Integration and Efficiency

globalports™

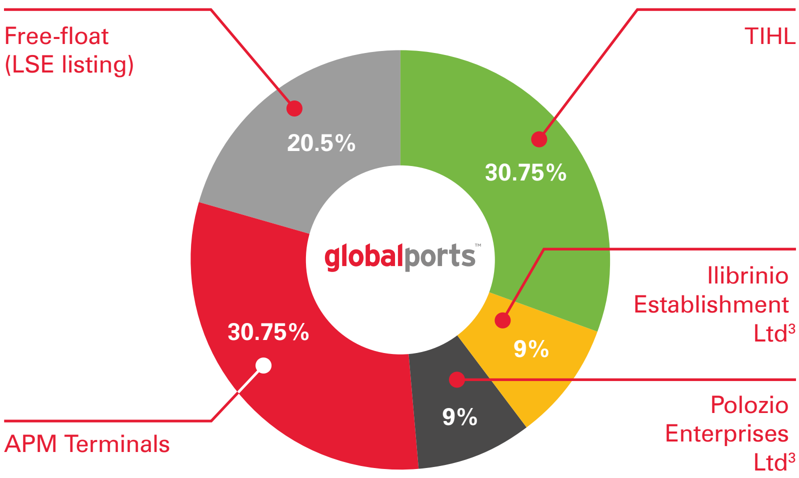
Global Ports Investments PLC Annual Report 2014

Contents

Global Ports is the leading container terminal operator in Eastern Europe by container throughput[1].

2014 marked the successful integration of NCC Group, which was acquired at the end of 2013. Global Ports' focus in 2014 was on improving operational efficiency, maximising free cash flow and maintaining pricing discipline against the backdrop of a difficult market environment.

Ownership Structure[2]



Transportation Investments Holding Limited (TIHL) is one of the largest privately owned transportation groups in Russia, the wider 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 (a member of A.P. Moller-Maersk Group, a leading oil and transportation conglomerate) operates a global terminal network of 64 ports and 140 inland services facilities, giving the company a global presence in 67 countries.

1. Source: Drewry, based on 2014 data.
2. As at 29 April 2015.
3. Former owners of NCC Group Limited.
4. Company estimates, based on ASOP data for 2014.

Key Strengths

No.1

Container terminal operator in Russia

Approximately every second container in Russia is handled by Global Ports.[4]

7

Marine container terminals in Russia and Finland, covering two major sea basins

Our strategically positioned network offers real added value for clients and the highest standards of safety across the Group.

10

Terminals including two inland facilities and oil products terminal in Estonia

Our efficient, well-invested terminals provide for low CAPEX requirements and high cash flow generation.

2.7m

TEU of marine container throughput in 2014

Our market leadership has been reinforced by the acquisition of Global Ports' largest competitor, NCC Group Limited, at the end of 2013.

About Us
Performance*

A year of focus on integration, efficiency and deleveraging

2014 Revenue (USD)

562.4m

2014 Adjusted EBITDA (USD)

375.9m

Operating Cash Flow (USD)

335m

Reduction in Total Operating Cash Costs

-18%

Adjusted EBITDA Margin

67%

Growth in Adjusted EBITDA Margin

+556bp

Focus on efficiency and NCC acquisition synergy extraction yielded results:

- 4.1% growth in Adjusted EBITDA;
- 18.2% decrease in total operating cash costs;
- 556bp growth in Adjusted EBITDA margin to record level of 66.8%.

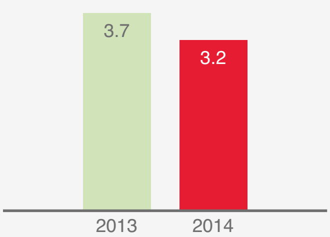
Successful commercial campaign for 2014 supported by the Group's unparalleled network of container terminals resulted in:

- 3.5% growth in revenue per TEU to USD 212m.

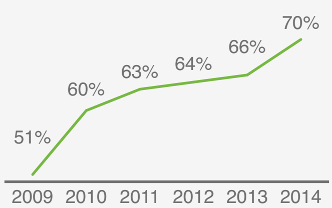
Deleveraging and prudent financial policy are our key priorities:

- USD 141.5m reduction in net debt in 2014 to USD 1.21bn;
- 3.2x net debt to Adjusted EBITDA as of the end of 2014 (down from 3.7x as of the end of 2013);
- 2.9x reduction in capital expenditures.

Net debt/Adjusted EBITDA 2014 vs 2013



Adjusted EBITDA margin (Russian Ports segment)



* From 1 January 2014 the Group adopted IFRS 11, "Joint arrangements", which has resulted in significant changes in the accounting policies applied by the Group. Prior to 1 January 2014, the Group's interests in jointly controlled entities (VEOS and MLT and CD Holding groups) were previously accounted for by using the proportionate method of consolidation. From 1 January 2014 jointly controlled entities are accounted for using the equity method of consolidation. Comparative figures have been adjusted for consistent accounting and presentation.

Global Ports' results are shown below on a comparable basis (consolidated financial information for 2014 compared to illustrative combined results of 2013, both accounted for using the equity method of consolidation).

Consolidated Financial and Operating Data

Selected IFRS Financial Information, USD m

	2014 Reported	2013 Illustrative Combined	Change		2013 Reported
Revenue	**562.4**	589.1	(26.7)	(4.5%)	332.2
Cost of sales and administrative, selling and marketing expenses	**(286.6)**	(347.6)	60.9	(17.5%)	(182.6)
Share of profit of joint ventures	**(7.7)**	16.9	(24.5)	(145.3%)	16.9
Operating profit	**278.6**	266.0	12.6	4.7%	169.4

Balance Sheet and Cash Flow Statements

	2014 Reported	2013 Illustrative Combined	Change		2013 Reported
Total assets	**1,913.6**	1,188.8	724.7	61.0%	
Net debt	**1,207.7**	1,349.2	(141.5)	(10.5%)	
Net cash from operating activities	**335.2**	406.6	(71.4)	(17.6%)	251.6
CAPEX on cash basis	**23.6**	70.0	(46.5)	(66.4%)	62.8

Selected Non-IFRS Financial Information

	2014 Reported	2013 Illustrative Combined	Change		2013 Reported
Total operating cash costs	**186.5**	228.1	(41.6)	(18.2%)	134.4
Adjusted EBITDA	**375.9**	361.0	14.9	4.1%	197.8
Adjusted EBITDA margin	**66.8%**	61.3%	–	–	59.6%
Net debt to Adjusted EBITDA	3.2	3.7	–	–	N/A

Global Ports Segment Data

Russian Ports Segment

	2014 Reported	2013 Illustrative Combined	Change	
Gross marine container throughput, 000s TEU	**2,404**	2,551	(146.5)	(6%)
Gross container throughput of inland terminals, 000s TEU	**179**	159	20	12%
Ro-Ro (thousand units)	**23**	24	(1)	(4%)
Cars (thousand units)	**114**	108	5	5%
Bulk cargo (thousand tonnes)	**751.0**	895	(144)	(16%)
Revenue, USD m	**602.2**	626.0	(23.8)	(4%)
Adjusted EBITDA, USD m	**422.4**	410.4	12.0	3%
Adjusted EBITDA margin, %	**70.1%**	65.6%		

Oil Products Terminal Segment

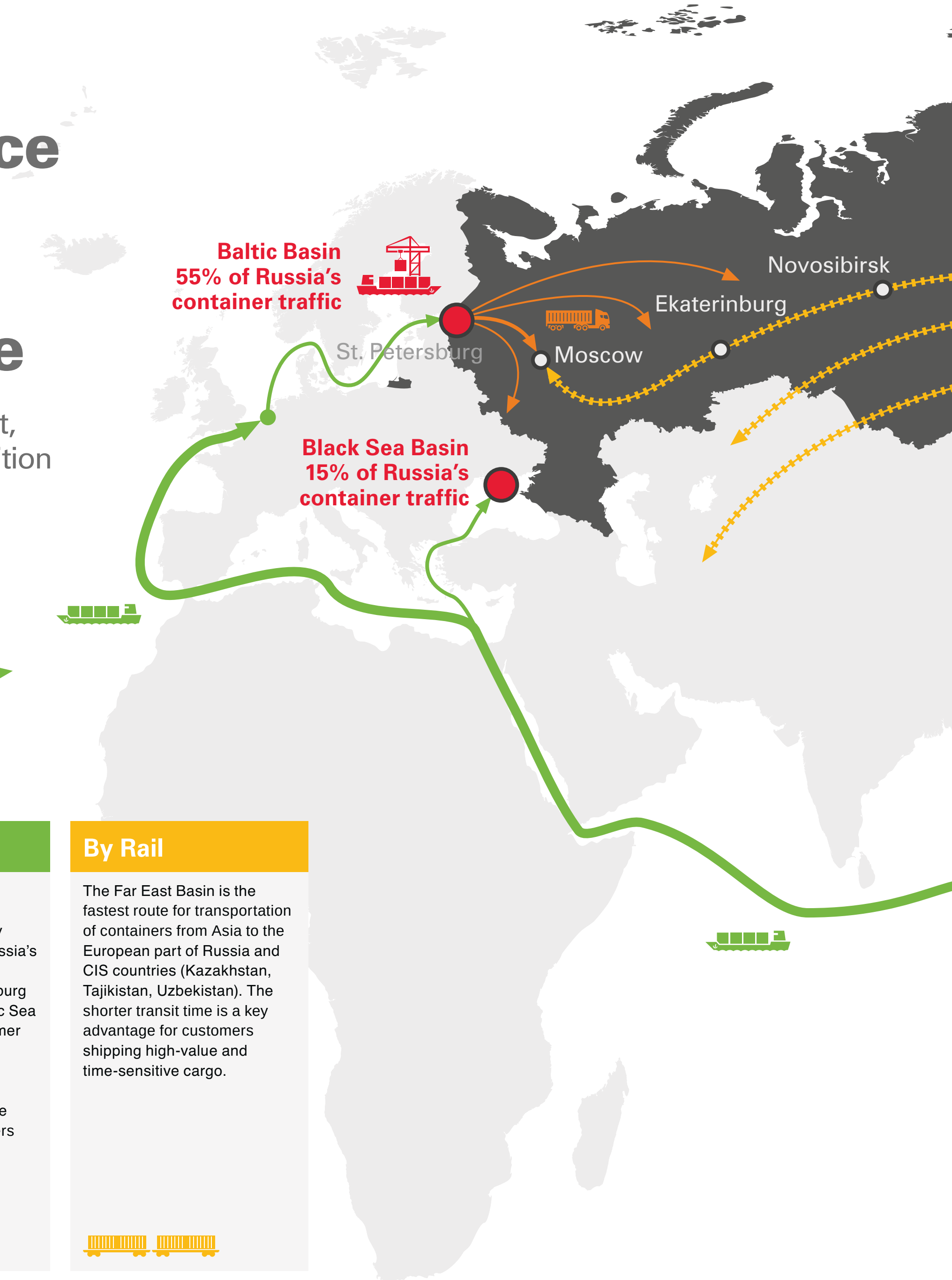
	2014	2013	Change	
Oil products gross throughput (million tonnes)	**6.9**	9.7	(2.8)	(29%)
Revenue, USD m	**116.5**	202.4	(85.9)	(42%)
Operating cash costs, USD m	**70.0**	115.7	(45.6)	(39%)
Adjusted EBITDA, USD m	**46.5**	86.7	(40.2)	(46%)
Adjusted EBITDA margin, %	**39.9%**	42.9%		

Finnish Ports Segment

	2014	2013	Change	
Gross container throughput, 000s TEU	**251**	224	27	12%
Revenue, USD m	**24.1**	23.6	0.5	2%
Adjusted EBITDA, USD m	**3.9**	3.4	0.5	15%
Adjusted EBITDA margin, %	16%	14%		

Strong presence in key basins of Russian container trade

From St. Petersburg to the Far East, our terminals give us a strong position in the Russian container market.



By Sea

The Baltic Sea Basin's container terminals are located in proximity to key transhipment hubs for Russia's inbound and outbound containers, such as Hamburg and Rotterdam. The Baltic Sea Basin has a strong customer base due to its economic development, access to Russia's most populous regions, and cost-effective transportation of containers to major Russian cities.

By Rail

The Far East Basin is the fastest route for transportation of containers from Asia to the European part of Russia and CIS countries (Kazakhstan, Tajikistan, Uzbekistan). The shorter transit time is a key advantage for customers shipping high-value and time-sensitive cargo.

Terminal Overview

1.
First Container Terminal (FCT)

Location:
St. Petersburg

Cargo handled:
Containers

Container throughput capacity:
1.25m TEU per year

Ownership:
100%

2.
Petrolesport (PLP)

Location:
St. Petersburg

Cargo handled:
Containers, Ro-Ro, bulk and general cargo

Container throughput capacity:
1m TEU per year

Ownership:
100%

3.
Vostochnaya Stevedoring Company (VSC)

Location:
Nakhodka

Cargo handled:
Containers, Ro-Ro, bulk cargo (coal)

Container throughput capacity:
650,000 TEU per year

Ownership:
100%

4.
UST-LUGA Container Terminal (ULCT)

Location:
Ust-Luga port cluster

Cargo handled:
Containers, bulk cargo

Container throughput capacity:
440,000 TEU per year

Ownership:
80%

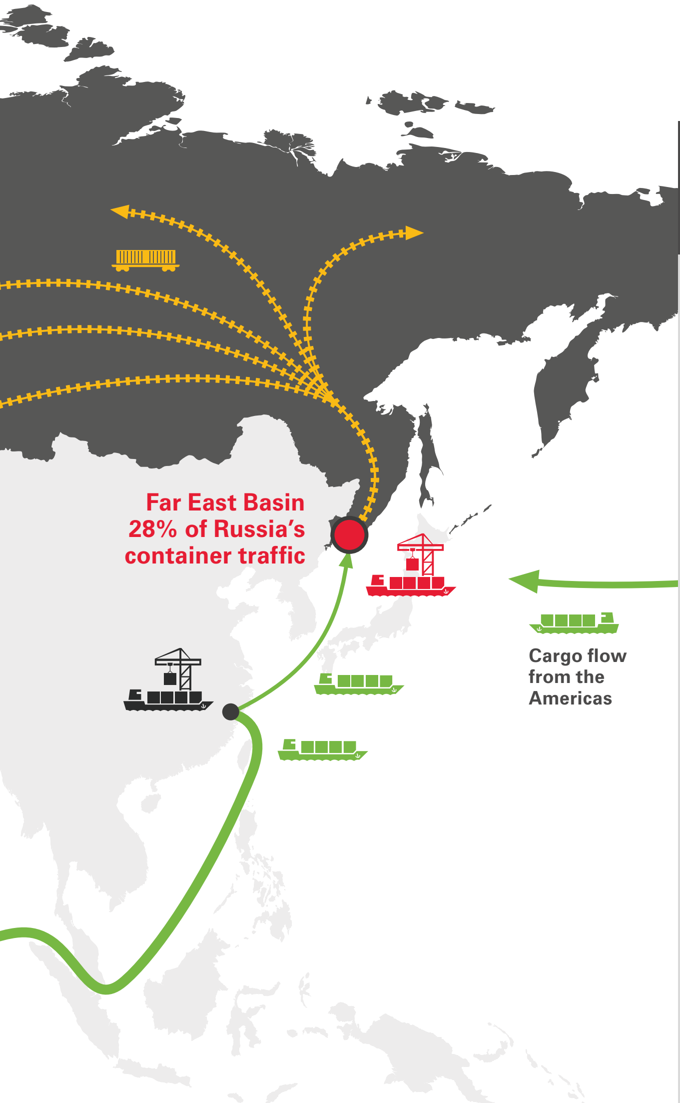
5.
Moby Dik (MD)

Location:
Kronstadt (St. Petersburg)

Cargo handled:
Containers, Ro-Ro, bulk and general cargo

Container throughput capacity:
400,000 TEU per year

Ownership:
75%



Our Container Terminals

From East and West

Baltic Basin

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.

3.51 MTEU

Global Ports marine terminal capacity

55%

Share of Baltic Basin terminals in the overall container throughput of Russian terminals[1]

Far East Basin

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.

0.65 MTEU

Global Ports marine terminal capacity

28%

Share of Far East Basin terminals in the overall container throughput of Russian terminals[1]

1. Source: company estimates based on ASOP data.

6.
Yanino (YLP)

Location:
St. Petersburg

Cargo handled:
Containers, bulk cargo

Container throughput capacity:
200,000 TEU per year

Ownership:
75%

7.
Logistika Terminal (LT)

Location:
Inland, near St. Petersburg

Cargo handled:
Containers, bulk cargo

Container throughput capacity:
200,000 TEU per year

Ownership:
100%

8 & 9.
MLT Kotka and MLT Helsinki

Location:
Helsinki and Kotka, Finland

Cargo handled:
Containers, Ro-Ro, bulk cargo

Container throughput capacity:
420,000 TEU per year

Ownership:
75%

10.
Vopak EOS

Location:
Tallinn, Estonia

Cargo handled:
Oil products

Storage capacity:
1,026,000 cbm

Ownership:
50%

Our partners:

Entity: Vopak E.O.S
Partner: Royal Vopak
Share: 50%

Entity: Moby Dik, Finnish Ports, Yanino
Partner: Container Finance Ltd Oy
Share: 25% in each

Entity: UCLT
Partner: Eurogate
Share: 20%

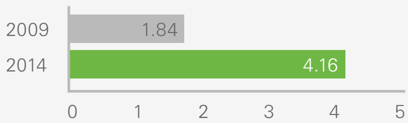
Track record of successful navigation through economic cycles

Global Ports has built a strong platform over 5 years...

2009 → **2014**

Stronger market position

2009: One of several market players



2014: Clear market leader with unparalleled network of seven maritime container terminals

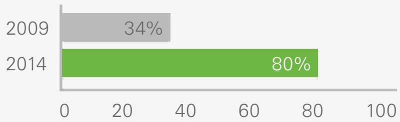
Better value proposition for clients

2009: Initiated re-development of PLP from timber port to modern container terminal

2014: Modern well-invested terminals with highest level of service

More resilient client base

2009: Client mix dominated by regional feeder lines



2014: Around 80% of clients are blue-chip mainline operators with long-term contracts

Operating to best international standards

2009: Private company

APM TERMINALS Lifting Global Trade

N-trans NATIONAL TRANSPORTATION GROUP

2014: LSE listed company, co-controlled by APM Terminals and N-Trans, good levels of corporate governance and transparency

2014 milestones

January
Post NCC acquisition pricing campaign completed yielding a 3.5% increase in revenue per TEU in 2014.

April
NCC integration completed – head offices unified, internal policies introduced across all new terminals, key management retained.

May
In response to challenging market environment Vopak EOS began a cost optimisation programme that resulted in a 24% decrease in headcount in 2014 and a 39% drop in total cash costs.

...able to respond to the challenges of 2015

2015

Clear strategy

- Focus on containers
- Emphasis on efficiency and cost control
- Optimise CAPEX; supported by well-invested facilities
- Focus on FCF generation

Action plan in place

- Maintain strong pricing in containers supported by an unparalleled terminal network
- Further process optimisation and cost cutting
- Reduce CAPEX to c. USD 25–35m p.a. over the coming years

Prioritising deleverage

- Net debt reduced by USD 141.5m during 2014; net debt/EBITDA ratio reduced by 0.5 to 3.2 times
- Prioritise deleveraging over dividends in the mid term

June

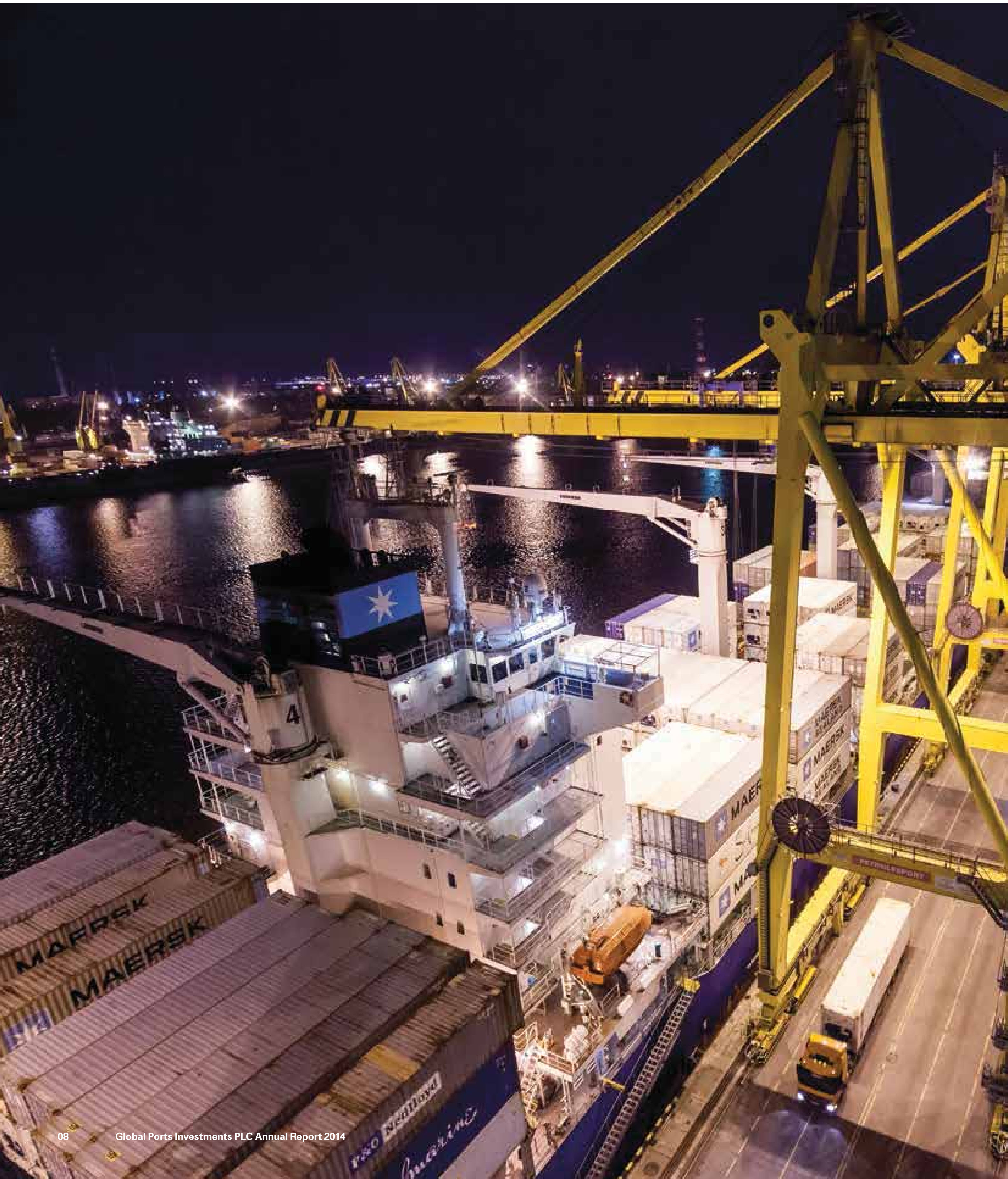
- Long-term CAPEX guidance substantially revised down as a proactive response to changing macro-economic conditions in light of the available capacity at the Group's terminals.
- Global Ports held an analysts' and investors' site visit to terminals and held a strategy update meeting.
- VSC completed low cost capacity expansion by 150,000 TEU to 650,000 TEU.

July onwards

Further steps to improve efficiency initiated which resulted in 5% headcount reduction in Russian Ports and contributed to 18% decrease in total Group's operating cash cost reduction in 2014.

December

First rotation of the Role of Chairman and Vice Chairman of the Board. Tiemen Meester becomes the Chairman of the Board and Nikita Mishin is appointed Vice Chairman.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MAERSK

Strategic Report

Our focus is on achieving the highest safety and governance standards, extracting maximum value from our core assets whilst providing high levels of service to our clients.

Global Ports’ focus in 2014 was on improving operational efficiency, maximising free cash flow and maintaining pricing discipline against the backdrop of a difficult market environment, especially during the second half of the year. As a result, the Group’s Adjusted EBITDA increased 4% year-on-year with Adjusted EBITDA margin growth of 556 basis points to 66.8%. The Group focused on further deleveraging its balance sheet, decreasing its net debt by USD 141m and reducing the Group’s net debt/EBITDA ratio from 3.7 to 3.2 times as of the end of the year.

Chairman’s Statement
Tiemen Meester

Our successful integration of NCC has made Global Ports one of the most prominent players in the market

As an enlarged group, we were even better equipped to define for our clients the clear value of our proposition, with our unparalleled network of modern container terminals.

“We said at the time that full integration would take a year to complete and it is pleasing to report that the process was completed ahead of schedule and without any disruption to the overall business.”

I am delighted to present my first report as Chairman of Global Ports following my election in December 2014. This is the first rotation of the chairman's role between representatives of the Global Ports' two co-controlling shareholders, Transportation Investments Holding Limited (N-Trans) and APM Terminals, and I want to thank my predecessor, Nikita Mishin, for his stewardship of the company in his capacity as Chairman since 2008 and as a founding shareholder of the company. I very much look forward to working with him closely in his new role as Vice Chairman.

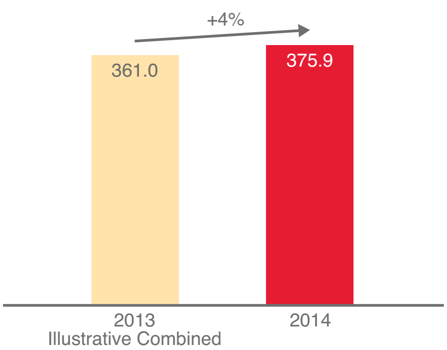
2014 was undoubtedly a tough year for Russia, the container market generally, and for our company. The slowdown in the Russian economy gathered pace over the year as the economy was hit by a fall in the oil price.

This in turn drove a sharp depreciation in the value of the Russian ruble. So while container throughput volumes year-on-year were broadly stable, growth rates turned negative during the course of the second half.

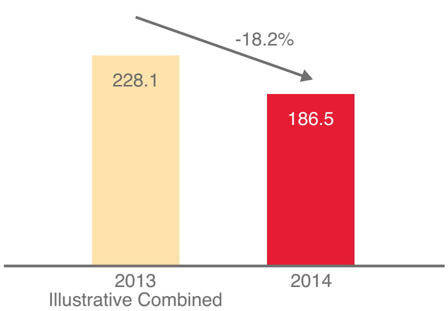
Operationally, the key target the company set itself for 2014 was to fully integrate NCC, acquired at the end of 2013. We said at the time that full integration would take a year to complete and it is pleasing to report that the process was completed ahead of schedule and without any disruption to the overall business.

As an enlarged group, we were even better equipped to define for our clients the clear value of our proposition, with our unparalleled network of modern container terminals, enabling us to maintain our pricing against a difficult market backdrop and deliver revenue per TEU growth in 2014.

Adjusted EBITDA, USD m



Total operating cash costs, USD m



Chairman's Statement continued
Tiemen Meester

Our determination not to chase market share did however result in some loss of volumes and our gross container throughput was lower in 2014 as a result.

Our planning assumptions for 2014 were predicated on a continuation of tough trading conditions. Accordingly, we further reduced our capital expenditure and sought ways to improve our cost base through business optimisation measures, rigorous cost control and planned headcount reduction amongst other steps. These efficiency initiatives served to drive an 18% reduction in overall operating cash costs. And so while Group revenues fell 4.5% to USD 562m, our carefully contained costs helped the Group to post a 4% increase in Adjusted EBITDA and deliver a record EBITDA margin of 67%.

The other principal focus for management was on maximising free cash flow and deleveraging our balance sheet. Capex for the year was cut by almost two-thirds to USD 24m and we were able to reduce Net Debt by USD 141m over the period.

Governance

Strong governance is a key determinant of corporate performance and therefore a major contributor to the long-term success of the Group. It is however not just about a set of rules, it is also about having the right values and culture in place in the organisation, such that they resonate with employees and stakeholders alike.

As Chairman, I intend to build on our existing strong governance model and ensure that the Board stays vigilant on matters such as values and culture, health and safety, and financial controls. The diverse composition of our Board brings with it a wealth of experience across a number of areas that are highly relevant to the business and its future. I believe that our Board is an effective supervising body that has the right mix of skills to contribute successfully to the management of the business and also, where required, challenge decision-making.

Dividend

As I mentioned, the current environment remains difficult, characterised by a sharp decline in container volumes during the first quarter of 2015 and low visibility regarding the market outlook. For this reason, the Board considers it appropriate to prioritise deleveraging over dividend distribution. With this in mind, the Board is recommending that following the payment of the interim dividend of USD 22.9m in October last year, there will be no further dividend payments in the medium term. The Board recognises the importance of appropriate shareholder remuneration and has a strong track record in this regard. We will of course continue to monitor the container market for recovery as well as for levels of volatility in order to identify the appropriate timing for a resumption of the payment of a dividend, whilst remaining consistent in maintaining conservative leverage ratios.

Our People

2014 has not been an easy period for our employees. They have had to deal with significant change in the business brought about by the current trading conditions. At the same time, they have worked hard to integrate the NCC operations successfully while never losing their focus on delivering a top quality service to our customers. They have once again demonstrated an exemplary commitment to the Group and to our customers, and on behalf of the Board I would like to thank them for their dedication and hard work over the course of 2014.

Prospects

It appears that the tough and volatile market environment we are experiencing will continue for some time yet. In light of this, our strategy will remain focused on improving operational performance, strengthening the balance sheet, and maximising the Group's cash flow. We have already taken a number of additional measures to increase our operational efficiency and flexibility, the benefits of which are likely to flow through in 2015.

I take great comfort from the fact that Global Ports is currently in a far stronger position than during the last period of major economic dislocation in 2009, a period the Group weathered with success. This bodes well for the future even in these challenging times. Our Company is now the undisputed number one container operator in Russia; it has an unmatched network of modern maritime container ports; it has a predominantly blue-chip client base; it is well governed; and its management team is one of the best in the sector with a great track record of managing the business through adversity. Additionally, the Group can draw on the expertise and support of both its co-controlling shareholders APM Terminals and N-Trans. Both remain strategically committed to the container industry in Russia and fully supportive of the Group's strategy.

Tiemen Meester
Chairman
29 April 2015

Q+A with Tiemen Meester, Chairman

Q:
Why was there a change of chairman?

A:
When APM Terminals (APMT) became a co-controlling shareholder of Global Ports alongside N-Trans in 2012, buying a 37.5%[1] stake in the company, it was agreed that one of the best ways to extract real value from this structure was to alternate the role of Chairman between the two parties every two years. This ensures that the extensive expertise of both companies will have a direct bearing on the development of Global Ports going forward, creating a dynamic approach to achieving its long-term objectives.

