PRESS RELEASE

BRUNSWICK RAIL ANNOUNCES KEY PERSONNEL CHANGES AND PUBLISHES ITS FINANCIAL RESULTS FOR H1 2015

29 September 2015, Moscow – Brunswick Rail announced today that Martin Andersson will take over as Chairman of the Board of Directors, while Paul Ostling will assume the duties of CEO. Martin (co-founder of Brunswick Rail) and Paul both have substantial experience with and knowledge of the business, having been with the company since 2004 and 2012, respectively.

The Company also announced that Alex Genin was asked to step aside as General Director.

These changes in senior leadership follow the initiation by the Board of Directors of a review of management practices and operations, including for compliance with the Company's internal policies and ethical standards. While the review is underway, and the results cannot be pre-judged, in light of our commitment to good corporate governance, several senior personnel have been suspended and changes to senior leadership have been made pending completion of the review.

The Company also today published its interim unaudited condensed consolidated management financial information. While the company does not believe that the outcome of the review referred to above will necessitate any material adjustments to its results, the possibility cannot as yet be excluded.

The Company will update the market on the results of the review, including with respect to any further significant personnel changes and other significant operational matters.

This review is separate from the Company's wider ongoing efforts to enhance and streamline its operations, to restructure its debt portfolio and to improve cash flows and financial performance.

Brunswick Rail's Paul Ostling said:

"It is no secret that we continue to operate in an extremely challenging market environment. The Board and I are committed to navigating the company through this difficult period, and for this we need to make sure we have the right team in place. We are determined to ensure that every employee of Brunswick Rail shares our commitment to the Company's long-term success in a manner that adheres strictly to strong business ethics and transparency along the way."

About Brunswick Rail:

Brunswick Rail is a private railcar operating lessor providing freight railcars to large corporate clients in Russia. Established in 2004, Brunswick Rail currently owns a fleet of ca. 25.7 thousand railcars (as of 30 June 2015), which represents approximately 2% of the total Russian railcar fleet.

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Brunswick Rail Limited and its subsidiary companies

Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015

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Interim Condensed Consolidated Income Statement for the six and three months ended 30 June 2015

	Note	**Six months ended 30 June 2015 US$000**	Six months ended 30 June 2014 US$000	**Three months to 30 June 2015 US$000**	Three months to 30 June 2014 US$000
Revenue before hedging with non-derivatives effect	5	**71.601**	107.761	**37.360**	55.725
Hedging with non-derivatives effect	10	**-**	(11.587)	**-**	(5.842)
Revenue after hedging with non-derivatives effect		**71.601**	96.174	**37.360**	49.883
Cost of services	6	**(10.615)**	(15.353)	**(5.544)**	(5.715)
Property tax	8	**(4.494)**	-	**(2.426)**	-
Staff compensation, excluding share-based compensation		**(4.803)**	(4.858)	**(2.493)**	(2.442)
Other operating expenses	7	**(11.471)**	(3.703)	**(5.753)**	(2.063)
Other operating income		**189**	2.821	**(26)**	2.143
Operating profit before share-based compensation and depreciation		**40.407**	75.081	**21.118**	41.806
Share-based compensation		**(263)**	(1.485)	**(54)**	(615)
Depreciation and amortisation	12	**(18.850)**	(29.891)	**(10.221)**	(15.202)
Operating profit		**21.294**	43.705	**10.843**	25.989
Finance costs	9	**(34.485)**	(32.428)	**(17.980)**	(16.082)
Finance income	9	**2.534**	341	**2.014**	164
Revaluation of embedded derivatives on mezzanine		**281**	1.194	**322**	1.194
Net foreign exchange translation gains	10	**6.593**	4.309	**31.216**	4.776
(Loss)/profit before income tax		**(3.783)**	17.121	**26.415**	16.041
Income tax credit/(expense)	11	**689**	(5.136)	**(4.807)**	(4.812)
(Loss)/profit for the period attributable to the owners of the Company		**(3.094)**	11.985	**21.608**	11.229

