IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the preliminary prospectus (the ***Preliminary Prospectus***) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Preliminary Prospectus. In accessing the Preliminary Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. The Preliminary Prospectus has been prepared solely in connection with the proposed offering to certain institutional and professional investors of the securities described herein. In particular, the Preliminary Prospectus refers to certain events as having occurred that have not occurred at the date it is made available but that are expected to occur prior to publication of the final prospectus (the ***Final Prospectus***) to be published in due course. The Preliminary Prospectus is an advertisement and not a prospectus and investors should not subscribe for or purchase securities except on the basis of information in the Final Prospectus. Copies of the Final Prospectus will, following publication, be published and made available to the public in accordance with the applicable rules. Although it is intended that the Final Prospectus will be approved by the United Kingdom Financial Services Authority as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000, the Preliminary Prospectus has not been so approved. Similarly, although it is intended that the Final Prospectus will be made available to the public in accordance with the Prospectus Rules, the Preliminary Prospectus has not been made available in accordance therewith.

THE PRELIMINARY PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS PROSPECTUS MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE ***US SECURITIES ACT***) OR WITHIN THE UNITED STATES TO QIBS (AS DEFINED BELOW) IN ACCORDANCE WITH RULE 144A UNDER THE US SECURITIES ACT (***RULE 144A***) OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A ***QIB***), OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your representation: In order to be eligible to view the Preliminary Prospectus or make an investment decision with respect to the securities, you must be (1) a person that is outside the United States or (2) a QIB that is acquiring the securities for its own account or for the account of another QIB. By accepting the e-mail and accessing the Preliminary Prospectus, you shall be deemed to have represented to us that you are outside the United States or that you are a QIB and that you consent to delivery of such document by electronic transmission. You are reminded that the Preliminary Prospectus has been delivered to you on the basis that you are a person into whose possession the Preliminary Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Preliminary Prospectus to any other person. The materials relating to the proposed offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

The Preliminary Prospectus may only be communicated or caused to be communicated to persons outside the United Kingdom or to persons in the United Kingdom in circumstances where section 21(1) of the FSMA does not apply and may be distributed in the United Kingdom only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the ***Order***), or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations

etc.") of the Order (all such persons together being referred to as ***relevant persons***). In the United Kingdom, this Preliminary Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Preliminary Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

The Preliminary Prospectus does not constitute an advertisement or an offer of securities in the Russian Federation. It is not intended to be and must not be distributed publicly and/or to, or for the benefit of, any person within the Russian Federation except as may be permitted by Russian law.

If a jurisdiction requires that the proposed offering be made by a licensed broker or dealer and Deutsche Bank AG, London Branch, Goldman Sachs International, Morgan Stanley & Co. International plc and TD Investments Limited (***TDI***) and CJSC "Investment Company "Troika Dialog" (***IC TD***, and together with TDI, ***Troika Dialog***) (together, the ***Joint Bookrunners***), as named in the Preliminary Prospectus, or any affiliate of the Joint Bookrunners is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Bookrunners or such affiliate on behalf of Global Ports Investments PLC in such jurisdiction. Under no circumstances shall the Preliminary Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the Preliminary Prospectus who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the Preliminary Prospectus.

The Preliminary Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted in electronic form may be altered or changed during the process of electronic transmission and consequently none of the Joint Bookrunners, as named in the Preliminary Prospectus, nor any person who controls a Joint Bookrunner nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

The information contained in this preliminary prospectus is not complete and may be changed. This preliminary prospectus is not an offer to sell nor is it soliciting an offer to buy securities in any jurisdiction where such offer or sale is not permitted. This preliminary prospectus is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC (the Prospectus Directive) and/or Part VI of the Financial Services and Markets Act 2000. A final form prospectus will be prepared and made available to the public in accordance with the Prospectus Directive. Investors should not purchase any securities referred to in this document except on the basis of information contained in the final form prospectus which, when published, will be available in accordance with the Prospectus Directive.