I was delighted to be elected as Chairman at the end of 2014 and to be able to bring my skill in international port development and management to the role. My predecessor Nikita Mishin has become Vice Chairman which not only means that he continues to be fully involved and able to support me as Chairman but also helps maintain Board continuity.

Q:
When do you plan to resume dividend payments?

A:
As a Board we fully recognise the importance that dividends play for many investors and I think our track record demonstrates this. At the same time, we also have a duty to make sure that we manage the business in a responsible and prudent manner to deliver long-term growth for shareholders.

The environment in Russia is particularly challenging at present. Confidence in the Russian economy has been hit hard and container volumes have fallen sharply in recent months. While our cash flow remains solid, given the current backdrop, and the very limited visibility in our markets, the Board considers it more appropriate at this point to prioritise debt reduction over distributions to shareholders.

We will of course continue to monitor the situation closely so that when the market recovers, we can consider reinstating the dividend while taking into account the need to maintain a strong balance sheet with conservative gearing.

Q:
What are APMT's and N-Trans' long-term views on Global Ports and Russia?

A:
APMT and N-Trans have a very constructive and positive working relationship; most importantly they share the same positive long-term vision for Global Ports.

Infrastructure by its very nature is a long-term commitment and both companies view their investment in Global Ports in this context. What is clear is that there remains a fundamental need for modern port infrastructure in Russia and the country lags well behind other modern industrialised economies in the use of containers to ship goods.

Both co-controlling shareholders have invested in Global Ports for the long-term. While conditions in Russia are difficult at the moment, when you take a step back and analyse the potential for containerisation in Russia – it is an exciting market. Both APMT and N-Trans recognise this and see their stakes in Global Ports, the clear market leader in Russia, as a reflection of the potential for Russia and its economy and as a positive endorsement for the future of the container market.

1. Current share is 30.75%.

Chief Executive Officer's Statement
Dr. Alexander Nazarchuk

The group reinforced its leadership position in the region

Global Ports' strategy to significantly reduce CAPEX, make further efficiency improvements and cut costs, whilst articulating our service offering to our clients was the right one to take.

"Our unparalleled terminal network and our customer service standards have made us the operator of choice for blue-chip customers and we were able to harness this position in 2014, resulting in a healthy 3.5% growth in revenue per TEU."

We started 2014 in a strong position following our takeover of NCC, cementing our standing as the number one terminal operator in Russia and Eastern Europe. However the fragile state of the economy required that we adjust our strategy in order to reflect our concerns about the outlook and the likelihood that conditions would worsen. We therefore took action and significantly reduced our capex, identified areas with further potential for efficiency improvements and cost cutting while articulating our service offering to our clients. Consequently, we were as well prepared as we could be to deal with the difficult economic conditions of the second half of 2014. This was the right approach given the circumstances and the fact that no one anticipated just how quickly the macro-economic climate would worsen.

Russian Container Market

Having said that, the performance of the Russian container market was relatively resilient over the twelve-month period, with the market registering only a slight decline in overall throughput volumes. It was principally in the second half of the year, as the economic situation deteriorated and the RUB exchange rate weakened severely, that volumes turned negative, retracting between -2% and -6%. Imports bore the brunt of the drop in container traffic, while exports actually benefitted from the weakness of the ruble, resulting in a 20% jump in laden exports.

Integration of NCC

For us, the principal operational focus in 2014 was on integrating NCC into our Russian Ports business as quickly and as efficiently as possible. This was a major undertaking and the detailed preparation we conducted ahead of the acquisition, identifying areas of cost savings and operational improvements, meant that we were able to complete the integration of the two companies rapidly with no disruption to the overall business. As a result of the above as well as our overall efficiency drive, we delivered a 5% reduction in operating staff numbers and achieved other notable savings in areas such as transportation, repair and maintenance, and procurement. This, together with other efficiency measures and the positive foreign exchange impact, helped to deliver an 18% decrease in dollar terms in the operating cash costs.

Operational Review

Overall, Group container volumes declined by 4% to 2.66 million TEU in 2014. Strong performances from the Finnish Ports division, VSC in the Far East of Russia, and ULCT which was in the ramp up stage, were unfortunately not enough to offset the 11% volume decline at our two main Baltic sea terminal hubs of Petrolesport and FCT. Our successful pricing strategy is formulated on providing value-added services rather than chasing volumes. Consequently we did suffer some loss of volume to low cost competition but this was something we had anticipated and had prepared for in advance. Our unparalleled terminal network and our customer service standards have made us the operator of choice for blue-chip customers and we were able to harness this position in 2014, resulting in a healthy 3.5% growth in revenue per TEU.

Q+A with Dr. Alexander Nazarchuk, Chief Executive Officer

Q:
Do you think that Global Ports' high EBITDA margin is sustainable going forward?

A:
The fact that we have increased our EBITDA margin every year for the past five years is a great achievement. Our 67% margin in 2014 was a record for the Group; and that figure reflects our diligence around how we manage our costs and pricing strategies, how we drive efficiencies through the business as well as outside drivers, such as the positive FX impact in 2014.

Can we increase our margin beyond the current high level? There are many variables which make margin predictions difficult but I think that would be very challenging to do as there are a lot of factors over which we have no control. I mentioned currency already, and the RUB exchange rate has a real impact, but there are also things like the overall economic environment, consumer confidence, container dwell time and inflation.

While we can't influence these factors, we can deliver results in other areas – better cost control, greater operational efficiency and making sure we understand our customers' needs and provide first class service.

Q:
Do you think the significant reduction in CAPEX could impact the safety of your operations?

A:
Health and safety, particularly of our employees, is a key priority for the Board and the management team.

We would never cut CAPEX in such a way as to undermine our fundamental commitment to this important principle. In fact, the majority of 2015 CAPEX will be targeted at upgrades, maintenance and improvements which help ensure a safe working environment. We have consistently invested large sums over the last decade to upgrade and modernise our asset base. And as a result we operate some of the most modern, well-invested facilities in the region.

Our decision to reduce our CAPEX was taken after conducting a very thorough and careful analysis of our CAPEX requirements and we are confident that we are investing the right amount in our facilities whilst at the same time maintaining our total commitment to ensuring a safe working environment.

Q:
What have you changed at VEOS during 2014?

A:
VEOS operates in a very challenging environment but it nonetheless remains a cash-generative and profitable business. It is certainly the case that it has been through a couple of difficult years with the situation worsening in the first half of 2014. However, we have responded to this development by changing the operating mode of this business to focus more on storage and the accumulation of large shipments, thereby leveraging its unique asset base which consists of 78 tanks of varying size.

We also restructured the business, successfully cutting cash costs in the business by 39 per cent, while retaining the business's high EBITDA margin.

Chief Executive Officer's Statement continued
Dr. Alexander Nazarchuk

Financial Performance

Group revenues decreased by 4.5% as the lower volumes impacted our revenues. However, Adjusted EBITDA for the Group increased 4.1% to USD 376 million in 2014, and our Adjusted EBITDA margin rose 5.6 percentage points to a record 66.8%. This margin improvement stemmed from the combination of our successful pricing strategy, the positive foreign exchange impact, and management's continued strong cost discipline and drive for efficiency across the business.

Strong cash generation is a key attribute of our company and we delivered another excellent outcome, generating cash flow of USD 335 million from Group operating activities. Having acquired NCC, our initial capex plan envisaged an annual spend for the year of around USD 66 million. However, our well-invested terminal network enabled us to reduce that figure substantially, moving to a capex of just USD 24 million in 2014.

We maintained our commitment to reduce our financial leverage post the NCC deal. We were able to close out the year with Net Debt of USD 1,208 million, a reduction of USD 141 million, bringing our Net Debt to Adjusted EBITDA ratio from 3.7x down to 3.2x. While the business generates strong cash flows and has a balanced debt repayment schedule, the sharp decline in container volumes and the poor visibility on the outlook for the container market means that the company is prioritising deleveraging at this time. This is reflected in the Board's recommendation to suspend dividend payments, which the Chairman discusses in his section of this annual report.

Outlook

Global Ports' market leadership position and the strategic progress that the Group has made in recent years means it is uniquely placed to benefit from the long-term structural opportunities in the container industry. Container penetration levels in Russia continue to lag well behind that of other large and emerging economies and there remains plenty of scope for Russia to narrow the gap.

In the short-term, there is no question that the Group faces challenges. The transport sector is often viewed as the harbinger of the broader economy and the significant drop in demand seen in the first quarter of 2015 shows that volatility remains high and market visibility low meaning conditions will remain tough.

Our priorities for 2015 are unchanged: to continue to look for ways to drive greater operational efficiency, including taking additional measures to reduce operating costs; to maintain our pricing discipline; to keep control of our capex; and to focus on deleveraging so that we are able to best meet the challenges that lie ahead.

Dr. Alexander Nazarchuk
Chief Executive Officer
29 April 2015

"Strong cash generation is a key attribute of our company and we delivered another excellent outcome, generating cash flow of USD 335 million from Group operating activities."

70%

The impressive level at which the Russian Ports segment's Adjusted EBITDA margin held steady.

Market Review

Russian container market tracks macro-economic trends in 2014

Despite the challenging environment, containerisation of the Russian container market continues, demonstrating the long-term potential for further containerisation.

After several years of strong growth (2000-2013 CAGR of 20%)[1] driven by economic expansion and incremental containerisation, the Russian container market contracted by 1% in 2014.[1] This decline accelerated through the second half of the year as a result of the macroeconomic headwinds in Russia. The depreciation of the Russian ruble and fragile consumer confidence negatively impacted import volumes into Russia in the second half of 2014 which in turn impacted the container market. After 3%[1] growth in the first quarter of 2014 and 1%[1] in the second quarter, the market then declined by 2% and 6% in the third and fourth quarters respectively. Total container throughput of terminal in Russia was 5.11m TEU[1] in 2014 compared to 5.18m TEU[1] in 2013.

The Baltic basin, the key container gateway to Russia (comprising 55%[1] of the country's total container market in 2014) suffered from a combination of the decline in industrial and automotive production and falling consumption. As a result the pace of decline in the basin was higher than that of the overall market (-3%)[1]. The Far Eastern market (the second largest basin by container throughput with 28%[1] of total containers handled by Russian ports in 2014) where Global Ports operates from Vostochny, was supported by transit volumes into Central Asian countries and by the fact that the depreciation of the Russian ruble made the dollar cost of ruble-nominated railway tariffs lower on the stretch between the Far East and central Russia. As a result, the throughput of Russian container terminals in the Far East increased by 3% to 1.44m[1] TEU in 2014[1] compared to 1.40m TEU in 2013.

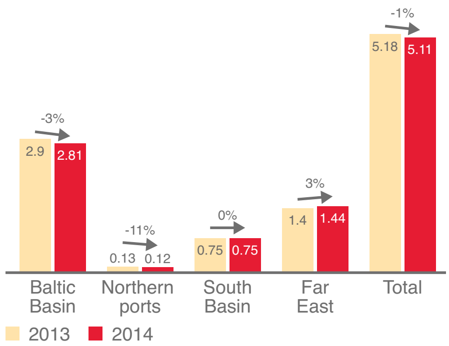
The throughput of container terminals based in the Russian Black Sea basin (comprising just 15%[1] of Russian container market) was broadly flat at 0.75m[1] TEU.

2014 was also the year of the advent of sanctions on Russia and the repercussions of counter-sanctions, such as import food bans from certain countries. The impact of the food ban on Russian container market was somewhat muted: only a few percent of Russian container volumes were affected. Furthermore, over the second half of the year, the banned cargo was gradually substituted by container flows from more distant locations which actually resulted in containerisation of those flows.

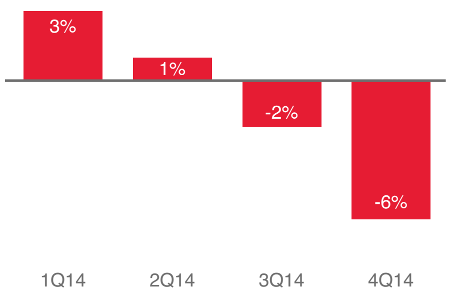
Laden export containers grew 20%[1] year-on-year in 2014. The depreciation of the Russian ruble clearly had a positive impact on this growth but aside from that, there was an acceleration of what is already a long-term trend in the containerisation of exports. There was also no sizable new capacity added in 2014 and overall capacity remained at a healthy level of around 70%[2].

Looking into 2015, the market has evidenced a sharp decline in the beginning of the year, reflecting ongoing macroeconomic challenges and therefore the short-term outlook remains uncertain. However, we remain convinced that the containerisation of Russian trade will continue.

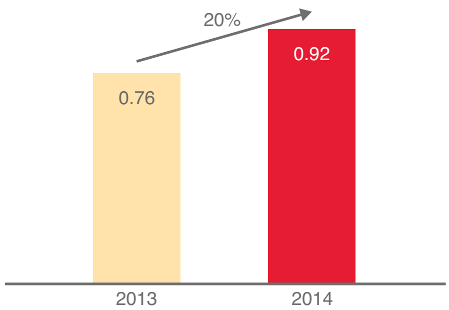
Russian container market throughput by basins, mln TEU[1]



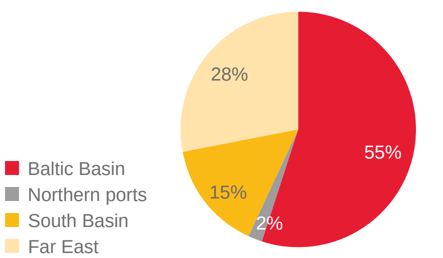
Russian container market YoY change, %[1]



2014 Laden export container throughput, mln TEU[1]



Russian 2014 container market by basins, %[1]



1. Source: ASOP data for 2014.
2. Company estimates, based on ASOP data for 2014.

Solid performance in a tough market

Focus on efficiency, cash flow and strong pricing was the right strategy to face the challenging conditions of 2014.

Global Ports' focus in 2014 was on improving operational efficiency, maximising free cash flow and maintaining pricing discipline against the backdrop of a difficult market environment, especially during the second half of the year. As a result, the Group's Adjusted EBITDA increased 4%* year-on-year with Adjusted EBITDA margin growth of 556 basis points* to 66.8%*. The Group focused on further deleveraging its balance sheet, decreasing its Net Debt by USD 141m* and reducing the Group's Net Debt/EBITDA ratio from 3.7* to 3.2* times as of the end of the year.

Key Highlights for the Twelve-month Period Ended 31 December 2014

Global Ports IFRS reported results (excluding the 2013 results of NCC Group):

– Gross marine container throughput rose 63%* to 2,655 thousand TEU*;

– Group revenues increased 69%* to USD 562.4m;

– Adjusted EBITDA grew 90%* to USD 375.9m*.

Global Ports results on a comparable basis (consolidated financial information for 2014 compared to Illustrative Combined results of 2013, jointly controlled entities in both are accounted for using the equity method of consolidation)

– A successful commercial campaign for 2014 supported by the Group's unparalleled network of container terminals yielded a 3.5%* increase in full-year Revenue per TEU in the Russian Ports segment compared to 2013;

– Global Ports' gross container throughput declined 4.3%* year-on-year to 2,655 thousand TEU* (2,774 thousand TEU* in 2013) as sustained container throughput in VSC, strong growth in throughput in the Finnish Ports (+12%* year-on-year) and the active ramp-up of ULCT (+68%* year-on-year) were offset by the decline in throughput at PLP and FCT (-11%* combined year-on-year) in the Big Port of St. Petersburg;

– Global Ports' 2014 revenue was 4.5%* lower than in 2013 at USD 562.4m due to lower throughput in both container and bulk cargo which was partially offset by growth in Revenue per TEU;

– The Group achieved a record Adjusted EBITDA margin of 66.8%*. The continued focus on efficiency and cost control along with the devaluation of the Russian ruble enabled the Group to reduce Total Operating Cash Costs 18%* and to expand the margin by 556 basis points*;

– Global Ports' Adjusted EBITDA in 2014 rose 4.1%* to USD 375.9m* as the effects of cost reductions and strong pricing offset the decrease in volumes;

– Operating profit increased by USD 12.6m*, or 4.7%*, from USD 266.0m* in 2013 to USD 278.6m in 2014;

– Net profit attributable to the owners of the company was negatively impacted by an increase in Net finance cost to USD 507.7m resulting in a Net loss attributable to the owners of the company of USD 193.1m in 2014. This increase in the Net finance cost was largely driven by a non-cash Net foreign exchange loss of USD 418.5m deriving mostly from USD denominated borrowings in the Group's subsidiaries, whose functional currency the ruble was subject to a strong devaluation in the end of 2014;

– Capital expenditure on a cash basis in 2014 was reduced by 66% to USD 24m as a proactive response to changing macro-economic conditions in light of the available capacity at the Group's terminals;

– The Group's Net Debt was reduced by USD 141m during 2014, while Net Debt to Adjusted EBITDA declined to 3.2x* as of 31 December 2014 from 3.7x* as of 31 December 2013.

From 1 January 2014 the Group adopted IFRS 11, "Joint arrangements" which has resulted in significant changes in the accounting policies applied by the Group.

Prior to 1 January 2014, the Group's interests in jointly controlled entities (VEOS, MLT, and CD Holding groups) were accounted for by using the proportionate method of consolidation. From 1 January 2014 jointly controlled entities are accounted for using the equity method of consolidation.

The financial information presented in this report is extracted from the Consolidated Financial Statements of the Global Ports Group for the twelve-month period ended 31 December 2014, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). This report also includes certain non-IFRS financial information, identified using capitalised terms below. For further information on the calculation of such non-IFRS financial information, see Appendix 3 (Definitions and Presentation of Information) and the section entitled "Non-IFRS Measures: Adjusted EBITDA and Adjusted EBITDA Margin" below. Readers of this report should read the entire announcement together with the Global Ports Group Consolidated Financial Statements, and not just rely on the summary information set out below.

In this report, unless stated otherwise, Global Ports is using the Illustrative Combined Financial Metrics as a comparator against the actual results of operations for the twelve-month period ended 31 December 2014. Where relevant, for reader's reference, actual (reported) results of operations for the twelve-month period ended 31 December 2013 are presented in separate columns in the tables presenting financial information.

The Illustrative Combined Financial Metrics represent information prepared based on estimates and assumptions deemed appropriate by the Group and are provided for illustrative purposes only. They do not purport to represent what the actual results of the operations or cash flows of the Group would have been had the transaction occurred on 1 January 2013, nor are they necessarily indicative of the results or cash flows of the Group for any future periods.

Because of their nature, the Illustrative Combined Financial Metrics are based on a hypothetical situation and, therefore, do not represent the actual financial position or results of the operations and cash flows of the Group.

Certain financial and operational information which is derived from the management accounts is marked in this report with an asterisk {}.*

Results of Operations of Global Ports for the Twelve-month Periods Ended 31 December 2013 and 2014

Table 1 shows the principal components of the Global Ports consolidated income statement for 2014 compared throughout the document against Illustrative Combined Financial Metrics of 2013 in order to provide an enhanced understanding and a comparative basis of the underlying financial performance.

Financial Performance

Revenue

Revenue decreased by USD 26.7m*,or 4.5%*, from USD 589.1m* in 2013 (on the Illustrative Combined basis) to USD 562.4m in 2014. As a result of the mandatory implementation of IFRS 11, "Joint arrangements", the Group's revenue is driven by the changes in revenue of the Russian Ports segment. Revenue of the Russian Ports segment is discussed in greater detail below in the discussion of the financial results for each of Global Ports Group's segments.

Operating Profit, USD m

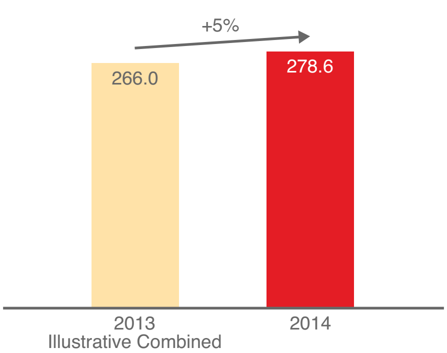


Table 1 – Consolidated income statement for 2014

	2014 Reported USD m	2013 Illustrative Combined USD m	Change USD m	%	2013 Reported USD m
Selected consolidated financial information					
Revenue	**562.4**	589.1*	(26.7)*	(4.5%)*	332.2
Cost of sales	**(231.5)**	(285.3)*	53.8*	(18.9%)*	(137.0)
Administrative, selling and marketing expenses	**(55.2)**	(62.3)*	7.1*	(11.4%)*	(45.6)
Share of profit/(loss) of joint ventures	**(7.7)**	16.9*	(24.5)*	(145.3%)*	16.9
Other gains/(losses) – net	**10.5**	7.6*	3.0*	39.1%*	2.8
Operating profit	**278.6**	266.0*	12.6*	4.7%*	169.4
Finance costs – net	**(507.7)**	N/A	N/A	N/A	(19.9)
Profit/(loss) before income tax	**(229.1)**	N/A	N/A	N/A	149.5
Income tax expense	**31.8**	N/A	N/A	N/A	(35.4)
Profit/(loss) for the period	**(197.3)**	N/A	N/A	N/A	114.1
Profit/(loss) attributable the owners of the Company	**(193.1)**	N/A	N/A	N/A	114.1
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period	**(0.34)**	N/A	N/A	N/A	0.24
Key non-IFRS financial information					
Total Operating Cash Costs	**(186.5)***	(228.1)*	41.6*	(18.2%)*	(134.4)*
Adjusted EBITDA	**375.9***	361.0*	14.9*	4.1%*	197.8*
Adjusted EBITDA margin	**66.8%***	61.3%*			59.6%*

"Initiatives that were implemented by management in 2014, combined with positive FX effect, have delivered an 18% reduction in cash costs year-on-year achieved through improving efficiency of operations and cost cutting measures."

Mikhail Loganov, Chief Financial Officer

Business Review continued
Global Ports Group continued

Cost of sales
Cost of sales decreased by USD 53.8m*, or 18.9%*, from USD 285.3m* (on the Illustrative Combined basis) in 2013 to USD 231.5m in 2014. As a result of the mandatory implementation of IFRS 11, "Joint arrangements", the Group's cost of sales is driven by the changes in the cost of sales of the Russian Ports segment. Cost of sales of the Russian Ports segment is discussed in greater detail below in the discussion of the financial results for each of Global Ports Group's segments.

Administrative, selling and marketing expenses
Administrative, selling and marketing expenses decreased by USD 7.1m* or by 11.4%* from USD 62.3m* in 2013 (on the Illustrative Combined basis) to USD 55.2m in 2014.

Share of profit/(loss) of joint ventures accounted for using the equity method
Table 2 shows the principal components of Global Ports' share of profit/(loss) of joint ventures accounted for using the equity method for 2014 compared to 2013 (on the Illustrative Combined basis).

Share of profit/(loss) of joint ventures accounted for using the equity method amounted to a loss of USD 7.7m in 2014 compared to a profit of USD 16.9m in 2013. The change was primarily driven by a decline in VEOS' share of profits (see Results of operations for the Oil Products Terminal segment below) from USD 29.6m in 2013 to USD 8.8m in 2014 and an increase in CD Holding's share of the loss from USD 16.5m in 2013 to USD 23.7m in 2014. This change was mainly driven by the financial performance of Yanino Logistics Park.

Other gains/(losses) – net
Other gains/(losses) – net in 2014 amounted to a gain of USD 10.5m compared to a gain of USD 7.6m* in 2013 (on the Illustrative Combined basis). This change was largely due to FX gains/(losses) from accounts payable and receivable.

Operating profit
Operating profit increased by USD 12.6m*, or 4.7%*, from USD 266m* in 2013 (on the Illustrative Combined basis) to USD 278.6m in 2014 due to the factors discussed above.

Finance costs – net
Finance costs – net amounted to USD 507.7m in the reporting period mainly due to Net foreign exchange gains/(losses) on financing activities of USD 418.5m and Interest expenses on bank borrowings of USD 87.4m. Net foreign exchange gains/(losses) on financing activities derives mostly from USD denominated borrowings in the Group's subsidiaries, whose functional currency, the Russian ruble, was subject to a significant devaluation by the end of 2014.

Profit before income tax
Profit before income tax amounted to a loss of USD 229.1m due to the factors discussed previously.

Income tax expense
Income tax expense in the reporting period amounted to tax credit of USD 31.8m which was mainly driven by losses carried forward originating from FX losses on USD denominated borrowings.

Total Operating Cash Costs, USD m

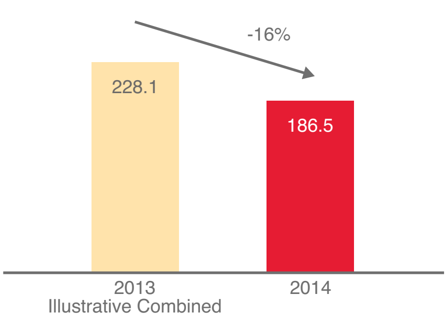


Table 2 – Share of profit/(loss) of joint ventures

	2014 Reported USD m	2013 Illustrative Combined USD m	Change USD m	Change %
VEOS	**8.8**	29.6*	(20.8)*	(70.3%)*
MLT	**7.3**	3.8*	3.5*	92.9%*
CD Holding	**(23.7)**	(16.5)*	(7.2)*	44.0%*
Total share of profit/(loss) of joint ventures	**(7.7)**	16.9*	(24.5)*	(145.3%)*

Loss attributable to the owners of the Company

Loss attributable to the equity holders of the Company amounted to USD 193.1m in 2014 due to the reasons discussed above.

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

Basic and diluted earnings per share for profit attributable to the Equity owners of the Company during 2014 period produced a loss of USD 0.34.

Non-IFRS Measures: Adjusted EBITDA And Adjusted EBITDA Margin

Table 3 shows the adjustments made to Global Ports' revenue for the year to calculate Global Ports' Adjusted EBITDA[1] for 2013 and 2014.

Global Ports' Adjusted EBITDA[1] in 2014 increased by USD 14.9m*, or 4.1%*, from USD 361m* in 2013 (on the Illustrative Combined basis) to USD 375.9m* mainly impacted by the decrease in Cost of sales (excluding depreciation of PPE, amortisation of intangible assets and impairment of PPE) and Administrative, selling and marketing expenses (excluding depreciation of PPE, amortisation of intangible assets and impairment of PPE).

The Group's Adjusted EBITDA Margin increased to 66.8%* in 2014 compared to 61.3%* in 2013 (on the Illustrative Combined basis) due to the factors discussed previously.

Liquidity and Capital Resources

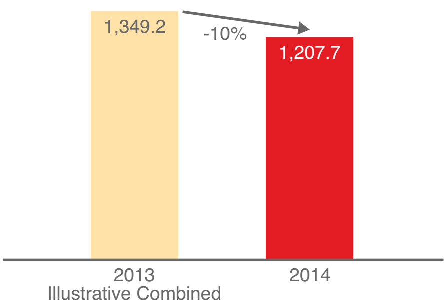
As at 31 December 2014, Global Ports had USD 78.8m in cash and cash equivalents.

Global Ports' 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.

As a result of the shareholding or joint venture agreements at Moby Dik, the Finnish Ports, Yanino, ULCT and Vopak EOS, cash generated from the operating activities of the entities constituting the respective business is not freely available to fund 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 2014, the Global Ports Group had USD 1,286.5m of total debt, of which USD 1,073.7m comprised non-current borrowings, USD 102.8m derivative financial instruments and USD 110.0m current borrowings. See also "Capital resources".

Net Debt, USD m



Cash CAPEX, USD m

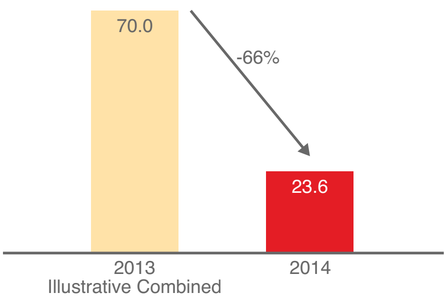


Table 3 – Adjusted EBITDA and Adjusted EBITDA[1] margin

	2014 Reported USD m	2013 Illustrative Combined USD m	Change USD m	Change %	2013 Reported USD m
Revenue	**562.4**	589.1*	(26.7)*	(4.5%)*	332.2
Cost of sales (excl. depreciation of PPE, amortisation of intangible assets and impairment of PPE)	**(132.5)***	(167.4)*	34.9*	(20.8%)*	(89.5)*
Administrative, selling and marketing expenses (excl. depreciation of PPE, amortisation of intangible assets and impairment of PPE)	**(53.9)***	(60.7)*	6.8*	(11.2%)*	(45.0)*
Adjusted EBITDA	**375.9***	361.0*	14.9*	4.1%*	197.8*

1. Adjusted EBITDA does not include the results of joint ventures.

"We are pleased to have achieved all of the planned synergies between the complementary operations."

Evgeny Zaltsman, Head of Business Development

Capital Expenditures

Global Ports Group's capital expenditure on a cash basis in 2014 and 2013 (on the Illustrative Combined basis) was USD 23.6m and USD 70m, respectively, and was used to finance the maintenance of its terminals' capacity, to complete the increase in VSC's capacity by 100 thousand TEU, and for the purchase and replacement of equipment.

Cash Flows for 2014 and 2013

Table 4 shows the principal components of Global Ports' consolidated cash flow statement for 2014 and 2013.

Net cash from operating activities

Net cash from operating activities before dividends received from joint ventures and adjusted for income tax decreased by USD 10.6m*, or 3.2%*, from USD 336.3m* in 2013 (on the Illustrative Combined basis) to USD 325.7m in 2014. This decrease was primarily due to cash generated from operations, which decreased by USD 5.3m*, or 1.4%* and an increase in tax paid, from USD 57.4m* in 2013 (on the Illustrative Combined basis) to USD 62.7m in 2014.

The decrease in dividends received from joint ventures of USD 60.8m* in 2014 compared to 2013 (on the Illustrative Combined basis) was mainly due to the elevated level of dividends during the first half of 2013 related to the special dividend payment made by Global Ports in February 2013, which was partially financed with dividends received from joint ventures.

Net cash used in investing activities

Net cash used in investing activities decreased by USD 188.0m*, or 66.8%*, from USD 281.4m* in 2013 (on the Illustrative Combined basis) to USD 93.3m in 2014. This change was primarily due to a 66.4%*, or USD 46.5m*, decrease in cash CAPEX (purchases of property, plant and equipment) and the USD 177.6m of acquisitions of subsidiaries – net of cash acquired reported in 2013 as a cash part of the consideration paid on the acquisition of NCC Group.