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income for the six and three months ended 30 June 2015

	Note	**Six months ended 30 June 2015 US$000**	Six months ended 30 June 2014 US$000	**Three months to 30 June 2015 US$000**	Three months to 30 June 2014 US$000
(Loss)/profit for the period		**(3.094)**	11.985	**21.608**	11.229
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge (derivatives):					
- Cash flow losses on hedging reserve		**(408)**	-	**(429)**	-
- Transfers to income statement		**(946)**	-	**(576)**	-
Cash flow hedge (non-derivatives):					
- Exchange differences deferred to equity, net of tax	10, 15	**-**	(16.584)	**-**	27.465
- Exchange differences recycled to income statement, net of tax	10, 15	**-**	9.270	**-**	4.673
Currency translation differences		**(2.017)**	(6.677)	**(3.167)**	19.617
Total items that may be reclassified subsequently to profit or loss		**(3.371)**	(13.991)	**(4.172)**	51.755
Other comprehensive (loss)/income for the period, net of tax		**(3.371)**	(13.991)	**(4.172)**	51.755
Total comprehensive (loss)/income for the period		**(6.465)**	(2.006)	**17.436**	62.984
Attributable to:					
Owners of the Company		**(6.465)**	(2.006)	**17.436**	62.984

Items in the statement above are disclosed net of tax.

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet as at 30 June 2015

Assets	Note	30 June 2015 US$000	31 December 2014 US$000
Non-current assets			
Equipment	12	**630.605**	637.241
Finance leases receivable		**6.063**	7.064
Deferred income tax asset		**17.427**	15.826
		654.095	660.131
Current assets			
VAT recoverable		**130**	103
Advances paid for rail tariffs		**307**	389
Trade and other receivables	13	**16.496**	13.899
Finance leases receivable		**1.679**	1.524
Derivative financial instruments		**302**	1.282
Current income tax prepayment		**370**	323
Cash and cash equivalents		**77.146**	72.910
		96.430	90.430
Total assets		**750.525**	750.561
Equity deficit and liabilities			
Capital and reserves			
Share capital	14	**268.416**	265.223
Share premium	14	**120.095**	120.095
Treasury shares	14	**(12.837)**	(12.837)
Other reserves	15	**(214.828)**	(211.714)
Accumulated losses		**(189.490)**	(183.203)
Total equity deficit		**(28.644)**	(22.436)
Non-current liabilities			
Borrowings	16	**598.610**	663.629
Mezzanine	20	**80.683**	75.026
		679.293	738.655
Current liabilities			
Trade and other payables	17	**6.498**	5.566
Current income tax liabilities		**152**	118
VAT payable		**5.100**	5.089
Other taxes payable		**2.303**	18
Borrowings	16	**85.823**	23.551
		99.876	34.342
Total liabilities		**779.169**	772.997
Total equity deficit and liabilities		**750.525**	750.561

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2015

	Note	Share capital/ share premium/ treasury shares US$000	Other reserves US$000	(Accumulated Losses)/Retained earnings 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		-	-	11.985	11.985
Total other comprehensive loss		-	(13.991)	-	(13.991)
Total comprehensive (loss)/income		-	(13.991)	11.985	(2.006)
Transactions with owners					
Issue of preference shares		50.000	-	-	50.000
Transaction costs attributable to issue of preference shares		(2.719)	-	-	(2.719)
Share-based payment	15	-	1.307	-	1.307
Transfer of treasury shares to employees		259	(259)	-	-
Shares acquired for the CEO and Chairman plan		(25.897)	-	-	(25.897)
Transfer of share-based compensation reserve to retained earnings upon vesting		-	(246)	246	-
Dividends declared[1,2]		-	-	(15.199)	(15.199)
Total contribution from and distribution to owners of the Company		21.643	802	(14.953)	7.492
Balance at 30 June 2014		**371.177**	**(125.806)**	**105.937**	**351.308**
Balance at 1 January 2015		**372.481**	**(211.714)**	**(183.203)**	**(22.436)**
Comprehensive income:					
Loss for the period		-	-	(3.094)	(3.094)
Total other comprehensive loss		-	(3.371)	-	(3.371)
Total comprehensive loss		-	(3.371)	(3.094)	(6.465)
Transactions with owners					
Issue of preference deferral share capital[3]	14	3.193	-	(3.193)	-
Share-based payment	15	-	257	-	257
Total contribution from and distribution to owners of the Company		3.193	257	(3.193)	257
Balance at 30 June 2015		**375.674**	**(214.828)**	**(189.490)**	**(28.644)**