PRELIMINARY PROSPECTUS DATED 15 JUNE 2011
SUBJECT TO AMENDMENT AND COMPLETION

Global Ports Investments PLC

(a company organised and existing under the laws of Cyprus)

Offering of ● Global Depositary Receipts
Offer Price Range: US$14.70 to US$16.10 per Global Depositary Receipt

This prospectus (the ***Prospectus***) relates to an offering (the ***Offering***) by (i) Global Ports Investments PLC, a company organised and existing under the laws of Cyprus (the ***Company***), of ● global depositary receipts (***GDRs***), and (ii) Transportation Investments Holding Limited, which is a company organised and existing under the laws of Cyprus (***TIHL*** or the ***Selling Shareholder***), of ● GDRs. The GDRs represent interests in ordinary shares of the Company, each with a nominal value of US$0.10 (the ***Ordinary Shares***), and each GDR represents an interest in three Ordinary Shares.

The Offering comprises (i) an offering of GDRs within the United States to certain qualified institutional buyers (***QIBs***) as defined in, and in reliance on, Rule 144A (***Rule 144A***) under the US Securities Act of 1933, as amended (the ***US Securities Act***), or another exemption from, or transaction not subject to, registration under the US Securities Act and (ii) an offering of GDRs outside the United States in reliance on Regulation S (***Regulation S***) under the US Securities Act.

In addition, the Selling Shareholder has granted to Deutsche Bank AG, London Branch, Goldman Sachs International, Morgan Stanley & Co. International plc and TD Investments Limited (***TDI***) and CJSC "Investment Company "Troika Dialog" (***IC TD***, and together with TDI, ***Troika Dialog***) (together, the ***Joint Bookrunners***) an option exercisable within 30 days of the announcement of the offer price (the ***Offer Price***) to purchase up to ● additional GDRs at the Offer Price, solely to cover over-allotments, if any, in connection with the Offering (the ***Over-Allotment Option***).

The GDRs offered in the Offering have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Prospective purchasers are hereby notified that the sellers of the GDRs may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, registration under the US Securities Act. The GDRs are subject to selling and transfer restrictions in certain jurisdictions. See "*Selling and Transfer Restrictions*".

The GDRs are specialised investments and should normally only be bought and traded by investors who are particularly knowledgeable in investment matters. **See "*Risk Factors*" beginning on page 9 for a discussion of certain matters that prospective investors should consider prior to making an investment in the GDRs.**

This Prospectus, upon approval by the UK Financial Services Authority (the ***FSA***), constitutes a prospectus relating to the Company prepared in accordance with the Prospectus Rules of the FSA made under Section 73A of the Financial Services and Markets Act 2000 (***FSMA***). This Prospectus, including the Offer Price, will be made available to the public in accordance with the Prospectus Rules. Application has been made to the FSA in its capacity as competent authority under FSMA for the admission of up to ● GDRs, consisting of ● GDRs to be issued on the Closing Date (as defined below), up to ● GDRs to be issued pursuant to the Over-Allotment Option and up to ● GDRs to be issued from time to time against the deposit of Ordinary Shares with a custodian acting for JPMorgan Chase Bank, N.A., as depositary (the ***Depositary***), to the official list maintained by the FSA and to the regulated main market of the London Stock Exchange plc (***London Stock Exchange***) for admission of the GDRs to trading under the symbol "GLPR". The regulated main market of the London Stock Exchange is a regulated market under the Markets in Financial Instruments Directive (2004/39/EC). Admission to the official list maintained by the FSA together with admission to the regulated main market of the London Stock Exchange constitute admission to official listing on a stock exchange (***Admission***). The Company expects that conditional trading through the International Order Book (***IOB***) on the London Stock Exchange will commence on a "when and if issued" basis on or about ● 2011, and unconditional trading through the IOB will commence on or about ● 2011. Prior to the Offering, there has been no public market for the GDRs or the Ordinary Shares. **All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. The Ordinary Shares are not, and are not expected to be, listed on any stock exchange.**

