Brunswick Rail Limited and its subsidiary companies

Interim Condensed Consolidated Financial Information for the three months ended 31 March 2015

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Interim Condensed Consolidated Income Statement for the three months ended 31 March 2015

	Note	31 March 2015 US$000	31 March 2014 US$000
Revenue before hedging with non-derivatives effect	5	**34.241**	52.036
Hedging with non-derivatives effect	10	**-**	(5.745)
Revenue after hedging with non-derivatives effect		**34.241**	46.291
Cost of services	6	**(5.071)**	(9.638)
Property tax	8	**(2.068)**	-
Staff compensation, excluding share-based compensation		**(2.310)**	(2.416)
Other operating expenses	7	**(5.718)**	(1.640)
Other operating income		**215**	678
Operating profit before share-based compensation and depreciation		**19.289**	33.275
Share-based compensation		**(209)**	(870)
Depreciation and amortisation	12	**(8.629)**	(14.689)
Operating profit		**10.451**	17.716
Finance costs	9	**(16.505)**	(16.346)
Finance income	9	**520**	177
Revaluation of embedded derivatives on mezzanine		**(41)**	-
Net foreign exchange translation losses	10	**(24.623)**	(467)
(Loss)/profit before income tax		**(30.198)**	1.080
Income tax credit/(expense)	11	**5.496**	(324)
(Loss)/profit for the period attributable to the owners of the Company		**(24.702)**	756

The notes on pages 7 to 17 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2015

	Note	**31 March 2015 US$000**	31 March 2014 US$000
(Loss)/profit for the period		**(24.702)**	756
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge (derivatives):			
- Cash flow gains on hedging reserve		**21**	-
- Transfers to income statement		**(370)**	-
Cash flow hedge (non-derivatives):			
- Exchange differences deferred to equity, net of tax	10, 15	**-**	(44.049)
- Exchange differences recycled to income statement, net of tax	10, 15	**-**	4.597
Currency translation differences		**1.150**	(26.294)
Total items that may be reclassified subsequently to profit or loss		**801**	(65.746)
Other comprehensive profit/(loss) for the period, net of tax		**801**	(65.746)
Total comprehensive loss for the period		**(23.901)**	(64.990)
Attributable to:			
Owners of the Company		**(23.901)**	(64.990)

Items in the statement above are disclosed net of tax.

The notes on pages 7 to 17 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet as at 31 March 2015

Assets	Note	31 March 2015 US$000	31 December 2014 US$000
Non-current assets			
Equipment	12	**607.657**	637.241
Finance leases receivable		**6.572**	7.064
Deferred income tax asset		**20.301**	15.826
		634.530	660.131
Current assets			
VAT recoverable		**95**	103
Advances paid for rail tariffs		**406**	389
Trade and other receivables	13	**13.310**	13.899
Finance leases receivable		**1.609**	1.524
Derivative financial instruments		**1.182**	1.282
Current income tax prepayment		**310**	323
Cash and cash equivalents		**82.594**	72.910
		99.506	90.430
Total assets		**734.036**	750.561
Equity deficit and liabilities			
Capital and reserves			
Share capital	14	**265.223**	265.223
Share premium	14	**120.095**	120.095
Treasury shares	14	**(12.837)**	(12.837)
Other reserves	15	**(210.711)**	(211.714)
Accumulated losses		**(207.905)**	(183.203)
Total equity deficit		**(46.135)**	(22.436)
Non-current liabilities			
Borrowings	16	**667.990**	663.629
Mezzanine		**77.804**	75.026
		745.794	738.655
Current liabilities			
Trade and other payables	17	**6.125**	5.566
Current income tax liabilities		**167**	118
VAT payable		**4.017**	5.089
Other taxes payable		**2.204**	18
Borrowings	16	**21.864**	23.551
		34.377	34.342
Total liabilities		**780.171**	772.997
Total equity deficit and liabilities		**734.036**	750.561

The notes on pages 7 to 17 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2015