[1] Out of the US$14 million dividend declared, an amount of approximately US$269 thousand related to a subsidiary entity which holds the LTIP shares.
[2] Includes a cumulative preferred dividend of approximately US$1.562 thousand.
[3] The cumulative dividend of approximately US$3.193 thousand in respect of outstanding Preference Shares and Deferral Shares was deferred and capitalised through an issuance of 3,192,827 Deferral Shares.

The notes on pages 8 to 20 are an integral part of the interim condensed consolidated financial information.

BRUNSWICK RAIL

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2015

	Note	Six months ended 30 June 2015 US$000	30 June 2014 US$000
Cash flows from operating activities			
(Loss)/profit before income tax		**(3.783)**	17.121
Adjustments for:			
Depreciation and amortisation	12	**18.850**	29.891
Provision for bad debts	7	**9.046**	(1.580)
Profit on disposal of assets		**(184)**	(1.139)
Professional services associated with preparation to a potential IPO process		**-**	564
Finance income	9	**(2.534)**	(341)
Finance costs	9	**34.485**	32.428
Hedging with non-derivatives effect	10	**-**	11.587
Revaluation of embedded derivatives on mezzanine		**(281)**	(1.194)
Net foreign exchange translation gains		**(6.593)**	(4.309)
Share-based compensation		**263**	1.485
		49.269	84.513
Changes in working capital:			
Trade and other receivables		**(14.385)**	(14.069)
Finance leases receivable		**846**	760
Trade and other payables		**1.890**	(1.055)
Taxes payable other than income tax and VAT		**2.283**	(1.204)
VAT (paid)/received, net		**(85)**	10.079
Cash generated from operations		**39.818**	79.024
Income tax paid		**(300)**	(536)
Net cash generated by operating activities		**39.518**	78.488
Cash flows from investing activities			
Purchase of railcars including prepayments		**-**	(87.206)
Purchase of other tangible assets		**(16)**	(21)
Purchase of spare parts		**(1.603)**	(3.611)
VAT received from tax authorities		**-**	9
VAT paid on purchase of railcars and wheel sets		**(250)**	(16.034)
Proceeds from disposal of assets		**217**	8.592
Interest received		**1.272**	321
Net cash used in investing activities		**(380)**	(97.950)
Cash flows from financing activities			
Issuance of preference shares		**-**	50.000
Transaction costs attributable to issue of preference shares		**-**	(2.012)
Share buyback		**-**	(3.118)
Loans granted to CEO and Chairman as part of a long term incentive plan		**-**	(28.775)
Repayment of loans granted to CEO and Chairman as part of a long term incentive plan		**-**	567
Proceeds from bank borrowings		**-**	42.000
Repayments of bank and other borrowings	20	**(5.000)**	(42.000)
Interest and commitment fees paid on borrowings		**(26.683)**	(25.953)
Finance leases liabilities – principal repayments		**(507)**	(7.192)
VAT paid on finance lease liabilities		**(155)**	(2.333)
Dividends paid		**-**	(15.292)
Net cash used in financing activities		**(32.345)**	(34.108)
Net increase/(decrease) in cash and cash equivalents		**6.793**	(53.570)
Cash and cash equivalents at beginning of the period		**72.910**	62.626
Exchange losses on cash and cash equivalents		**(2.557)**	(516)
Cash and cash equivalents at end of the period		**77.146**	8.540
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The notes on pages 8 to 20 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 consolidated financial information consolidated the financial information of Brunswick Rail Limited (the "Company") and its subsidiaries (the "Group"), for the six months ended 30 June 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. 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

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2014 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition.