The GDRs offered and sold into the United States (the ***Rule 144A GDRs***) will be evidenced by a master Rule 144A GDR (the ***Master Rule 144A GDR***) and the GDRs offered and sold outside the United States (the ***Regulation S GDRs***) will be evidenced by a master Regulation S GDR (the ***Master Regulation S GDR***, which together with the ***Master Rule 144A GDR***, are referred to as the ***Master GDRs***) each of which shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company (***DTC***) and in the name of JPMorgan Chase Bank, N.A., as nominee for BNP Paribas Securities Services Luxembourg as common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System (***Euroclear***) and Clearstream Banking, *société anonyme* (***Clearstream, Luxembourg***). The Ordinary Shares represented by the GDRs will be held by HSBC Services, Greece, as custodian (the ***Custodian***), for the Depositary. Except as described herein, beneficial interests in the Master GDRs will be held, and transfers thereof will be elected only through, DTC, Euroclear and Clearstream, Luxembourg and their direct and indirect participants. Transfers within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system. It is expected that delivery of the GDRs will be made against payment therefor in US dollars in same day funds on or about ● 2011 (the ***Closing Date***) through the facilities of DTC, with respect to the Rule 144A GDRs and through Euroclear and Clearstream, Luxembourg with respect to the Regulation S GDRs.

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank **Goldman Sachs International** **Morgan Stanley** **Troika Dialog**

The date of this Prospectus is ● 2011.

IMPORTANT INFORMATION

By accepting delivery of this Prospectus, you agree (i) that this Prospectus is being furnished by the Company and the Selling Shareholder solely for the purpose of enabling prospective investors to consider the purchase of the GDRs and (ii) not to reproduce or distribute this Prospectus, in whole or in part, or to disclose any of its contents or to use of any information herein for any purpose other than in considering an investment in the GDRs, except to the extent that such information is otherwise publicly available.

The Company and the Selling Shareholder (in the case of the Selling Shareholder, only with respect to the information relating to such Selling Shareholder and the GDRs offered by it) accept responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, to the best of the knowledge and belief of the Company and the Selling Shareholder (in the case of the Selling Shareholder, only with respect to the information relating to such Selling Shareholder and the GDRs offered by it), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

No representation or warranty, express or implied, is made, nor any responsibility assumed, by the Joint Bookrunners or any of their respective affiliates or advisors as to the accuracy or completeness of any information contained in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Joint Bookrunners or any of their respective affiliates or advisors as to the past or the future.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Selling Shareholder or the Joint Bookrunners that any recipient of this Prospectus should subscribe for or purchase the GDRs. Each potential purchaser of the GDRs should determine for itself the relevance of the information contained in this Prospectus, and its purchase of GDRs should be based upon such investigation, as it deems necessary.

In this Prospectus, unless the context requires otherwise, references to the ***Company*** refer to Global Ports Investments PLC, a company organised and existing under the laws of Cyprus, and references to the ***Group*** refer collectively to the Company and its subsidiaries and joint ventures.

The Joint Bookrunners are acting exclusively for the Group and the Selling Shareholder and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the Offering.

In making an investment decision, prospective investors should rely on their own investigation and analysis of the Group, and their own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such prospective investors in connection with an investment in the GDRs. Any decision to buy the GDRs should be based solely on the information contained in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offering other than those contained in this Prospectus. If any such information is given or any such representations are made, such information or representations must not be relied upon as having been authorised by the Company, the Selling Shareholder or the Joint Bookrunners, any of their respective affiliates, advisers or any other person. At any time following the date of this Prospectus, the information contained in this Prospectus may no longer be correct and the Group's business, financial condition or results of operations may have changed.

No representation is made by the Company, the Selling Shareholder or the Joint Bookrunners or any of its or their respective representatives or affiliates to prospective investors as to the legality of an investment in the GDRs. Prospective investors should not construe anything in this Prospectus as legal, business, financial, investment, tax or related advice. Prospective investors should consult their own advisers as to the legal, business, financial, investment, tax and related aspects of an investment in the GDRs.

