables US$000	Total US$000
31 December 2012		
Assets as per balance sheet		
Noncurrent receivables	43,355	43,355
Current portion of loans receivable	3,881	3,881
Trade and other receivables	52,141	52,141
Cash and bank balances	9,813	9,813
Total	109,190	109,190

	Other financial liabilities US$000	Total US$000
Liabilities as per balance sheet		
Trade and other payables	544	544
Financial guarantee	413	413
Total	957	957

	Loans and receivables US$000	Total US$000
31 December 2013		
Assets as per balance sheet		
Noncurrent receivables	71,341	71,341
Current portion of loans receivable	3,970	3,970
Trade and other receivables	75,386	75,386
Cash and bank balances	14,054	14,054
Total	164,751	164,751

	Other financial liabilities US$000	Total US$000
Liabilities as per balance sheet		
Trade and other payables	140,960	140,960
Financial guarantee	269	269
Borrowings	833,291	833,269
Total	974,520	974,520

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2013 US$000	2012 US$000
Fully performing trade and other receivables		
Counterparties without external credit rating		
Group 1	**75,090**	47,025
Group 2	**9,826**	52,116
Group 3	**4,674**	219
Group 4	**7**	17
Group 5	**61,100**	–
	150,697	99,377
Cash at bank and shortterm bank deposits (Moody's rating)		
A1	**1**	1
A2	**14,014**	8,870
B3	**–**	942
Caa3	**39**	–
	14,054	9,813

Group 1 – Loans receivable from related parties with no defaults in the past.

Group 2 – Dividends receivable from related parties.

Group 3 – Other receivables with no defaults in the past.

Group 4 – Companies within the group, parent entity and common control companies with no defaults in the past.

Group 5 – Amounts held in escrow are with a bank with a Moody's credit rating A2.

13 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles and other equipment US$000	Total US$000
Year ended 31 December 2012		
Opening net book amount	19	**19**
Additions	65	**65**
Disposals	(14)	**(14)**
Depreciation charge	(17)	**(17)**
Closing net book amount	53	**53**
At 31 December 2012		
Cost	86	**86**
Accumulated depreciation	(33)	**(33)**
Net book amount	53	**53**
Year ended 31 December 2013		
Opening net book amount	53	**53**
Additions	16	**16**
Depreciation charge	(17)	**(17)**
Closing net book amount	52	**52**
At 31 December 2013		
Cost	102	**102**
Accumulated depreciation	(50)	**(50)**
Net book amount	52	**52**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In the cash flow statement proceeds from sale of property, plant and equipment comprise of:

	2013 US$000	2012 US$000
Net book amount	–	14
Proceeds from sale of property, plant and equipment	–	14

14 INVESTMENTS IN SUBSIDIARIES

	2013 US$000	2012 US$000
At beginning of year	**507,180**	420,578
Additions	**1,374,376**	86,602
Disposals	**(3)**	–
At end of year	**1,881,553**	507,180

During the year ended 31 December 2013, the Company realised a US$6 thousand gain from the disposal of one share in one of its wholly owned subsidiaries.

On 27 December 2013 GPI completed the acquisition of 100% of the share capital of NCC Group Limited, (together with its subsidiaries, NCC Group), the second largest container terminals operator in Russia (the NCC Acquisition) for a total consideration of US$1,375,023. The total consideration included cash consideration amounting to US$229,354 thousand, share consideration amounting to US$480,776 thousand (Note 19), contingent consideration amounting to US$61,603 thousand (Note 20) and borrowings assigned amounting to US$603,290 thousand (Note 23(v)).