The interim condensed consolidated financial information 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 IAS 34 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 half of 2015 there was a continued deterioration in the market environment due to the lingering effects of railcar overproduction and inadequate write-offs in recent years, as well as the impact of falling rail transportation volumes.

As a result, spot daily rates reached unprecedented lows during the reporting period. The Group's share of USD contracts has substantially decreased from 52 percent during 2014 to 34 percent in June 2015. The Group has therefore become a primarily RUB-revenue generating business.

The Group suffered a net loss for the six months ended 30 June 2015 of approximately US$3.1 million compared to a profit of approximately US$12 million in the corresponding period in 2014. Adjusted EBITDA for the six months ended 30 June 2015 was approximately US$40.4 million, 54 percent lower than the corresponding period in 2014.

Clients' payment discipline continued to deteriorate during the reporting period.

While Management believes that it is taking appropriate measures to sustain the Group's business and long-term viability, the continuation of the weak and unstable business environment has severely impacted the Group's profitability and creates material uncertainties over its future viability. The Group's Adjusted EBITDA in the first half of 2015 fell to levels that, as disclosed in Note 18, have resulted in breaches of certain financial covenants under its syndicated loan facility.

2. Basis for preparation (continued)

(b) Going concern (continued)

As a result, the interim condensed consolidated financial information includes a reclassification of the total syndicated loan facility of ca. RUR 4 billion (US$71,753 thousand at 30 June 2015 exchange rate) to current liabilities (see Note 16).

A short-term waiver in relation to the above covenant breach was granted by the Group's syndicate banks on 18 September 2015 and is effective to avoid potential default and acceleration of the syndicated loan facility resulting from such covenant breach until 30 October 2015. The waiver restricts the Group's ability to make any payments other than permitted contractual and other payments specified in the waiver letter during the waiver period, and requires the Group to maintain at least RUR 4 billion or its equivalent in other currencies (US$60,908 thousand at 28 September 2015 exchange rate) of cash and cash equivalents on (with certain ordinary course exceptions) an unsecured basis at all times during the waiver period. Upon expiry of the waiver, the Group will be deemed to have breached the covenants again unless the syndicate banks agree to extend the waiver period.

As part of seeking a longer term solution to the covenant breach, Management is in active discussions with its syndicate banks on approaches to improve and/or restructure their credit exposure to the Group.

As a waiver of the above covenant breach is presently in effect and discussions with its syndicate banks are ongoing, management has prepared the interim condensed consolidated financial information on a going concern basis. As a result of the conditions described above, however, there is material uncertainty as to whether the Group will be able to avoid a default under its syndicated loan facility upon expiry of the waiver, i.e., during the twelve months period from the date of the interim condensed consolidated financial information. In the event the Group is unable to avoid such a default, absent a choice by the Group to voluntarily repay the syndicated loan facility in full, the syndicated loan facility could be accelerated (and the security provided to it enforced), which, as a result of cross-default and cross-acceleration provisions in most of the Group's other borrowings, including its Eurobond, would result in almost all of the Group's other indebtedness also becoming repayable on demand. These conditions, along with the other matters discussed above, indicate the existence of a material uncertainty as to the Group's ability to continue as a going concern.