The contingent consideration paid to the previous owners of NCC Group as a part of the consideration for the transaction was withheld and paid in 2014, when the previous owners of NCC Group fulfilled certain conditions related to the conversion

"As an enlarged group, the benefits of our unparalleled network and logistics capability enabled Global Ports to achieve a 3.5% increase in revenue per TEU, no mean feat in the current environment. Despite the tough market conditions, containerisation in Russia continues to increase, as evidenced by the growth in laden exports, and we remain convinced of the long-term potential of the Russian market."

Egor Govorukhin, Chief Commercial Officer

Table 4 – Consolidated cash flow statement

	2014 Reported USD m	2013 Illustrative Combined USD m	Change USD m	Change %	2013 Reported USD m
Cash generated from operations	**388.4**	393.7*	(5.3)*	(1.4%)*	218.8
Tax paid	**(62.7)**	(57.4)*	(5.3)*	9.3%*	(37.5)
Net cash from operating activities before dividends received from joint ventures and adjusted for income tax	**325.7**	336.3*	(10.6)*	(3.2%)*	181.3
Dividends received from joint ventures	**9.5**	70.3*	(60.8)*	(86.4%)*	70.3
Net cash from operating activities	**335.2**	**406.6***	**(71.4)***	**(17.6%)***	**251.6**
Net cash used in investing activities	**(93.3)**	**(281.4)***	**188.0***	**(66.8%)***	**(256.6)**
Purchases of intangible assets	**(0.2)**	(0.1)*	(0.1)*	74.4%*	(0.1)
Purchases of property, plant and equipment	**(23.6)**	(70.0)*	46.5*	(66.4%)*	(62.8)
Loans granted to related parties	**(12.5)**	(37.6)*	25.1*	(66.8%)*	(19.6)
Loan repayments received from related parties	**0.5**	1.3*	(0.8)*	(62.5%)*	1.3
Contingent consideration paid	**(61.6)**	–	(61.6)*	N/A	–
Acquisitions of subsidiaries – net of cash acquired	**–**	(177.6)*	177.6*	N/A	(177.6)
Other	**4.0**	2.6*	1.5*	53.8%*	2.2
Net cash used in financing activities	**(233.6)**	**(79.7)***	**(153.9)***	**192.9%***	**43.5**
Proceeds from the issue of shares to non-controlling interest	**12.8**	–	12.8*	N/A	–
Net cash (outflows)/inflows from borrowings and financial leases	**(105.8)**	168.6*	(274.4)*	(162.8%)*	210.3
Interest paid	**(92.2)**	(93.0)*	0.8*	(0.9%)*	(15.0)
Dividends paid to the owners of the Company	**(48.5)**	(153.9)*	105.4*	(68.5%)*	(150.4)
Expenses in relation to issued shares	**–**	(1.5)*	–	–	(1.5)

of the Eurogate International Gmbh ("Eurogate") loan to ULCT, a 20% shareholder in ULCT, into equity.

Net cash used in financing activities

Net cash used in financing activities in 2013 (on the Illustrative Combined basis) was USD 79.7m*. This consisted primarily of dividends paid to the owners of the Company (USD 153.9m*), interest paid (USD 93.0m*) and net cash inflows from borrowings of USD 168.6m*.

Net cash used in financing activities in 2014 was USD 233.6m. This consisted primarily of net cash outflows from borrowings and financial leases (USD 105.8m), interest paid (USD 92.2m), and dividends paid (USD 48.5m), partially offset by proceeds from the issue of shares by a subsidiary to a non-controlling interest (USD 12.8m) related to the conversion of the Eurogate (a 20% shareholder in ULCT) loan to ULCT.

Capital Resources

The Global Ports Group's financial indebtedness consists of bank borrowings, loans from related and third parties and finance lease liabilities in an aggregate principal amount of USD 1,437.3m as at 31 December 2013 and USD 1,183.6m as at 31 December 2014. In addition the Group had derivative financial instruments with a value of USD 26.1m and USD 102.8m as of 31 December 2013 and 31 December 2014 respectively. The decrease in financial indebtedness from the end of 2013 was mainly driven by repayment of borrowings as well as by conversion of ULCT debt to Eurogate into equity of ULCT.

The Group's weighted average effective interest rate as at 31 December 2014 was 6.02%*.

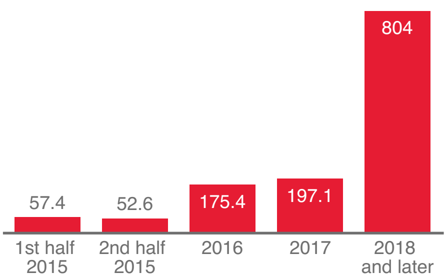
As at 31 December 2014, the carrying amounts of Global Ports' borrowings were effectively 99%* denominated in USD.[2]

The graph opposite shows the maturity profile of the Group's borrowings (including finance leases and derivative financial instruments) as at 31 December 2014.

Results of Operations for the Global Ports Group's Segments for 2014 and 2013

Table 5 shows the Global Ports Group's key operational information for 2014 and 2013.[3]

Debt Maturity Profile, USD m



Net Debt/Adjusted EBITDA

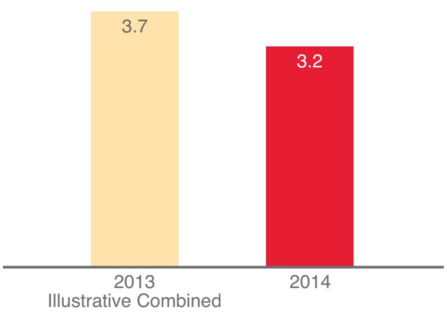


Table 5 – Global Ports Group's key operational information

	2014	2013	Change Abs	Change %
Gross throughput				
Russian Ports segment				
Containerised cargo (thousand TEUs)				
PLP	**658***	711*	(54)*	(7.5%)*
VSC	**475***	475*	0*	0.0%*
Moby Dik	**228***	219*	8*	3.8%*
FCT	**941***	1,084*	(143)*	(13.2%)*
ULCT	**104***	62*	42*	68.1%*
Total	**2,404***	2,551*	(147)*	(5.7%)*
Non-containerised cargo				
Ro-Ro (thousand units)	**23***	24*	(1)*	(4.3%)*
Cars (thousand units)	**114***	108*	5*	5.0%*
Other bulk cargo (thousand tonnes)	**751***	895*	(144)*	(16.1%)*
Yanino (inland container terminal)				
Containerised cargo – inland container depot (thousand TEUs)	**89***	63*	26*	40.6%*
Bulk cargo throughput (thousand tonnes)	**319***	304*	15*	5.0%*
Logistika Terminal (inland container terminal)				
Containerised cargo – inland container depot (thousand TEUs)	**89***	95*	(6)*	(6.2%)*
Bulk cargo throughput (thousand tonnes)	**285***	240*	45*	18.9%*
Total inland container throughput (thousand TEUs)	**179***	159*	20*	12.5%*
Total inland bulk throughput (thousand tonnes)	**605***	544*	61*	11.1%*
Finnish Ports segment				
Containerised cargo (thousand TEUs)	**251***	224*	27*	12.2%*
Oil Products Terminal segment				
Oil products Gross Throughput (million tonnes)	**6.9***	9.7*	(2.8)*	(29.0%)*

2. Borrowings denominated in RUB are covered by a cross-currency interest rate swap arrangement into USD.
3. Gross throughput is shown on a 100% basis for each terminal. 2013 data is based on the Illustrative Combined basis, including the results of the NCC Group.

Business Review continued
Russian Ports segment

Eduard Chovushyan
Managing Director of Petrolesport

Alexander Dudko
Managing Director of VSC

Alexander Tikhov
Managing Director of First Container Terminal

Vitaly Mishin
General Manager of Moby Dik

Victoria Scherbakova-Slusarenko
General Manager of Yanino & LT

Andrey Bogdanov
General Manager of Ust-Luga Container Terminal

Biographies of the Terminal Directors can be found on pages 38 and 39.

Results of Operations

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

The results of Moby Dik and Yanino are accounted in for Global Ports' consolidated financial statements for 2014 as well as in the Unaudited Selected Illustrative Combined Financial Metrics for 2013 using an equity method of accounting, but are included in the figures and discussion below on a 100% basis consistent with segmental reporting.

Operational Performance

Throughput of container terminals in Russia declined 1.3%*[1] in 2014 with growth of 1.6%*[1] during the first half of 2014 offset by a macro-economy-driven decline of 4.2%*[1] during the second half of 2014. Container throughput in the Russian Federation Ports in 2014 stood at 5.1m TEU*[1]. Overall industry capacity utilisation levels remained at a healthy level of approximately 70%*[2] during the period.

The throughput of laden export containers at Russian container terminals increased 20.4%*[3] in 2014 compared to 2013. The growth in laden export was driven by the ongoing containerisation in Russia underpinned by the depreciation of the Russian ruble against the US dollar, which positively impacted overall export from Russia.

The growth of throughput in the Russian Far East Basin in 2014 compared to 2013 was 3%*[3], while the throughput in the Russian Baltic basin declined 3%*[3] and was broadly flat in the Russian Black Sea Basin.

Gross container throughput in the Russian Ports segment of the Group (excluding Yanino and LT) declined 5.7%* to 2,404 thousand TEU* in 2014 compared to 2,551 thousand TEU* in 2013 (on the Illustrative Combined basis). Flat container throughput in VSC (0%* growth year-on-year) and the active ramp-up of ULCT (+68%* year-on-year) were offset by the throughput decline in both PLP and FCT (combined decline of 11%* year-on-year). The decline in throughput of FCT and PLP was largely driven by decreasing volumes in the Baltic Basin along with loss of volumes to low cost competitors driven by the "pricing over volumes" strategy of the Group.

Car handling volumes increased 5%* in 2014 compared to 2013 to 114 thousand* cars due to an increase of car throughput by the terminal's key clients at PLP. Traditional Ro-Ro handling declined by 4.3%* to 23 thousand* units in the reporting period compared to 24 thousand units* in 2013.

Container and bulk cargo throughput at inland terminals increased 12.5%* and 11.1%* respectively in 2014 compared to 2013 to 179 thousand TEU* and 605 thousand tonnes* driven by ongoing containerisation in Russia and by growth in the exports the mentioned above.

Bulk cargo throughput in marine terminals declined by 144 thousand tonnes* or 16.1%* to 751 thousand tonnes* in 2014 from 895 thousand tonnes* in 2013 (on the Illustrative Combined basis), largely driven by the decline in coal handling volumes at VSC.

Financial Performance

Revenue

The Russian Ports segment primarily generates revenue from container handling, which accounted for 84.5%* of the segment's revenue in 2014 and 83.3%* in 2013 (on the Illustrative Combined basis). The Russian Ports segment also generates revenue from handing bulk cargo, cars, traditional Ro-Ro and ancillary services. Revenue from these activities accounted for 15.5%* and 16.7%* of the segment's revenue in 2014 and 2013 (on the Illustrative Combined basis) respectively.

The segment's revenue decreased by USD 23.8m*, or 3.8%*, from USD 626.0m* in 2013 (on the Illustrative Combined basis) to USD 602.2m in 2014.

This decrease was due to a USD 13.0m* or 2.5%* decrease in revenue, attributable to container handling, and a USD 10.8m* or 10.4%* decrease in other revenue. The decrease in revenue from container handling was primarily due to the lower container throughput in the Russian Ports segment which was partially offset by a 3.5%* increase in revenue per TEU in 2014 compared to 2013 (on the Illustrative Combined basis).

Table 6 – Russian Ports segment's Revenue for 2014 and 2013

	2014 USD m	2013 USD m	Change USD m	Change %
Revenue	**602.2**	626.0*	(23.8)*	(3.8%)*
Container handling	**508.8***	521.7*	(13.0)*	(2.5%)*
Other	**93.4***	104.3*	(10.8)*	(10.4%)*

1. Source: ASOP.
2. Capacity utilisation rate is defined as container throughput in the corresponding period divided by container handling capacity for the period. Sources: Drewry, ASOP, Company data, open sources.
3. Source: ASOP.

Other revenue in 2014 compared to 2013 decreased primarily due to decreased revenue from coal handling at VSC and from other bulk cargo handling which was partially offset by growth in revenue from cars and Ro-Ro handling.

Table 6 shows the components of the Russian Ports segment's revenue for 2014 and 2013 (on the Illustrative Combined basis).

Table 7 below shows Global Ports Group's revenue from cargo handling and storage services, Global Ports Group's total marine container throughput and the revenue per TEU for 2013 and 2014.

Revenue per TEU in 2014 increased by USD 7.1*, or 3.5%*, compared to 2013 (on the Illustrative Combined basis), mainly driven by increases in tariffs as well as by other factors.

Cost of sales, administrative, selling and marketing expenses

Table 8 gives a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Russian Ports segment for 2013 and 2014.

The Russian Ports segment's cost of sales, administrative, selling and marketing expenses declined by 11.4%* or USD 39.4m* from USD 344.7m* in 2013 (on the Illustrative Combined basis) to USD 305.3m* in 2014.

The segment's operating cash costs decreased by USD 35.8m*, or 16.6%*, outpacing the decline in revenue of USD 23.8m*, or 3.8%*.

The decline in the Russian Ports segment's operating cash costs was driven by a 14.2%* decrease in staff costs of USD 14.0m*, an 11.8%*decrease in repair and maintenance of property, plant and equipment of USD 2.0m*, a 13.9%* decrease in transportation costs of USD 2.0m*, a 15.5%* reduction in fuel, electricity and gas expenses of USD 2.7m* as well as a 22.0%* decrease other operating in expenses of USD 15.1m*. These decreases were driven by a combination of positive FX effects, the decline in throughput, efficiency improvements and strong cost control.

Adjusted EBITDA (non-IFRS financial measure)

The Russian Ports segment's Adjusted EBITDA increased 2.9%* in the reporting period by USD 12.0m* compared to 2013 (on the Illustrative Combined basis) to USD 422.4m*.

The Adjusted EBITDA Margin of the Russian Ports segment increased by 458 basis points*, from 65.6%* in 2013 (on the Illustrative Combined basis) to 70.1%* in 2014, due to the reasons discussed above.

Table 7 – Revenue from cargo handling and storage for the Russian Ports segment for 2013 and 2014

		2014 USD m	2013 USD m	Change YoY (Abs)	Change YoY %
(1) Container handling	USD million	**508.8***	521.7*	(13.0)*	(2.5%)*
(2) Total marine container throughput	thousand TEUs	**2,404***	2,551*	(146.5)*	(5.7%)*
(1)/(2) Revenue per TEU	USD per TEU	**212***	205*	7.1*	3.5%*

Table 8 – Cost of sales, administrative, selling and marketing expenses for the Russian Ports segment for 2013 and 2014

	2014 % of total	2014 Reported USD m	2013 Illustrative Combined USD m	Change USD m	Change %	2013 Reported USD m
Depreciation of property, plant and equipment	**27%**	82.9	95.2	(12.2)	(12.9%)	51.8
Amortisation of intangible assets	**8%**	24.6	29.8	(5.1)	(17.3%)	6.1
Impairment of property, plant and equipment	**6%**	18.0	4.2	13.8	325.4%	0.0
Staff costs	**28%**	84.2	98.2	(14.0)	(14.2%)	58.6
Transportation expenses	**4%**	12.7	14.7	(2.0)	(13.9%)	14.7
Fuel, electricity and gas	**5%**	14.5	17.2	(2.7)	(15.5%)	9.6
Repair and maintenance of property, plant and equipment	**5%**	14.9	16.9	(2.0)	(11.8%)	11.8
Other operating expenses	**18%**	53.5	68.6	(15.1)	(22.0%)	34.8
Total cost of sales, administrative, selling and marketing expenses	**100%**	305.3	344.7	(39.4)	(11.4%)	187.4
Total cash cost of sales, administrative, selling and marketing expenses (operating cash costs of Russian Ports)	**59%**	179.8	215.6	(35.8)	(16.6%)	129.5

Oil Products Terminal segment

Arnout Dirk Lugtmeijer
General Manager of Vopak EOS

Results of Operations

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 accounted for in Global Ports' consolidated financial statements for 2014 as well as in the Unaudited Selected Illustrative Combined Financial Metrics for 2013 using an equity method of accounting, but are included in the figures and discussion below on a 100% basis.

Table 9 shows the results of operations for the Oil Products Terminal segment for 2013 and 2014.

Financial Performance

Revenue

The Oil Products Terminal segment's revenue decreased by USD 85.9m*, or 42.4%*, from USD 202.4m in 2013 to USD 116.5m in 2014. This decrease was primarily due to (i) a 29%* decrease in throughput at the terminal due to a difficult market environment as cargo owners preferred to handle more product within Russia and (ii) an increased share of less profitable ship deliveries.

Driven by the above market change, VEOS has implemented a change of its business model focusing more on storage, handling products delivered by ships, as well as the blending and accumulating of large shipments.

Cost of sales, administrative, selling and marketing expenses

Table 10 gives a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Oil Products Terminal segment for 2013 and 2014.

The Oil Products Terminal segment's total cost of sales, administrative, selling and marketing expenses decreased by USD 44.9m*, or 31.7%*, from USD 141.9m in 2013 to USD 96.9m in 2014. The decrease was largely driven by a USD 23.9m* or 51.1%* decrease in transportation expenses and USD 12.8m* or 44.7%* decrease in fuel, electricity and gas expenses as a result of a drop in rail delivered cargo volumes. Staff costs decreased by USD 4.6m* or 18.2%*, driven by measures taken in the course of changing business model.

Operating cash costs of the Oil Products Terminal segment declined by USD 45.6m* or 39.5%* from USD 115.7m* in 2013 to USD 70.0m* in 2014, primarily driven by the factors described above.

Adjusted EBITDA (non-IFRS financial measure)

The Oil Products Terminal segment's Adjusted EBITDA decreased by USD 40.2m* or 46.4%* from USD 86.7m* in 2013 to USD 46.5m* in 2014 due to the factors described above.

The Adjusted EBITDA margin of the Oil Products Terminal segment decreased from 42.9%* in 2013 to 39.9%* in 2014 due to the factors described above.

Table 9 – Results of operations for the Oil Products Terminal segment for 2013 and 2014

	2014 Reported USD m	2013 Reported USD m	Change USD m	Change %
Revenue, USD m	**116.5**	202.4	(85.9)*	(42.4%)*
Operating cash costs, USD m	**70.0***	115.7*	(45.6)*	(39.5%)*
EBITDA, USD m	**46.5***	86.7*	(40.2)*	(46.4%)*
EBITDA margin, %	**39.9%***	42.9%*		

Table 10 – Cost of sales, administrative, selling and marketing expenses for the Oil Products Terminal segment for 2013 and 2014

	2014 % of total	2014 Reported USD m	2013 Reported USD m	Change USD m	Change %
Depreciation of property, plant and equipment	**26%**	25.6	23.7	1.9*	8.0%*
Amortisation of intangible assets	**1%**	1.3	2.5	(1.2)*	(48.5%)*
Staff costs	**21%**	20.6	25.2	(4.6)*	(18.2%)*
Transportation expenses	**24%**	22.9	46.8	(23.9)*	(51.1%)*
Fuel, electricity and gas	**16%**	15.8	28.7	(12.8)*	(44.7%)*
Repair and maintenance of property, plant and equipment	**3%**	3.1	4.5	(1.4)*	(30.9%)*
Other operating expenses	**8%**	7.6	10.5	(2.9)*	(27.8%)*
Total cost of sales, administrative, selling and marketing expenses	**100%**	96.9	141.9	(44.9)*	(31.7%)*
Total cash cost of sales, administrative, selling and marketing expenses (operating cash costs of oil products terminal segment)	**73%**	70.0*	115.7*	(45.6)*	(39.5%)*

"During 2014 we successfully addressed the challenging environment by implementing a new business model at VEOS which is focused more on storage. This utilises VEOS's unparalleled features of our large the tank farm consisting of many reservoirs of different sizes."

Arnout Dirk Lugtmeijer, General Manager of Vopak EOS

Finnish Ports segment

Dirk van Assendelft
General Manager of Multi-Link Terminals

Results of Operations

The Finnish Ports segment consists of the Global Ports Group's ownership interests in MLT Kotka and MLT Helsinki (in each of which Container Finance currently has a 25% effective ownership interest).

The results of the Finnish Ports segment are accounted for in Global Ports' consolidated financial statements for 2014 as well as in the Unaudited Selected Illustrative Combined Financial Metrics for 2013 using an equity method of accounting, but are included in the figures and discussion below on a 100% basis.

Operational Performance

The gross container throughput of the Finnish Ports segment increased by 12.2%* year-on-year to 251 thousand* TEU from 224 thousand* TEU, driven by the attraction of new customers in May 2013.

Financial Performance

Revenue

The Finnish Ports segment's revenue increased by USD 0.5m*, or 2.1%*, from USD 23.6m in 2013 to USD 24.1m in 2014. The increase was primarily due to increased container throughput in the segment.

Cost of sales, administrative, selling and marketing expenses

Table 11 gives a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Finnish Ports segment for the first half 2013 and 2014.

The Finnish Ports segment's cost of sales, administrative, selling and marketing expenses increased by USD 0.2m*, or 1%*, from USD 22.9m in 2013 to USD 23.1m in 2014.

Adjusted EBITDA (non-IFRS financial measure)

The Finnish Ports segment's Adjusted EBITDA increased by USD 0.5m* or 14.7%* from USD 3.4m* in 2013 to USD 3.9m* in 2014 due to the factors described above.

The Adjusted EBITDA margin of the Finnish Ports segment increased from 14.3%* in 2013 to 15.8%* in 2014 due to the factors described above.

Table 11 – Cost of sales, administrative, selling and marketing expenses for the Finnish Ports segment for the first half 2013 and 2014

	2014 % of total	2014 Reported USD m	2013 Reported USD m	Change USD m	Change %
Depreciation of property, plant and equipment	**12%**	2.8	2.6	0.2*	9.4%*
Staff costs	**37%**	8.5	8.4	0.1*	1.1%*
Transportation expenses	**16%**	3.6	3.2	0.5*	15.2%*
Fuel, electricity and gas	**4%**	1.0	1.0	0.0*	2.9%*
Repair and maintenance of property, plant and equipment	**7%**	1.6	1.3	0.4*	27.1%*
Other operating expenses	**24%**	5.5	6.5	(1.0)*	(14.9)%*
Total cost of sales, administrative, selling and marketing expenses	**100%**	23.1	22.9	0.2*	1.0%*
Total cash cost of sales, administrative, selling and marketing expenses (operating cash costs of Finnish Ports)	**88%**	20.3*	20.3*	0.0*	(0.1)%*

"The Finnish port segment performed particularly well over the year with a 12% increase in volumes, which almost directly translated into a 15% upswing in EBITDA during 2014."

Dirk van Assendelft, General Manager of Multi-Link Terminals

Global Ports plays a significant role in the development of the regions in which it operates

The group is equally committed to working safely 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.

Health and Safety

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. During 2014 several further improvements to the safety of our operations were undertaken.

Safety design reviews

During 2014 several reviews were carried out in respect of terminal design with the goal to make the terminal designs safer. The design reviews concentrated on FCT, PLP and Moby Dik and were implemented together with terminal design specialists from APM Terminals. Following the reviews terminal management implemented several improvements to the terminal layouts reducing risks in these locations.

Global Ports minimum safety requirements and Global Ports safety manual

Significant progress was made in continuous implementation of Global Ports Minimum Safety Requirements (GMR). These are all defined in the newly implemented Global Ports safety manual. New GMRs were selected based on a thorough risk assessment using the company wide risk matrix. Newly introduced GMRs cover risks in four main areas of risks of the terminal industry:

- Traffic;
- Working at heights;
- Falling objects; and
- Compressed Energy.

Moreover, all terminals are being regularly audited on the adherence to the GPI GMRs.

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.

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 EOS partners with the Estonian Nature Society, rendering financial support to the Society's programmes.

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 2014 VSC continued to donate to their chosen charity, the Lifeline Charity Fund – financial support for complex medical treatment of children with cardiac diseases;
- In 2014 VSC donated to Charity Education Support Fund "DAR".

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 2014 Vopak EOS sponsored the Estonian Nature Protection Organisation;
- Moby Dik supported sport activity events for those with special needs and in 2014, continued to support a disabled local sportsman;
- In 2014 Vopak EOS continued its sponsorship of the Maardu city youth centre, focusing on various educational, cultural and sports programmes;
- Moby Dik currently supports a rehabilitation centre for disabled people in St. Petersburg and Children Invalids of the Kronstadt District.

People

Global Ports employs approx. 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.

"In 2014 we focused on managing the efficiency of our network following the growth of Global Ports' portfolio with the acquisition of NCC. Working in close collaboration with terminal management, we evaluated productivity, cost and capacity utilisation at selected terminals to achieve optimisation and cost leadership at business unit level and across the enlarged Group. We will continue to focus on improving efficiency in 2015 whilst always maintaining the highest safety standards."

Anders Kjeldsen, Chief Operational Officer


FESCO
UNICO

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.

Good governance is a cornerstone of any successful and sustainable company

The fact that Global Ports is the largest container terminal operator in Russia at a time of renewed pressure on the regional economy in my opinion only serves to heighten the importance of good governance.

As the new Chairman, I am totally committed to ensuring that as a Board we continuously strive to improve our governance framework in order to protect the interests of our shareholders and create long-term and sustainable shareholder value.

Following our acquisition of NCC, I am pleased to report that the integration of the two businesses proceeded smoothly and we successfully introduced Global Ports' established framework of policies, processes and management systems across the combined company. These include introducing common standards and systems in areas such as risk management, financial reporting, health and safety, and ethics.

One of the most important aspects of the role of Chairman is to ensure the Board has the correct balance of skills and experience and that its members work together effectively. The composition of the Board has continued to evolve and in 2014 we welcomed two new Board members, Mr. Vadim Kryukov and Mr. Michalakis Christofides. Both appointments add weight to the Board's knowledge and experience of our industry.

In terms of Board cohesion, relations between the co-controlling shareholders continue to be both positive and constructive and it is also good to report that our non-executive directors enjoy a good working relationship with the executive management at Global Ports, providing firm but constructive challenge. The Board committees, which are all chaired by independent non-executive directors, continued to function well in 2014, exercising strong controls over the Company's operations and demonstrating the Group's commitment to openness and transparency.

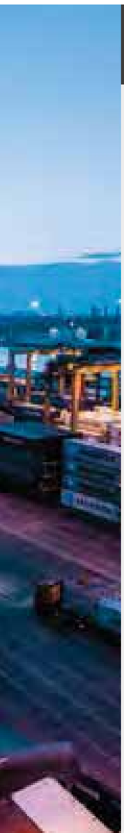
In summary, I am delighted to have taken up the reins as Chairman of Global Ports and I intend to be fully engaged in helping drive the Group forward. I believe that our governance arrangements are appropriate for our company's circumstances.

Tiemen Meester
Chairman

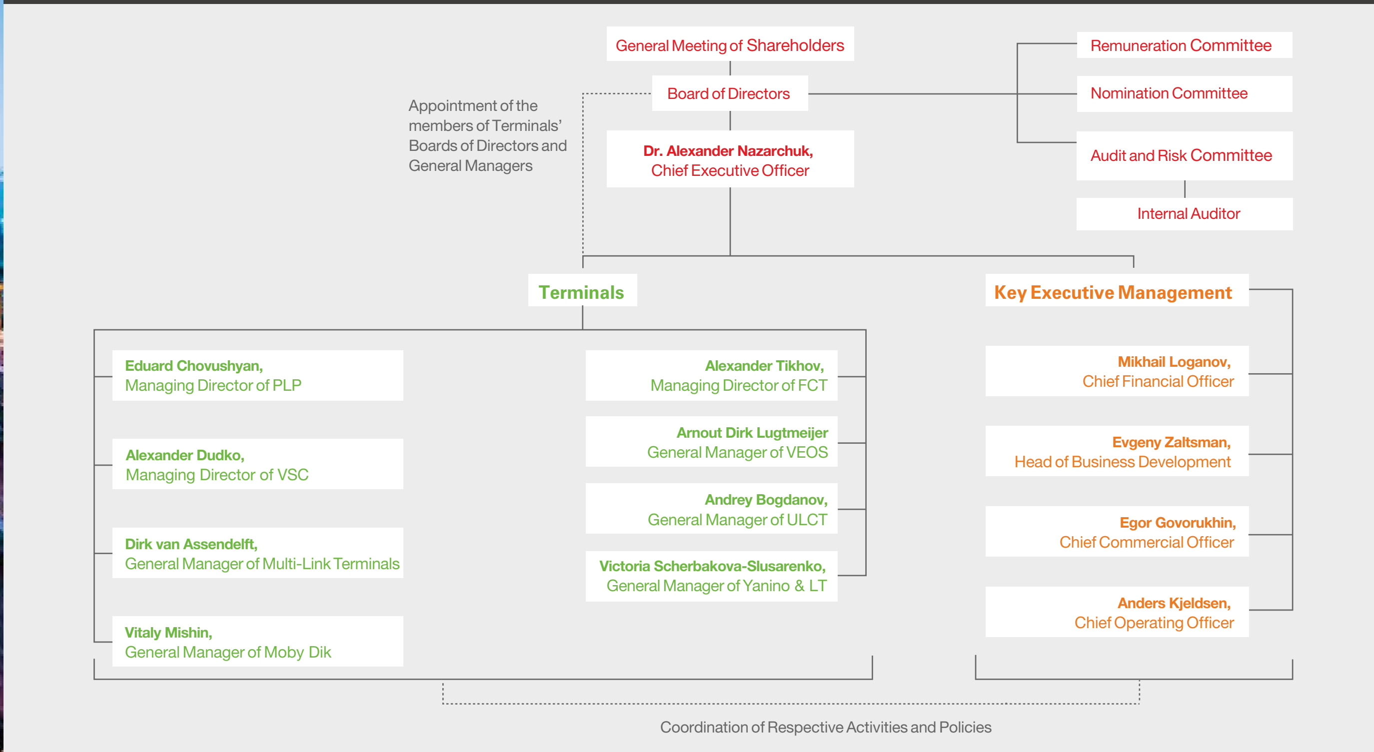
"Cooperation between the two co-controlling shareholders is excellent and we share a common commitment to ensuring that the governance system at Global Ports meets international best-practice standards.

As I take up my new position as Chairman of the Board, I want to emphasise how important it is that we retain this strong governance culture and that I intend to make sure that this remains the case."

Tiemen Meester, Chairman of the Board



Global Ports governance structure



"I believe that the progressive governance structure we have adopted at Global Ports has made a significant contribution to our Group. I will continue to provide my full support to the Chairman in my role as Vice Chairman, particularly when it comes to the issue of governance and our Board's ongoing commitment to continuous improvement."