The Company's direct interests in subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2013 % holding	2012 % holding
Arytano Holdings Limited	Holding company	Cyprus	100	100
Intercross Investments B.V.	Holding company	Netherlands	100	100
Global Ports Advisory Group AB	Holding company	Sweden	100	100
NCC Pacific Investments Limited	Holding company	Cyprus	100	100
NCC Group Limited	Holding company	Cyprus	100	–
Railfleet Holdings Limited *	Holding company	Cyprus	0,05	–

* Railfleet Holdings Limited is accounted for as a subsidiary because the Company has indirect control, since its subsidiaries hold the remaining shareholding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 INVESTMENTS IN JOINT VENTURES

	2013 US$000	2012 US$000
At beginning of year	**143,003**	157,283
Additions	**10**	10
Impairment charge (Note 4 (i))	**–**	(14,290)
At end of year	**143,013**	143,003

The Company's interests in joint ventures, all of which are unlisted, are as follows:

Name	Principal activity	Country of incorporation	2013 % holding	2012 % holding
CD Holding OY (formerly Container-Depot Limited Oy)	Holding company	Finland	75	75
Multi-Link Terminals Limited	Holding company	Ireland	75	75
M.L.T Container Logistics Ltd	Holding company	Cyprus	75	75

16 LOANS RECEIVABLE

	2013 US$000	2012 US$000
Non-current		
Loans to related parties (Note 23 (vi))	**71,341**	43,355
Current		
Loans to related parties (Note 23 (vi))	**3,749**	3,670
Loans to third parties	**221**	211
	3,970	3,881
Total	**75,311**	47,236

All non-current loans receivable are due within five years from the balance sheet date.

The fair values of non-current receivables are as follows:

	Fair values	
	2013 US$000	2012 US$000
Loans to related parties	**68,689**	42,270

The fair values are based on discounted cash flows using a discount rate based upon market interest rates prevailing for similar instruments at the balance sheet date, amounting to 6% for Euro and US Dollar loans and 10% for Russian Rouble loans (2012: 6% for Euro and US Dollar loans and 10% for Russian Rouble loans). The discount rate equals the weighted average of external bank borrowings obtained by subsidiaries of the Group plus appropriate margin reflecting the credit rating of the borrower. The fair values are within level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 LOANS RECEIVABLE (CONTINUED)

The weighted average effective interest rates on loans receivable at the balance sheet date were as follows:

	2013 %	2012 %
Loans to related parties	**6.1**	6.6

The carrying amounts of the Company's loans receivable are denominated in the following currencies:

	2013 US$000	2012 US$000
Euro	**17,287**	15,771
Russian Rouble	**4,460**	1,164
US Dollar	**53,564**	30,301
	75,311	47,236

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security. None of the loans receivable is either past due or impaired.

17 TRADE AND OTHER RECEIVABLES

	2013 US$000	2012 US$000
Dividends receivable from related parties (Note 23 (vii))	**9,826**	52,116
Prepayments	**114**	155
Other debtors - related parties (Note 23 (vii))	**7**	17
Other debtors	**4,453**	8
Amount held in escrow account (Note 20)	**61,100**	–
	75,500	52,296

The fair values of trade and other receivables approximate their carrying amounts.

18 CASH AND BANK BALANCES

	2013 US$000	2012 US$000
Cash at bank	**14,054**	9,813
	14,054	9,813

Cash and cash equivalents are denominated in the following currencies:

	2013 US$000	2012 US$000
Euro	**11,031**	688
US Dollar	**3,023**	9,125
	14,054	9,813

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CASH AND BANK BALANCES (CONTINUED)

Non-cash transaction

The principal of non-cash transactions during the current year were the issue of 103,170,730 new GPI shares (Note 19) and the assignment to GPI, loans due to a wholly owned subsidiary of the acquired NCC Group Limited from sellers, for the partial settlement of consideration of NCC Acquisition (Note 14) amounting to US$480,776 thousand and US$603,290 thousand respectively (2012: US$Nil).

19 SHARE CAPITAL, SHARE PREMIUM AND DIVIDENDS

	Share capital US$000	Share Premium US$000	Total US$000
At 1 January 2012 / 31 December 2012	47.000	454.513	501.513
Issue of new shares	10,317	468,998	479,315
Balance at 31 December 2013	57,317	923,511	980,828

Authorised share capital

On 16 October 2012 the Company converted 176,250,000 of its ordinary authorised ordinary shares into ordinary non-voting shares. As a result of this conversion, the authorised share capital of the Company amounted to US$53,000 thousand divided into 353,750,000 ordinary shares and 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 September 2013 the Company increased its authorised share capital from US$53,000 thousand to US$58,159 thousands divided into 353,750,000 ordinary shares and 227,835,364 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 the Company converted 77,378,048 of its authorised ordinary non-voting shares into ordinary shares. After this conversion of the share capital, the authorised share capital of the Company is divided into 431,128,048 ordinary shares with par value of US$0.10 each and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

Issued share capital

On 16 October 2012 the Company converted 176,250,000 of its issued ordinary issued shares into ordinary non-voting shares. As a result of this conversion, the issued share capital of the Company consisted of 293,750,001 ordinary shares and of 176,250,000 ordinary non-voting shares with a par value of US$0.10 each.