The Group has prepared a base case cash flow forecast for the scenario of voluntary repayment of the syndicate loan facility. The base case cash flow forecast under this scenario indicates that the Group's liquidity position allows discharging its obligations in due course during twelve months beginning on 1 July 2015. The following key assumptions were used:

- RUB/USD exchange rate of 67.5 RUB/USD,
- ability of all of the Group's clients to pay in due course; and
- the contract terms with the Group's clients will not change compared to the terms as of 30 June 2015 and none of the contracts will be cancelled (other than those incorporated in cash flow forecast).

The cash flow forecast under the scenario has demonstrated high level of sensitivity to the above assumptions. The cash flow forecast is particularly sensitive to changes in exchange rates, liquidity of customers and management's ability to renegotiate contracts when they expire. The Group may face liquidity problems in case of significant changes of the above assumptions.

Management believes that in case of voluntary repayment of the syndicate loan facility the base case scenario represents the most realistic scenario and accordingly this interim condensed consolidated financial information was prepared on a going concern basis.

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

	Six months ended		Three months to	
	30 June 2015	30 June 2014	**30 June 2015**	30 June 2014
	US$000	US$000	**US$000**	US$000
Full service operating leases	**47.003**	68.080	**24.669**	35.376
Triple-net operating leases	**15.080**	30.037	**7.787**	15.463
Transportation services income	**8.960**	8.976	**4.631**	4.556
Finance leases	**558**	668	**273**	330
Total external revenue pre hedging	**71.601**	107.761	**37.360**	55.725
Effect of hedging with non-derivatives (Note 10)	-	(11.587)	-	(5.842)
Total external revenue post hedging	**71.601**	96.174	**37.360**	49.883

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

	Six months ended		Three months to	
	30 June 2015	30 June 2014	**30 June 2015**	30 June 2014
	US$000	US$000	**US$000**	US$000
Depot repairs	**4.915**	10.006	**2.580**	3.143
Other transportation services expenses	**4.408**	3.096	**2.207**	1.468
Other railcar expenses	**1.151**	1.970	**680**	1.035
Railcar insurance	**141**	107	**77**	55
Transportation services subcontracted	-	174	-	14
Total cost of services	**10.615**	15.353	**5.544**	5.715

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 7% compared to the corresponding period last year and (ii) a substantially higher number of depot repairs which took place during the corresponding period last year. The increase in other transportation expenses represents rail tariffs for empty-run on the back of an on-going weak transportation market. The reduction in other railcar expenses relates primarily to one-off registration costs in the amount of US$1.1 million incurred during the corresponding period last year as a result of the simplification of the corporate structure project.

7. Other operating expenses

	Six months ended		Three months to	
	30 June 2015	30 June 2014	**30 June 2015**	30 June 2014
	US$000	S$000	**US$000**	S$000
Provision for bad debts (Note 13)	**9.046**	10	**4.630**	10
Directors' fees and expenses (Note 20)	**660**	749	**321**	353
Rent and related expenses	**572**	802	**285**	424
Other professional fees	**264**	173	**92**	80
Travelling, accommodation and entertainment	**206**	244	**104**	132
Auditor's remuneration	**176**	241	**93**	96
Legal fees	**142**	187	**29**	48
Other operating expenses	**110**	241	**48**	109
Consultancy fees	**105**	143	**23**	37
Advertising and marketing	**104**	204	**86**	137
Information technology costs	**56**	82	**29**	43
Communication costs	**30**	63	**13**	30
Professional services associated with preparation to a potential IPO process	-	564	-	564
Total other operating expenses	**11.471**	3.703	**5.753**	2.063

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$4.494 thousand was charged to the income statement during the six months ended 30 June 2015. The aforementioned changes to legislation will not have a retrospective effect.