Nikita Mishin, Vice Chairman of the Board

"As a Board, one of our main focuses is on how we manage the issue of risk. At Global Ports there is a good understanding of the importance of having a strong risk and control culture that covers both our risk assessment and management systems and our financial control systems."

Siobhan Walker, Member of the Board of Directors, Independent Non-Executive Director

"As senior non-executive director, I ensure that the Company's obligations to its stakeholders, especially its staff and shareholders, are fully discharged and that as a Company we continue to uphold high standards of ethics."

Capt. Bryan Smith, Member of the Board of Directors, Independent Non-Executive Director

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.

1. Tiemen Meester

Chairman

Mr. Meester was appointed as a non-executive member of the Board of Directors of Global Ports in 2013 and elected as its Chairman in December 2014.

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 the 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 Labor 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 A.P. 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 post-graduate 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.

2. Nikita Mishin

Vice Chairman of the Board of Directors

Mr. Mishin was appointed as a non-executive member of the Board of Directors of Global Ports and served as its Chairman from 2008 till 2014. In addition, Mr. Mishin has served as the Chairman of the Board of Directors of Petrolesport since 2007 and the Chairman of the Board of Directors of VSC since October 2005. He graduated from the Lomonosov Moscow State University where he studied philosophy. Mr. Mishin is one of the controlling shareholders of TIHL

3. Siobhan Walker

Member of the Board of Directors, Independent Non-Executive Director

Mrs. 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. Mrs. 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, Mrs. 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 with a BA in International Relations.

4. Capt. Bryan Smith

Member of the Board of Directors, Independent Non-Executive Director

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. Capt. Smith 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 a member of the Board of Directors of VSC and VICS from 1999 until 2008 and that of Railfleet Holdings Limited from 2005 until 2008 and 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.

5. Dr. Alexander Nazarchuk

Member of the Board of Directors and 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 EOS (earlier EOS) 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, as 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 as a senior scientist in the International Centre of Scientific and Technical Information in Moscow from December 1996 until December 1998. He graduated from the Lomonosov Moscow State University with a Doctorate in Philosophy. He is the author of four books and numerous articles.

6. Mikhail Loganov

Member of the Board of Directors and 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

1 2 3 4 5 6 7

of Directors of the Company since December 2008 and as a member of its Audit and Risk and Remuneration Committees from December 2008 to 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 from April 2008 to 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 Globaltrans group. Mr. Loganov started his career with American Express (Europe) Ltd in the UK as a financial analyst in 2001. Mr. Loganov graduated with honours from the University of Brighton in the UK with a degree in Business Studies with Finance.

7. Kim Fejfer

Member of the Board of Directors

Mr. Fejfer was appointed CEO of APM Terminals in June 2004 and is based in the company headquarters in The Hague, Netherlands. He has been a member of the Maersk Groups 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 Masters 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.

8. 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 graduated from the Lomonosov Moscow State University where he obtained a Master's degree 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 PhD 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.

9. Constantinos Economides

Member of the Board of Directors

Mr. Economides, Managing Director of Orangefield-Cyprus, is a member of the Institute of Chartered Accountants in England & Wales (ICAEW). He is ACA qualified and holds an MSc in Management Sciences from Warwick Business School. He trained with Ernst & Young (London) and Deloitte (Cyprus) before setting up his own firm, Fidelico in 2006, which merged with Orangefield Group in 2011. Mr. Economides has an extensive experience in tax advisory as well as in setting up and management of the companies, trusts and collective investment schemes in Cyprus and abroad. Mr. Economides is also a member of the International Tax Planning Association (ITPA), International Fiscal Association (IFA) and the Society of Trust & Estate Practitioners (STEP).

10. Michalakis Christofides

Member of the Board of Directors

Mr. Christofides holds an Advanced Diploma in Business Administration (Cyprus Institute of Marketing). He also attended the Senior Manager Course at Manchester Business School of the University of Manchester.

Mr. Christofides has extensive banking experience starting in 1969. As the Senior Manager in International Business Services, he was responsible for the development and growth of activities of International Business Units of Bank of Cyprus in Cyprus and its representative offices in Russia, Ukraine, USA, Canada, South Africa and Romania.

Between January 2012 and January 2013, he was a member of the Supervisory Board of Kreditprombank-Kiev.

11. Vadim Kryukov

Member of the Board of Directors

Mr. Kryukov graduated from the Admiral Makarov State Maritime Academy and has extensive experience in transportation and logistics and in the areas of financial planning and budgeting. He was a member of the Board of Directors of NCC Group Limited and held that position from 2006 to 2013. Mr. Kryukov was responsible for development and support of several significant logistic projects in St. Petersburg.

12. Laura Michael

Member of the Board of Directors

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

13. Konstantin Shirokov

Member of the Board of Directors

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, which 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 ten 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.

14. Chrystalla Stylianou

Member of the Board of Directors

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

Executive Management

We have the best operational team in place to succeed

From running terminals to handling cross-border transactions, the team is highly experienced in operating ports around the world.

1. Dr. 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 EOS (earlier EOS) 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, as a member of the Board of Directors of Sevtekhnotrans OOO from September 2007 until August 2008, as a member of the Board of Directors of AS Spacecom from April 2003 until June 2008 and as a senior scientist in the International Centre of the Scientific and Technical Information in Moscow from December 1996 until December 1998.

He graduated from the Lomonosov Moscow State University with a Doctorate in Philosophy. He is the author of four books and numerous articles.

2. 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 since December 2008 and as a member of its Audit and Risk and Remuneration Committees from December 2008 to 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 from April 2008 to 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 Globaltrans group. Mr. Loganov started his career with American Express (Europe) Ltd in the UK as a financial analyst in 2001. Mr. Loganov graduated with Honours from the University of Brighton in the UK with a degree in Business Studies with Finance.

3. 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, Mr. Zaltsman 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 has participated in a number of landmark domestic and cross-border transactions in financial institutions, industrials and in the transportation industry.

He graduated from the Finance Academy with a degree in International Economic Relations. He also attended the MSc in Management programme in EM Lyon Business School.

4. Egor Govorukhin

Chief Commercial Officer

Egor Govorukhin has more than 20 years of experience in container terminal management, liner shipping and freight forwarding. Mr. Govorukhin has served as Deputy CCO of Global Ports since the beginning of 2014. Prior to that, he worked as Vice President for Sales & Marketing at NCC Group for more than 6 years and Area Terminal Operations Manager, Eastern Europe at Maersk Line from 2003 to 2007. He held a number of senior managing positions in various logistics and freight forwarding companies from 1992 to 2003, including Sovmortrans International Forwarders and Sea-Land Service International, Ltd.

Mr. Govorukhin graduated from Moscow Institute of Economics and Statistics where he majored in economics and in 2006 successfully completed the APM Terminals MAGNUM program, a corporate-led program in partnership with ESADE Business School.

5. Anders Kjeldsen

Chief Operational Officer

Mr. Kjeldsen has served as the Chief Operational 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 has during the last 24 years 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 3.6m TEU container terminal in Southern Spain. 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.

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Strong management delivers a solid performance

Our experienced team of Terminal Directors have an excellent track record.

1. Eduard Chovushyan

Managing Director of Petrolesport

Mr. Chovushyan was appointed the Managing Director of Petrolesport in August 2013. From March 2007 he served as the General Director of Petrolesport. He has more than 15 years' experience in various managerial positions in the N-Trans group of companies. He previously served as a Deputy Chief Executive Officer of Tuapsinsky Morskoy Torgovy Port OAO from November 2003 and was appointed CEO in June 2004. Prior to that, he was the Deputy General Director of Tuapsinsky Sudoremontny Zavod OAO for a year. Following on from his role at Tuapsinsky Morskoy Torgovy Port OAO, Mr. Chovushyan then worked as Vice President for Development at NCC OOO from April 2006 until March 2007. From August 2007, he has served as the Chairman of the Board of Directors of Porttransservice OOO.

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

2. Alexander Tikhov

Managing Director of First Container Terminal

Mr. Tikhov was appointed as the Managing Director of the First Container Terminal in 2007 whilst part of NCC. He has extensive experience in the transportation and logistics industry in Russia. From 2003 to 2004, he was Chief Executive Officer and Chairman of the Board of Directors of Sea Port of St. Petersburg and previously held the position of Sales Director of Sea Port of St. Petersburg from 2000. From 1991 till then he was Chief Executive Officer in MCT St. Petersburg and from 1984 to 1991 he worked for Leningrad Sea Commercial Port (from 1992 known as the Sea Port of St. Petersburg). Mr. Tikhov graduated from the Admiral Makarov State Maritime Academy.

3. Alexander Dudko

Managing Director of VSC

Mr. Dudko was appointed Managing Director of VSC in February 2015. Mr. Dudko has served for three years as the General Director of Moby Dik, one of the Group's container terminals in the Big Port of St. Petersburg, and had been the Director for Operations of VSC from 2011 to 2012. He joined the company from DP World Southampton (UK), where he spent three years in various positions. Mr. Dudko started his career in the ports industry working for First Container Terminal in St. Petersburg where he had a role in the Finance Department between 2004 and 2006.

Mr. Dudko has a degree from the State Marine Technical University of St. Petersburg and an MSc in Logistics, Trade and Finance from Cass Business School, London. Mr. Dudko graduated from the APM Terminals MAGNUM programme, a corporate-led programme in partnership with an ESADE Business School, in 2014.

4. Arnout Dirk Lugtmeijer

General Manager of Vopak EOS

Mr. Lugtmeijer has served as the Chairman of the Management Board of Vopak EOS since 1996 (since 1994 as a member of the Management Board). He has also served as member of the Management Board of E.R.S. since April 2008 and of that of EK Holding AS since September 2005 and as member of the Supervisory Board of Stivterminal (a subsidiary, which was merged into Vopak EOS in 2011) since June 2006 and of that of Pakterminal (which was acquired by Vopak EOS in May 2008 and merged into Vopak EOS in May 2010) since June 2008. Mr. Lugtmeijer studied at Delft Technical University in Holland and graduated in 1991.

5. Andrey Bogdanov

General Manager of Ust-Luga Container Terminal

Mr. Bogdanov was appointed as the General Manager of the Ust-Luga Container Terminal in 2012 whilst part of NCC. For five years prior to that he was the Commercial Director of First Container Terminal. He served as Director for Operations in the Sea Port of St. Petersburg from 2003. From 2000 to 2003 he held the position of Chief Executive Officer of MCT PORT. From 1993 he served as Head of Department of MCT St. Petersburg, before being promoted to Chief Operations Officer. From 1984 to 1993 Mr. Bogdanov worked for Leningrad Sea Commercial Port (from 1992 known as the Sea Port of St. Petersburg). Mr. Bogdanov graduated from Admiral Makarov State Maritime Academy.

6. Vitaly Mishin

General Manager of Moby Dik

Mr. Mishin was appointed as General Manager of Moby Dik in 2015. Prior to that, from 2010 to 2014 he has served as General Director of Logistika-Terminal. From 2006 to 2010, he served as Operations Manager and Managing Director in Sea Port of St. Petersburg. From 1999 till then, he served as Chief Executive Officer in Fourth Stevedoring Company. Between 1994 and 1999 he was Chief Executive Officer at First Stevedoring Company. He began his career in 1980 at Leningrad Sea Commercial Port (since 1992 – Sea Port of St. Petersburg). Mr. Mishin graduated from the Admiral Makarov State Maritime Academy.

7. Dirk van Assendelft

General Manager of Multi-Link Terminals

Mr. van Assendelft has served as the managing director of Multi-Link Terminals Ltd Oy since December 2004 and was the chief executive officer of Moby Dik from June 2004 until July 2010. Mr. van Assendelft has also held a position as a member of the Board of Directors of Niinisaaren Portti Osakeyhtio Oy (NiPO) since April 2007. Prior to his appointment as the managing director of Multi-Link Terminals Ltd Oy, he worked for Container-Depot Ltd Oy as a director until December 2005. He studied at the Helsinki University of Technology and the Kotka Svenska Samskola.

8. Victoria Scherbakova-Slusarenko

General Manager of Yanino & LT

Ms. Scherbakova-Slusarenko has been working with the Group as Director of Forwarding Companies since 2009. In 2013 she was appointed as General Director of Yanino Logistics Park LLC. Prior to joining the Group, Ms. Scherbakova-Slusarenko held executive positions in some of Russia's largest transport companies, including Concern SVT (Moscow) and Magistral Container Lines (Moscow). Since 2005 she has been a senior lecturer at the Moscow State Academy of Water Transport, where she lectures on economics.

Ms. Scherbakova-Slusarenko has over 20 years' experience in the transport industry. She graduated from Odessa State Academy of Refrigeration where she majored in thermal physics; she also holds a degree in Economics and Psychology.

Corporate Governance

Global Ports Investment PLC's Board believes that its status as a listed company on an established investment market carries significant responsibility to manage the Group transparently and in a manner appropriate to a successful business. Accordingly, the Board aims to match international corporate governance standards and further improve corporate governance standards and to ensure that its corporate governance framework is in line with the interests of shareholders and other stakeholders.

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 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.

In order to fulfil its role the Board has adopted a number of policies.

Policies

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

These policies and practices are designed to ensure the Group is focused on upholding its responsibilities to 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;
- Anti-fraud policy;
- Policy on reporting and investigating allegations of suspected improper activities ("whistleblowing" policy); and
- 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 standards of behaviour, fraud and corruption responsibilities, including approaches on acceptance of gifts and benefits and ethics and conflicts of interest requirements. 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 at the HR department at each of the Group's operating facilities. The Code also interacts with other more detailed rules concerning our anti-fraud policy and our policy on reporting and investigating allegations of suspected improper activities ("whistleblowing" policy).

The Board is updated on a quarterly basis on any breaches and resulting actions, although significant breaches have to be immediately reported to Board members.

In addition to the policies enumerated above and in order to further strength 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 at Global Ports' website.

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 to refresh the Board on a regular basis.

The Board is comprised of fourteen members. Mr. Michalakis Christofides and Mr. Vadim Kryukov were appointed as Non-Executive Directors on 30 July 2014. Mr. Michalis Thomaides and Mr. Georgios Sofocleous resigned on the same day. All other Directors were members of the Board throughout the year ended 31 December 2014.

On 16 December 2014 the Board of Directors of GPI elected Mr. Tiemen Meester as the Chairman of the Board of Directors and Mr. Nikita Mishin as the Vice Chairman of the Board of Directors. Mr. Kim Fejfer resigned from his position as Vice Chairman of the Board of Directors on the same day.

The role of the Chairman of the Board of Directors is to ensure that Board meetings are held as and when necessary, to lead the Directors in ensuring their effectiveness, and to approve the agenda of Board Meetings. The Chairman reviews all Board materials before they are presented to the Board and ensures that Board members are provided with accurate, timely and clear information. The members of the management team who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during the Board meeting. The members of the Board regularly hold the meetings with the management of the Group to discuss their activity and evaluate their performance.

The Chairman monitors communications and relations between the Company and its shareholders, between the Board and Management, and between Independent and Non-Independent Directors, with a view to encouraging constructive relations and dialogue amongst them. The Chairman works to facilitate the effective contribution of Non-Executive Directors.

The Company separates the positions of the Chairman and Chief Executive Officer (CEO) to ensure an appropriate segregation of roles and duties. The CEO, Dr. Alexander Nazarchuk, is responsible for day-to-day management of the Group and its operations and for implementing the strategy laid down by the Board.

There are eleven non-executive directors (including the Chairman). Capt. Bryan Smith (Senior Independent Director) and Mrs. Siobhan Walker are Independent Directors, and as such have no relationship with the Company, its related companies or their officers. In this regard they are in a position to exercise objective judgment on corporate affairs independently from management.

Although all Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by management are constructively challenged. They must also ensure the strategies are fully discussed and examined, and take account of the long-term interests, not only of the major shareholders, but also of employees, customers, suppliers and the communities in which the Group conducts its business.

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.

There is no provision in the Company's Articles of Association for 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 Meetings on 29 April 2013 and 29 April 2014 all current Directors except Mr. Michalakis Christofides and Mr. Vadim Kryukov will continue in office. Mr. Michalakis Christofides and Mr. Vadim Kryukov were re-elected at the Annual General Meeting of the shareholders of the Company which was held on 29 April 2015.

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 USD 500,000. 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 2014 except for the rotation of the Chairman and Vice Chairman of the Board of Directors.

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 2014 and 31 December 2013 are shown below:

Name	Type of holding	Shares held at 31 December 2014	Shares held at 31 December 2013
Nikita Mishin	Through shareholding in Transportation Investments Holding Limited and other related entities	**39,731,086 ordinary shares**	39,731,086 ordinary shares
		15,488,390 ordinary non-voting shares	15,488,390 ordinary non-voting shares

The total number of issued shares of the Company as at 31 December 2014 and 31 December 2013 was 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares.

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 2014 the Board met formally 15 times (2013: 18) to review current performance and to discuss and approve important business decisions, including, inter alia:

Consideration and approval of the Group restructuring post NCC acquisition;

Consideration and approval of the 2013 financial statements;

Consideration and approval of the 2015 financial budget;

Consideration and approval of the rotation of the Chairman and Vice Chairman of the Board of Directors;

Consideration and approval of dividends;

Consideration and approval of investment opportunities;

Consideration and approval of major CAPEX and OPEX spending; and

Consideration and approval of various resolutions related to Company's subsidiaries and joint ventures.

The number of Board and Board Committee meetings held in the year 2014 and the attendance of directors during these meetings was as follows:

	Board of Directors		Nomination Committee		Remuneration Committee		Audit and Risk Committee	
	A	B	A	B	A	B	A	B
Michalis Thomaides	7	7	–	–	–	–	–	–
Alexander Iodchin	15	15	2	2	–	–	–	–
Bryan Smith	15	15	2	2	6	6	–	–
Nikita Mishin	11	15	2	2	6	6	–	–
Alexander Nazarchuk	15	15	–	–	–	–	–	–
Mikhail Loganov	11	15	–	–	–	–	–	–
Konstantin Shirokov	15	15	–	–	–	–	9	9
Siobhan Walker	14	15	–	–	–	–	9	9
Kim Fejfer	14	15	2	2	5	6	8	9
Tiemen Meester	15	15	2	2	6	6	9	9
Laura Michael	13	15	–	–	–	–	–	–
Georgios Sofocleous	7	7	–	–	–	–	–	–
Chrystalla Stylianou	14	15	–	–	–	–	–	–
Constantinos Economides	11	15	–	–	–	–	–	–
Vadim Kryukov	8	8	–	–	–	–	–	–
Michalakis Christofides	8	8	–	–	–	–	–	–

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

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, by 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.

Board Committees

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

Audit and Risk Committee

The Audit and Risk Committee is comprised of three Non-Executive Directors, and meets at least four times a year. The Audit and Risk Committee is chaired by Mrs. Siobhan Walker (an Independent Non-Executive Director) and the other members are Mr. Konstantin Shirokov and Mr. Kim Fejfer. Mr. Tiemen Meester resigned from the Audit and Risk Committee after his appointment as the Chairman of the Board of Directors. 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 and risk management systems; (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 and a number of other audit-related issues. The Committee manages the relationship with the external auditor on behalf of the Board. It also considers the reappointment of the external auditor each year as well as remuneration and other terms of engagement and makes a recommendation to the Board or the Managing Director. Shareholders are asked to approve the reappointment of the auditor each year at the Annual General Meeting.

The Audit and Risk Committee met nine times in 2014, including three meetings attended by the external auditors of the Company. The principal issues which were considered during 2014 were:

- Review of the parent financial statements of Global Ports Investments Plc and consolidated financial statements of the Group for 2013 and recommendation for approval of the same to the Board;
- Review of the interim condensed consolidated financial statements for the six month period ended 30 June 2014 and recommendation for approval to the Board;
- Review of the press releases containing financial information;
- Review of the 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; and
- 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 and used efficiently, and their safe-keeping is fully guaranteed; and
- Group companies conduct their business in compliance with applicable laws.

Nomination Committee

The Nomination Committee as of the date of this report is comprised of 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 and Mr. Tiemen Meester. 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 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 2014 the Nomination Committee met twice to discuss and recommend to the Board the reappointment of existing Directors and appointment of the new Directors.

Remuneration Committee

The Remuneration Committee is comprised of 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 and Mr. Tiemen Meester. The Committee is responsible for determining and reviewing the remuneration of the executive directors and the Company's remuneration policies. No director or manager may be involved in any decisions as to his or her own remuneration.

In 2014 the Remuneration Committee met six times to discuss and recommend to the Board the remuneration for the executive management of the Group.

Board and Management 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 or retirement benefits or to participate in any incentive plans operated by the Company.

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

The total remuneration of the members of the Board of Directors paid by the Company and its subsidiaries in 2014 amounted to USD 847 thousand (2013: USD 859 thousand).

Investor Relations/Disclosures

The Company's external relations are guided by its information policy, which is consistent with best international practice applicable to shareholder relations. Given that the Company in June 2011 became public upon placing 25% of its shares on the London Stock Exchange (LSE) in the form of Global Depositary Receipts (GDRs), all companies of the Group should meet information disclosure standards set by the LSE.

The main principles of the Company's information policy are regularity, efficiency, availability, reliability, completeness, balance, equality and safety of information resources.

The Group maintains a Company Secretary, who 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 by the Company, its management bodies and officers with the law and the Company's Charter and internal documents. The Company Secretary organises 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.

The investor relations ("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 and analyst community by arranging teleconferences to discuss the Group's financial performance, one-on-one meetings and participation in international investor conferences. The Group also organises regular visits to its terminals, thus providing investors with an opportunity to see the assets first-hand and to meet senior management. Members of the Board of Directors and senior management participate in regular meetings with current and potential investors. During the course of these meetings the Group's representatives inform them of strategic areas of development, in addition to taking into account shareholders' opinions on key strategic matters when making important decisions.

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 2014 the Shareholders of GPI reappointed PricewaterhouseCoopers Limited as the external auditor for the purposes of auditing the Group's IFRS financial statements for the year 2014. PricewaterhouseCoopers Limited were re-elected as the auditor for the year 2015 at the Annual General Meeting on 29 April 2015.

Risk Management

Well-defined risk management principles are derived from experience, best practice and good governance. Identifying and mitigating risks that could prevent us from achieving our corporate goals will help us deliver long-term growth and added value to our shareholders.

Risk Management Process, Principal Risks and Uncertainties

We believe that identifying and managing risks is central to achieving the corporate objective of delivering long-term growth and added value to shareholders. The Group's risk management process is focused on mitigating or, to the extent possible, eliminating potential negative impact on the business caused by changes in the external and internal environment. The Group's risk management activity is based on a series of well-defined risk management principles, derived from experience, best practice and corporate governance principles. The Group has also implemented comprehensive risk control and management systems to prevent or mitigate potential adverse effects of changes in its operating environment. The Group regularly updates and improves its risk management system.

The Board has established a risk management process comprising the necessary organisational rules and procedures for identifying risks at an early stage, and taking proactive steps to manage the risks inherent to any commercial activity. The Board has adopted a Risk Management Policy and a Risk Management Standard providing a consistent framework for risk identification, assessment and management. The Board systematically monitors and conducts assessment of the risks critical to the Group's performance and strategic delivery. After identifying and assessing a risk, the Company defines control measures aimed at reducing the likelihood of its occurrence and/or the potential impact.

The Board delegate to the Chief Executive Officer responsibility for the effective and efficient implementation and maintenance of the risk management system and the Audit and Risk Committee of the Board is in charge of the routine oversight of risk management and review of the effectiveness of systems that have been established for this purpose.

The Group's business involves a number of risks, the most notable of which are listed below. The order in which the 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 detailed here, see the Company's prospectus dated 20 December 2013 ("Risk Factors", pages 22 to 58), available for viewing on the corporate website of Global Ports at http://www.globalports.com/globalports/investors/reporting-transactions/corporate-transactions and Notes to the Financial statements attached to this Report.

Strategic Risks

- The Group is dependent on trade volumes and, accordingly, on economic growth in Russia. Russian container market throughput has historically demonstrated a very strong correlation with the volume of imports of goods in Russia, which in turn is driven by Russian consumer demand. The Group may be subject to significant container market deterioration as economic growth and consumer demand in Russia deteriorates;
- The Group may be subject to increasing competition from other container and oil products terminals. The introduction of significant new capacity planned by the Group's existing competitors and new market entrants could result in surplus capacity and subject the Group to intensified price competition and lower utilisation. In a market contraction environment, commercial policies and approaches of the Group's competitors may be irrational, and this may lead to significant price competition. Development of alternative logistics solutions, such as rail delivery of containers from the point of origin to the point of destination, and this could in the future present a competition threat to the Group;
- 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 strategic plans 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, heightened levels of tension between Russia and other states, increased military activity on the border between Russia and Ukraine and the imposition by the United States, the European Union and other countries of sanctions, asset freezes, travel limitations and certain other restrictive measures against specified Ukrainian and Russian individuals and legal entities, including a number of Russian banks, and the imposition by Russia of sanctions, including import and travel restrictions, has had in the past, and may continue to have in the future, an adverse effect on the Russian economy and demand for commodities. Such factors also could adversely affect the Group's ability to obtain financing on favourable terms and to deal with certain persons and entities in Russia or in other countries;
- 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 port and other governmental authorities and are outside of the Group's control; and
- The Group's growth at 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.

Risk Management continued

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, standards and 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 certain of the Group's terminals were regulated in the past by the Russian federal government. The regulation might change and the Group might need to obtain permission of the regulatory authorities 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; and
- The risk of safety incidents is inherent in the Group's businesses.

Compliance and Shareholder Risks

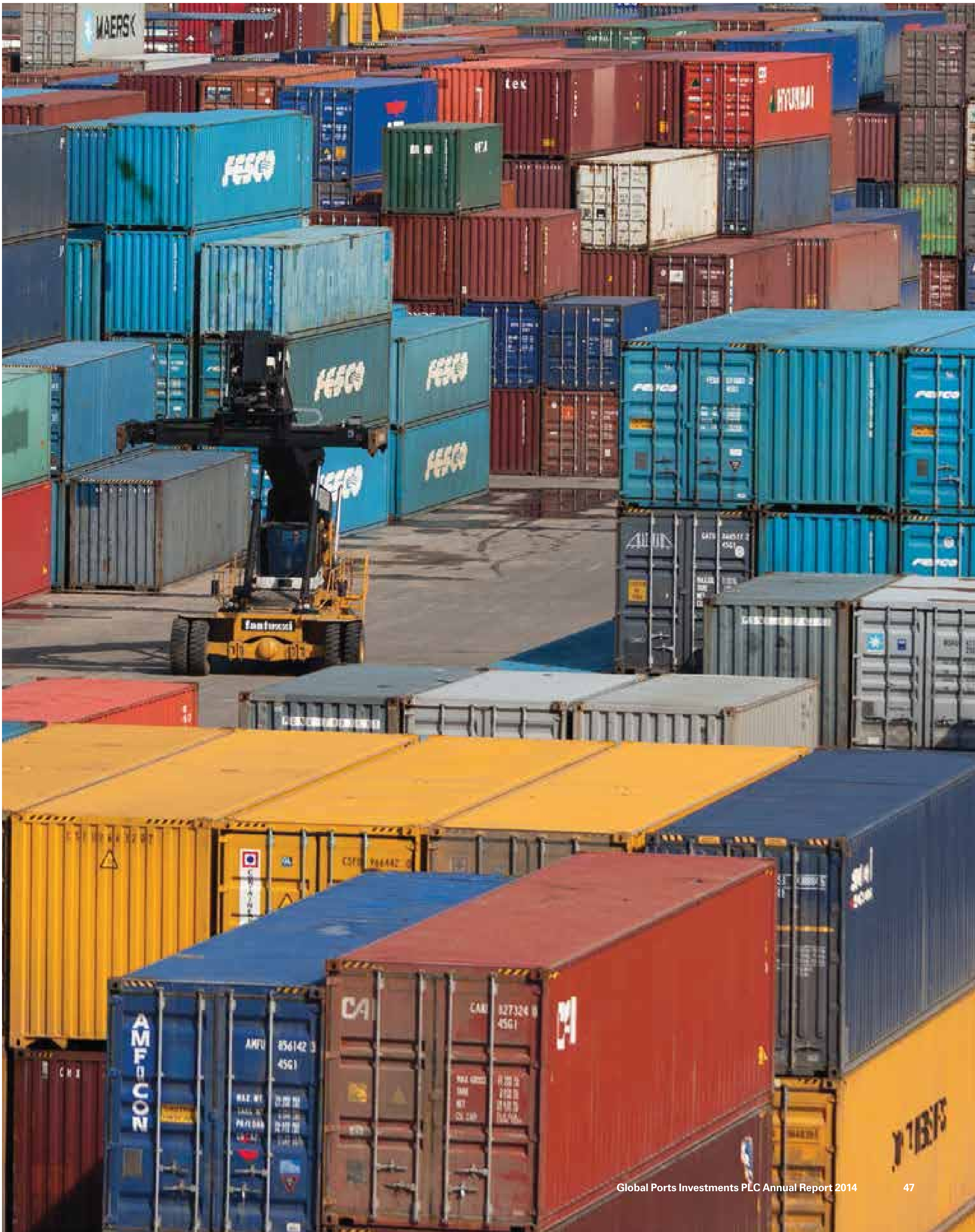
- The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs;
- The Group is exposed to risks in connection with its interests in joint venture and strategic partnership businesses;
- Adverse determination of pending and potential legal actions involving the Company's subsidiaries could have an adverse effect on the Group's business, revenues and cash flows and the price of the GDRs; and
- 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 ruble 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 (mainly debt) denominated in foreign currency;
- 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; and
- The Group's indebtedness or the enforcement of certain provisions of its financing arrangements could affect its business or growth prospects.

General Business Risks

- The Group's inability to maintain and monitor labour relations with Labour Unions; and
- Failure of information systems to adequately protect critical data and infrastructure from theft, corruption and unauthorised usage.