On 27 December 2013 in the course of NCC Acquisition the Company issued as part of consideration payable 51,585,366 ordinary voting shares with a par value of US$0.10 each at a price of US$4.66 per share (the share premium was US$4.56 per share) and 51,585,364 ordinary non-voting shares with a par value of US$0.10 each at a price of US$4.66 per share (the share premium was US$4.56 per share). An amount of US$1,461 thousand out of the total expenses directly attributable to the new shares issued was written off against the share premium.

On 27 December the Company converted 77,378,048 of its issued ordinary non-voting shares into ordinary shares. After the conversion of the share capital, the issued share capital of the Company amounts to US$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US$0.10 each.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 SHARE CAPITAL, SHARE PREMIUM AND DIVIDENDS (CONTINUED)

The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

During the year 2013 the Company has declared dividends in the total amount of US$164.5 million (US$0.35 per share). Dividends amounting to US$150.4 million were paid during 2013 and remaining balance amounting to US$14.1 million was payable at 31 December 2013.

The Board of Directors of the Company recommends the payment of a dividend for the year 2013 amounting to US$11.5 million (US$0.02 per share). The dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividend payable.

During the year 2012 the Company has declared and paid dividends amounting to US$79.9 million (US$0.17 per share).

20 TRADE AND OTHER PAYABLES

	2013 US$000	2012 US$000
Other payables	**130,126**	204
Accrued expenses	**237**	340
Financial guarantee (Note 23 (ix))	**269**	413
Other payables – related parties (Note 23 (viii))	**22**	–
Dividends payables to related parties (Note 23 (viii))	**10,575**	–
	141,229	957
Less: non-current portion:		
Financial guarantee (Note 23 (ix))	**(125)**	(270)
Current portion	**141,104**	687

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

Other payables include the fair value of the contingent consideration amounting to US$61,603 thousand. At closing of the NCC Acquisition, the GPI Group withheld US$61,603 thousand from the purchase price payable to the Sellers, and will release this amount to the Sellers upon and to the extent of the fulfilment of certain conditions.

In addition, other payables include an amount of US$61,100 thousand has been placed to an escrow account to cover potential liabilities in relation to a guarantee agreement in the total amount of US$60 million between entities within the NCC Group and a bank in relation to the loan obtained by a company related to the previous owners of NCC Group.

In January 2014 the guarantee agreement between the entities above was terminated and the amount deposited on the escrow was released to the Sellers.

21 BORROWINGS

	2013 US$000	2012 US$000
Current		
Loans from related parties (Note 23 (v))	**833,291**	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 BORROWINGS (CONTINUED)

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

	2013 %	2012 %
Loans from subsidiaries (Note 23 (vi))	**6.3**	–

The carrying amounts of borrowings approximate their fair value as the impact of discounting is not significant.

The carrying amounts of the Company's borrowing are denominated in US$.

22 CONTINGENCIES

Operating environment

The Company's subsidiaries and joint ventures mainly operate in the Russian Federation, Estonia and Finland. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory framework continue to develop and are subject varying interpretation contributing to the challenges faced by companies operating in the Russian Federation. The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have a significant negative effect on the Russian financial and corporate sectors. The future economic and regulatory situation may differ from management's current expectations. Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the 'incurred loss' model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business.

Estonia and Finland represent well established market economies with stable political systems and developed legislation based on EU requirements and regulations.

Guarantees granted to subsidiaries

Refer to Note 23 (ix) for details of guarantees granted to subsidiaries.

23 RELATED PARTY TRANSACTIONS

The Company is jointly controlled by Transportation Investments Holding Limited ("TIHL"), one of Russia's largest privately owned transportation groups, and APM Terminals B.V. ("APM Terminals"), a global port, terminal and inland services operator.