9. Finance costs and income

	Six months ended		Three months to	
	30 June 2015	30 June 2014	**30 June 2015**	30 June 2014
	US$000	US$000	**US$000**	US$000
Finance costs				
Interest expenses – Eurobond	**21.021**	20.809	**10.702**	10.408
Interest expenses – syndicated bank loans	**6.378**	254	**3.558**	139
Interest expenses – mezzanine facility	**5.727**	4.919	**2.922**	2.468
Other borrowing costs	**952**	645	**496**	421
Interest expenses – finance lease payables	**377**	5.766	**288**	2.627
	34.455	32.393	**17.966**	16.063
Bank charges	**30**	35	**14**	19
	34.485	32.428	**17.980**	16.082
Finance income				
Interest income on bank balances	**(1.588)**	(341)	**(1.438)**	(164)
Fair value gains on interest rate swap - cash flow hedge, transfer from other comprehensive income	**(946)**	-	**(576)**	-
	(2.534)	(341)	**(2.014)**	(164)
Net finance costs	**31.951**	32.087	**15.966**	15.918

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 the de-designation the USD-denominated Eurobond remained unhedged. As a result of RUB appreciation against the USD during the first half of 2015, net foreign exchange translation gains in the amount of US$6.593 thousand were recognized in the 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:

	Six months ended	
	30 June	30 June
	2015	2014
Income statement	**US$000**	US$000
Net profit for the period – pre hedging with non-derivatives	**-**	4.671
Net foreign exchange losses deferred to other comprehensive income	-	20.730
Revenue – foreign exchange losses recycled from other comprehensive income	-	(11.587)
Tax charge – related deferred taxes	-	(1.829)
Net effect on profit after tax	-	7.314
Profit for the period – post hedging with non-derivatives	**-**	11.985
Total equity – pre hedging with non-derivatives	**-**	351.308
Hedging reserve – exchange differences deferred from income statement	-	(32.385)
Retained earnings – exchange differences deferred to hedging reserve	-	34.115
Translation reserve effect	-	(1.730)
Total effect on equity	-	-
Total equity – post hedging with non-derivatives	**-**	351.308

11. Income tax expense

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 18 per cent (30 June 2014: 30 per cent). As at 30 June 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**
Six-month period ended 30 June 2015			
Opening net book amount	636.811	291	**637.102**
Additions	5.832	25	**5.857**
Disposals / retirement of assets	(2.872)	-	**(2.872)**
Depreciation charge	(18.776)	(57)	**(18.833)**
Depreciation on disposal	912	-	**912**
Exchange differences on cost	10.987	9	**10.996**
Exchange differences on depreciation	(2.676)	(6)	**(2.682)**
Closing net book amount	630.218	262	**630.480**
As at 30 June 2015			
Cost	817.224	701	**817.925**
Accumulated depreciation	(187.006)	(439)	**(187.445)**
Net book amount	630.218	262	**630.480**
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**
Six-month period ended 30 June 2014			
Opening net book amount	1.080.399	713	**1.081.112**
Additions	94.885	33	**94.918**
Disposals / retirement of assets	(17.922)	(114)	**(18.036)**
Depreciation charge	(29.787)	(103)	**(29.890)**
Depreciation on disposal	8.309	114	**8.423**
Exchange differences on cost	(30.235)	(41)	**(30.276)**
Exchange differences on depreciation	5.115	19	**5.134**
Closing net book amount	1.110.764	621	**1.111.385**
As at 30 June 2014			
Cost	1.358.645	1.280	**1.359.925**
Accumulated depreciation	(247.881)	(659)	**(248.540)**
Net book amount	1.110.764	621	**1.111.385**

During the six months ended 30 June 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, 21.323 railcars are leased out under operating leases and short-term rentals and 4.205 are used for shipment of iron scrap and other freights. As at 30 June 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$103.856 thousand (31 December 2014: US$106.003 thousand).

If the railcar fleet was stated at fair market value its value would be US$703.701 thousand (31 December 2014: US$697.909 thousand).

12. Equipment (continued)

Intangible assets in the amount of US$125 thousand are included within the Equipment balance sheet amount on 30 June 2015 (31 December 2014: US$139 thousand). Intangible assets amortisation in the amount of US$17 thousand is included within depreciation and amortisation in income statement for the period ended 30 June 2015 (30 June 2014: US$1 thousand).