PETROLESPORT
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Financial Statements

Directors' Report and Consolidated Financial Statements
for the year ended 31 December 2014

Contents

Board of Directors and Other Officers

Board of Directors

Mr. Tiemen Meester (appointed 23 January 2013)
(Mrs. Iana Boyd Penkova is the alternate to Mr. Tiemen Meester)
Chairman of the Board of Directors since 16 December 2014
Non-Executive Director
Member of Remuneration and Nomination Committees

Mr. Nikita Mishin (appointed 15 December 2008)
(Mr. Mikhail Loganov is the alternate to Mr. Nikita Mishin)
Vice-Chairman of the Board of Directors since 16 December 2014
Chairman of the Board of Directors until 16 December 2014
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 until 16 December 2014
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. Alexander Iodchin (appointed 15 August 2008)
Executive Director
Member of Nomination Committee

Mr. Mikhail Loganov (appointed 15 December 2008)
Executive Director
Chief Financial Officer

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

Ms. Laura Michael (appointed 23 January 2013)
(Ms. Chrystalla Stylianou is the alternate to Ms. Laura Michael)
Non-Executive Director

Board of Directors and Other Officers continued

Board of Directors continued

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

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

Mr. Michalakis Christofides (appointed 30 July 2014)
Non-Executive Director

Mr. Vadim Kryukov (appointed 30 July 2014)
Non-Executive Director

Mr. Michalis Thomaides (resigned on 30 July 2014)
Executive Director

Mr. Georgios Sofocleous (resigned on 30 July 2014)
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 2014. 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 loss of the Group for the year ended 31 December 2014 was US$(197,322) thousand (2013: net profit US$114,067 thousand). On 31 December 2014 the total assets of the Group were US$1,913,562 thousand (2013: US$3,276,810 thousand) and the net assets were US$391,727 thousand (2013: US$1,192,677 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

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 does not recommend the payment of the final dividends for 2014.

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 2014 the Company declared dividends in the total amount of US$34.39 million (US$0.06 per share). Dividends amounting to US$48.49 million were paid during 2014 including US$14.1 million dividends declared in 2013 and paid in 2014.

The Board of Directors of the Company does not recommend the payment of a final dividend for the year 2014.

During the year 2013 the Company 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.

Share Capital

Authorised 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.

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 to refresh the Board on a regular basis.

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

Mr. Michalakis Christofides and Mr. Vadim Kryukov were appointed as Non-Executive Directors on 30 July 2014. Mr. Michalis Thomaides and Mr. Georgios Sofocleous resigned on the same date. All other Directors were members of the Board throughout the year ended 31 December 2014.

On 16 December 2014 the Board of Directors of GPI elected Mr. Tiemen Meester as the Chairman of the Board of Directors and Mr. Nikita Mishin as the Vice-Chairman of the Board of Directors. Mr. Kim Fejfer resigned from his position as Vice-Chairman of the Board of Directors on the same date.

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 Meetings held on 29 April 2013 and 29 April 2014 all current Directors except Mr. Michalakis Christofides and Mr. Vadim Kryukov will continue in office. Mr. Michalakis Christofides and Mr. Vadim Kryukov 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 2014 except for the rotation of the Chairman and Vice-Chairman of the Board of Directors.

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 2014 and 31 December 2013 are shown below:

Name	Type of holding	Shares held at 31 December 2014	Shares held at 31 December 2013
Nikita Mishin	Through shareholding in Transportation Investments Holding Limited and other related entities	**39,731,086 ordinary shares**	39,731,086 ordinary shares
		15,488,390 ordinary non-voting shares	15,488,390 ordinary non-voting shares

Report of the Board of Directors continued

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 2014 the Board met formally 15 (2013: 18) times to review current performance and to discuss and approve important business decisions. In 2014 the Board met to discuss and approve important business decisions:

a. Consideration and approval of the Group restructuring post NCC acquisition;
b. Consideration and approval of the 2013 financial statements;
c. Consideration and approval of 2015 financial budget;
d. Review of segments financial and operational performance;
e. Consideration and approval of the rotation of the Chairman and Vice-Chairman of the Board of Directors;
f. Consideration and approval of dividends;
g. Consideration and approval of investment opportunities;
h. Consideration and approval of major capital expenditures and operating expenditures;
i. Consideration and approval of various resolutions related to the operations of the Company's subsidiaries and joint-ventures.

The number of Board and Board Committee meetings held in the year 2014 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	7	7	–	–	–	–	–	–
Alexander Iodchin	15	15	2	2	–	–	–	–
Bryan Smith	15	15	2	2	6	6	–	–
Nikita Mishin	11	15	2	2	6	6	–	–
Alexander Nazarchuk	15	15	–	–	–	–	–	–
Mikhail Loganov	11	15	–	–	–	–	–	–
Konstantin Shirokov	15	15	–	–	–	–	9	9
Siobhan Walker	14	15	–	–	–	–	9	9
Kim Fejfer	14	15	2	2	5	6	8	9
Tiemen Meester	15	15	2	2	6	6	9	9
Laura Michael	13	15	–	–	–	–	–	–
Georgios Sofocleous	7	7	–	–	–	–	–	–
Chrystalla Stylianou	14	15	–	–	–	–	–	–
Constantinos Economides	11	15	–	–	–	–	–	–
Vadim Kryukov	8	8	–	–	–	–	–	–
Michalakis Christofides	8	8	–	–	–	–	–	–

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

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 comprises of three Non-Executive Directors, and meets at least four times a year. The Audit and Risk Committee is chaired by Mrs. Siobhan Walker (an Independent Non-Executive Director) and the other members are Mr. Konstantin Shirokov and Mr. Kim Fejfer. Mr. Tiemen Meester resigned from the Audit and Risk Committee after his appointment as the Chairman of the Board of Directors. 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 2014 the Audit and Risk Committee met 9 times to review and discuss inter alia:

a. Review of the parent financial statements of Global Ports Investments Plc and consolidated financial statements of the Group for 2013 and recommendation for approval of the same to the Board;
b. Review of the interim condensed consolidated financial statements for the six month period ended 30 June 2014 and recommendation for approval to the Board;
c. Review of the press releases containing financial information;
d. Review of the reports prepared by external auditors on significant matters arising from their audit and review procedures;
e. Review of the fees and terms of engagement of external auditors and recommendation for their approval;
f. Consideration and approval of non-audit services provided by the external auditors and their fees;
g. 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.

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 and Mr. Tiemen Meester. 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.

Report of the Board of Directors continued

The Board Committees continued

In 2014 the Nomination Committee met two times to discuss and recommend to the Board the reappointment of existing and appointment of the new Directors.

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 and Mr. Tiemen Meester. The Committee is responsible for determining and reviewing 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 2014 the Remuneration Committee met six 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 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 2015 and the latest forecasts, 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

Tiemen Meester
Chairman of the Board of Directors

Limassol
13 March 2015

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 85 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

Mikhail Loganov
Director

Alexander Iodchin
Director

Limassol
13 March 2015

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"), its subsidiaries and joint ventures (together with the Company, the "Group"), which comprise the consolidated balance sheet as at 31 December 2014, 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
To the Members of Global Ports Investments Plc continued

Report on the Consolidated Financial Statements 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 2014, 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.

Tasos Nolas
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
Limassol, 13 March 2015

Consolidated Income Statement
for the year ended 31 December 2014

(in thousands of US dollars)	Note	For the year ended 31 December 2014	2013 Restated*
Revenue	5	**562,382**	332,244
Cost of sales	6	**(231,476)**	(136,979)
Gross profit		**330,906**	195,265
Administrative, selling and marketing expenses	6	**(55,169)**	(45,595)
Share of (loss)/profit of joint ventures accounted for using the equity method	27	**(7,653)**	16,880
Other gains/(losses) – net	7	**10,539**	2,801
Operating profit		**278,623**	169,351
Finance income	9	**1,276**	4,350
Finance costs	9	**(90,481)**	(15,455)
Net foreign exchange losses on financial activities	9	**(418,543)**	(8,766)
Finance costs – net	9	**(507,748)**	(19,871)
(Loss)/profit before income tax		**(229,125)**	149,480
Income tax credit/(expense)	10	**31,803**	(35,413)
(Loss)/profit for the year		**(197,322)**	114,067
Attributable to:			
Owners of the Company		**(193,140)**	114,120
Non-controlling interest		**(4,182)**	(53)
		(197,322)	114,067
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	**(0.34)**	0.24

* See Note 2, Basis of consolidation, (c) for further details.

The notes on pages 19 to 85 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2014

(in thousands of US dollars)	Note	For the year ended 31 December 2014	2013 Restated*
Profit for the year		**(197,322)**	114,067
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(491,502)**	(42,349)
Share of currency translation differences of joint ventures accounted for using the equity method	27	**(52,213)**	4,491
Fair value losses on cash flow hedge		**(84,088)**	–
Reclassification to income statement of realised gains on cash flow hedge		**(391)**	–
Total items that can be reclassified subsequently to profit or loss		**(628,194)**	(37,858)
Other comprehensive (loss)/income for the year, net of tax		**(628,194)**	(37,858)
Total comprehensive (loss)/income for the year		**(825,516)**	76,209
Total comprehensive income attributable to:			
Owners of the Company		**(808,578)**	76,441
Non-controlling interest		**(16,938)**	(232)
Total comprehensive income for the year		**(825,516)**	76,209

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

* See Note 2, Basis of consolidation, (c) for further details.

The notes on pages 19 to 85 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 December 2014

(in thousands of US dollars)	Note	As at 31 December 2014	As at 31 December 2013 Restated*	As at 1 January 2013 Restated*
ASSETS				
Non-current assets		**1,780,039**	3,024,855	1,012,039
Property, plant and equipment	14	**732,235**	1,326,338	700,905
Intangible assets	15	**822,247**	1,441,140	54,072
Investments in joint ventures	27	**188,340**	231,019	223,936
Prepayments for property, plant and equipment	14	**4,431**	10,980	30,544
Deferred tax assets	25	**30,701**	517	–
Trade and other receivables	19	**2,085**	14,861	2,582
Current assets		**133,523**	251,955	176,802
Inventories	18	**4,996**	7,583	4,406
Trade and other receivables	19	**41,258**	126,649	94,069
Income tax receivable		**8,461**	3,515	392
Bank deposits with maturity over 90 days	20	**–**	989	–
Cash and cash equivalents	21	**78,808**	113,219	77,935
TOTAL ASSETS		**1,913,562**	3,276,810	1,188,841
EQUITY AND LIABILITIES				
Total equity		**391,727**	1,192,677	819,286
Equity attributable to the owners of the Company		**366,316**	1,208,030	816,774
Share capital	22	**57,317**	57,317	47,000
Share premium	22	**923,511**	923,511	454,513
Capital contribution		**101,300**	101,300	101,300
Translation reserve		**(686,761)**	(155,802)	(118,123)
Cash flow hedge reserve		**(84,479)**	–	
Transactions with non-controlling interest	31	**(209,122)**	(210,376)	(210,376)
Retained earnings		**264,550**	492,080	542,460
Non-controlling interest		**25,411**	(15,353)	2,512
Total liabilities		**1,521,835**	2,084,133	369,555
Non-current liabilities		**1,376,266**	1,679,272	276,656
Borrowings	23	**1,073,668**	1,230,925	193,892
Derivative financial instruments	24	**102,840**	26,069	–
Deferred tax liabilities	25	**199,758**	422,278	82,764
Current liabilities		**145,569**	404,861	92,899
Borrowings	23	**109,975**	206,388	56,592
Trade and other payables	26	**24,675**	197,011	34,854
Current income tax liabilities		**10,919**	1,462	1,453
TOTAL EQUITY AND LIABILITIES		**1,913,562**	3,276,810	1,188,841

On 13 March 2015 the Board of Directors of Global Ports Investments Plc authorised these consolidated financial statements for issue.

Alexander Iodchin
Director

Mikhail Loganov
Director

* See Note 2, Basis of consolidation, (c) for further details.

The notes on pages 19 to 85 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2014

(in thousands of US dollars)	Note	Attributable to the owners of the Company: Share capital	Share premium	Capital contribution	Translation reserve	Cash flow hedge reserve	Transactions with non-controlling interest	Retained earnings*	Total	Non-controlling interest	Total
Balance at 1 January 2013 (Restated**)		47,000	454,513	101,300	(118,123)	–	(210,376)	542,460	816,774	2,512	819,286
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 (Restated**)		57,317	923,511	101,300	(155,802)	–	(210,376)	492,080	1,208,030	(15,353)	1,192,677
Total other comprehensive loss		**–**	**–**	**–**	**(530,959)**	**(84,479)**	**–**	**–**	**(615,438)**	**(12,756)**	**(628,194)**
Loss for the year		**–**	**–**	**–**			**–**	**(193,140)**	**(193,140)**	**(4,182)**	**(197,322)**
Total comprehensive income for the year ended 31 December 2014		**–**	**–**	**–**	**(530,959)**	**(84,479)**	**–**	**(193,140)**	**(808,578)**	**(16,938)**	**(825,516)**
Transactions with non-controlling interest	31(b)	**–**	**–**	**–**	**–**	**–**	**1,254**	**–**	**1,254**	**(1,257)**	**(3)**
Conversion of borrowings to share capital in a subsidiary with non-controlling interest	31(a)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**58,959**	**58,959**
Distributions to shareholders	13	**–**	**–**	**–**	**–**	**–**	**–**	**(34,390)**	**(34,390)**	**–**	**(34,390)**
Total transactions with owners for the year ended 31 December 2014		**–**	**–**	**–**	**–**	**–**	**1,254**	**(34,390)**	**(33,136)**	**57,702**	**24,566**
Balance at 31 December 2014		**57,317**	**923,511**	**101,300**	**(686,761)**	**(84,479)**	**(209,122)**	**264,550**	**366,316**	**25,411**	**391,727**

* Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends.
** See Note 2, Basis of consolidation, (c) for further details. There is no effect in prior year period opening reserves from the adoption of IFRS 11 "Joint Arrangements".

The notes on pages 19 to 85 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2014

(in thousands of US dollars)	Note	For the year ended 31 December 2014	2013 Restated*
Cash flows from operating activities			
Profit before income tax		**(229,125)**	149,480
Adjustments for:			
Depreciation of property, plant and equipment	14	**75,902**	42,440
(Loss)/profit on sale of property, plant and equipment	14	**323**	(369)
Write off of property, plant and equipment	14	**2,413**	–
Amortisation of intangible assets	15	**24,268**	5,720
Interest income	9	**(1,276)**	(4,350)
Interest expense	9	**90,481**	15,455
Share of (loss)/profit in jointly controlled entities	27	**7,653**	(16,880)
Foreign exchange differences on non-operating activities		**438,029**	10,845
Other non-cash items		**1,170**	5
Operating cash flows before working capital changes		**409,838**	202,346
Changes in working capital			
Inventories		**(49)**	(675)
Trade and other receivables		**(2,924)**	(1,875)
Trade and other payables		**(18,495)**	18,956
Cash generated from operations		**388,370**	218,752
Dividends received from joint ventures		**9,535**	70,325
Income tax paid		**(62,690)**	(37,491)
Net cash from operating activities		**335,215**	251,586
Cash flows from investing activities			
Cash outflow for acquisitions of subsidiaries – net of cash acquired	30	**–**	(177,648)
Contingent consideration paid	30(d)	**(61,603)**	–
Purchase of shareholdings from non-controlling interests	31(b)	**(3)**	–
Purchases of intangible assets	15	**(211)**	(121)
Purchases of property, plant and equipment	5	**(23,568)**	(62,783)
Proceeds from sale of property, plant and equipment	14	**1,743**	1,029
Loans granted to related parties	32(h)	**(12,486)**	(19,620)
Loan repayments received from related parties		**504**	1,344
Interest received		**1,308**	1,198
Cash from bank deposits with maturity over 90 days		**989**	–
Net cash used in investing activities		**(93,327)**	(256,601)
Cash flows from financing activities			
Proceeds from borrowings		**367,308**	282,997
Repayments of borrowings		**(460,812)**	(54,728)
Interest paid		**(92,151)**	(14,962)
Proceeds from the issue of shares by a subsidiary to non-controlling interest	31(a)	**12,827**	–
Finance lease principal payments (third parties)		**(12,288)**	(17,976)
Expenses in relation to issued shares	30	**–**	(1,461)
Dividends paid to the owners of the Company	13	**(48,490)**	(150,400)
Net cash from financing activities		**(233,606)**	43,470
Net increase in cash and cash equivalents		**8,282**	38,455
Cash and cash equivalents at beginning of the year		**113,219**	77,935
Exchange losses on cash and cash equivalents		**(42,693)**	(3,171)
Cash and cash equivalents at end of the year	21	**78,808**	113,219

* See Note 2, Basis of consolidation, (c) for further details.

The notes on pages 19 to 85 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 13 March 2015.

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.

Composition of the Group and its joint ventures

The Group's terminals are located in the Baltic and Far East Basins, key regions for foreign trade cargo flows. The Group operates:

- five container terminals in Russia – Petrolesport, First Container Terminal, Ust-Luga Container Terminal and Moby Dik in the St. Petersburg and Ust-Luga port cluster, and Vostochnaya Stevedoring Company in Vostochny Port,
- two container terminals in Finland – Multi-Link Terminals Helsinki and Multi-Link Terminals Kotka,
- inland Yanino Logistics Park and inland Logistika-Terminal, both located in the vicinity of St. Petersburg,
- oil product terminal AS Vopak EOS that is located in Estonia

See also Note 5 for the description of segmental information of the Group.

The Company fully controls all of the above terminals except for as described below:

- MLT and CD Holding groups are joint ventures with Container Finance OY where the Company has 75% effective ownership interest (Note 27). Moby Dik (a container terminal in the vicinity of St. Petersburg) and Multi-Link Terminals (a container terminal in Vuosaari (near Helsinki, Finland) and a container terminal in Kotka, Finland) constitute MLT group. Yanino Logistics Park (an inland container terminal in the vicinity of St. Petersburg), CD Holding and some other entities constitute CD Holding group.
- AS Vopak EOS and its subsidiaries (VEOS) is a joint venture with Royal Vopak, world's largest independent tank storage provider, specialised in the storage and handling of liquid chemicals, gasses and oil products, where the Company has 50% effective ownership interest (Note 27). VEOS facilities are located in Estonia.
- Ust-Luga Container Terminal (located in Ust-Luga, North-West Russia) is an 80% subsidiary where Eurogate, one of the leading container terminal operators in Europe has 20% non-controlling interest (Note 31).

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) that are effective as at 1 January 2014 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.

New and amended standards adopted by the Group

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 2014. This adoption did not have a material effect on the accounting policies of the Group with the exception of the adoption of the amendments in IAS 27 – "Separate Financial Statements" and IAS 28 – "Investments in Associates and Joint ventures", IFRS 10 – "Consolidated Financial Statements", IFRS 11 – Joint Arrangements" and IFRS 12 – Disclosures of Interests in other Entities". The adoption of IFRS 11, 'Joint arrangements' resulted in significant changes in the accounting policies applied by the Group. The changes that have a material effect on the current and prior year period are disclosed in Note 2 paragraph "Basis of consolidation – (c) Joint ventures".

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 2014, 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

– IFRIC 21 – Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014; EU effective date 1 January 2015). 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. The Group has not yet assessed the impact of the adoption of IFRIC 21 in its financial statements.

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies 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; EU effective date 1 January 2016). 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 Group is currently assessing the impact of the amendments on its financial statements.
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014; EU effective date 1 January 2015). The improvements consist of changes to four standards. 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. The Group is currently assessing the impact of the amendments on its financial statements.

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

- IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:
  - Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
  - Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
  - Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
  - 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.
  - IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
  - 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.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies continued

- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

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.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies continued

Prior to 1 January 2014, the Group's interests in jointly controlled entities (VEOS and MLT and CD groups) were accounted for by using the proportionate method of consolidation. According to this method of accounting, the Group combined 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 recognised 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. Unrealised gains on transactions between the Group and its joint venturers were eliminated to the extent of the Group's interest in the joint venture. Unrealised losses were also eliminated unless the transaction provided evidence of an impairment of the asset transferred.

The Group has applied the new policy for interests in joint ventures occurring on or after 31 December 2013 in accordance with the transitional provisions of IFRS 11. The Group recognised its investments in joint ventures at the beginning of the earliest period presented (1 January 2013), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the carrying amount of the Group's investments in joint ventures by applying equity accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group applies the requirements of IAS 39 to determine whether any additional impairment loss needs to be recognised in respect of loans given to joint ventures.

The Group's share of losses in a joint venture is first allocated against the Group's investment in the joint venture and then to any other Long-term interests that in substance form part of the Group's net investment.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The change in accounting policy has been applied as from 1 January 2013. There is no impact on the net assets of the periods presented.

Investments in joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. Value in use is calculated by estimating the Group's share of the present value of the estimated future cash flows expected to be generated from the asset, including the cash flows from the operations of the asset and the proceeds from the ultimate disposal of the asset. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Management has concluded that all of its joint ventures qualify as joint ventures and not as joint operations. Management and has prepared a summary of the financial effects of the change in accounting policies on the consolidated balance sheet of the Group at 1 January 2013, 31 December 2013 and 31 December 2014, on the consolidated income statement, consolidated other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2013 and 31 December 2014. According to the requirements of the standard the comparative figures as of 1 January 2013 have been also presented in the consolidated balance sheet.

Impact of change in accounting policy on consolidated balance sheet:

(in thousands of US dollars)	As at 31 December 2013	As at 1 January 2013
Property, plant and equipment	(218,181)	(227,138)
Intangible assets	(114,099)	(116,253)
Investments in joint ventures	231,019	223,936
Prepayments for property, plant and equipment	(178)	(30)
Trade and other receivables	(15,906)	26,563
Inventories	(1,719)	(1,579)
Income tax receivable	(107)	(10)
Bank deposits with maturity over 90 days	(9,951)	(13,854)
Cash and cash equivalents	(8,364)	(11,709)
TOTAL ASSETS	(137,486)	(120,074)
Borrowings	(114,070)	(82,625)
Derivative financial instruments	–	–
Deferred tax liabilities	(1,804)	(8,628)
Trade and other payables	(18,956)	(14,712)
Current income tax liabilities	(2,656)	(14,109)
TOTAL LIABILITIES	(137,486)	(120,074)
TOTAL NET ASSETS	–	–

Impact of change in accounting policy on consolidated income statement and other comprehensive income:

(in thousands of US dollars)	Year ended 31 December 2013
Increase/(decrease)	
Revenue	(147,709)
Cost of sales	101,193
Administrative, selling and marketing expenses	9,912
Other gains/(losses) – net	(447)
Finance costs – net	18,647
Share of profit of joint venture accounted for using the equity method	16,880
Profit before income tax	(1,524)
Income tax expense	1,524
Profit for the year	–
Other comprehensive income	–
Earnings per share	–

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies continued

Impact of change in accounting policy on consolidated cash flow statement:

(in thousands of US dollars)	Year ended 31 December 2014	Year ended 31 December 2013
Increase/(decrease)		
Cash flows from operating activities	**(42,505)**	32,007
Cash flows from investing activities	**25,265**	(8,904)
Cash flows from financing activities	**8,751**	(20,584)
Net (decrease)/increase in cash and bank overdrafts	**(8,489)**	2,519

The balance sheet as at 31 December 2014 and consolidated income statement and other comprehensive income for the year ended 31 December 2014 of the Group calculated using proportional consolidation method and the impact from the change in accounting policy to equity method are presented in Note 5.

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 container handling, general cargoes handling, ro-ro cargoes handling, reefer cargoes handling, oil products 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.

(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.

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies continued

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

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 at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisition of joint ventures is included in the carrying amount of the Group's investment in the joint venture (refer to Note 2, Basis of consolidation, (c)). 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 (11 years).

(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 40 to 59 years as of 31 December 2014) 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 (refer to accounting policy for intangible assets in relation to the impairment of goodwill) 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.

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies continued

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.

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.

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.

Notes to the Consolidated Financial Statements continued

2 Basis of Preparation and Summary of Significant Accounting Policies continued

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.

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.

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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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 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).

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.

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 analysis does 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 analysis 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. Currently the long-term debt of the Group is denominated in US dollars and Russian rubles. The US dollar and Euro interest rates are relatively more attractive compared to the Russian ruble interest rate. The whole amount of the long-term debt of the Group originates from companies operating in Russia (Russian operations). The revenues of Russian operations are mainly priced in US Dollars and Russian rubles, whereas most of expenses are denominated and settled in Russian rubles.

The analysis below does not cover borrowings in joint ventures as they are not included in the financial position of the Group.
The carrying amount of financial assets and liabilities in Russian operations denominated in US dollars are as follows:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Assets	**66,461**	79,235
Liabilities	**1,056,599**	1,156,897
Capital commitments	**–**	–

Had US dollar exchange rate strengthened/weakened by 30% against the Russian ruble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2014, would have (decreased)/increased by US$237,633 thousand (2013: 15% change, effect US129,319 thousand) and the equity would have (decreased)/increased by US$266,950 thousand (2013: 15% change, effect US129,319 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.

The carrying amount of financial assets and liabilities in Russian operations denominated in Euros as at 31 December 2014 and 31 December 2013 are as follows:

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Assets	**372**	452
Liabilities	**–**	10,772
Capital commitments	**7,870**	12,290

Had Euro exchange rate strengthened/weakened by 30% against the Russian ruble and all other variables remained unchanged, the post-tax profit and the equity of the Group for the year ended 31 December 2014, would have (decreased)/increased by US$89 thousand (2013: 15% change, effect US$1,238 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.

(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 maximising the estimated future profit. Had market interest rates on US dollars, Euro and Russian ruble 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$10,042 thousand for the year ended 31 December 2014 (2013: US$10,895 thousand).

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 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 and economically feasible by ensuring the Group has financial liabilities with both floating and fixed interest rates.

Notes to the Consolidated Financial Statements continued

3 Financial Risk Management continued

(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 56% and 53% of the Group's revenue for the year ended 31 December 2014 and 2013, 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 2014					
Trade receivables	22,061	2,411	–	–	24,472
Loans receivable	2,464	–	–	–	2,464
Other receivables	7,366	–	–	–	7,366
Total	31,891	2,411	–	–	34,302
As at 31 December 2013 (restated)					
Trade receivables	28,396	3,105	–	–	31,501
Loans receivable	14,944	–	–	–	14,944
Other receivables	73,412	54	–	–	73,466
Bank deposits with maturity over 90 days	989	–	–	–	989
Total	117,741	3,159	–	–	120,900

(c) Liquidity risk

Management controls current liquidity based on expected cash flows and expected revenue receipts.

Cash flow forecasting is performed at the level of operating entities of the group and at consolidated level by group finance. Group finance monitors forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs as well as scheduled debt service while maintaining sufficient headroom to ensure that the group does not breach covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration potential variations in operating cash flows due to market conditions, the group's debt repayments and covenant compliance. Taking into account expected levels of operating cash flows, availability of cash and cash equivalents and bank deposits over 90 days amounting to US$78,808 thousand (31 December 2013: US$114,208 thousand) (Note 20 and Note 21) the Group has the ability to meet its liabilities as they fall due and mitigate risks of adverse changes in the financial markets environment.
The management of the Group believes that it is successfully managing the exposure of the Group to liquidity risk.

The table below summarises the analysis of financial liabilities by maturity as of 31 December 2014 and 2013. 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 2014								
Borrowings	**6,081**	**32,195**	**36,134**	**70,224**	**157,016**	**805,729**	**272,410**	**1,379,789**
Trade and other payables	**4,533**	**9,694**	**–**	**–**	**–**	**–**	**–**	**14,227**
Derivative financial instruments	**–**	**(5,248)**	**(3,756)**	**(6,074)**	**55,176**	**62,742**	**–**	**102,840**
Total	**10,614**	**36,641**	**32,378**	**64,150**	**212,192**	**868,471**	**272,410**	**1,496,856**
As at 31 December 2013 (restated)								
Borrowings	14,032	49,289	60,234	172,937	191,259	829,775	571,535	1,889,061
Trade and other payables	67,731	38,292	51	64,333	–	–	–	170,407
Derivative financial instruments	–	(1,431)	(1,451)	(1,899)	(3,619)	34,469	–	26,069
Total	81,763	86,150	58,834	235,371	187,640	864,244	571,535	2,085,537

(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 equity 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:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Total borrowings	**1,183,643**	1,437,313
Total capitalisation	**1,575,370**	2,629,990
Total borrowings to total capitalisation ratio (percentage)	**75%**	55%

Notes to the Consolidated Financial Statements continued

3 Financial Risk Management 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 is disclosed in Note 24. It is valued using Level 2 from the table above.

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 and intangible assets

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$732,235 thousand (31 December 2013: US$1,326,338 thousand). If depreciation rates were increased by 10%, the carrying amount of property, plant and equipment would decrease by around US$7,590 thousand (2013: US$4,244 thousand).

(ii) Determination of useful lives of contractual rights

The estimation of the useful lives of lease contractual rights is a matter of judgement based on experience with similar occasions. The remaining useful lives of contractual rights vary from 37 to 58 years as at 31 December 2014. In determining the useful lives management takes into account several factors such as applicable laws and regulations, the ability of renewal of such contractual rights and the date of expiration of the contractual agreements. If the amortisation period was reduced by 10% the carrying amount would decrease by around US$2,427 thousand (2013: US$572 thousand).

(iii) Estimated impairment of goodwill and property, plant and equipment and investments in joint ventures

The Group follows its accounting policies to test goodwill and other non-financial assets for possible impairment or reversal of impairment.

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, discount rates, 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 and also taking into account developments within the Russian Federation, the Group performed a test of the estimated recoverable amount of the cash-generating units (CGUs), compared to their carrying value.

For all CGUs, except for ULCT, cash flow projections cover a period of five years based on the assumptions of the next 12 months. In case of ULCT cash flow projections cover nine year period reflecting the fact that this terminal started its operations recently and still remains in its ramp-up stage. Cash flows beyond that five-year (nine-year period in case of ULCT) 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 segments terminal growth rate of 3% has been applied (2013: 3%). For projections prepared for VEOS CGU as at 31 December 2014 a terminal growth rate of 2% was applied (2013: 2%). The discount rate applied for Russian ports CGUs in projections prepared as at 31 December 2014 is 12.9% (2013: 11.6%), for VEOS the discount rate is 10.1% (2013: 10.2%).

Key assumptions for all CGUs are throughput volume, price per unit, growth rates, and discount rates. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. The growth rates for VEOS revenues are conservatively estimated to be very moderate in view of the competitive nature. For CGUs in Russian ports (except for ULCT) 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.

Based on the results of the impairment tests carried out in 2014, 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.

For all units except for ULCT management believes that any reasonably possible change in the key assumptions on which these units' recoverable amounts are based would not cause carrying amounts of these units to exceed their recoverable amounts. For ULCT CGU minor changes in any of the above mentioned parameters may lead to substantial changes in the recoverable amount of this CGU.

In ULCT, the recoverable amount calculated based on value in use exceeded carrying value by US$24 million. A decrease of handling volumes by 2.1% each year as opposed to volume projections used by the management or an increase of discount rate by 1.6% or a decrease in the average price per unit by 8% each year as opposed to the used in projections would remove the remaining headroom.