This Prospectus does not constitute or form part of an offer to sell, or a solicitation of an offer to buy, any security other than the GDRs offered in the Offering. The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus comes are required to inform themselves of and observe all such restrictions and obtain any consent, approval or permission required. None of the Company, the Selling Shareholder, or any of the Joint Bookrunners or any of their respective affiliates or advisors accepts any

legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

No action has been or will be taken in any jurisdiction that would permit a public offering of the GDRs or the possession, circulation or distribution of this Prospectus or any other material relating to the Group or the GDRs in any jurisdiction where action for that purpose is required. Accordingly, the GDRs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the GDRs may be distributed or published in or from any country or jurisdiction except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further information on restrictions on offers and sales of the GDRs, see "*Subscription and Sale*".

In connection with the Offering, each of the Joint Bookrunners and any respective affiliate acting as an investor for its or their own account(s) may subscribe for or purchase the GDRs and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities and any other of the Group's securities or related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the GDRs being issued, offered, subscribed, placed or otherwise dealt with should be understood as including any issue, offer, subscription, placement or dealing by the Joint Bookrunners and any of their respective affiliates acting in such capacity. No Joint Bookrunner intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The contents of the Group's websites do not form any part of this Prospectus.

The Company may withdraw the Offering at any time, and the Company, the Selling Shareholder and the Joint Bookrunners reserve the right to reject any offer to purchase the GDRs, in whole or in part, and to sell to any prospective investor less than the full amount of the GDRs sought by such investor.

STABILISATION

In connection with the Offering, Deutsche Bank AG, London Branch (the ***Stabilising Manager***) (or any agent or other person acting for the Stabilising Manager), may over-allot GDRs or effect other stabilisation transactions with a view to supporting the market price of the GDRs at a higher level than that which might otherwise prevail in the open market. Such stabilisation activities may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the announcement of the Offer Price and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions, and there can be no assurance that stabilising transactions will be undertaken. Such stabilising, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the GDRs above the Offer Price.

Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offering.

NOTICE TO UK AND OTHER EEA INVESTORS

This Prospectus and the Offering are only addressed to and directed at persons in member states of the European Economic Area (the ***EEA***), who are "qualified investors" (***Qualified Investors***) within the meaning of Article 2(1)(e) of Directive 2003/71/EC (including any relevant implementing measure in each relevant member state of the EEA) (the ***Prospectus Directive***). In addition, in the United Kingdom, this Prospectus is only being distributed to and is only directed at (1) Qualified Investors who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ***Order***) or high net worth entities falling within Article 49(2)(a)-(d) of the Order or (2) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as ***relevant persons***). The GDRs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, (1) in the United Kingdom, relevant persons and (2) in any member state of the EEA other than the United Kingdom, Qualified Investors.

This Prospectus has been prepared on the basis that all offers of GDRs, other than the offers of GDRs contemplated in this Prospectus in the United Kingdom once the Prospectus has been approved by the FSA and published in accordance with Directive 2003/71/EC (the ***Prospectus Directive***) as implemented in

the United Kingdom, will be made pursuant to an exemption under the Prospectus Directive, as implemented in the member states of the European Economic Area (the ***EEA***) from the requirement to produce a prospectus for offers of GDRs. Accordingly, any person making or intending to make any offer within the EEA of the GDRs which are the subject of the placement contemplated in this Prospectus should only do so in circumstances under which no obligation arises for the Group or any of the Joint Bookrunners to produce a prospectus for such offer. Neither the Group nor the Joint Bookrunners have authorised, or will authorise, the making of any offer of the GDRs through any financial intermediary, other than offers made by the Joint Bookrunners which constitute the final placement of the GDRs contemplated in this Prospectus.