	Note	Share capital/ share premium/ treasury shares US$000	Other reserves US$000	Accumulated losses US$000	Total US$000
		Attributable to the owners of the parent			
Balance at 1 January 2014		349.534	(112.617)	108.905	345.822
Comprehensive income:					
Profit for the period		-	-	756	756
Total other comprehensive loss		-	(65.746)	-	(65.746)
Total comprehensive (loss)/income		-	(65.746)	756	(64.990)
Transactions with owners					
Issue of preference shares		50.000	-	-	50.000
Transaction costs attributable to issue of preference shares		(2.538)	-	-	(2.538)
Share-based payment	15	-	684	-	684
Shares acquired for the CEO and Chairman plan		(25.897)	-	-	(25.897)
Transfer of share-based compensation reserve to retained earnings upon vesting		-	(39)	39	-
Dividends declared[1]		-	-	(13.715)	(13.715)
Total contribution from and distribution to owners of the Company		21.565	645	(13.676)	8.534
Balance at 31 March 2014		**371.099**	**(177.718)**	**95.985**	**289.366**
Balance at 1 January 2015		**372.481**	**(211.714)**	**(183.203)**	**(22.436)**
Comprehensive income:					
Loss for the period		-	-	(24.702)	(24.702)
Total other comprehensive income		-	801	-	801
Total comprehensive income/(loss)		-	801	(24.702)	(23.901)
Transactions with owners					
Share-based payment	15	-	202	-	202
Total contribution from and distribution to owners of the Company		-	202	-	202
Balance at 31 March 2015		**372.481**	**(210.711)**	**(207.905)**	**(46.135)**

[1] Out of the US$14 million dividend declared, an amount of approximately US$285 thousand related to a subsidiary entity which holds the LTIP shares.

The notes on pages 7 to 17 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2015

	Note	Three months ended 31 March 2015 US$000	31 March 2014 US$000
Cash flows from operating activities			
(Loss)/profit before income tax		**(30.198)**	1.080
Adjustments for:			
Depreciation and amortisation	12	**8.629**	14.689
Repair costs for bolster and side frames		**-**	81
Provision for bad debts		**4.416**	(1.579)
(Profit)/loss on disposal of assets		**(212)**	901
Finance income	9	**(520)**	(177)
Finance costs	9	**16.505**	16.346
Hedging with non-derivatives effect	10	**-**	5.745
Revaluation of embedded derivatives on mezzanine		**41**	-
Net foreign exchange translation losses		**24.623**	467
Share-based compensation		**209**	870
		23.493	38.423
Changes in working capital:			
Trade and other receivables		**(7.462)**	(5.056)
Finance leases receivable		**407**	372
Trade and other payables		**692**	849
Taxes payable other than income tax and VAT		**2.185**	(1.204)
VAT (paid)/received, (net)		**(877)**	2.300
Cash generated from operations		**18.438**	35.684
Income tax paid		**(77)**	(153)
Net cash generated by operating activities		**18.361**	35.531
Cash flows from investing activities			
Purchase of railcars including prepayments		**-**	(66.454)
Purchase of spare parts		**(777)**	(1.155)
VAT paid on purchase of railcars and wheel sets		**(140)**	(12.166)
Proceeds from disposal of assets		**88**	4.718
Interest received	9	**132**	112
Net cash used in investing activities		**(697)**	(74.945)
Cash flows from financing activities			
Issuance of preference shares		**-**	50.000
Transaction costs attributable to issue of preference shares		**-**	(283)
Share buyback		**-**	(3.118)
Loans granted to CEO and Chairman as part of a long term incentive plan		**-**	(28.775)
Proceeds from bank borrowings		**-**	26.000
Repayments of other borrowings	20	**(5.000)**	(26.000)
Interest and commitment fees paid on borrowings		**(2.505)**	(3.471)
Finance leases liabilities – principal repayments	16	**(328)**	(2.371)
VAT paid on finance lease liabilities	16	**(75)**	(992)
Net cash (used in)/from financing activities		**(7.908)**	10.990
Net increase/(decrease) in cash and cash equivalents		**9.756**	(28.424)
Cash and cash equivalents at beginning of the period		**72.910**	62.624
Exchange losses on cash and cash equivalents		**(72)**	(1.129)
Cash and cash equivalents at end of the period		**82.594**	33.071

The notes on pages 7 to 17 are an integral part of the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1. General information

Introduction

The interim condensed financial information consolidated the financial information of Brunswick Rail Limited (the "Company") and its subsidiaries (the "Group"), for the three months ended 31 March 2015.