Notes to the Consolidated Financial Statements continued

4 Critical Accounting Estimates and Judgements continued

(iv) Tax legislation

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

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 with the exclusion of joint ventures. For the purposes of the internal reporting, joint ventures are assessed on a 100% ownership basis. Therefore there are no changes in the basis of measurement of segment profit or loss compared to prior years.

Assets are allocated based on the operations of the segment and the physical location of the asset.

For segmental reporting purposes the Group's consolidated financial position and consolidated results are continued to be presented by using the proportionate consolidation in relation to interests in jointly controlled entities (VEOS and MLT and CD groups).

According to this method of accounting, the Group combined 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 recognised 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. Unrealised gains on transactions between the Group and its joint venturers were eliminated to the extent of the Group's interest in the joint venture. Unrealised losses were also eliminated unless the transaction provided evidence of an impairment of the asset transferred.

Thus the segmental information was not affected by the accounting policy change explained in Note 2, Basis of consolidation, (c). There are additional disclosures to reconcile the segmental information with the income statement and the balance sheet.

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: ZAO First Container Terminal (FCT), ZAO Logistika-Terminal (LT), OAO Ust-Luga Container 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 VEOS, various other entities and the intermediate holding company that own and manage an oil products terminal in Muuga port near Tallinn, Estonia.

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 transactions between other segments which mainly relate to management and financing activities.

Notes to the Consolidated Financial Statements continued

5 Segmental Information continued

The segment results for the year ended 31 December 2014 are as follows:

(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Sales to third parties	602,112	116,522	24,028	742,662	–	(74,210)	–	668,452
Inter-segment revenue	125	–	102	227	–	(25)	(202)	–
Total revenue	602,237	116,522	24,130	742,889	–	(74,235)	(202)	668,452
Cost of sales	(274,697)	(87,043)	(21,992)	(383,732)	–	59,834	77	(323,821)
Administrative, selling and marketing expenses	(30,615)	(9,864)	(1,115)	(41,594)	(29,156)	6,317	122	(64,311)
Other gains – net	12,053	253	166	12,472	8,058	(388)	(8,692)	11,450
Operating profit	308,978	19,868	1,189	330,035	(21,098)	(8,472)	(8,695)	291,770
Finance costs – net	(572,133)	(2,352)	(4,926)	(579,411)	(5,961)	20,267	78	(565,027)
incl. interest income	7,057	38	–	7,095	6,470	(63)	(12,158)	1,344
incl. interest expenses	(98,383)	(2,470)	(1,699)	(102,552)	(8,679)	3,605	12,158	(95,468)
Profit before income tax	(263,155)	17,516	(3,737)	(249,376)	(27,059)	11,795	(8,617)	(273,257)
Income tax expense	25,631	–	(172)	25,459	(1,391)	1,935	–	26,003
Profit after tax	(237,524)	17,516	(3,909)	(223,917)	(28,450)	13,730	(8,617)	(247,254)
CAPEX* on cash basis	25,183	6,768	325	32,276	74	(3,888)	–	28,462

* CAPEX is purchases of property, plant and equipment.

Included within 'Other adjustments' on the line 'Other gains – net' is the elimination of intragroup dividends.

The reconciliation of results for the year ended 31 December 2014 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of USD)	Group as per proportionate consolidation	Equity method adjustments	Group as per equity method consolidation of joint ventures
Sales to third parties	**668,452**	**(106,070)**	**562,382**
Inter-segment revenue	**–**	**–**	**–**
Total revenue	**668,452**	**(106,070)**	**562,382**
Cost of sales	**(323,821)**	**92,345**	**(231,476)**
Administrative, selling and marketing expenses	**(64,311)**	**9,142**	**(55,169)**
Share of profit/(loss) of joint ventures accounted for using the equity method	**–**	**(7,653)**	**(7,653)**
Other gains – net	**11,450**	**(911)**	**10,539**
Operating profit	**291,770**	**(13,147)**	**278,623**
Finance costs – net	**(565,027)**	**57,279**	**(507,748)**
incl. interest income	**1,344**	**(68)**	**1,276**
incl. interest expenses	**(95,468)**	**4,987**	**(90,481)**
Profit before income tax	**(273,257)**	**44,132**	**(229,125)**
Income tax expense	**26,003**	**5,800**	**31,803**
Profit after tax	**(247,254)**	**49,932**	**(197,322)**
CAPEX on cash basis	**28,462**	**(4,894)**	**23,568**

Notes to the Consolidated Financial Statements continued

5 Segmental Information continued

The segment items operating expenses for the year ended 31 December 2014 are as follows:

(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Depreciation of property, plant and equipment	82,900	25,606	2,844	111,350	53	(15,277)	–	96,126
Amortisation of intangible assets	24,614	1,284	–	25,898	–	(729)	–	25,169
Impairment of property, plant and equipment	17,960	–	–	17,960	–	(4,490)	–	13,470
Staff costs	84,236	20,589	8,478	113,303	22,092	(14,426)	–	120,969
Transportation expenses	12,665	22,878	3,632	39,175	–	(12,807)	–	26,368
Fuel, electricity and gas	14,506	15,848	1,011	31,365	12	(8,677)	–	22,700
Repair and maintenance of property, plant and equipment	14,914	3,093	1,649	19,656	6	(2,536)	–	17,126
Total	251,795	89,298	17,614	358,707	22,163	(58,942)	–	321,928
Other operating expenses	53,517	7,609	5,493	66,619	6,993	(7,209)	(199)	66,204
Total cost of sales, administrative, selling and marketing expenses	305,312	96,907	23,107	425,326	29,156	(66,151)	(199)	388,132

The reconciliation of operating expenses for the year ended 31 December 2014 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of USD)	Group as per proportionate consolidation	Equity method adjustments	Group as per equity method consolidation of joint ventures
Depreciation of property, plant and equipment	96,126	(20,224)	75,902
Amortisation of intangible assets	25,169	(901)	24,268
Impairment of property, plant and equipment	13,470	(13,470)	–
Staff costs	120,969	(22,689)	98,280
Transportation expenses	26,368	(15,542)	10,826
Fuel, electricity and gas	22,700	(10,183)	12,517
Repair and maintenance of property, plant and equipment	17,126	(4,513)	12,613
Total	321,928	(87,522)	234,406
Other operating expenses	66,204	(13,965)	52,239
Total cost of sales, administrative, selling and marketing expenses	**388,132**	**(101,487)**	**286,645**

Notes to the Consolidated Financial Statements continued

5 Segmental Information continued

The segment assets and liabilities as at 31 December 2014 are as follows:

(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Property, plant and equipment (including prepayments for PPE)	781,718	206,985	12,291	1,000,994	89	(117,851)	–	883,232
Investments in joint ventures	–	–	–	–	165,836	–	(165,836)	–
Intangible assets	851,618	63,144	4,152	918,914	–	(10,878)	–	908,036
Other non-current assets	1,097,253	–	16,656	1,113,909	1,157,975	(6,176)	(2,248,146)	17,562
Inventories	5,454	2,316	–	7,770	–	(1,272)	–	6,498
Trade and other receivables (including income tax prepayment and cash deposits over 90 days)	71,868	40,826	3,841	116,535	7,979	(21,128)	(33,353)	70,033
Cash and cash equivalents	80,099	4,687	1,467	86,253	10,367	(5,624)	–	90,996
Total assets	2,888,010	317,958	38,407	3,244,375	1,342,246	(162,929)	(2,447,335)	1,976,357
Long-term borrowings	1,208,059	43,473	5,723	1,257,255	26,899	(53,441)	(94,514)	1,136,199
Other long-term liabilities	306,977	–	296	307,273	(808)	(966)	(30,704)	274,795
Trade and other payables	22,586	27,154	2,831	52,571	30,155	(14,221)	(30,346)	38,159
Short-term borrowings	137,369	19,457	1,985	158,811	16,200	(13,915)	(29,183)	131,913
Other short-term liabilities	11,502	2,365	1	13,868	53	(1,310)	(130)	12,481
Total liabilities	1,686,493	92,449	10,836	1,789,778	72,499	(83,853)	(184,877)	1,593,547
Non-controlling interest	25,411	–	–	25,411	–	–	–	25,411

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$1,004,924 thousand, US$16,550 thousand and US$1,247,285 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$147,661 thousand which are fully eliminated on consolidation.

The reconciliation of total segment assets and liabilities as at 31 December 2014 calculated with proportional consolidation to the results presented in consolidated balance sheet above is as follows:

(in thousands of USD)	Group as per proportionate consolidation	Equity method adjustments	Group as per equity method consolidation of joint ventures
Property, plant and equipment (including prepayments for PPE)	**883,232**	**(146,566)**	**736,666**
Investments in joint ventures	**–**	**188,340**	**188,340**
Intangible assets	**908,036**	**(85,789)**	**822,247**
Other non-current assets	**17,562**	**15,224**	**32,786**
Inventories	**6,498**	**(1,502)**	**4,996**
Trade and other receivables (including income tax prepayment)	**70,033**	**(20,314)**	**49,719**
Cash and cash equivalents	**90,996**	**(12,188)**	**78,808**
Total assets	**1,976,357**	**(62,795)**	**1,913,562**
Long-term borrowings	**1,136,199**	**(62,531)**	**1,073,668**
Other long-term liabilities	**274,795**	**27,803**	**302,598**
Trade and other payables	**38,159**	**(13,484)**	**24,675**
Short-term borrowings	**131,913**	**(21,938)**	**109,975**
Other short-term liabilities	**12,481**	**(1,562)**	**10,919**
Total liabilities	**1,593,547**	**(71,712)**	**1,521,835**
Non-controlling interest	**25,411**	**–**	**25,411**

Notes to the Consolidated Financial Statements continued

5 Segmental Information continued

The segment results for the year ended 31 December 2013 are as follows:

(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
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 gains – 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 – net	(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 is purchases of property, plant and equipment.

Included within 'Other adjustments' on the line 'Other gains – net' is the elimination of intragroup dividends.

The reconciliation of results for the year ended 31 December 2013 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of USD)	Group as per proportionate consolidation	Equity method adjustments	Group as per equity method consolidation of joint ventures
Sales to third parties	479,953	(147,709)	332,244
Inter-segment revenue	–	–	–
Total revenue	479,953	(147,709)	332,244
Cost of sales	(238,172)	101,193	(136,979)
Administrative, selling and marketing expenses	(55,507)	9,912	(45,595)
Share of profit/(loss) of joint ventures accounted for using the equity method	–	16,880	16,880
Other gains – net	3,248	(447)	2,801
Operating profit	189,522	(20,171)	169,351
Finance costs – net	(38,518)	18,647	(19,871)
incl. interest income	1,987	2,363	4,350
incl. interest expenses	(21,586)	6,131	(15,455)
Profit before income tax	151,004	(1,524)	149,480
Income tax expense	(36,937)	1,524	(35,413)
Profit after tax	114,067	–	114,067
CAPEX* on cash basis	71,772	(8,989)	62,783

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:

(in thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
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

The reconciliation of operating expenses for the year ended 31 December 2013 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of USD)	Group as per proportionate consolidation	Equity method adjustments	Group as per equity method consolidation of joint ventures
Depreciation of property, plant and equipment	63,256	(20,816)	42,440
Amortisation of intangible assets	7,257	(1,537)	5,720
Staff costs	95,164	(25,647)	69,517
Transportation expenses	39,965	(27,273)	12,692
Fuel, electricity and gas	24,201	(16,608)	7,593
Repair and maintenance of property, plant and equipment	14,342	(5,275)	9,067
Total	244,185	(97,156)	147,029
Other operating expenses	49,494	(13,949)	35,545
Total cost of sales, administrative, selling and marketing expenses	293,679	(111,105)	182,574

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)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group as per proportionate consolidation
Property, plant and equipment (including prepayments for PPE)	1,442,506	256,040	15,191	1,713,737	75	(158,135)	–	1,555,677
Investments in joint ventures	–	–	–	–	157,302	–	(157,302)	–
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	1,955,829	(12,091)	(2,044,835)	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.

The reconciliation of total segment assets and liabilities as at 31 December 2013 calculated with proportional consolidation to the results presented in consolidated balance sheet above is as follows:

(in thousands of USD)	Group as per proportionate consolidation	Equity method adjustments	Group as per equity method consolidation of joint ventures
Property, plant and equipment (including prepayments for PPE)	1,555,677	(218,359)	1,337,318
Investments in joint ventures	–	231,019	231,019
Intangible assets	1,555,239	(114,099)	1,441,140
Other non-current assets	19,944	(4,566)	15,378
Inventories	9,302	(1,719)	7,583
Trade and other receivables (including income tax prepayment)	152,034	(20,881)	131,153
Cash and cash equivalents	121,583	(8,364)	113,219
Total assets	3,413,779	(136,969)	3,276,810
Long-term borrowings	1,321,090	(90,165)	1,230,925
Other long-term liabilities	451,623	(3,276)	448,347
Trade and other payables	213,979	(16,968)	197,011
Short-term borrowings	230,293	(23,905)	206,388
Other short-term liabilities	4,117	(2,655)	1,462
Total liabilities	2,221,102	(136,969)	2,084,133
Non-controlling interest	(15,353)	–	(15,353)

The revenue of the Group mainly comprises of stevedoring services, storage and ancillary port services for container and bulk cargoes (Russian ports and Finnish ports segments) and oil products (VEOS segment). The subsidiaries and joint ventures of the Group also provide services which are of support nature in relation to the core services mentioned above.

The consolidated revenue comprises only from the services related to containers and bulk cargo since the operations of VEOS are equity accounted (Note 2, Basis of consolidation, (c)).

Revenue attributable to domestic and foreign customers for the year ended 31 December 2014 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.

	For the year ended 31 December	
(in thousands of US dollars)	2014	2013 Restated
Revenue from domestic customers – Cyprus	**32,527**	20,948
Revenue from foreign customers by countries:		
Russia	**306,777**	236,339
UK	**49,927**	17,609
Denmark	**49,643**	11,194
Korea	**21,387**	20,783
Other	**102,121**	25,371
Revenue from foreign customers total	**529,855**	311,296
Total revenue	**562,382**	332,244

In 2014 there were 2 customers representing more than 10% of consolidated revenue. Both customers originated from Russian ports segment and were domiciled in Russia. In 2013 there was one customer whose contribution to the consolidated revenue was 10%. This customer originated from Russian ports segment and was domiciled in Russia.

Notes to the Consolidated Financial Statements continued

6 Expenses by Nature

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Staff costs (Note 8)	**98,280**	69,517
Depreciation of property, plant and equipment (Note 14)	**75,902**	42,440
Amortisation of intangible assets (Note 15)	**24,268**	5,720
Transportation expenses	**10,826**	12,692
Fuel, electricity and gas	**12,517**	7,593
Repair and maintenance of property, plant and equipment	**12,613**	9,067
Taxes other than on income	**9,234**	6,738
Legal, consulting and other professional services	**3,615**	3,993
Auditors' remuneration	**1,763**	1,590
Operating lease rentals	**7,570**	2,449
Purchased services	**7,624**	7,725
Insurance	**2,249**	1,147
Other expenses	**20,184**	11,903
Total cost of sales, administrative, selling and marketing expenses	**286,645**	182,574

The auditors' remuneration stated above includes fee of US$666 thousand (2013: US$469 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$30 thousand (2013: US$19 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 2014	2013 Restated
Staff costs	**63,109**	40,854
Depreciation of property, plant and equipment	**74,709**	41,858
Amortisation of intangible assets	**24,237**	5,669
Transportation expenses	**10,826**	12,692
Fuel, electricity and gas	**12,162**	7,427
Repair and maintenance of property, plant and equipment	**11,669**	8,464
Taxes other than on income	**8,522**	6,134
Operating lease rentals	**4,805**	223
Purchased services	**7,624**	7,725
Insurance	**1,583**	948
Other expenses	**12,230**	4,985
Total cost of sales	**231,476**	136,979

Administrative, selling and marketing expenses

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Staff costs	**35,171**	28,663
Depreciation of property, plant and equipment	**1,193**	582
Amortisation of intangible assets	**31**	51
Fuel, electricity and gas	**355**	166
Repair and maintenance of property, plant and equipment	**944**	603
Taxes other than on income	**712**	604
Legal, consulting and other professional services	**3,615**	3,993
Auditors' remuneration	**1,763**	1,590
Operating lease rentals	**2,765**	2,226
Insurance	**666**	199
Other expenses	**7,954**	6,918
Total administrative, selling and marketing expenses	**55,169**	45,595

7 Other Gains/(Losses) – Net

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Foreign exchange gains/(losses) on non-financing activities – net (Note 11)	**12,450**	2,507
Non-recurring donation to a charity which is a related party (Note 32(c), within "other related parties")	**(1,410)**	–
Non-recurring donation to a charity	**(736)**	–
Other gains/(losses) – net	**235**	294
Total	**10,539**	2,801

8 Employee Benefit Expense

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Wages and salaries	**78,059**	57,475
Social insurance costs	**18,489**	10,425
Other staff costs	**1,732**	1,617
Total	**98,280**	69,517

Included within 'Social insurance costs' for 2014 are contributions made to the state pension funds in the total amount of US$15,141 thousand (2013: US$7,802 thousand).

Notes to the Consolidated Financial Statements continued

9 Finance Costs – Net

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Included in finance income:		
Interest income on bank balances	**502**	775
Interest income on short-term bank deposits	**668**	138
Interest income on loans to related parties (Note 32(h))	**106**	3,437
Total finance income	**1,276**	4,350
Included in finance costs:		
Interest expenses on bank borrowings	**(87,377)**	(11,048)
Interest expenses on finance lease	**(1,805)**	(3,978)
Interest expenses on loans from third parties	**(1,299)**	(429)
Total finance costs	**(90,481)**	(15,455)
Net foreign exchange losses on financing activities	**(418,543)**	(8,766)
Finance costs – net	**(507,748)**	(19,871)

10 Income Tax Expense

(in thousands of US dollars)	For the year ended 31 December 2014	 2013 Restated
Current tax	**68,365**	33,760
Deferred tax credit – origination and reversal of temporary differences (Note 25)	**(100,168)**	1,653
Total	**(31,803)**	35,413

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 2014	 2013 Restated
Profit before tax	**(229,125)**	149,480
Tax calculated at the applicable tax rates – 20%(1)	**(45,825)**	29,896
Tax effect of expenses not deductible for tax purposes	**14,497**	4,849
Tax effect of share of profit in jointly controlled entities	**1,531**	(3,376)
Withholding tax on undistributed profits	**(2,006)**	6,326
Tax effect of reduced tax rates of the entity in Russian ports segment(2)	**–**	(2,282)
Tax (credit)/charge	**(31,803)**	35,413

1. The applicable tax rate used for 2014 and 2013 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. The statutory tax rate for OAO Petrolesport (hereinafter "Petrolesport", included in Russian ports segment) was 15.5% until 31 December 2013 because of tax benefits granted by the authorities of St. Petersburg. 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'. From 2014 the normal tax rate of 20% is applied.

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 12,5%. 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 2014	2013 Restated
Included in ‘finance costs – net’ (Note 9)	**(418,543)**	(8,766)
Included in ‘other gains/(losses) – net’ (Note 7)	**12,450**	2,507
Total	**(406,093)**	(6,259)

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 2014	2013
Profit attributable to the owners of the parent of the Company – in thousands of US dollars	**(193,140)**	114,120
Weighted average of ordinary shares in issue (thousands)	**573,171**	471,131
Basic and diluted earnings per share for profit attributable to the owners of the parent (expressed in US$ per share)	**(0.34)**	0.24

13 Dividend Distribution

During 2014 the Company has declared dividends to the equity holders of the Company amounting to US$34,390 (US$0.06 per share) thousand and paid out in the amount of US$48,490 thousand including US$14,100 thousand dividends declared in 2013 and paid in 2014.

During 2014 there were no dividend payments from Group companies to non-controlling interests.

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.

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 2013 (restated)							
Cost	306,236	291,438	50,746	164,654	47,372	2,666	863,112
Accumulated depreciation and impairment	–	(79,574)	–	(65,279)	(15,204)	(2,150)	(162,207)
Net book amount	306,236	211,864	50,746	99,375	32,168	516	700,905
Additions	–	43,979	4,891	53,172	11,666	100	113,808
Acquisitions of subsidiaries (Note 30)	50,663	354,499	32,382	155,471	13,518	397	606,930
Transfers	–	12,017	(12,010)	(7)	(108)	108	–
Disposals	–	(108)	(529)	–	(23)	–	(660)
Depreciation charge (Note 6)	–	(18,730)	–	(19,579)	(3,849)	(282)	(42,440)
Translation reserve	(22,049)	(16,200)	(3,419)	(7,999)	(2,502)	(36)	(52,205)
Closing net book amount	334,850	587,321	72,061	280,433	50,870	803	1,326,338
At 31 December 2013 (restated)							
Cost	334,850	676,098	72,061	365,353	67,065	3,128	1,518,555
Accumulated depreciation and impairment	–	(88,777)	–	(84,920)	(16,195)	(2,325)	(192,217)
Net book amount	334,850	587,321	72,061	280,433	50,870	803	1,326,338

Notes to the Consolidated Financial Statements continued

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 2014 (restated)							
Cost	334,850	676,098	72,061	365,353	67,065	3,128	1,518,555
Accumulated depreciation and impairment	–	(88,777)	–	(84,920)	(16,195)	(2,325)	(192,217)
Net book amount	334,850	587,321	72,061	280,433	50,870	803	1,326,338
Additions	–	7,579	(176)	9,260	5,563	539	22,765
Transfers	–	22,676	(30,333)	3,044	4,614	(1)	–
Disposals	–	(125)	(1,777)	(30)	(2,396)	(151)	(4,479)
Depreciation charge (Note 6)	–	(37,109)	–	(28,279)	(10,049)	(465)	(75,902)
Translation reserve	(140,044)	(243,893)	(18,736)	(112,948)	(20,570)	(296)	(536,487)
Closing net book amount	194,806	336,449	21,039	151,480	28,032	429	732,235
At 31 December 2014							
Cost	194,806	456,206	21,039	257,874	48,637	3,354	981,916
Accumulated depreciation and impairment	–	(119,757)	–	(106,394)	(20,605)	(2,925)	(249,681)
Net book amount	194,806	336,449	21,039	151,480	28,032	429	732,235

In the cash flow statement proceeds from sale of property, plant and equipment comprise of:

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Net book amount	**4,479**	660
Less: Non-cash items – write-offs of property, plant and equipment	**(2,413)**	–
	2,066	660
(Loss)/profit on sale of property, plant and equipment[(1)]	**(323)**	369
Proceeds from sale of property, plant and equipment	**1,743**	1,029

1. (Loss)/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 2014	2013 Restated
Buildings and constructions	**8,654**	15,214
Loading equipment	**20,423**	50,553
Other production equipment	**–**	3,429
Total	**29,077**	69,196

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 2014	2013 Restated
Buildings and constructions	**30,288**	42,641
Loading equipment and machinery	**70,211**	152,852
Other production equipment	**5,825**	11,026
Total	**106,324**	206,519

Depreciation expense amounting to US$74,709 thousand in 2014 (2013: US$41,858 thousand) has been charged to 'cost of sales' and US$1,193 thousand in 2014 (2013: US$582 thousand) has been charged to 'administrative, selling and marketing' expenses.

The amount of the borrowing costs capitalised during the period was US$88 thousand (2013: US$528 thousand), the average capitalisation rate was 4.4% (2013: 5.6%).

Lease rentals relating to the lease of machinery and property amounting to US$4,805 thousand in 2014 (2013: US$223 thousand) have been charged to 'cost of sales' and US$2,765 thousand in 2014 (2013: US$2,226 thousand) has been charged to 'administrative, selling and marketing expenses'.

As at 31 December 2014 the amounts prepaid for equipment not delivered and prepayments for construction works not yet carried out were US$4,431 thousand (2013: US$10,980 thousand).

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 2013 (restated)					
Cost	19,246	39,218	28,674	9,361	96,499
Accumulated amortisation and impairment	–	(16,248)	(17,750)	(8,429)	(42,427)
Net book amount	19,246	22,970	10,924	932	54,072
Additions	–	–	–	121	121
Acquisition of subsidiaries (Note 30)	–	1,395,014	–	11	1,395,025
Amortisation charge (Note 6)	–	(2,773)	(2,600)	(347)	(5,720)
Translation reserve	(1,385)	(200)	(721)	(52)	(2,358)
Closing net book amount	17,861	1,415,011	7,603	665	1,441,140
At 31 December 2013 (restated)					
Cost	17,861	1,434,031	27,953	1,418	1,481,263
Accumulated amortisation and impairment	–	(19,020)	(20,350)	(753)	(40,123)
Net book amount	17,861	1,415,011	7,603	665	1,441,140
Additions	–	–	–	211	211
Amortisation charge (Note 6)	–	(21,833)	(2,236)	(199)	(24,268)
Translation reserve	(7,470)	(584,665)	(2,418)	(283)	(594,836)
Closing net book amount	10,391	808,513	2,949	394	822,247
At 31 December 2014					
Cost	**10,391**	**833,192**	**24,191**	**920**	**868,694**
Accumulated amortisation and impairment	**–**	**(24,679)**	**(21,242)**	**(526)**	**(46,447)**
Net book amount	**10,391**	**808,513**	**2,949**	**394**	**822,247**

As at 31 December 2014 the remaining useful lives for contractual rights and client base were up to 58 years and 2 years respectively (2013: up to 59 years and 3 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:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
PLP (Russian ports segment)	**4,494**	7,725
VSC (Russian ports segment)	**5,897**	10,136
Total	**10,391**	17,861

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)(iii) for details of assumptions used.

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 2014	2013 Restated
Loans and receivables		
Financial assets as per balance sheet:		
Trade and other receivables[1]	**34,302**	119,911
Bank deposits with maturity over 90 days	**–**	989
Cash and cash equivalents	**78,808**	113,219
Total	**113,110**	234,119
Financial liabilities measured at amortised cost		
Financial liabilities as per balance sheet:		
Borrowings	**1,183,643**	1,437,313
Trade and other payables[2]	**14,227**	170,407
Total	**1,197,870**	1,607,720
Derivatives used for hedging		
Financial liabilities as per balance sheet:		
Derivative financial instruments	**102,840**	26,069
Total	**102,840**	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 2014	2013 Restated
Trade and other receivables		
Core customers – new (less than one year of working history with the Group)	**165**	574
Core customers – existing (more than one year of working history with the Group)	**16,290**	18,229
Related party loans	**2,259**	14,705
Loans to third parties	**205**	239
Bank deposits with maturity over 90 days	**–**	989
Trade and other receivables from other customers (third parties)	**1,215**	8,016
Amount held in escrow for NCC Acquisition (Note 30)	**–**	61,100
Trade and other receivables from related parties	**11,757**	13,889
Total	**31,891**	117,741

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 was with a bank with a credit rating A2.

See Note 20 for the ratings of banks holding deposits with maturity over 90 days.

Notes to the Consolidated Financial Statements continued

17 Credit Quality of Financial Assets continued

Cash at bank and short-term bank deposits:

(in thousands of US dollars) Agency	Rating	As at 31 December 2014	2013 Restated
International rating agency Moody's Investors Service	A1 – Aa3	**1,431**	40,121
International rating agency Moody's Investors Service	Baa1 – Ba3	**74,964**	58,344
International rating agency Moody's Investors Service	Caa3	**183**	172
Fitch Ratings	AAA	**2,149**	9,998
Russian rating agency Expert RA Rating Agency	A	**–**	333
* No rating	No rating	**81**	4,251
Total		**78,808**	113,219

* 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 2014	2013 Restated
Spare parts	**4,996**	7,583
Total	**4,996**	7,583

All inventories are stated at cost.

19 Trade and Other Receivables

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Trade receivables – third parties	**19,189**	27,510
Trade receivables – related parties (Note 32(e))	**5,283**	3,991
Trade receivables – net	**24,472**	31,501
Other receivables	**892**	2,468
Other receivables – related parties (Note 32(e))	**6,474**	9,898
Amount held in escrow for NCC Acquisition (Note 30)	**–**	61,100
Prepayments for goods and services	**6,404**	11,703
Prepayments for goods and services – related parties (Note 32(e))	**161**	367
Loans to third parties	**205**	239
Loans to related parties (Note 32(h))	**2,259**	14,705
VAT and other taxes recoverable	**2,476**	9,529
Total trade and other receivables	**43,343**	141,510
Less non-current portion:		
Loans to related parties	**(1,791)**	(14,174)
Prepayments for goods and services	**–**	(687)
Other receivables	**(294)**	–
Total non-current portion	**(2,085)**	(14,861)
Current portion	**41,258**	126,649

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 3.8% (2013: in the range from 3.8% to 8.1%).

Trade and other receivables amounting to US$29,427 thousand (31 December 2013: US$101,808 thousand), were fully performing.

Trade and other receivables amounting to US$2,411 thousand (31 December 2013: US$3,159 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 analysis of past due trade and other receivables is as follows:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Less than 1 month overdue	**2,254**	2,484
From 1 to 3 months overdue	**155**	596
From 3 to 6 months overdue	**2**	36
Over 6 months overdue	**–**	43
Total	**2,411**	3,159

During 2014 trade receivables amounting to US$895 thousand (2013: US$1,303 thousand) were impaired and written off in full. These are individually impaired receivables mainly related to customers, which are in a difficult economic situation.

None of loans to third parties (31 December 2013: none) 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% (2013: 8%) discount rate.

The carrying amounts of the Group’s trade and other receivables are denominated in the following currencies:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Currency:		
US dollar	**13,514**	92,450
Russian ruble	**20,867**	34,877
Euro	**8,962**	14,183
Total	**43,343**	141,510

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.

Notes to the Consolidated Financial Statements continued

20 Bank Deposits with Maturity Over 90 Days

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Bank deposits with original maturity over 90 days	**–**	989
Total	**–**	989

There were no bank deposits that have a maturity over 90 days as at 31 December 2014 (2013: the bank deposits that have a maturity over 90 days were denominated in US dollars and Russian rubles and the average interest rate was 2.8% per annum). In 2013 all deposits were placed in the banks with the credit rating Baa2 – Ba3 according to International rating agency Moody's Investors Service.

21 Cash and Cash Equivalents

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Cash at bank and in hand	**19,219**	88,775
Short term bank deposits (less than 90 days)	**59,589**	24,444
Total	**78,808**	113,219

The effective average interest rate on short-term deposits was 3.6% in 2014 (2013: 2.7%) and these deposits have an average maturity of 8 days in 2014 (2013: 21 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 2014	2013 Restated
Cash and cash equivalents	**78,808**	113,219
Total	**78,808**	113,219

In 2014 the principal non-cash transaction was the netting off of the amount held in escrow account within trade debtors amounting to US$61,100 thousand (Note 19) with the corresponding contingent consideration included in trade payables (Note 26).