Each person in a Member State of the EEA that has implemented the Prospectus Directive (a ***Relevant Member State***) other than, in the case of (a) below, persons receiving offers contemplated in this Prospectus in the United Kingdom, who receives any communication in respect of, or who acquires any GDRs under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Joint Bookrunner and the Group that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any GDRs acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

   (i) the GDRs acquired by it in the Offering have not been acquired on behalf of, or with a view to the offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or

   (ii) where GDRs have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those GDRs is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any GDRs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any GDRs to be offered so as to enable an investor to decide to purchase or subscribe for the GDRs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the Prospectus Directive includes any relevant implementing measure in each Relevant Member State.

NOTICE TO INVESTORS IN THE RUSSIAN FEDERATION

Neither the GDRs nor this Prospectus have been, or are intended to be, registered with the Federal Service for Financial Markets of the Russian Federation (the ***FSFM***) or any other state bodies that may from time to time be responsible for such registration and are not intended for "placement" or "public circulation" in the Russian Federation. Any information on the GDRs in this Prospectus is intended for, and addressed to, persons outside the Russian Federation. The GDRs are not being offered, sold or delivered in the Russian Federation or to any Russian resident except as may be permitted by Russian law. This Prospectus does not constitute an offer or advertisement for the GDRs in the Russian Federation, and is not an offer, or an invitation to make offers, to sell, purchase, exchange or otherwise transfer the GDRs to any persons in the Russian Federation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

NEITHER THE US SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE GDRs OR ORDINARY SHARES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF GDRS OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The GDRs offered in the Offering have not been, or will not be, registered under the US Securities Act, or with any securities authority of any state of the United States, and the GDRs may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable state securities laws. The GDRs are only being offered pursuant to exemptions from, or in transactions not subject to, registration under the

US Securities Act. Prospective investors are hereby notified that sellers of the GDRs may be relying on the exemption from the registration provisions of Section 5 of the US Securities Act provided by Rule 144A. For certain restrictions on sales and transfers of the GDRs, see "*Selling and Transfer Restrictions*".

Recipients of this Prospectus in the United States are hereby notified that this Prospectus has been furnished to them on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorised to use it solely for the purpose of considering a purchase of the GDRs in the Offering and may not disclose any of the contents of this Prospectus for any other purpose. This Prospectus is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the GDRs. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. This agreement shall be relied upon by the Group, the Selling Shareholder, the Joint Bookrunners and their respective affiliates and agents, as well as persons acting on their behalf.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (***RSA***) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF CIVIL LIABILITIES

General

The Company is organised in Cyprus, and all of its assets and the Group's assets are located outside the United States and the United Kingdom, and all members of the Company's board of directors (the ***Board of Directors***) with the exception of Mrs. Siobhan Walker, are resident outside of the United States or the United Kingdom. As a result, it may not be possible to effect service of process within the United States or the United Kingdom upon the Company or any of its subsidiaries or such persons or to enforce US or UK court judgements obtained against them in jurisdictions outside the United States and the United Kingdom, including actions under the civil liability provisions of US securities laws. In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions outside the United States and the United Kingdom, liabilities predicated upon US or UK securities laws.

Further, substantially all of the Group's assets are located in Russia. Judgements rendered by a court in any jurisdiction outside Russia will generally be recognised by courts in Russia only if (i) an international treaty exists between Russia and the country where the judgement was rendered providing for the recognition of judgements in civil cases and/or (ii) a federal law of Russia specifically providing for the recognition and enforcement of foreign court judgements is adopted. No such federal law has been passed, and no such treaty exists, between Russia, on the one hand, and the United States or the United Kingdom, on the other hand. The Group, however, is aware of at least two instances in which Russian courts have recognised and enforced a foreign court judgment (an English court judgment in one instance and a Dutch court judgment in the other instance), on the basis of a combination of the principle of reciprocity and the existence of a number of bilateral and multilateral treaties to which both the United Kingdom and the Russian Federation, and both The Netherlands and the Russian Federation, respectively, are parties. The courts determined that such treaties constituted grounds for the recognition and enforcement of the relevant foreign court judgment in Russia. In the absence of established court practice, however, it is difficult to predict whether a Russian court will be inclined in any particular instance to recognise and enforce a foreign court judgment on these grounds. Furthermore, Russian courts have limited experience in the enforcement of foreign court judgments.