Country of incorporation

The Company is incorporated in Bermuda as a private limited liability company in accordance with the provisions of the section 14 of the Companies Act 1981. Its registered office is at Wessex House, 2nd Floor, 45 Reid Street, Hamilton HM 12 Bermuda.

Principal activities

The Group's principal activity is to engage in the purchase and leasing of railcars in the "1520 gauge territory" (the railway territory of Russian Federation and CIS), and all ancillary activities thereto, itself or through its subsidiaries. Following the acquisition of ZAO ProfTrans group, the Group is also engaged in the shipment of iron scrap and other freights mainly within Russian Federation territory using both own and leased railcars as well as railcars provided by third party carriers.

2. Basis for preparation

(a) Statement of compliance

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). It has been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policy below.

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

(b) Going concern

During the first quarter of 2015 there was a continued deterioration in the market environment in respect of overproduction and surplus of railcars, railcar prices and spot lease rates.

Spot daily rates reached unprecedented low levels in March 2015 and Management does not expect any significant improvements in their levels in the near term. The Group's share of USD contracts has substantially decreased from 52 percent during 2014 to 36 percent in March 2015. The Group has therefore become a primarily RUB-revenue generating group.

The Group suffered a net loss for the three months ended 31 March 2015 of approximately US$24.7 million compared to a profit of approximately US$0.8 million in the corresponding period in 2014. Adjusted EBITDA for the three months ended 31 March 2015 was approximately US$19.3 million, which was approximately 51 percent lower than the corresponding period in 2014.

Clients' payment discipline deteriorated toward the end of 2014 and it is worsening through 2015 to date.

While Management believes that it is taking appropriate measures to support the sustainability of the Group's business and profitability, the continuation of the unstable business environment creates material uncertainties over the future profitability of the Group. Accordingly, the Group's Adjusted EBITDA may fall to levels that could lead to non-compliance with certain financial covenants of its syndicated loan facility.

Management has initiated the process of negotiating amendments to its syndicated facility, including the modification of the aforementioned financial covenants to more sustainable levels, and/or a waiver of potential covenant violations, before such violations occur, to allow Management sufficient time to complete the negotiation process (which could take some time).

2. Basis for preparation (continued)

(b) Going concern (continued)

Management has therefore prepared the interim condensed consolidated financial information ("interim financial information") on a going concern basis. As a result of the conditions described above, there is material uncertainty as to whether the Group will be able to comply with certain financial covenants of its long-term credit facility agreement during the twelve months period from the date of the interim financial information. In the event the Group is unable to comply with such covenants and unable to re-negotiate the terms of the above agreement, the Group's debt may become repayable on demand and the security provided may be enforced, unless the Group discharges the loan on a voluntary basis to avoid a potential covenant violation. These conditions, along with the other matters discussed above, indicate the existence of a material uncertainty that may cast a doubt about the Group's ability to continue as a going concern. The interim financial information does not include any adjustments that might result from the outcome of the uncertainties set out above.

3. Accounting policies

The accounting policies and methods of computation adopted in the preparation of this interim condensed consolidated financial information are consistent with those applied in preparation of annual consolidated financial statements for the year ended 31 December 2014 as described therein.