The principal of non-cash transactions during 2013 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.

22 Share Capital, Share Premium

Authorised share capital

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 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 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/ 31 December 2014	**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 2014	2013 Restated
Non-current borrowings		
Bank loans	**1,056,296**	1,151,271
Finance lease liabilities	**15,789**	29,779
Interest payable for finance lease liabilities	**672**	824
Loans from third parties	**814**	41,000
Interest payable on loans from third parties	**97**	8,051
Total non-current borrowings	**1,073,668**	1,230,925
Current borrowings		
Bank loans	**102,369**	181,530
Interest payable on bank loans	**2,511**	2,787
Finance lease liabilities	**4,426**	10,997
Interest payable on finance lease liabilities	**664**	1,117
Loans from third parties	**2**	6,424
Interest payable on loans from third parties	**3**	3,533
Total current borrowings	**109,975**	206,388
Total borrowings	**1,183,643**	1,437,313

The maturity of non-current borrowings (excluding finance lease liabilities) is analysed as follows:

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Between 1 and 2 years	**120,379**	102,857
Between 2 and 5 years	**727,850**	652,023
Over 5 years	**208,978**	445,442
Total	**1,057,207**	1,200,322

Bank borrowings mature until 2020 (31 December 2013: 2020) and loans from third parties mature until 2018 (31 December 2013: 2020).
Finance lease liabilities – minimum lease payments:

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Under 1 year	**5,860**	13,716
Between 1 and 2 years	**3,843**	7,512
Between 2 and 5 years	**7,133**	14,232
Over 5 years	**57,535**	101,349
Total	**74,371**	136,809
Future finance charges of finance leases	**(52,820)**	(94,092)
Present value of finance lease liabilities	**21,551**	42,717

The present value of finance lease liabilities is analysed as follows:

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Under 1 year	**5,090**	12,113
Between 1 and 2 years	**3,186**	5,966
Between 2 and 5 years	**3,568**	7,936
Over 5 years	**9,707**	16,702
Total	**21,551**	42,717

According to the management's estimates the fair value of bank loans as at 31 December 2014 amounts to US$1,126,657 thousand. The fair value of other financial liabilities as at 31 December 2014 and all financial liabilities as at 31 December 2013 approximate the carrying values. 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 2014	2013 Restated
6 months or less	**1,121,024**	1,288,688
6-12 months	**–**	–
1-5 years	**48,953**	111,497
Over 5 years	**9,719**	20,816
Total	**1,179,696**	1,421,001

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

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Russian ruble	**127,394**	220,237
US Dollar	**1,056,249**	1,206,304
Euro	**–**	10,772
Total	**1,183,643**	1,437,313

From the above amount of borrowings denominated in RUR, US$115,163 thousand (2013: US$196,609 thousand) are covered by cross-currency interest rate swap arrangement (see Note 24).

The weighted average effective interest rates are as follows:

(percentage)	As at 31 December 2014	2013 Restated
Bank borrowings*	**7.96**	6.68
Loans from third parties	**6.38**	8.79
Finance lease liabilities – third parties	**9.56**	9.08

* This rate does not include the effect of cross-currency interest rate swap arrangement (see Note 24). The average effective interest rate which includes the effect of cross-currency interest rate swap would be 5.97% (2013: 6.16%).

Notes to the Consolidated Financial Statements continued

23 Borrowings continued

The Group has the following undrawn borrowing facilities:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Floating rate:		
Expiring within one year	–	400,000
Fixed rate:		
Expiring after one year	–	1,247
Total	–	401,247

As of 31 December 2013 the Group had undrawn loan facilities in the total amount of US$400 million which were partially utilised in 2014 to restructure existing debt on a more favourable conditions.

The Group is leasing mainly container loading equipment, cars and terminal facilities.

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 2014 of US$106,324 thousand (31 December 2013: US$206,519 thousand) (see Note 14).
- 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 2014 and 2013.

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 ruble-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 2015-2017. The notional principal amount of the outstanding cross-currency interest rate swap at 31 December 2014 and 31 December 2013 was US$207,789 thousand.

As of 31 December 2014 the fair value of this swap was negative – US$(102,840) thousand (31 December 2013: negative – US$(26,069) thousand). In 2014 realised gains related to interest component of the swap (included within interest costs under finance costs) and realised losses related to currency component of the swap (included within currency exchange gains under other gains/losses(-net)) amounted to US$3,554 thousand and US$(3,163) thousand respectively.

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 in 2013-2014.

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:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	**30,701**	517
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	**(199,758)**	(422,278)
Deferred tax liabilities (net)	**(169,057)**	(421,761)

The gross movement on the deferred income tax account is as follows:

	For the year ended 31 December	
(in thousands of US dollars)	2014	2013 Restated
At the beginning of the year	**(421,761)**	(82,764)
Income statement charge:		
Deferred tax credit	**100,168**	(1,653)
Other movements:		
Acquisitions of subsidiaries (Note 30)	**–**	(343,513)
Currency translation differences	**152,536**	6,169
At the end of the year	**(169,057)**	(421,761)

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	Tax losses	Subtotal	Other assets and liabilities	Grand total
At 1 January 2013 (restated)	(77,098)	(3,916)	(2,833)	–	182	(83,665)	901	(82,764)
Income statement (Note 10)	(5,568)	702	963	(681)	258	(4,326)	2,673	(1,653)
Acquisitions of subsidiaries (Note 30)	(53,662)	(10,262)	(279,034)	(1,306)	–	(344,264)	751	(343,513)
Translation differences	5,689	92	191	17	(20)	5,969	200	6,169
At 31 December 2013 (restated)	(130,639)	(13,384)	(280,713)	(1,970)	420	(426,286)	4,525	(421,761)
Income statement (Note 10)	1,909	3,223	4,816	(1,542)	93,072	101,478	(1,310)	100,168
Translation differences	54,013	2,107	116,038	2,105	(19,911)	154,352	(1,816)	152,536
At 31 December 2014	**(74,717)**	**(8,054)**	**(159,859)**	**(1,407)**	**73,581**	**(170,456)**	**1,399**	**(169,057)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Such deferred income tax assets amounting to US$420 thousand at 31 December 2013 and US$73,581 thousand at 31 December 2014 expire in 2023 and 2024 respectively.

Notes to the Consolidated Financial Statements continued

26 Trade and Other Payables

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Trade payables – third parties	**2,984**	2,915
Trade payables – related parties (Note 32(f))	**232**	314
Payables for property, plant and equipment	**4**	4,934
Other payables – third parties	**692**	3,895
Other payables – related parties (Note 32(f))	**921**	4,209
Dividends payable – third parties	**–**	8,466
Dividends payable – related parties (Note 32(f))	**–**	5,634
Contingent consideration payable (Note 30)	**–**	122,703
Payroll payable	**2,245**	2,718
Accrued expenses and deferred gains	**7,149**	14,619
Advances received	**5,669**	18,439
Taxes payable (other than income tax)	**4,779**	8,165
Total trade and other payables – current	**24,675**	197,011

The fair value of trade and other payables approximates their carrying amount at the balance sheet date.

27 Joint Ventures

GPI Group has the following investments in joint ventures – VEOS, MLT group and CD Holding group. These entities are an integral part of operations of the Group. See Note 1 and Note 5 for more details.

There are no contingent liabilities or commitments relating to the group's interest in the joint ventures.

The summarised investments in joint ventures accounted for using the equity method as at 31 December 2014 and 31 December 2013 are as follows:

(in thousands of US dollars)	VEOS	MLT	CD Holding	Total
At 1 January 2014	**144,876**	**86,143**	**–**	**231,019**
Recognised share of profit/(loss)	**8,786**	**7,292**	**(23,731)**	**(7,653)**
Translation differences (through other comprehensive income/(loss))	**(17,976)**	**(34,472)**	**235**	**(52,213)**
Dividends declared by joint venture	**–**	**(6,309)**	**–**	**(6,309)**
Share of losses of joint ventures applied against other long-term interests (Note 32(h))	**–**	**–**	**23,496**	**23,496**
At 31 December 2014	**135,686**	**52,654**	**–**	**188,340**

As of 31 December 2014 the cumulative unrecognised losses in relation CD Holding group amount to US$49,932 thousand.

(in thousands of US dollars)	VEOS	MLT	CD Holding	Total
At 1 January 2013	132,657	91,279	–	223,936
Recognised share of profit/(loss)	29,578	3,780	(16,478)	16,880
Translation differences (through other comprehensive income/(loss))	6,287	(4,962)	3,166	4,491
Dividends declared by joint venture	(23,646)	(3,954)	–	(27,600)
Share of losses of joint ventures applied against other long-term interests (Note 32(h))			13,312	13,312
At 31 December 2013	144,876	86,143	–	231,019

As of 31 December 2013 there were no cumulative unrecognised losses in relation CD Holding group.

Set out below are the selected summarised financial information for joint ventures that are accounted for using the equity method.

Selected income statement items

	For the year ended 31 December 2014		
(in thousands of USD)	VEOS	MLT	CD Holding
Revenue	**116,522**	**54,065**	**9,730**
Depreciation and amortisation	**(26,890)**	**(7,562)**	**(2,680)**
Interest income	**38**	**177**	**–**
Interest expense	**(2,470)**	**(1,141)**	**(8,115)**
Profit before income tax	**17,571**	**13,811**	**(96,131)**
Income tax expense	**–**	**(4,088)**	**(3,647)**
Profit after tax	**17,571**	**9,723**	**(99,778)**
Other comprehensive income	**(23,673)**	**(25,630)**	**54,920**
Total comprehensive income	**(6,102)**	**(15,907)**	**(44,858)**
Dividends declared by joint venture	**–**	**8,407**	**–**

Selected balance sheet items

	As at 31 December 2014		
(in thousands of USD)	VEOS	MLT	CD Holding
Total non-current assets	**224,271**	**47,060**	**19,546**
Cash and cash equivalents (including current deposits with maturity over 90 days)	**27,993**	**11,149**	**1,979**
Other current assets	**17,606**	**6,830**	**928**
Total current assets	**45,599**	**17,979**	**2,907**
Total assets	**269,870**	**65,039**	**22,453**
Non-current financial liabilities	**43,473**	**10,519**	**116,299**
Other non-current liabilities	**–**	**3,863**	**–**
Total non-current liabilities	**43,473**	**14,382**	**116,299**
Current financial liabilities excluding trade and other payables	**19,457**	**6,352**	**10,393**
Other current liabilities including trade and other payables	**27,285**	**6,875**	**670**
Total current liabilities	**46,742**	**13,227**	**11,063**
Total liabilities	**90,215**	**27,609**	**127,362**
Net assets	**179,655**	**37,430**	**(104,909)**

Notes to the Consolidated Financial Statements continued

27 Joint Ventures continued

Income statement

(in thousands of USD)	As at 31 December 2013 VEOS	MLT	CD Holding
Revenue	202,402	50,565	11,506
Depreciation and amortisation	(26,195)	(9,016)	(3,399)
Interest income	43	258	–
Interest expense	(2,945)	(1,228)	(8,543)
Profit before income tax	57,826	7,885	(21,887)
Income tax expense	1,330	(2,845)	(74)
Profit after tax	59,156	5,040	(21,961)
Other comprehensive income	8,133	(3,259)	4,210
Total comprehensive income	67,289	1,781	(17,751)
Dividends declared by joint venture	47,292	5,271	–

Balance sheet

(in thousands of USD)	As at 31 December 2013 VEOS	MLT	CD Holding
Total non-current assets	276,927	80,759	62,290
Cash and cash equivalents (including current deposits with maturity over 90 days)	23,012	8,103	961
Other current assets	20,681	8,351	1,732
Total current assets	43,693	16,454	2,693
Total assets	320,620	97,213	64,983
Non-current financial liabilities	71,424	17,734	123,436
Other non-current liabilities	–	6,921	2,188
Total non-current liabilities	71,424	24,655	125,624
Current financial liabilities excluding trade and other payables	22,130	7,000	10,651
Other current liabilities including trade and other payables	41,308	3,815	1,405
Total current liabilities	63,438	10,815	12,056
Total liabilities	134,862	35,470	137,680
Net assets	185,758	61,743	(72,697)

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the group and the joint ventures.

Set out below is the reconciliation of the summarised financial information presented to the carrying amount of GPI Group interest in joint ventures.

	For the year ended 31 December 2014			
(in thousands of USD)	VEOS	MLT	CD Holding	Total
Opening net assets at the beginning of the year	**185,758**	**61,743**	**(72,697)**	**174,804**
Profit/(loss) for the period	**17,571**	**9,723**	**(99,778)**	**(72,484)**
Conversion of loans to equity	**–**	**–**	**12,646**	**12,646**
Dividends declared	**–**	**(8,412)**	**–**	**(8,412)**
Other comprehensive income	**(23,674)**	**(25,624)**	**54,920**	**5,622**
Closing net assets at the end of the year	**179,655**	**37,430**	**(104,909)**	**112,176**
Ownership interest	**50%**	**75%**	**75%**	
Interest in joint venture	**89,828**	**28,072**	**(78,682)**	**39,218**
Goodwill	**45,858**	**24,582**	**–**	**70,440**
Share of losses of joint ventures applied against other long-term interests	**–**	**–**	**78,682**	**78,682**
Carrying value on 31 December 2014	**135,686**	**52,654**	**–**	**188,340**

	For the year ended 31 December 2013			
(in thousands of USD)	VEOS	MLT	CD Holding	Total
Opening net assets at the beginning of the year	165,761	65,233	(54,946)	176,048
Profit/(loss) for the period	59,156	5,040	(21,961)	42,235
Dividends declared	(47,292)	(5,271)	–	(52,563)
Other comprehensive income	8,133	(3,259)	4,210	9,084
Closing net assets at the end of the year	185,758	61,743	(72,697)	174,804
Ownership interest	50%	75%	75%	
Interest in joint venture	92,879	46,307	(54,523)	84,663
Goodwill	51,997	39,836	–	91,833
Share of losses of joint ventures applied against other long-term interests	–	–	54,523	54,523
Carrying value on 31 December 2013	144,876	86,143	–	231,019

Notes to the Consolidated Financial Statements continued

28 Contingencies

Operating environment of the Group

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 frameworks continue to develop and are subject to varying interpretations.

During 2014 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

- the Central Bank of Russian Federation ("CBRF") exchange rate fluctuated between RR 32.7292 and RR 56.2584 per USD;
- the CBRF key refinancing interest rate increased from 5.5% per annum to 17.0% per annum including an increase from 12.0% per annum to 17.0% per annum on 16 December 2014;
- the Russian Trading System ("RTS") stock exchange index ranged between 1 445 and 791;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

Estonia and Finland represent established market economies with the more stable political systems and developed legislation based on EU directives and regulations.

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 challenged tax 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 when decision about review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not on an arm's length basis.

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 2014 and 2013 management believes that no additional tax liability has to be accrued in the financial statements.

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.

Notes to the Consolidated Financial Statements continued

29 Commitments

Capital commitments

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

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Property, plant and equipment	**8,661**	13,868
Total	**8,661**	13,868

Operating lease commitments – Group as lessee

The future minimum lease payments payable under non-cancellable operating leases (mainly port infrastructure) are as follows:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Not later than 1 year	**2,935**	4,697
Later than 1 year and not later than 5 years	**10,856**	17,488
Later than 5 years	**59,080**	103,760
Total	**72,871**	125,945

The future minimum lease payments receivable under non-cancellable operating leases (mainly port infrastructure) are as follows:

	As at 31 December	
(in thousands of US dollars)	2014	2013 Restated
Not later than 1 year	**–**	1,463
Total	**–**	1,463

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 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

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.

Notes to the Consolidated Financial Statements continued

30 Business Combinations continued

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 have paid this amount to the Sellers after the conversion of the shareholder loans payable by ULCT, an indirect 80% subsidiary of NCC Group Limited, to Eurogate International Gmbh ("Eurogate"), a 20% shareholder in ULCT, into the equity of ULCT (see Note 31).

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 were 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 gross contractual amounts receivable.

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 ended 31 December 2013.

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 amortisation 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

a) Pursuant to the provisions of NCC Acquisition (see Note 30 (d)), the 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 the equity of ULCT.
In the course of 2014 the loans mentioned above were converted into the equity of ULCT and the Holdback Amount have been paid in full to the Sellers. In 2014 Eurogate loans in the amount of US$58,959 have been converted to ULCT equity (from that amount US$12,827 thousand have been repaid by ULCT to Eurogate and then paid in by the later into the equity and US$46,132 thousand have been paid in as a non-monetary contribution). The GPI Group's effective 80% ownership interest in ULCT have not been affected by the actions described above.

b) At the end of 2014 the Group acquired the remaining 25% stake in a company whose only assets were several land plots, for cash consideration of US$ 3 thousand. After the acquisition the Group's stake in this company is 100%. The transaction have been accounted for as an acquisition of assets. The difference of US$1,254 thousand between the consideration paid and the carrying value of non-controlling interest was accounted through the 'transactions with non-controlling interest' reserve in the equity.

32 Related Party Transactions

The Group is jointly controlled by Transportation Investments Holding Limited ("TIHL"), and APM Terminals B.V. ("APM Terminals").

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 2014	2013 Restated
Entities under control of owners of TIHL or APM Terminals	**116,916**	58,202
Joint ventures in which GPI is a venture	**50**	12
Other related parties	**91**	8
Total	**117,057**	58,222

(b) Sales of property, plant and equipment

Net book amount of sold property, plant and equipment

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Joint ventures in which GPI is a venturer	–	6
Other related parties	–	12
Total	–	18

Profit on sales of property, plant and equipment

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Joint ventures in which GPI is a venturer	–	1
Other related parties	–	8
Total	–	9

Notes to the Consolidated Financial Statements continued

32 Related Party Transactions continued

(c) Purchases of services and incurred expenses

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Entities under control of owners of TIHL or APM Terminals	**1,910**	1,985
Other related parties	**5,115**	2,208
Total	**7,025**	4,193

(d) Interest income

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Joint ventures in which GPI is a venturer	**106**	3,439
Total	**106**	3,439

(e) Trade and other receivables and prepayments

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Entities under control of owners of TIHL or APM Terminals	**5,437**	4,356
Joint ventures in which GPI is a venturer	**6,480**	9,899
Other related parties	**1**	1
Total	**11,918**	14,256

(f) Trade and other payables

(in thousands of US dollars)	As at 31 December 2014	2013 Restated
Entities under control of owners of TIHL or APM Terminals	**921**	9,932
Other related parties	**232**	225
Total	**1,153**	10,157

(g) Key management compensation/directors' remuneration

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
Key management compensation:		
Salaries, payroll taxes and other short term employee benefits	**15,513**	16,154
Directors' remuneration (included also above):		
Fees	**391**	393
Emoluments in their executive capacity	**456**	466
Total	**847**	859

(h) 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 2014	2013 Restated
At the beginning of the year	**14,705**	5,624
Loans advanced during the year	**12,486**	19,362
Interest charged	**106**	3,439
Loan and interest repaid during the year	**(622)**	(1,372)
GPI's share of losses of joint ventures applied against other long-term interests (Note 27)	**(23,496)**	(13,312)
Foreign exchange differences	**(920)**	964
At the end of the year (Note 19)	**2,259**	14,705

The loans are not secured, bear interest at 3.8% (2013: 3.8 – 8.1%) and are repayable in 2017.

The details of loans provided to other related parties are presented below:

(in thousands of US dollars)	For the year ended 31 December 2014	2013 Restated
At the beginning of the year	**–**	–
Loans advanced during the year	**–**	258
Loan and interest repaid during the year	**–**	(258)
At the end of the year (Note 19)	**–**	–

Notes to the Consolidated Financial Statements continued

33 Events After the Balance Sheet Date

From the end of 2014 there has been increased volatility in currency markets and the Russian ruble has depreciated significantly against some major currencies. As of the middle of the March 2015 the Russian ruble has depreciated against the US Dollar from 56.26 as of 31 December 2014 to approximately 60.96 Russian rubles (8.4% devaluation). For the period from January 2015 to the middle of March 2015 the lowest values of Russian ruble to US Dollar and the Euro were 69.66 and 78.79 respectively.

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.

Directors' Report and Parent Company Financial Statements
31 December 2014

Contents

Board of Directors and Other Officers

Board of Directors

Mr. Tiemen Meester (appointed 23 January 2013)
(Mrs. Iana Boyd Penkova is the alternate to Mr. Tiemen Meester)
Chairman of the Board of Directors since 16 December 2014
Non-Executive Director
Member of Remuneration and Nomination Committees

Mr. Nikita Mishin (appointed 15 December 2008)
(Mr. Mikhail Loganov is the alternate to Mr. Nikita Mishin)
Vice-Chairman of the Board of Directors since 16 December 2014
Chairman of the Board of Directors until 16 December 2014
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 until 16 December 2014
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. Alexander Iodchin (appointed 15 August 2008)
Executive Director
Member of Nomination Committee

Mr. Mikhail Loganov (appointed 15 December 2008)
Executive Director
Chief Financial Officer

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

Ms. Laura Michael (appointed 23 January 2013)
(Ms. Chrystalla Stylianou is the alternate to Ms. Laura Michael)
Non-Executive Director

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

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

Mr. Michalakis Christofides (appointed 30 July 2014)
Non-Executive Director

Mr. Vadim Kryukov (appointed 30 July 2014)
Non-Executive Director

Mr. Michalis Thomaides (resigned on 30 July 2014)
Executive Director

Mr. Georgios Sofocleous (resigned on 30 July 2014)
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 2014. 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 are unchanged from the previous year, is the holding of investments including any interest earning activities.

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

The loss of the Company for the year ended 31 December 2014 was US$70,838 thousand (2013: profit US$141,521 thousand). On 31 December 2014 the total assets of the Group were US$1,131,698 thousand (2013: US$2,189,483 thousand) and the net assets were US$1,109,732 thousand (2013: US$1,214,960 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

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 parent company financial statements.

The Company's contingencies are disclosed in Note 22 to the consolidated 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 does not recommend the payment of the final dividends for 2014.

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.

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 2014 the Company declared dividends in the total amount of US$34.39 million (US$0.06 per share). Dividends amounting to US$48.49 million were paid during 2014 including US$14.1 million dividends declared in 2013 and paid in 2014.

The Board of Directors of the Company does not recommend the payment of a final dividend for the year 2014.

During the year 2013 the Company 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.

Share Capital

Authorised 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.

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.

Report of the Board of Directors continued

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 to refresh the Board on a regular basis.

The Board currently has 14 members and they were appointed as shown on pages 1 and 2.

Mr. Michalakis Christofides and Mr. Vadim Kryukov were appointed as Non-Executive Directors on 30 July 2014. Mr. Michalis Thomaides and Mr. Georgios Sofocleous resigned on the same date. All other Directors were members of the Board throughout the year ended 31 December 2014.

On 16 December 2014 the Board of Directors of GPI elected Mr. Tiemen Meester as the Chairman of the Board of Directors and Mr. Nikita Mishin as the Vice-Chairman of the Board of Directors. Mr. Kim Fejfer resigned from his position as Vice-Chairman of the Board of Directors on the same date.

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 Meetings held on 29 April 2013 and 29 April 2014 all current Directors except Mr. Michalakis Christofides and Mr. Vadim Kryukov will continue in office. Mr. Michalakis Christofides and Mr. Vadim Kryukov 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 2014 except for the rotation of the Chairman and Vice-Chairman of the Board of Directors.

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 2014 and 31 December 2013 are shown below:

Name	Type of holding	Shares held at 31 December 2014	Shares held at 31 December 2013
Nikita Mishin	Through shareholding in Transportation Investments Holding Limited and other related entities	39,731,086 ordinary shares	39,731,086 ordinary shares
		15,488,390 ordinary non-voting shares	15,488,390 ordinary non-voting shares

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 2014 the Board met formally 15 (2013: 18) times to review current performance and to discuss and approve important business decisions. In 2014 the Board met to discuss and approve important business decisions:

a. Consideration and approval of the Group restructuring post NCC acquisition;
b. Consideration and approval of the 2013 financial statements;
c. Consideration and approval of 2015 financial budget;
d. Review of segments financial information and operational performance;
e. Consideration and approval of the rotation of the Chairman and Vice-Chairman of the Board of Directors;
f. Consideration and approval of dividends;
g. Consideration and approval of investment opportunities;
h. Consideration and approval of major capital expenditures and operating expenditures;
i. Consideration and approval of various resolutions related to the operations of the Company's subsidiaries and joint-ventures.

The number of Board and Board Committee meetings held in the year 2014 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	7	7	–	–	–	–	–	–
Alexander Iodchin	15	15	2	2	–	–	–	–
Bryan Smith	15	15	2	2	6	6	–	–
Nikita Mishin	11	15	2	2	6	6	–	–
Alexander Nazarchuk	15	15	–	–	–	–	–	–
Mikhail Loganov	11	15	–	–	–	–	–	–
Konstantin Shirokov	15	15	–	–	–	–	9	9
Siobhan Walker	14	15	–	–	–	–	9	9
Kim Fejfer	14	15	2	2	5	6	8	9
Tiemen Meester	15	15	2	2	6	6	9	9
Laura Michael	13	15	–	–	–	–	–	–
Georgios Sofocleous	7	7	–	–	–	–	–	–
Chrystalla Stylianou	14	15	–	–	–	–	–	–
Constantinos Economides	11	15	–	–	–	–	–	–
Vadim Kryukov	8	8	–	–	–	–	–	–
Michalakis Christofides	8	8	–	–	–	–	–	–

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

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.

Report of the Board of Directors continued

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 comprises of three Non-Executive Directors, and meets at least four times a year. The Audit and Risk Committee is chaired by Mrs. Siobhan Walker (an Independent Non-Executive Director) and the other members are Mr. Konstantin Shirokov and Mr. Kim Fejfer. Mr. Tiemen Meester resigned from the Audit and Risk Committee after his appointment as the Chairman of the Board of Directors. 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 2014 the Audit and Risk Committee met 9 times to review and discuss inter alia:

a. Review of the parent financial statements of Global Ports Investments Plc and consolidated financial statements of the Group for 2013 and recommendation for approval of the same to the Board;
b. Review of the interim condensed consolidated financial statements for the six month period ended 30 June 2014 and recommendation for approval to the Board;
c. Review of the press releases containing financial information;
d. Review of the reports prepared by external auditors on significant matters arising from their audit and review procedures;
e. Review of the fees and terms of engagement of external auditors and recommendation for their approval;
f. Consideration and approval of non-audit services provided by the external auditors and their fees;
g. 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.

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 and Mr. Tiemen Meester. 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 2014 the Nomination Committee met two times to discuss and recommend to the Board the reappointment of existing and appointment of the new Directors.

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 and Mr. Tiemen Meester. The Committee is responsible for determining and reviewing 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 2014 the Remuneration Committee met six 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 on 29 April 2013.

Refer to Note 23 (ii) to the consolidated financial statements for details of the remuneration paid to the members of the Board and key management.

Report of the Board of Directors continued

Events After the Balance Sheet Date

The events after the balance sheet date are disclosed in Note 24 to the financial statements.

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 financial statements based on the fact that, after making enquiries and following a review of the Company's budget for 2015 and the latest forecasts, 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

Tiemen Meester
Chairman of the Board of Directors

Limassol
13 March 2015

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

Mikhail Loganov
Director

Alexander Iodchin
Director

Limassol
13 March 2015

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 2014, 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.

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 2014, 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 2014. The opinion in that report is not qualified.

Tasos Nolas
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
Limassol, 13 March 2015

Statement of Comprehensive Income
for the year ended 31 December 2014

	Note	2014 US$000	2013 US$000
Dividend income	23 (i)	**25,972**	139,638
Finance income – net	5	**365**	5,351
Administrative expenses	7	**(5,453)**	(4,599)
Other (losses)/gains – net	6	**(540)**	1,768
Impairment of investments in subsidiaries and joint ventures	14/15	**(85,612)**	–
Operating (loss)/profit		**(65,268)**	142,158
Finance cost	9	**(5,565)**	(604)
(Loss)/profit before income tax		**(70,833)**	141,554
Income tax expense	10	**(5)**	(33)
(Loss)/profit for the year		**(70,838)**	141,521
Other comprehensive income		**–**	–
Total comprehensive income for the year		**(70,838)**	141,521

The notes on pages 17 to 38 are an integral part of these financial statements.

Balance Sheet
at 31 December 2014

	Note	2014 US$000	2013 US$000
Assets			
Non-current assets			
Property, plant and equipment	13	**40**	52
Investments in subsidiaries	14	**958,251**	1,881,553
Investments in joint ventures	15	**94,960**	143,013
Loans receivable	16	**67,931**	71,341
Total non-current assets		**1,121,182**	2,095,959
Current assets			
Loans receivable	16	**1,219**	3,970
Trade and other receivables	17	**6,567**	75,500
Cash and bank balances	18	**2,730**	14,054
Total current assets		**10,516**	93,524
Total assets		**1,131,698**	2,189,483
Equity and liabilities			
Capital and reserves			
Share capital	19	**57,317**	57,317
Share premium	19	**923,511**	923,511
Capital contribution		**101,300**	101,300
Retained earnings		**27,604**	132,832
Total equity		**1,109,732**	1,214,960
Non-current liabilities			
Trade and other payables	20	**–**	125
Borrowings	21	**21,200**	–
Total non-current liabilities		**21,200**	125
Current liabilities			
Trade and other payables	20	**766**	141,104
Current income tax liabilities		**–**	3
Borrowings	21	**–**	833,291
Total current liabilities		**766**	974,398
Total liabilities		**21,966**	974,523
Total equity and liabilities		**1,131,698**	2,189,483

On 13 March 2015 the Board of Directors of Global Ports Investments Plc authorised these financial statements for issue.

Alexander Iodchin,
Director

Mikhail Loganov,
Director

The notes on pages 17 to 38 are an integral part of these financial statements.