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

(i) Operating activities

	2013 US$000	2012 US$000
Dividend income:		
Subsidiaries	**139,638**	132,363
Interest income:		
Subsidiaries and joint ventures	**4,298**	2,991
Interest expense:		
Subsidiaries	**604**	–
Other gains/(losses) – net:		
Subsidiaries	**444**	(588)
Purchase of services:		
Subsidiaries	**413**	395
Entities under the control of the parent company	**–**	38
Entities under the control of the owners of TIHL and APM Terminals	**66**	23
	479	456

(ii) Acquisitions/disposals of subsidiaries/joint ventures

	2013 US$000	2012 US$000
Additions/contributions:		
Subsidiaries	**261**	86,602
Joint ventures	**10**	10
	271	86,612
Disposals/distributions of equity:		
Subsidiaries	**3**	–

(iii) Key management personnel compensation

The compensation of key management personnel is as follows:

	2013 US$000	2012 US$000
Salaries and other shortterm employee benefits	**859**	928

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2013 US$000	2012 US$000
Fees	393	512
Emoluments in their executive capacity	466	416
	859	928

(v) Borrowings from related parties

	2013 US$000	2012 US$000
Borrowings from subsidiaries:		
At beginning of year	–	–
Borrowings advanced	229,397	–
Interest charged (Note 9)	604	–
Borrowings assigned as part of NCC Acquisition (Note 14)	603,290	–
At end of the year	833,291	–

The borrowings from related parties bear interest at the rate of 5,8% to 6,5%, are unsecured and were repaid in February 2014.

(vi) Loans to related parties

	2013 US$000	2012 US$000
Loans to subsidiaries and joint ventures:		
At beginning of year	47,025	61,193
Assignment of loans	–	–
Loans advanced	70,285	13,170
Loans repaid	(46,332)	(28,695)
Interest charged (Note 5)	4,298	2,991
Interest repaid	(1,053)	(1,322)
Foreign exchange gain/(loss)	567	(137)
Fair value gain/(loss) on initial recognition	300	(175)
At end of the year (Note 16)	75,090	47,025

The loans to related parties bear interest at the rate of 0% to 8.75%, are unsecured and are repayable by June 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) Prepayments and other receivables

	2013 US$000	2012 US$000
Other receivables (Note 17):		
Entities under the control of the owners of TIHL and APM Terminals B.V.	**7**	17
Dividends receivable (Note 17):		
Subsidiaries	**9,826**	52,116

(viii) Other payables

	2013 US$000	2012 US$000
Other payables (Note 20):		
Subsidiaries	**22**	–
Dividends payable (Note 20):		
TIHL and APM Terminals B.V.	**10,575**	–

(ix) Guarantees granted to subsidiaries

During 2013 the Company granted a corporate guarantee covering the non - performance by an indirect subsidiary of the Company in respect of a bank loan with a balance of US$238,678 thousand as at 31 December 2013. The guarantee was provided free of charge and is valid for a period of 7 years. The fair value on initial recognition was not recognized as the Board of Directors estimates that the Company's exposure is not significant due to other significant securities, made available by the borrower to the lender.

During 2013 the Company granted a corporate guarantee covering the non - performance by an indirect subsidiary of the Company in respect of bank loan with zero balance as at 31 December 2013. The guarantee was provided free of charge and is valid until March 2018. The fair value on initial recognition has not yet been recognised since the draw down has not occurred within the year 2013 (drawdown occurred in 2014).

During 2013 the Company granted a corporate guarantee covering the non - performance by an indirect subsidiary of the Company in respect of a bank loan with a balance of US$41,783 thousand as at 31 December 2013. The guarantee was provided free of charge and is valid for a period of 5 years. The fair value on initial recognition was not recognized as the Board of Directors estimates that the Company's exposure is not significant due to other significant securities, made available by the borrower to the lender.

During 2012 the Company granted a corporate guarantee covering the non-performance by an indirect subsidiary of the Company, in respect of a bank loan with a balance of US$62,545 thousand as at 31 December 2013. The guarantee was provided free of charge and is valid for a period of three years. The fair value of the guarantee on initial recognition was US$430 thousand. At 31 December 2013 the unamortised balance of the guarantee was US$269 thousand.