Adoption of New or Revised Standards and Interpretations

In the current period, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in in the interim condensed consolidated financial information:

- Amendments to IAS 19 - Defined Benefit Plans: Employee contributions;
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle;

The adoption of these new and revised standards and interpretations did not have a significant effect on the Group's interim condensed consolidated financial information.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Annual Improvements to IFRSs 2012-2014 Cycle[1];
- IFRS 14 Regulatory Deferral Accounts[1];
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation[1];
- Amendments to IAS 27 - Equity Method in Separate Financial Statements[1];
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants[1];
- Amendments to IFRS 11 - Accounting for Acquisition of Interests in Joint Operations[1];
- Amendments to IAS 1 – Disclosure initiative project[1];
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1];
- IFRS 15 Revenue from Contracts with Customers[2];
- IFRS 9 Financial Instruments[3];

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Management is currently considering the potential impact of the adoption of these Standards and amendments. However, it is not practicable to provide a reasonable estimate of their effect until a detailed review has been completed.

4. Critical accounting estimates and judgments

The preparation of interim condensed consolidated financial information requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2014.

5. Revenue

	Three months ended	
	31 March 2015 US$000	31 March 2014 US$000
Full service operating leases	**22.334**	32.704
Triple-net operating leases	**7.293**	14.574
Transportation services income	**4.329**	4.420
Finance leases	**285**	338
Total external revenue pre hedging	**34.241**	52.036
Effect of hedging with non-derivatives (Note 10)	-	(5.745)
Total external revenue post hedging	**34.241**	46.291

The revenue decrease compared to the prior corresponding period was primarily driven by (i) remarketing of railcars to significantly lower spot rates at the conclusion of operating leases, (ii) the sharp decline in the value of RUB against the USD which, in response to client pressure, led to the majority of USD-denominated contracts being renegotiated and switched to RUB-denominated and (iii) remaining USD-denominated client contracts renegotiated at significantly lower USD daily rates.

6. Cost of services

	Three months ended	
	31 March 2015 US$000	31 March 2014 US$000
Depot repairs	**2.335**	6.863
Other transportation services expenses	**2.201**	1.628
Other railcar expenses	**471**	935
Railcar insurance	**64**	52
Transportation services subcontracted	-	160
Total cost of services	**5.071**	9.638

The decrease in costs of services was primarily due to (i) lower depot repairs costs, where on average depot repair costs per railcar have decreased by 15% compared to the corresponding period last year as a result of management's success in achieving higher purchase efficiency and (ii) a substantially higher number of depot repairs which took place during the corresponding period last year. A reduction in other railcar expenses was offset by an increase in other transportation expenses representing rail tariffs for empty-run on the back of an on-going weak transportation market.

7. Other operating expenses

	Three months ended	
	31 March 2015 US$000	31 March 2014 S$000
Provision for bad debts (Note 13)	**4.416**	-
Directors' fees and expenses (Note 20)	**339**	396
Rent and related expenses	**287**	378
Other professional fees	**172**	93
Legal fees	**113**	139
Travelling, accommodation and entertainment	**102**	112
Auditor's remuneration	**83**	145
Consultancy fees	**82**	106
Other operating expenses	**62**	132
Information technology costs	**27**	39
Advertising and marketing	**18**	67
Communication costs	**17**	33
Total other operating expenses	**5.718**	1.640

8. Property tax

In accordance with legislation enacted in 2013, movable property recognized on an entity's balance sheet from 1 January 2013 was exempted from property tax. Following the merger of all Russian operating lease entities into one entity in November 2013, the Group was exempted from property tax throughout 2014.

Following changes to Russian Tax Code that are effective from 1 January 2015, movable property acquired from 1 January 2013 is exempted from taxation, except for property which was recorded on a company's balance sheet as a result of the company's reorganization, liquidation or purchase from related parties. As a result property tax in the amount of US$2.068 thousand was charged to the income statement during the three months ended 31 March 2015. The aforementioned changes to legislation will not have a retrospective effect.