13. Trade and other receivables

	30 June 2015 US$000	31 December 2014 US$000
Operating lease income receivables	**8.414**	6.610
Other receivables and prepayments	**5.506**	5.597
Transportation income receivables	**2.576**	1.692
	16.496	13.899

Other than the debtor balances for which a specific provision for impairment of receivables was recognized at the amount of US$19.927 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$1.172 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

	30 June 2015 US$000	31 December 2014 US$000
Share capital	**268.416**	265.223
Share premium	**120.095**	120.095
Treasury shares	**(12.837)**	(12.837)
	375.674	372.481

Redeemable deferral shares

	Number of shares	Share capital US$000	Share premium US$000	Total US$000
At 30 June 2014	-	-	-	-
At 1 January 2015	**3.024.658**	**3.025**	-	**3.025**
Issue of share capital	3.192.827	3.193	-	3.193
At 30 June 2015	**6.217.485**	**6.218**	-	**6.218**

The cumulative dividend of US$3.193 thousand as at 30 June 2015 in respect of outstanding Preference Shares and Deferral Shares was deferred and capitalised through an issuance of 3,192,827 Deferral Shares.

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	(16.584)	-	-	-	(16.584)
- Exchange differences recycled to income statement, net of tax	9.270	-	-	-	9.270
Currency translation differences	1.910	(8.587)	-	-	(6.677)
Transfer of treasury shares to employees	-	-	(259)	-	(259)
Transfer of share-based compensation reserve to retained earnings upon vesting	-	-	(246)	-	(246)
Share-based payment	-	-	1.307	-	1.307
Balance at 30 June 2014	**(32.385)**	**(41.561)**	**5.568**	**(57.428)**	**(125.806)**
Balance at 1 January 2015	**1.511**	**(158.556)**	**2.759**	**(57.428)**	**(211.714)**
Cash flow hedge (derivatives):					
- Cash flow losses on hedging reserve	(408)	-	-	-	(408)
- Transfers to income statement	(946)	-	-	-	(946)
Currency translation differences	-	(2.017)	-	-	(2.017)
Share-based payment	-		257	-	257
Balance at 30 June 2015	**157**	**(160.573)**	**3.016**	**(57.428)**	**(214.828)**

16. Borrowings

	30 June 2015 US$000	31 December 2014 US$000
Non-current borrowings		
Eurobond	**591.955**	590.654
Bank borrowings	**-**	69.103
Other borrowings (Note 20)	**3.340**	-
Finance lease payables	**3.315**	3.872
	598.610	663.629
Current borrowings		
Eurobond	**6.500**	6.500
Bank borrowings	**71.753**	1.232
Other borrowings (Note 20)	**6.426**	14.740
Finance lease payables	**1.144**	1.079
	85.823	23.551
Total borrowings	**684.433**	687.180

16. Borrowings (continued)

	30 June 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	**595.295**	69.103
Later than 3 years and not later than 5 years	**-**	590.654
	595.295	659.757

Finance lease liabilities

	30 June 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	**2.067**	2.448
Later than 3 years and not later than 5 years	**956**	870
Over 5 years	**292**	554
	3.315	3.872

17. Trade and other payables

	30 June 2015 US$000	31 December 2014 US$000
Trade payables and accrued expenses	**3.775**	3.664
Advances from customers	**2.723**	1.902
	6.498	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.

During 2015 the economic situation is more stable, although the above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, slackening of the economic growth rates 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.

Compliance with covenants

The Group is required to be in compliance with certain financial and business covenants relating to the syndicated loan facility during its tenure. Non-compliance with these covenants would, in the absence of waiver or early repayment, result in negative consequences for the Group, including potential declarations of default, acceleration, enforcement of security and cross-defaults under other indebtedness.