During 2012 the Company granted a corporate guarantee covering the non-performance by an indirect subsidiary of the Company, in respect of a bank loan with a balance of US$50,223 thousand as at 31 December 2013. The guarantee was provided free of charge and is valid for a period of two years. The fair value of the guarantee on initial recognition was not recognized as the Board of Directors estimates that the Company's exposure is not significant due to other significant securities, made available by the borrower to the lender.

The likelihood of realizing any expenditure to settle any of the above guarantees was considered remote.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 EVENTS AFTER THE BALANCE SHEET DATE

In January 2014, as part of the internal restructuring of the Group, NCC Group Limited disposed 75% of the share capital of its wholly owned subsidiary CJJC First Container Terminal ("FCT") to OJSC Petrolesport for a consideration of US$997 million, paid interim dividends to the Company amounting to US$772,000 thousand and made a capital reduction for an amount of US$225,000 thousand. The dividends received and the capital reduction will be treated as a reduction in the cost of investment in NCC Group Limited.

The Board of Directors of the Company recommends the payment of a dividend for the year 2013 amounting to US$11.5 million (US$0.02 per share). The dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividend payable.

There were no other material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors' Report is on pages 12 and 13.

APPENDIX 3: UNAUDITED SELECTED ILLUSTRATIVE COMBINED FINANCIAL METRICS

Global Ports Investments PLC (the Company, together with its subsidiaries and joint ventures, the Global Ports Group) has acquired 100% of the share capital of NCC Group Limited (together with its subsidiaries, the NCC Group and, together with the Global Ports Group, the Enlarged Group) on the terms and conditions described below (the Transaction).

The following unaudited selected Illustrative Combined financial performance and cash flows indicators (the "Illustrative Combined Financial Metrics" or "Illustrative Combined") as of and for the year ended 31 December 2013 is presented to illustrate the effects of the following transactions:

- acquisition of NCC Group by Global Ports Group;
- the associated borrowings taken by Global Ports Group to fund the Transaction;

The Illustrative Combined Financial Metrics represents information prepared based on estimates and assumptions deemed appropriate by the Enlarged Group. The Illustrative Combined Financial Metrics presented are provided for illustrative purposes only. It does not purport to represent what the actual results of operations and cash flows of the Enlarged Group would have been had the Transaction occurred on the date specified below, nor is it necessarily indicative of the results of the Enlarged Group for any future periods. Because of its nature, the Illustrative Combined Financial Metrics are based on a hypothetical situation and, therefore, do not represent the actual results of operations or cash flows of the Enlarged Group. The actual results of operations and cash flows of the Enlarged Group may differ significantly from the Illustrative Combined amounts reflected herein.

An Illustrative Combined balance sheet is not presented as it would not be materially different from the balance sheet in the audited Consolidated Financial Statements of the Global Ports Group for the year ended 31 December 2013.

The Illustrative Combined Financial Metrics as of and for the year ended 31 December 2013 have been prepared based on the Global Ports Group's and the NCC Group's historical financial information, which have been extracted from, and should be read in conjunction with:

- the Consolidated Financial Statements of the Global Ports Group, prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") and the requirements of Cyprus Companies Law, Cap. 113, as of and for the year ended 31 December 2013; and
- the Consolidated Financial Statements of NCC Group, prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"), as of and for the year ended 31 December 2013.

The unaudited Illustrative Combined consolidated income statement and extract of statement of cash flows for the year ended 31 December 2013 were prepared as if (i) the NCC Group acquisition had occurred on 1 January 2013, and (ii) the associated borrowings related to the Transaction were received on 1 January 2013.

The Illustrative Combined Financial Metrics have been prepared in a form consistent with the accounting policies adopted in the Consolidated Financial Statements of Global Ports Group. All illustrative adjustments are directly attributable to the Transaction, factually supportable and are expected to have a continuing impact on the Enlarged Group.