9. Finance costs and income

	Three months ended	
	31 March 2015 US$000	31 March 2014 US$000
Finance costs		
Interest expenses – Eurobond	**10.319**	10.401
Interest expenses – syndicated bank loans	**2.820**	115
Interest expenses – mezzanine facility	**2.805**	2.451
Other borrowing costs	**456**	224
Interest expenses – finance lease payables	**89**	3.139
	16.489	16.330
Bank charges	**16**	16
	16.505	16.346
Finance income		
Interest income on bank balances	**(150)**	(177)
Fair value gains on interest rate swap - cash flow hedge, transfer from other comprehensive income	**(370)**	-
	(520)	(177)
Net finance costs	**15.985**	16.169

10. Hedging with non-derivatives

Due to a continuing market downturn, the on-going geopolitical instability and the US and EU sector sanctions imposed in 2014, the proportion of USD-denominated revenues designated in the hedge relationship as hedged item decreased significantly which led to a total de-designation of hedge.

Following de-designation the USD-denominated Eurobond remained unhedged. As a result of RUB depreciation against the USD during the first quarter of 2015, net foreign exchange translation losses in the amount of US$24.623 thousand were recognized in income statement.

The effect of applying hedge accounting with non-derivative financial instruments on both interim condensed consolidated income statement and balance sheet is presented below:

	Three months ended	
	31 March 2015	31 March 2014
Income statement	**US$000**	US$000
Net loss for the period – pre hedging with non-derivatives	**-**	(38.696)
Net foreign exchange losses deferred to other comprehensive income	-	55.060
Revenue – foreign exchange losses recycled from other comprehensive income	-	(5.745)
Tax charge – related deferred taxes	-	(9.863)
Net effect on loss after tax	-	39.452
Profit for the period – post hedging with non-derivatives	**-**	756
Total equity – pre hedging with non-derivatives	**-**	289.366
Hedging reserve – exchange differences deferred from income statement	-	(61.778)
Retained earnings – exchange differences deferred to hedging reserve	-	66.253
Translation reserve effect	-	(4.475)
Total effect on equity	-	-
Total equity – post hedging with non-derivatives	**-**	289.366

11. Income tax expense

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 18 per cent (31 March 2014: 30 per cent). As at 31 March 2015 it is estimated that none of the Group's subsidiaries have contingent tax liabilities arising from exposure other than remote tax risks (as at 31 December 2014: none).

12. Equipment

	Railcars US$000	Furniture, fittings & office equipment US$000	**Total US$000**
As at 1 January 2015			
Cost	803.277	667	**803.944**
Accumulated depreciation	(166.466)	(376)	**(166.842)**
Net book amount	636.811	291	**637.102**
Three-month period ended 31 March 2015			
Opening net book amount	636.811	291	**637.102**
Additions	4.597	11	**4.608**
Disposals / retirement of assets	(1.641)	-	**(1.641)**
Depreciation charge	(8.594)	(26)	**(8.620)**
Depreciation on disposal	436	-	**436**
Exchange differences on cost	(30.099)	(26)	**(30.125)**
Exchange differences on depreciation	5.757	12	**5.769**
Closing net book amount	607.267	262	**607.529**
As at 31 March 2015			
Cost	776.134	652	**776.786**
Accumulated depreciation	(168.867)	(390)	**(169.257)**
Net book amount	607.267	262	**607.529**
As at 1 January 2014			
Cost	1.311.917	1.402	**1.313.319**
Accumulated depreciation	(231.518)	(689)	**(232.207)**
Net book amount	1.080.399	713	**1.081.112**
Three-month period ended 31 March 2014			
Opening net book amount	1.080.399	713	**1.081.112**
Additions	58.623	23	**58.646**
Disposals / retirement of assets	(6.045)	-	**(6.045)**
Depreciation charge	(14.637)	(52)	**(14.689)**
Depreciation on disposal	2.436	-	**2.436**
Exchange differences on cost	(111.196)	(228)	**(111.424)**
Exchange differences on depreciation	22.018	170	**22.188**
Closing net book amount	1.031.598	626	**1.032.224**
As at 31 March 2014			
Cost	1.253.298	1.197	**1.254.495**
Accumulated depreciation	(221.700)	(571)	**(222.271)**
Net book amount	1.031.598	626	**1.032.224**