By Order of the Board

Statement of Changes in Equity
for the year ended 31 December 2014

	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 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/ 1 January 2014		**57,317**	**923,511**	**101,300**	**132,832**	**1,214,960**
Comprehensive income						
Loss for the year		**–**	**–**	**–**	**(70,838)**	**(70,838)**
Transactions with owners						
Dividends to shareholders	19	**–**	**–**	**–**	**(34,390)**	**(34,390)**
Total transactions with owners		**–**	**–**	**–**	**(34,390)**	**(34,390)**
Balance at 31 December 2014		**57,317**	**923,511**	**101,300**	**27,604**	**1,109,732**

1. Retained earnings is the only reserve that is available for distribution.

The notes on pages 17 to 38 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2014

	Note	2014 US$000	2013 US$000
Cash flows from operating activities			
(Loss)/profit before tax		**(70,833)**	141,554
Adjustments for:			
Depreciation of property, plant and equipment	13	**18**	17
Impairment of investment in subsidiary and joint ventures	14,15	**85,612**	–
Profit on disposal of subsidiary	6	**–**	6
Dividend income	23 (i)	**(25,972)**	(139,638)
Finance income	5	**(4,188)**	(4,304)
Finance costs	9	**5,565**	604
Fair value gains on initial recognition of financial assets and liabilities	6	**(13)**	(300)
Amortisation of financial guarantee	6	**(144)**	(144)
Foreign exchange losses/(gains)		**4,520**	(590)
		(5,435)	(2,795)
Changes in working capital:			
Trade and other receivables		**4,481**	(2,035)
Trade and other payables		**(3,168)**	375
Cash used in operations		**(4,122)**	(4,455)
Tax paid		**(8)**	(30)
Net cash used in operating activities		**(4,130)**	(4,485)
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(6)**	(16)
Cash inflow from disposal of subsidiary undertakings		**831,947**	–
Purchase of investments in subsidiaries	14	**(104,269)**	(229,354)
Purchase of investments in joint ventures	15	**(8)**	(10)
Contingent consideration paid	20	**(61,603)**	–
Expenses in relation to issue of shares	19	**–**	(1,461)
Loans advanced to related parties	23 (vi)	**(17,525)**	(70,285)
Loan repayments received from related parties	23 (vi)	**13,103**	46,332
Interest received		**2,904**	1,053
Dividends received		**29,324**	183,470
Net cash from/(used in) investing activities		**693,867**	(70,271)
Cash flows from financing activities			
Proceeds from loans from related parties	23 (v)	**184,750**	229,397
Borrowing repayments to related parties	23 (v)	**(722,782)**	–
Interest paid	23 (v)	**(114,560)**	–
Dividends paid to Company's shareholders	19	**(48,490)**	(150,400)
Net cash (used in)/from financing activities		**(701,082)**	78,997
Net (decrease)/increase in cash and cash equivalents		**(11,324)**	4,241
Cash and cash equivalents at beginning of year		**14,054**	9,813
Cash and cash equivalents at end of year	18	**2,730**	14,054

The notes on pages 17 to 38 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 authorised for issue by the Board of Directors on 13 March 2015.

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 2014 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.

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 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 2014 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 2014. This adoption did not have a material effect on the accounting policies of the parent Company.

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 2014, 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:

Not yet adopted and not yet endorsed by the European Union

IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- 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.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- 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

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.

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 recognised on a time-proportion 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 "finance 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 recognised in 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.

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.

Deferred income tax is recognised 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 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 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 control. The Company controls an entity whom the Company is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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). Non-financial 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. For loans provided to related parties other than its direct subsidiaries, the difference between the fair value of the loans and their carrying amount on inception is recognised in profit or loss. For loans provided to direct subsidiaries the difference is included in the cost of the investment. 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.

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 provisions of the Cyprus Companies Law on reduction of share capital.

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

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.

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 straight-line basis over the period of the lease.

Provisions and contingent liabilities

Provisions are recognised when the Company 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.

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 draw-down 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'.

Notes to the Financial Statements continued

2 Summary of Significant Accounting Policies continued

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.

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 30% (2013:15%) against the US dollar and all other variables remained unchanged, the post-tax profit of the Company for the year ended 31 December 2014, would have (decreased)/increased by US$1,727 thousand (2013: US$4,917 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 2014 and 31 December 2013. 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 2014 and 31 December 2013 would not have any significant impact on the Company's post tax profit. Also, the majority of borrowings from related parties were obtained near the end of 2013 and were repaid in 2014. As a result any reasonably possible change in the interest rates as of 31 December 2014 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.

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 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
At 31 December 2014					
Trade and other payables	**638**	**–**	**–**	**–**	**638**
Financial guarantee *	**628,747**	**–**	**–**	**–**	**628,747**
Borrowings	**–**	**23,594**	**–**	**–**	**23,594**
	629,385	**23,594**	**–**	**–**	**652,979**

* 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 capitalisation ratio. Total capitalisation 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.

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.

Notes to the Financial Statements continued

3 Financial Risk Management continued

The estimated fair values of financial instruments have been determined by the Company, 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 Company 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).

4 Critical Accounting Estimates and Judgements

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 results of the impairment testing carried out in 2014, an impairment charge amounting to US$85,612 thousand was recognised-US$29,000 thousand in relation to the investment in NCC Group Limited (Note 14), US$56,585 thousand in relation to the investment in CD Holding Oy and US$27 thousand in relation to the investment in MLT Container Logistics Limited (Note 15). For all other investments management believes that any reasonable possible change in the key assumptions would not cause the carrying amounts to exceed the recoverable amounts.

The investment in CD Holding Oy is fully impaired and the remaining balance of the investment in MLT Container Logistics Limited is immaterial. For the impairment of NCC Group Limited if the estimated volumes handled are 15% lower or the price per unit is 5% lower, or the terminal growth rate is 1% lower, or the discount rate is 1% higher, then a further impairment charge would arise amounting to US$10 million, US$14 million, US$26 million and US$37 million, respectively.

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.

5 Finance Income – Net

	2014 US$000	2013 US$000
Interest income on bank balances	**–**	2
Interest income on short term deposits	**–**	4
Interest income on loans to related parties (Note 23 (i))	**4,188**	4,298
Net foreign exchange (loss)/gains on cash and cash equivalents and loans receivable*	**(3,823)**	1,047
	365	5,351

* The total net foreign exchange losses recognised in the income statement amounted to US$4,820 thousand (2013: US$2,365 thousand). Refer also to Note 6.

6 Other Gains – Net

	2014 US$000	2013 US$000
Profit from partial disposal of subsidiaries (Note 14)	**–**	6
Net foreign exchange transaction (losses)/gains on non-financing activities	**(697)**	1,318
Fair value gains on initial recognition of financial assets and liabilities (Note 23 (vi))	**13**	300
Amortisation of financial guarantee	**144**	144
	(540)	1,768

7 Expenses by Nature

	2014 US$000	2013 US$000
Depreciation of property, plant and equipment (Note 13)	**18**	17
Insurance	**75**	118
Auditors' remuneration	**745**	642
Staff costs (Note 8)	**1,032**	956
Advertising and promotion	**83**	72
Travelling expenses	**1,090**	631
Legal and consulting fees	**1,561**	1,518
Taxes other than on income	**511**	462
Office rent	**21**	43
Bank charges	**40**	28
Other expenses	**277**	112
Total administrative expenses	**5,453**	4,599

Notes to the Financial Statements continued

7 Expenses by Nature continued

The auditors' remuneration stated above include fees of US$612 thousand (2013: US$469 thousand) for audit services charged by the Company's statutory audit firm.

The legal and consulting fees stated above include fees of US$29 thousand (2013: US$19 thousand) for tax consultancy services charged by the Company's statutory audit firm.

8 Staff Costs

	2014 US$000	2013 US$000
Wages and salaries	**983**	913
Social insurance costs	**44**	39
Other staff costs	**5**	4
	1,032	956

9 Finance Cost

	2014 US$000	2013 US$000
Interest expense on loans from related parties (Note 23(i))	**5,565**	604

10 Income Tax Expense

	2014 US$000	2013 US$000
Current tax:		
Corporation tax	**–**	32
Defence contribution	**5**	1
	5	33

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2014 US$000	2013 US$000
(Loss)/profit before tax	**(70,833)**	141,554
Tax calculated at the applicable corporation tax rate of 12,5%	**(8,854)**	17,694
Tax effect of expenses not deductible for tax purposes	**11,762**	576
Tax effect of allowances and income not subject to tax	**(3,266)**	(17,683)
Withholding tax	**–**	30
Group relief	**319**	(585)
Losses for which no deferred tax asset has been recognised	**39**	–
Special contribution for defence	**5**	1
	5	33

The Company is subject to corporation tax on taxable profits at the rate of 12,5% as from 1 January 2013.

Under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 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 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.

Tax losses carried forward amount to US$308 thousand and expire in 2019.

11 Financial Instruments by Category

	Loans and receivables US$000	Total US$000
31 December 2013		
Assets as per balance sheet		
Non-current 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	141,229	141,229
Borrowings	833,291	833,291
Total	974,520	974,520

	Loans and receivables US$000	Total US$000
31 December 2014		
Assets as per balance sheet		
Non-current receivables	67,931	67,931
Current portion of loans receivable	1,219	1,219
Trade and other receivables	6,567	6,567
Cash and bank balances	2,730	2,730
Total	78,447	78,447

	Other financial liabilities US$000	Total US$000
Liabilities as per balance sheet		
Trade and other payables	766	766
Borrowings	21,200	21,200
Total	21,966	21,966

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:

	2014 US$000	2013 US$000
Fully performing trade and other receivables		
Counterparties without external credit rating		
Group 1	**68,956**	75,090
Group 2	**6,474**	9,826
Group 3	**287**	4,674
Group 4	**–**	7
Group 5	**–**	61,100
	75,717	150,697
Cash at bank and short-term bank deposits (Moody's rating)		
A1	**1**	1
A2	**–**	14,014
Baa1	**2,716**	–
Caa3	**13**	39
	2,730	14,054

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 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
Year ended 31 December 2014		
Opening net book amount	**52**	52
Additions	**6**	6
Depreciation charge	**(18)**	(18)
Closing net book amount	**40**	40
At 31 December 2014		
Cost	**110**	110
Accumulated depreciation	**(70)**	(70)
Net book amount	**40**	40

14 Investments in Subsidiaries

	2014 US$000	2013 US$000
At beginning of year	**1,881,553**	507,180
Additions	**104,269**	1,374,376
Disposals	**(998,571)**	(3)
Impairment charge (Note 4 (i))	**(29,000)**	–
At end of year	**958,251**	1,881,553

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)).

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 First Container Terminal Incorporated ("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 were treated as a reduction in the cost of investment in NCC Group Limited.

The Company's direct interests in subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2014 % holding	2013 % 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
NCC Pacific Investments Limited	Holding company	Cyprus	**100**	100
NCC Group Limited	Holding company	Cyprus	**100**	100
Global Port Advisory Eesti OU	Holding company	Estonia	**100**	–
Transportation Advisory OOO	Holding company	Russia	**100**	–
Railfleet Holdings Limited *	Holding company	Cyprus	**0.05**	0.05

* Railfleet Holdings Limited is accounted for as a subsidiary because the Company has indirect control, since its subsidiaries hold the remaining shareholding.

15 Investments in Joint Ventures

	2014 US$000	2013 US$000
At beginning of year	**143,013**	143,003
Additions	**8,559**	10
Impairment charge (Note 4 (i))	**(56,612)**	–
At end of year	**94,960**	143,013

The Company's interests in joint ventures, all of which are unlisted, are as follows:

Name	Principal activity	Country of incorporation	2014 % holding	2013 % holding
CD Holding 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

Notes to the Financial Statements continued

16 Loans Receivable

	2014 US$000	2013 US$000
Non-current		
Loans to related parties (Note 23 (vi))	**67,931**	71,341
Current		
Loans to related parties (Note 23 (vi))	**1,025**	3,749
Loans to third parties	**194**	221
	1,219	3,970
Total	**69,150**	75,311

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	
	2014 US$000	2013 US$000
Loans to related parties	**67,999**	68,689

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 4,5% for Euro loans, 7% for US Dollar loans and 30% for Russian ruble loans (2013: 6% for Euro and US Dollar loans and 10% for Russian ruble 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.

The weighted average effective interest rates on loans receivable at the balance sheet date were as follows:

	2014 %	2013 %
Loans to related parties	**5.7%**	6.1

The carrying amounts of the Company's loans receivable are denominated in the following currencies:

	2014 US$000	2013 US$000
Euro	**13,300**	17,287
Russian ruble	**905**	4,460
US Dollar	**54,946**	53,564
	69,151	75,311

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

	2014 US$000	2013 US$000
Dividends receivable from related parties (Note 23 (vii))	**6,474**	9,826
Prepayments	**61**	114
Other debtors – related parties (Note 23 (vii))	**–**	7
Other debtors	**32**	4,453
Amount held in escrow account (Note 20)	**–**	61,100
	6,567	75,500

The fair values of trade and other receivables approximate their carrying amounts.

18 Cash and Bank Balances

	2014 US$000	2013 US$000
Cash at bank	**2,730**	14,054
	2,730	14,054

Cash and cash equivalents are denominated in the following currencies:

	2014 US$000	2013 US$000
Euro	**2,036**	11,031
US Dollar	**694**	3,023
	2,730	14,054

Non-cash transaction

The principal non-cash transactions during the current year were: (1) the partial settlement of the amount receivable by the Company amounting to US$225,000 thousand from its wholly owned subsidiary NCC Group Limited due to the reduction of the subsidiary's capital with loans due to NCC Group Limited amounting to US$165,064 thousand (Notes 14 and 23(v)); and (2) the netting off of the amount held in escrow account within trade debtors amounting to US$61,100 thousand (Note 17) with the corresponding contingent consideration included in trade payables (Note 20).

The principal non-cash transactions during the prior year were the issue of 103,170,730 new GPI shares (Note 19) and the assignment to GPI of loans due to a wholly owned subsidiary of the acquired NCC Group Limited from the sellers, for the partial settlement of the 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 2013	47,000	454,513	501,513
Issue of new shares	10,317	468,998	479,315
Balance at 31 December 2013/31 December 2014	57,317	923,511	980,828

Notes to the Financial Statements continued

19 Share Capital, Share Premium and Dividends continued

Authorised share capital

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 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.

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.

During the year 2014 the Company has declared dividends in the total amount of US$34,4 million (US$0,06 per share). All dividends were paid during 2014.

20 Trade and Other Payables

	2014 US$000	2013 US$000
Other payables	**355**	126,601
Accrued expenses	**286**	237
Financial guarantee (Note 23 (ix))	**125**	269
Other payables – related parties (Note 23 (viii))	**–**	22
Dividends payables to related parties (Note 23 (viii))	**–**	10,575
Dividends payable to third parties	**–**	3,525
	766	141,229
Less: non-current portion:		
Financial guarantee (Note 23 (ix))	**–**	(125)
Current portion	**766**	141,104

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date. In 2013, 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, in 2013 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

	2014 US$000	2013 US$000
Non-current		
Loans from related parties (Note 23 (v))	**21,200**	–
Current		
Loans from related parties (Note 23 (v))	**–**	833,291
Maturity of non-current borrowings (excluding finance lease liabilities)		
Between 1 and 2 years	**21,200**	–

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

	2014 %	2013 %
Loans from subsidiaries (Note 23 (vi))	**5.7**	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 Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations. During 2014 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

- the Central Bank Russian Federation ("CBRF") exchange rate fluctuated between RR 32.7292 and RR 56.2584 per USD;
- the CBRF key refinancing interest rate increased from 5.5% per annum to 17.0% per annum including an increase from 12.0% per annum to 17.0% per annum on 16 December 2014;
- the Russian Trading System ("RTS") stock exchange index ranged between 1 445 and 791;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Notes to the Financial Statements continued

22 Contingencies continued

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

Estonia and Finland represent established market economies with the more stable political systems and developed legislation based on EU directives 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.

The following transactions were carried out with related parties:

(i) Operating activities

	2014 US$000	2013 US$000
Dividend income:		
Subsidiaries	**19,239**	135,812
Joint ventures	**6,733**	3,826
	25,972	139,638
Interest income:		
Subsidiaries and joint ventures	**4,188**	4,298
Interest expense:		
Subsidiaries	**5,565**	604
Other gains/(losses) – net :		
Subsidiaries	**144**	444
Purchase of services:		
Subsidiaries	**396**	413
Entities under the control of the owners of TIHL and APM Terminals	**24**	66
	420	479

(ii) Acquisitions/disposals of subsidiaries/joint ventures

	2014 US$000	2013 US$000
Additions/contributions:		
Subsidiaries	**104,268**	261
Joint ventures	**8,551**	10
	112,819	271
Disposals/distributions of equity:		
Subsidiaries	**998,571**	3

(iii) Key management personnel compensation

The compensation of key management personnel is as follows:

	2014 US$000	2013 US$000
Salaries and other short-term employee benefits	**948**	859

(iv) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2014 US$000	2013 US$000
Fees	**391**	393
Emoluments in their executive capacity	**456**	466
	847	859

(v) Borrowings from related parties

	2014 US$000	2013 US$000
Borrowings from subsidiaries:		
At beginning of year	**833,291**	–
Borrowings advanced	**184,750**	229,397
Borrowings repaid	**(722,782)**	–
Borrowings netted-off	**(165,064)**	–
Interest charged (Note 9)	**5,565**	604
Interest repaid	**(114,560)**	–
Borrowings assigned as part of NCC Acquisition (Note 14)	**–**	603,290
At end of the year	**21,200**	833,291

The borrowings from related parties bear interest at the rate of 5,5% to 6,5%, are unsecured and repayable by December 2016.

Notes to the Financial Statements continued

23 Related Party Transactions continued

(vi) Loans to related parties

	2014 US$000	2013 US$000
Loans to subsidiaries:		
At beginning of the year	**69,585**	40,611
Loans advanced	**17,525**	70,285
Loans repaid	**(12,428)**	(45,246)
Assignment of loans	**(6,492)**	–
Interest charged (Note 5)	**3,835**	4,085
Interest repaid	**(2,786)**	(767)
Fair value gain in initial recognition	**–**	300
Foreign exchange (loss)/gain	**(2,541)**	317
At end of the year (Note 16)	**66,698**	69,585
Loans to joint ventures:		
At beginning of the year	**5,505**	6,415
Assignment of loans	**6,492**	–
Loans transferred to cost of investment (Note 15)	**(8,551)**	–
Loans repaid	**(675)**	(1,086)
Interest charged	**354**	213
Interest repaid	**(118)**	(286)
Foreign exchange (loss)/gain	**(748)**	249
At end of the year (Note 16)	**2,259**	5,505
Total loans to related parties:		
At beginning of the year	**75,090**	47,026
Assignment of loans	**6,492**	–
Loans netted off	**(6,492)**	–
Loans transferred to cost of investment (Note 15)	**(8,551)**	–
Loans advanced	**17,525**	70,285
Loans repaid	**(13,103)**	(46,332)
Interest charged	**4,189**	4,298
Interest repaid	**(2,904)**	(1,053)
Foreign exchange (loss)/gain	**(3,289)**	566
Fair value gain/(loss) on initial recognition	**–**	300
At end of the year	**68,957**	75,090

The loans to related parties bear interest at the rate of 0% to 8.75%, are unsecured and are repayable by June 2018.

(vii) Prepayments and other receivables

	2014 US$000	2013 US$000
Other receivables (Note 17):		
Entities under the control of the owners of TIHL and APM Terminals B.V.	**–**	7
Dividends receivable (Note 17):		
Subsidiaries	**6,474**	9,826

(viii) Other payables

	2014 US$000	2013 US$000
Other payables (Note 20):		
Subsidiaries	**125**	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$283,683 thousand as at 31 December 2014. The guarantee was provided free of charge and is valid for a period of 7 years. The fair value on initial recognition was not recognised 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 a bank loan with a balance of US$365,000 as at 31 December 2014. The guarantee was provided free of charge and is valid until March 2018. The fair value on initial recognition was not recognised 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 a bank loan with a balance of US$25,064 thousand as at 31 December 2014. The guarantee was provided free of charge and is valid for a period of 5 years. The fair value on initial recognition was not recognised 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 realising any expenditure to settle any of the above guarantees was considered remote.

24 Events After the Balance Sheet Date

From the end of 2014 there has been increased volatility in currency markets and the Russian ruble has depreciated significantly against some major currencies. As of the middle of the March 2015 the Russian ruble has depreciated against the US Dollar from 56.26 as of 31 December 2014 to approximately 60.66 Russian rubles (7.8% devaluation). For the period from January 2015 to the middle of March 2015 the lowest values of Russian ruble to US Dollar and the Euro were 69.66 and 78.79 respectively.

There were no other material post balance sheet events, which have a bearing on the understanding of these parent company financial statements.
Independent Auditors' Report is on pages 11 and 12.

Additional Information

Unaudited Selected Illustrative Combined Financial Metrics

In December 2013 Global Ports Investments PLC (the Company, together with its subsidiaries and joint ventures, the Global Ports Group) 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).

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 have been prepared to illustrate the effect that the acquisition of NCC Group would have had on the Global Ports Group's combined consolidated extract of income statement and statement of cash flows for the year ended 31 December 2013 if that acquisition had taken place on 1 January 2013.

The Illustrative Combined Financial Metrics represent 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. They do 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 2014; and
– 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.

Unaudited Illustrative Combined Consolidated Income Statement for the Year Ended 31 December 2013

	Global Ports Group	NCC Group	Illustrative adjustments	Notes	Illustrative Combined
Revenue	332	257	–		589
Cost of sales	(137)	(116)	(32)	A	(285)
incl. depreciation, amortisation and impairment	(48)	(38)	(32)	A	(118)
Gross profit	195	141	(32)		304
Administrative, selling and marketing expenses	(46)	(16)	–		(62)
incl. depreciation, amortisation and impairment	(1)	(1)	–		(2)
Share of profit in joint ventures	17	–	–		17
Other gains/(losses) – net	3	5	–		8
Operating profit	169	130	(32)		266
Finance income/(costs) – net	(20)	(66)	(38)	B	(123)
Profit before income tax	149	64	(70)		143
Income tax expense	(35)	(26)	12	A,B	(49)
Profit for the year	114	38	(58)		94
Attributable to:					
Owners of the parent	114	47	(58)		104
Non-controlling interest	–	(9)	–		(9)
	114	38	(58)		94
Adjusted EBITDA	198	163	–		361

Unaudited Selected Illustrative Combined Financial Metrics continued

Consolidated Cost of Sales, Selling and Administrative Expenses for the Year Ended 31 December 2013 Are as Follows:

(USD m)	Global Ports Group	NCC Group	Illustrative adjustments	Notes	Illustrative Combined
Staff costs	70	44	–		114
Depreciation of property, plant and equipment	43	35	8	A	86
Amortisation of intangible assets	6	–	24	A	30
Impairment of property, plant and equipment	–	4	–		4
Transportation services	13	0	–		13
Fuel, electricity and gas	8	7	–		15
Repair and maintenance of property, plant and equipment	9	5	–		14
Taxes other than on income	7	4	–		11
Legal, consulting, auditing and other professional services	5	2	–		7
Operating lease costs	2	7	–		9
Purchased services	7	5	–		12
Materials	1	1	–		2
Other expenses	12	19	–		31
Total cost of sales, selling and administrative expenses	183	133	32		348

Enlarged Russian Ports segment revenues, cost of sales, selling and administrative expenses and Adjusted EBITDA for the year ended 31 December 2013 are as follows:

(USD m)	Russian ports as per GPI report	Contribution of NCC Group	Illustrative adjustments	Notes	Illustrative Enlarged Russian Ports
Total revenue	371	255	0		626
Cost of sales, administrative, selling and marketing expenses					
Depreciation of property, plant and equipment	52	35	8	A	95
Amortisation of intangible assets	6	–	24	A	30
Impairment of PPE	0	4			4
Staff costs	58	40	–		98
Transportation expenses	15	0	–		15
Fuel, electricity and gas	10	7	–		17
Repair and maintenance of property, plant and equipment	12	5	–		17
Other operating expenses	35	34	–		69
Total cost of sales, administrative, selling and marketing expenses	188	125	32		345
Adjusted EBITDA	241	169	0		410

Notes to the 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 bn identified as a result of the purchase price allocation. The estimated useful life of these contractual rights is 59 years.

The increase in the carrying values of property, plant and equipment would cause an additional depreciation charge in the amount of approximately USD 8 million.

B. **Finance income/(costs) – net:** Total adjustments to "Finance income/(costs) – net" are summarised as follows:

(USD m)	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 the closing of the NCC Acquisition, the long-term loan receivable by the NCC Group from the immediate parent company of one of the Sellers has been assigned to the Global Ports Group. The amount of this loan was USD 603.6 million. On acquisition, this amount is then 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.

Notes to the Illustrative Combined Financial Metrics continued

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).

Unaudited Illustrative Combined Consolidated Statement of Cash Flows for the Year Ended 31 December 2013

(USD m)	Global Ports Group	NCC Group	Illustrative adjustments	Notes	Illustrative combined
Cash flows from operating activities					
Cash generated from operations	219	175	–		394
Dividends received from joint ventures	70	–	–		70
Tax paid	(37)	(26)	6	C	(57)
Net cash from operating activities	252	149	6		407
Cash flows from investing activities					
Acquisition of subsidiary – net of cash acquired	(178)	–	–		(178)
Purchases of property, plant and equipment	(63)	(7)	–		(70)
Proceeds from sale of property, plant and equipment	1	–	–		1
Loans granted to related parties	(20)	(18)	–		(38)
Loan repayments received from related parties	1	–	–		1
Interest received from third parties, bank balances and deposits	1	1	–		2
Net cash used in investing activities	(258)	(24)	–		(282)
Cash flows from financing activities					
Proceeds from borrowings	283	538	–		821
Repayments of borrowings	(55)	(580)	–		(635)
Finance lease principal payments to third parties	(18)	–	–		(18)
Interest paid	(15)	(65)	(13)	D	(93)
Expenses in relation to issued shares	(1)	–	–		(1)
Dividends paid to the owners of the Company	(150)	(3)	–		(153)
Net cash used in financing activities	44	(111)	(13)		(79)
Net increase in cash and bank overdrafts	38	15	(7)		46
Cash and bank overdrafts at beginning of the period	78	37	–		115
Exchange losses on cash and bank overdrafts	(3)	–	–		(3)
Cash and bank overdrafts at end of the period	113	52	(7)		158

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.

Definitions and Presentation of Information

Definitions

Terms that require definitions are marked with capital letters in this announcement 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, share of profit/(losses) of joint ventures accounted for using equity method, 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.

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

Average Storage Capacity is a storage capacity available at Vopak EOS oil products terminals, averaged for the beginning and end of the year.

Baltic Sea Basin is the geographic region of northwest Russia surrounding the Gulf of Finland on the eastern Baltic Sea including St. Petersburg, Ust-Luga and Kaliningrad.

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 (a non-IFRS financial measure) are defined as cost of sales, adjusted for depreciation and impairment of property, plant and equipment, amortisation and impairment of intangible assets.

Cash Administrative, Selling and Marketing expenses (a non-IFRS financial measure) are defined as administrative, selling and marketing expenses, adjusted for depreciation and impairment of property, plant and equipment, amortisation and impairment of intangible assets.

CD Holding group consists of Yanino Logistics Park (an inland terminal in the vicinity of St. Petersburg), CD Holding and some other entities. The results of CD Holding group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Far East Basin is 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.

First Container Terminal (FCT) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo and is one of the first specialised container terminals to be established in the USSR. The Global Ports Group owns a 100% effective ownership interest in FCT. The results of FCT are fully consolidated.

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 results of the Finnish Ports segment are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Fuel Oil Export Market is defined as the export of fuel oil from ports located in the Former Soviet Union countries.

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 ruble, (b) for Oil Products Terminal segment, and for the Finnish Ports segment, the Euro.

Definitions and Presentation of Information continued

Definitions continued

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

Logistika Terminal (LT) is an inland container terminal providing a comprehensive range of container freight station and dry port services at one location. The terminal is 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 LT. The results of LT are fully consolidated.

MLT Group consists of Moby Dik (a terminal in the vicinity of St. Petersburg) and Multi-Link Terminals Oy (terminal operator in Vuosaari (near Helsinki, Finland) and Kotka, Finland). The results of MLT group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Moby Dik (MD) is located on the St. Petersburg ring road, approximately 30 kilometers from St. Petersburg, at the entry point of the St. Petersburg channel. It is the only container terminal in Kronstadt. The Global Ports Group owns a 75% effective ownership interest in MD, Container Finance LTD currently has a 25% effective ownership interest. The results of MD are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

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

Oil Products Terminal segment consists of the Group's 50% ownership interest in Vopak EOS (in which Royal Vopak currently has a 50% effective ownership interest). The results of the Oil Products Terminal segment are consolidated in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

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

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

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

Petrolesport (PLP) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo. The Group owns a 100% effective ownership interest in PLP. The results of PLP are fully consolidated.

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

Russian container market is gross throughput of container terminals located in Russia.

Russian Ports segment consists of the Global Ports Group's interests in PLP (100%), VSC (100%), FCT (100%), ULCT (80%) (in which Eurogate currently has a 20% effective ownership interest), Moby Dik (75%), Yanino (75%) (in each of Moby Dik and Yanino Container Finance currently has a 25% effective ownership interest), and Logistika Terminal (100%). The results of Moby Dik and Yanino are accounted in the Global Ports' consolidated financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

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 (a non-IFRS financial measure) is defined as Global Ports Group's cost of sales, administrative, selling and marketing expenses, less depreciation and impairment of property, plant and equipment, less amortisation and impairment of intangible assets.

Transaction is the acquisition of 100% of the share capital of NCC Group Limited, announced on 2 September 2013 and completed on 27 December 2013.

Ust-Luga Container Terminal (ULCT) is located in the large multi-purpose Ust-Luga port cluster on the Baltic Sea, approximately 100 kilometres westwards from St. Petersburg city ring road. ULCT began operations in December 2011. The Global Ports Group owns an 80% effective ownership interest in ULCT, Eurogate, the international container terminal operator, currently has a 20% effective ownership interest. The results of ULCT are fully consolidated.

Vopak EOS includes AS VEOS and various other entities (including an intermediate holding) that own and manage an oil products terminal in Muuga port near Tallinn, Estonia. The Group owns a 50% effective ownership interest in Vopak EOS. The remaining 50% ownership interest is held by Royal Vopak. The results of Vopak EOS are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Vostochnaya Stevedoring Company (VSC) is located in the deep-water port of Vostochny near Nakhodka on the Russian Pacific coast, approximately eight kilometers from the Nakhodka-Vostochnaya railway station, which is connected to the Trans-Siberian Railway. The Group owns a 100% effective ownership interest in VSC. The results of VSC are fully consolidated.

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

Yanino Logistics Park (YLP) is the first terminal in the Group's inland terminal business and is one of only a few multi-purpose container logistics complexes in Russia providing a comprehensive range of container and logistics services at one location. It is located approximately 70 kilometres from the Moby Dik terminal in Kronstadt and approximately 50 kilometres from PLP. The Global Ports Group owns a 75% effective ownership interest in YLP, Container Finance LTD currently has a 25% effective ownership interest. The results of YLP are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

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