18. Contingencies, commitments and operating risks (continued)

Compliance with covenants (continued)

As discussed above, the Group is presently in breach of certain financial covenants under its syndicated loan facility totalling US$71,753 thousand (Note 16). A short-term waiver in relation to the covenant breach was granted by the syndicated banks on 18 September 2015 and is effective to avoid potential default and acceleration of the syndicated loan facility until 30 October 2015. As a result no cross-default event of default has as yet been triggered under the Eurobond or other indebtedness.

19. Operating lease commitments

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

	30 June 2015 US$000	31 December 2014 US$000
Not later than 1 year	**17.718**	18.578
Later than 1 year but not later than 5 years	**16.018**	24.920
	33.736	43.498

The Group leases out all railcars under operating lease arrangements for a period of 1 – 9 years.

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

	30 June 2015 US$000	31 December 2014 US$000
Not later than 1 year	**98.270**	105.492
Later than 1 year but not later than 5 years	**195.426**	241.795
Later than 5 years	**12.231**	22.365
	305.927	369.652

In July 2015 a lease contract with future aggregate total rentals receivable in the amount of ca. US$24 million was terminated. At the same time a new lease contract was signed and transfer of railcars to the new client was initiated.

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

	Six months ended		Three months to	
	30 June 2015	30 June 2014	**30 June 2015**	30 June 2014
	US$000	US$000	**US$000**	US$000
Salaries and other benefits	**2.407**	1.671	**1.227**	896
Directors' fees and expenses	**660**	749	**321**	353
Share-based payment	**263**	1.097	**54**	499
Bonuses	**25**	9	**3**	5
	3.355	3.526	**1.605**	1.753

Shareholder loan

	30 June 2015	31 December 2014
	US$000	US$000
Balance at the beginning of period/year	**14.740**	14.740
Principal repayment	**(5.000)**	-
Interest charged	**284**	495
Interest paid	**(255)**	(484)
Currency translation differences	**(3)**	(11)
Balance at the end of period/year	**9.766**	14.740
Current portion	**6.426**	14.740
Non-current portion	**3.340**	-
Total shareholder loan	**9.766**	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.

Mezzanine

	30 June 2015	31 December 2014
	US$000	US$000
Balance at the beginning of period/year	**75.026**	64.872
Interest accrued	**5.859**	10.434
Unamortised borrowing costs under the effective interest method	**(132)**	(22)
Currency translation differences	**(70)**	(258)
Balance at the end of period/year	**80.683**	75.026

21. Non-IFRS measures

The table below represents a reconciliation of the IFRS loss / profit for the period ended 30 June 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:

	Six months ended		**Three months to**	
	30 June 2015 US$000	30 June 2014 US$000	**30 June 2015 US$000**	30 June 2014 US$000
(Loss)/profit for the period	**(3.094)**	11.985	**21.608**	11.229
plus/(minus):				
Income tax (credit)/expense	**(689)**	5.136	**4.807**	4.812
Net foreign exchange translation gains	**(6.593)**	(4.309)	**(31.216)**	(4.776)
Revaluation of embedded derivatives on mezzanine	**(281)**	(1.194)	**(322)**	(1.194)
Finance income	**(2.534)**	(341)	**(2.014)**	(164)
Finance costs	**34.485**	32.428	**17.980**	16.082
Depreciation and amortisation	**18.850**	29.891	**10.221**	15.202
Share-based compensation	**263**	1.485	**54**	615
Professional services associated with preparation to a potential IPO process	**-**	564	**-**	564
Railcars re-registration costs	**-**	1.056	**-**	460
Hedging with non-derivatives effect	**-**	11.587	**-**	5.842
Adjusted EBITDA	**40.407**	88.288	**21.118**	48.672

22. Events after the balance sheet date

On 18 September 2015 the existing syndicated banks granted a short term waiver to the Group in relation to the covenants violations that occurred on 30 June 2015.