During the three months ended 31 March 2015 the Group's fleet was increased by 174 railcars. Equipment includes 25.528 railcars (31 December 2014: 25.354 railcars) which are held by the Group's subsidiary companies. Out of the total equipment, 20.994 railcars are leased out under operating leases and short-term rentals and 4.534 are used for shipment of iron scrap and other freights. As at 31 March 2015 3.398 railcars (31 December 2014: 3.398 railcars) are pledged as collateral against the syndicated loan. The carrying value of the pledged railcars amounts to US$100.319 thousand (31 December 2014: US$106.003 thousand).

If the railcar fleet was stated at fair market value its value would be US$666.732 thousand (31 December 2014: US$697.909 thousand).

12. Equipment (continued)

Intangible assets in the amount of US$128 thousand are included within the Equipment balance sheet amount on 31 March 2015 (31 December 2014: US$139 thousand). Intangible assets amortisation in the amount of US$9 thousand is included within depreciation and amortisation in income statement for the period ended 31 March 2015 (31 March 2014: nil).

13. Trade and other receivables

	31 March 2015 US$000	31 December 2014 US$000
Operating lease income receivables	**7.725**	6.610
Other receivables and prepayments	**3.157**	5.597
Transportation income receivables	**2.428**	1.692
	13.310	13.899

Other than the debtor balances for which a specific provision for impairment of receivables was recognized at the amount of US$15.024 thousand (31 December 2014: US$10.911 thousand), no other trade and other receivables balance is considered impaired.

The 'Other receivables and prepayments' balance includes an amount of US$1.113 thousand which relates to the sale of 200 railcars during 2014 (31 December 2014: US$4.367 thousand which related to the sale of 761 railcars).

14. Share capital, share premium and treasury shares

	31 March 2015 US$000	31 December 2014 US$000
Share capital	**265.223**	265.223
Share premium	**120.095**	120.095
Treasury shares	**(12.837)**	(12.837)
	372.481	372.481

15. Other reserves

	Hedging reserve US$000	Translation reserve US$000	Share-based compensation reserve US$000	Share swap reserve US$000	Total US$000
Balance at 1 January 2014	**(26.981)**	**(32.974)**	**4.766**	**(57.428)**	**(112.617)**
Cash flow hedge (non-derivatives):					
- Exchange differences deferred to equity, net of tax	(44.049)	-	-	-	(44.049)
- Exchange differences recycled to income statement, net of tax	4.597	-	-	-	4.597
Currency translation differences	4.655	(30.949)	-	-	(26.294)
Transfer of share-based compensation reserve to retained earnings upon vesting	-	-	(39)	-	(39)
Share-based payment	-	-	684	-	684
Balance at 31 March 2014	**(61.778)**	**(63.923)**	**5.411**	**(57.428)**	**(177.718)**
Balance at 1 January 2015	**1.511**	**(158.556)**	**2.759**	**(57.428)**	**(211.714)**
Cash flow hedge (derivatives):					
- Cash flow gains on hedging reserve	21	-	-	-	21
- Transfers to income statement	(370)	-	-	-	(370)
Currency translation differences	-	1.150	-	-	1.150
Share-based payment	-	-	202	-	202
Balance at 31 March 2015	**1.162**	**(157.406)**	**2.961**	**(57.428)**	**(210.711)**

16. Borrowings

	31 March 2015 US$000	31 December 2014 US$000
Non-current borrowings		
Eurobond	**591.150**	590.654
Bank borrowings	**66.645**	69.103
Other borrowings (Note 20)	**6.690**	-
Finance lease payables	**3.505**	3.872
	667.990	663.629
Current borrowings		
Eurobond	**16.250**	6.500
Bank borrowings	**1.547**	1.232
Other borrowings (Note 20)	**3.077**	14.740
Finance lease payables	**990**	1.079
	21.864	23.551
Total borrowings	**689.854**	687.180