CYPRUS

The recognition or enforcement in Cyprus of court judgements or arbitral awards or decisions of an adjudicative authority in a country outside Cyprus, with which Cyprus has concluded a bilateral treaty or is connected with a convention for reciprocal recognition and enforcement of court judgements or arbitral awards, may be conditional upon obtaining a recognition or an enforcement order in Cyprus, provided such judgements or awards or decisions are enforceable in the country in which they are given or made.

Judgement given in an EU state and enforceable in that state, shall be enforceable in Cyprus on the application to the court for a declaration of enforceability (Council Regulation EC No. 44/2001).

Between Cyprus and the Russian Federation there is a Treaty on Legal Assistance in Civil and Criminal Matters which was concluded in Moscow on 19 January 1984 between Cyprus and the former Union of Soviet Socialist Republics which was ratified by Cyprus by its Law No. 172/1986. This Treaty remains in force until the conclusion of a new agreement according to the Protocol between Cyprus and the Russian Federation on the Inventory of Bilateral Agreements.

According to Article 24 of the said Treaty between Cyprus and the Russian Federation, a judgement shall be recognised and enforced provided that:

- it is final and enforceable under the law of the relevant party in whose territory it was given;
- the Party who failed to appear and take part in the proceedings and against whom the judgement was given was duly notified and in sufficient time, under the law of the relevant party in whose territory the judgement was given;
- the case does not fall within the exclusive competence of an authority of the relevant party in whose territory the judgement is to be recognised and enforced;
- no judgement, which became final, has been earlier rendered in the same subject-matter between the same parties in the territory of the relevant party where the judgement is to be recognised or enforced; and
- proceedings between the same parties on the same subject matter are not pending before a judicial authority of the requested relevant party and those proceedings were the first to be instituted.

Neither the United States nor Cyprus currently has a bilateral or other treaty with the other providing for the reciprocal recognition and enforcement of judgements (other than arbitration awards) in civil and commercial matters. A final and conclusive judgement for the payment of money rendered by any competent federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, would be recognised if it does not contravene the principles of public policy in Cyprus, but would not be automatically enforceable in Cyprus. In order to obtain a judgement which is enforceable in Cyprus, the party in whose favour a final and conclusive judgement of a US court has been rendered must file, under principles of Common Law, its claim as a fresh action with a court of competent jurisdiction of Cyprus to be adjudicated. Under current practice, this party may submit, to the Cyprus court, under the fresh action, the final judgement rendered by the US court. If and to the extent that the Cypriot court finds the jurisdiction of the US court to have been based on internationally acceptable grounds and that legal procedures comparable with Cypriot concepts of due process have been followed, the Cypriot court will, in principle, grant the same judgement as the judgement of the US court, unless such judgement would contravene Cypriot principles of public policy.

Subject to the foregoing and service of process in accordance with applicable treaties, investors may be able to enforce in Cyprus judgements in civil and commercial matters obtained from US federal or state courts. However, no assurance can be given that those judgements will be enforceable. In addition, even if a Cypriot court has jurisdiction, it is uncertain whether such court will impose civil liability in an original action commenced in Cyprus and predicated solely upon US federal securities laws.

In addition, a judgement creditor for a debt, or definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) seeking to enforce a final and conclusive foreign judgement in Cyprus given in a court of a country with which Cyprus has not concluded a bilateral treaty nor is connected with a convention for recognition and enforcement of judgements in Cyprus, can not do so by direct execution of the judgement, but he must bring an action in Cyprus on the foreign judgement.