In order to be consistent with Global Ports Group's accounting policies, certain adjustments have been made to the NCC Group financial information included in the Illustrative Combined Financial Metrics. These adjustments are shown under "Adjustments to NCC Group's historical financial information" below.

Unaudited Illustrative Combined Consolidated Income Statement for the Year Ended 31 December 2013

(USD million)	Global Ports Group	NCC Group[1]	Illustrative adjustments	Notes	Illustrative Combined
Revenue	480	257	–		737
Cost of sales	(238)	(116)	(25)	A	(379)
incl. depreciation, amortisation and impairment	*(69)*	*(38)*	*(25)*	*A*	*(132)*
Gross profit	242	141	(25)		358
Administrative, selling and marketing expenses	(56)	(16)	–		(72)
incl. depreciation, amortisation and impairment	*(1)*	*(1)*	–		*(2)*
Other gains/(losses) – net	3	5	–		8
Operating profit	**190**	**130**	**(25)**		**295**
Finance income/(costs) – net	(39)	(66)	(38)	B	(143)
Profit before income tax	**151**	**64**	**(63)**		**152**
Income tax expense	(37)	(26)	11	A, B	(52)
Profit for the year	**114**	**38**	**(52)**		**100**
Attributable to:					
Owners of the parent	114	47	(52)		109
Non-controlling interest	–	(9)	–		(9)
	114	38	(52)		100
Adjusted EBITDA	**257**	**163**	–		**420**

[1] See accompanying "Reclassifications to NCC Group's historical financial information".

NOTES TO THE UNAUDITED ILLUSTRATIVE COMBINED FINANCIAL METRICS

Illustrative adjustments to the Consolidated Income Statement:

A **Additional depreciation and amortisation of property, plant and equipment and identified intangible assets:** on acquisition items of property, plant and equipment and identifiable intangible assets have been remeasured at fair value.

This adjustment is to record the additional amortisation expense in relation to the fair value of the contractual rights in the amount of USD 1.4 billion identified as a result of the purchase price allocation. The estimated useful life of these contractual rights is 59 years. This additional expense is partly offset by positive deferred tax gain in the amount of USD 5 million. The increase in the carrying values of property, plant and equipment would cause an additional depreciation charge in the amount of approximately USD 2 million. This additional expense is partly offset by a positive deferred tax gain in the amount of USD 0.4 million.

B **Finance income/(costs) – net:** Total adjustments to "Finance income/(costs) – net" are summarised as follows:

(USD million)	NCC Group long-term loan to a related party of the Sellers	NCC Group short-term loan to the Sellers	Roll-back of losses related to swap	Additional borrowings of NCC Group	**Total**
Notes	i	ii	iii	iv	
Interest income on loans to related parties	(32)	–	–	–	**(32)**
Interest expenses from bank borrowings	–	–	–	(13)	**(13)**
Foreign exchange gain on borrowings	–	–	–	(18)	**(18)**
Unrealised loss on interest and cross-currency swap fair value	–	–	26	–	**26**
Finance charge on discounting	–	(1)	–	–	**(1)**
Net effect	(32)	(1)	26	(31)	**(38)**

i At closing of the NCC Acquisition, the long-term loan receivable by the NCC Group from the immediate parent company of one of the Sellers have been assigned to the Global Ports Group. The amount of this loan was USD 603.6 million. On acquisition, this amount then is fully eliminated on consolidation of the enlarged Group and does not affect the amount of the total consolidated debt. This adjustment represents the reversal of interest income related to this loan receivable accrued during 2013.

ii Prior to the closing of the NCC Acquisition, the dividends declared by NCC Group have been offset with a short-term loans receivable by NCC Group from the companies related to the Sellers, as a non-cash transaction. This adjustment represents the reversal of the discounting effect related to this short-term loan receivable accrued in 2013.

iii In 2013, the NCC Group entered into interest and cross-currency swap arrangement. Had the NCC acquisition occurred on 1 January 2013, this arrangement would have been accounted for using hedge accounting rules in the Global Ports Group Consolidated Financial Statements. According to these rules, the unrealised gains/losses are recorded in an equity reserve. This adjustment represents the reversal of the unrealised losses charged to the income statement in the Consolidated Financial Statements of NCC Group.

iv Interest expense on the long-term bank loan of USD 238.4 million to finance the acquisition of NCC Group. This adjustment is calculated by applying an interest rate of 5.25% per annum. This adjustment also reflects the estimated accounting foreign exchange loss of USD 18 million for year ended 31 December 2013 resulting from translation of this loan into the local subsidiaries' functional currency.