16. Borrowings (continued)

	31 March 2015 US$000	31 December 2014 US$000
Maturity of non-current borrowings (excluding finance lease liabilities)		
Later than 1 year and not later than 3 years	**664.485**	69.103
Later than 3 years and not later than 5 years	**-**	590.654
	664.485	659.757

Finance lease liabilities

	31 March 2015 US$000	31 December 2014 US$000
Maturity of non-current liabilities from finance leases		
Later than 1 year and not later than 3 years	**2.226**	2.448
Later than 3 years and not later than 5 years	**871**	870
Over 5 years	**408**	554
	3.505	3.872

17. Trade and other payables

	31 March 2015 US$000	31 December 2014 US$000
Trade payables and accrued expenses	**3.711**	3.654
Advances from customers	**2.404**	1.902
Railcar creditors	**10**	10
	6.125	5.566

18. Contingencies, commitments and operating risks

Operating Environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market, which decreased significantly during 2014 and 2015. Management is unable to reliably estimate the effects of any further price fluctuations on the Company's financial position.

During 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook.

These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, further weakening of the Rouble and other negative economic consequences.

The impact of further political and economic developments in Russia on future operations and financial position of the Group is at this stage difficult to determine.

19. Operating lease commitments

The future aggregate minimum rentals receivable under non-cancelable operating leases are as follows:

	31 March 2015 US$000	31 December 2014 US$000
Not later than 1 year	**18.557**	18.578
Later than 1 year but not later than 5 years	**20.256**	24.920
	38.813	43.498

The Group leases out all railcars under operating lease arrangements for a period of 1 – 7 years.

The future aggregate total rentals receivable under cancelable operating leases, excluding fines for early termination, are as follows:

	31 March 2015 US$000	31 December 2014 US$000
Not later than 1 year	**112.044**	105.492
Later than 1 year but not later than 5 years	**224.868**	241.795
Later than 5 years	**17.074**	22.365
	353.986	369.652

20. Related party transactions

There is no single ultimate controlling party which exercises control over the affairs of the Group.

Transactions with related parties are as follows:

Key management compensation

	Three months ended	
	31 March 2015 US$000	31 March 2014 US$000
Salaries and other benefits	**1.532**	775
Directors' fees and expenses	**339**	396
Share-based payment	**209**	598
Bonuses	**22**	4
	2.102	1.773

Shareholder loan

	31 March 2015 US$000	31 December 2014 US$000
Balance at beginning of period	**14.740**	14.740
Principal repayment	**(5.000)**	-
Interest charged	**127**	495
Interest paid	**(99)**	(484)
Currency translation differences	**(1)**	(11)
Balance at end of period	**9.767**	14.740

On 16 March 2015 the Group signed a novation and an amendment and restatement agreement to the original US$14.7 million loan agreement with one of its shareholders based on which the Group repaid an amount of US$5 million on the same day. In accordance with the revised terms of the agreement, the remaining loan carries an interest rate of 3-month USD LIBOR + 600 basis points, includes an agreed payment schedule and the final maturity date of the loan is extended to 30 June 2017.

21. Non-IFRS measures

The table below represents a reconciliation of the IFRS loss / profit for the period ended 31 March 2015 and 2014 to Adjusted EBITDA which is not defined by IFRS and used by Management for decision-making purposes as part of the analysis of the Group's results:

	Three months ended	
	31 March 2015 US$000	31 March 2014 US$000
(Loss)/profit for the period	**(24.702)**	**756**
plus/(minus):		
Income tax (credit)/expense	(5.496)	324
Net foreign exchange translation losses	24.623	467
Revaluation of embedded derivatives on mezzanine	41	-
Finance income	(520)	(177)
Finance costs	16.505	16.346
Depreciation and amortisation	8.629	14.689
Share-based compensation	209	870
Railcars re-registration costs	-	596
Hedging with non-derivatives effect	-	5.745
Adjusted EBITDA	**19.289**	**39.616**