This negative impact on the profit for the year would be partly offset by an income tax gain of USD 6 million for the year ended 31 December 2013 (at a 20% income tax rate).

Extract from Unaudited Illustrative Combined Consolidated Statement of Cash Flows for the Year Ended 31 December 2013

(USD million)	GPI Group	NCC Group	Illustrative adjustments	Notes	Illustrative Combined
flows from operating activities	220	149	6	C	375
Cash flows from investing activities	(248)	(24)	–		(272)
incl. purchases of property, plant and equipment	(72)	(7)	–		(79)
Cash flows from financing activities	64	(111)	(13)	D	(60)
Net decrease in cash and cash equivalents	36	15	(7)		44

C Adjustment to reflect the income tax effect of the accrued interest on the USD 238.4 million long-term loan, less the tax deductible foreign exchange impact on revaluation of the loan payable, assuming an applicable tax rate of 20% (see (B)(iv) above).

D Adjustment to reflect the payment of the accrued interest on the USD 238.4 million long-term loan (see (B)(iv) above). Due to the grace period no principal payments are reflected.

NOTES TO THE UNAUDITED ILLUSTRATIVE COMBINED FINANCIAL METRICS
(CONTINUED)

Reclassifications to the NCC Group's historical financial information

Certain reclassification adjustments have been made to the NCC Group financial information included in the Illustrative Combined Financial Metrics from that as presented in the NCC Group Consolidated Financial Statements as of and for the year ended 31 December 2013 in order to align the presentation with that consistent with the Group's Consolidated Financial Statements. The NCC Group's financial information below should be read in conjunction with the NCC Group Consolidated Financial Statements as of and for the year ended 31 December 2013.

Reclassification of NCC Group consolidated income statement

	Historical NCC Group	Reclassification Adjustments	Notes	Reclassified NCC Group
		(USD million)		
Revenue	257	–		257
Cost of sales	(73)	(43)	a, c, f	(116)
Gross profit	184	(43)		141
Selling, general and administrative expenses	(15)	15	b	–
Depreciation and amortization expenses	(35)	35	a	–
Other (expenses)/income, net	(5)	5	c	–
Administrative, selling and marketing expenses	–	(16)	a, b	(16)
Impairment of property, plant and equipment	(4)	4	f	–
Other gains/(losses), net	0	5	c, e	5
Operating profit				130
Finance income	38	(38)	d	–
Finance costs	(91)	91	d	–
Foreign exchange gain/(loss), net	(7)	7	e	–
Finance income/(costs), net	–	(66)	d, e	(66)

These reclassification adjustments are summarised below:

a) Income statement line "Depreciation and amortisation expenses" was reallocated to "Cost of sales" of USD 34 million and "Administrative, selling and marketing expenses" for USD 1 million respectively.

b) Income statement line "Selling, general and administrative expenses" was fully allocated to "Administrative, selling and marketing expenses".

c) From income statement line "Other (expenses)/income, net" "Taxes other than income tax" and "Loss on disposal of property, plant and equipment" (see note 8 of NCC Group Consolidated Financial Statements) were included within "Cost of sales". In addition, certain items included within "Other (expenses)/income, net" (see note 8 of NCC Group Consolidated Financial Statements) were reclassified to "Cost of sales".

d) Income statement lines "Finance income" of USD 38 million and "Finance costs" of USD 91 million were reclassified to "Finance income/(costs) – net".

e) From the income statement line "Foreign exchange gain/(loss), net" foreign exchange gains related to working capital of USD 4 million were allocated under "Other gains/(losses) – net" and losses related to financial activities of USD 13 million were allocated under "Finance income/(costs) – net".

f) Income statement line "Impairment of property, plant and equipment" was fully allocated to "Cost of sales".

APPENDIX 4: SHAREHOLDER INFORMATION AND KEY CONTACTS

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