Enforcement in Cyprus could be refused if impeachable for fraud on the part of the party in whose favour the judgement is given or fraud on the part of the court pronouncing the judgement or on the ground that its enforcement or, as the case may be, recognition, would be contrary to public policy.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" and similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding the Group's business and management, the Group's future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the Group's current views of future events, are based on the Group's assumptions and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include, but are not limited to, the following:

- changes in the demand for containerised shipping;
- changes in the supply of, or demand for, fuel oil from refineries in Russia and/or Belarus;
- the Group's ability to successfully implement any of the Group's business strategies, including its objective to increase container throughput volume and improve its productivity and efficiency;
- the Group's ability to realise the benefits it expects from existing and future investments in its existing operations and capital investment programme;
- changes in the competitive environment in which the Group and its customers operate;
- the Group's ability to fund future operations and capital needs through borrowing or otherwise;
- the Group's ability to integrate any new acquisitions and any future expansion of its business;
- the Group's ability to obtain requisite governmental or regulatory approvals to undertake planned or proposed terminal development projects;
- changes in laws and regulations applicable to the Group's terminal operations, as well as the enactment of future governmental regulations related to port terminal operations in Russia, Estonia and/or Finland;
- general economic conditions in Russia and other countries in which the Group operates, such as the rate of economic growth and fluctuations in exchange and interest rates;
- government intervention, resulting in changes to the economic, tax, tariff or regulatory environment in Russia or other countries in which the Group operates;
- changes in Russian foreign trade policy;
- changes in political or social conditions in Russia;
- actions taken by the Group's strategic partners that may not be in accordance with the Group's policies and objectives;
- actions taken by the Group's controlling beneficial shareholders that are not in line with, or may conflict with, the best interests of the Group and/or its other shareholders; and
- the Group's success in identifying other risks to the Group's business and managing the risks of the aforementioned factors.

Additional factors that could cause the Group's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*Management's*

Discussion and Analysis of Financial Condition and Results of Operations". Any forward-looking statements speak only as at the date of this Prospectus. After the date of this Prospectus, neither the Group nor the Joint Bookrunners assume, and each of the Group and each of the Joint Bookrunners expressly disclaims, any obligation, except as required by law, the listing rules of the London Stock Exchange or the FSA, to update any forward-looking statements or to conform these forward-looking statements to the Group's actual results.

All subsequent written and oral forward-looking statements attributable to the Group, and those acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Before making an investment decision prospective investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ.

None of the Group, its management or the Joint Bookrunners can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

FINANCIAL INFORMATION

This Prospectus includes the following financial information (the ***Financial Information***), beginning on page F-2:

- the audited consolidated financial statements of the Group as at and for the years ended 31 December 2010, 2009 and 2008 (the ***Audited Annual Financial Statements***) prepared in accordance with International Financial Reporting Standards as adopted by the European Union (***EU IFRS***); and
- the unaudited interim condensed consolidated financial information of the Group as at and for the three month period ended 31 March 2011 (the ***Unaudited Interim Financial Information***) prepared in accordance with International Accounting Standard number 34, Interim Financial Reporting.

The Company was incorporated in Cyprus on 29 February 2008 by its then sole shareholder, TIHL. In June 2008, the companies described below were transferred from TIHL to the Company (or its subsidiaries) and these transfers were accounted for as business combinations among entities under common control using the predecessor basis of accounting (the ***Formation***). For further information, see Note 2 of the Audited Annual Financial Statements. See also "*Business—History and development*". Shares representing 50% of the share capital of Multi-Link Terminals Ltd., a company incorporated in Ireland (***Multi-Link***) and Container-Depot Ltd. Oy, a company incorporated in Finland (***Container Depot***) were transferred to the Company as an in-kind capital contribution to the reserves.

The Group accounted for the entities restructured in 2008 as business combinations among entities under common control using the predecessor method of accounting for common control transactions. As common control was established prior to 1 January 2008, the pre-acquisition IFRS carrying values of assets and liabilities related to these entities have been included in the Financial Information from 1 January 2008 (on the assumption that the Group was in existence from the date when common control was established). Companies over which the Group has the power to govern the financial and operating policies are fully consolidated from the date on which such control was transferred to TIHL or the Group. Companies subject to contractual arrangements whereby the Group and one or more third parties undertake an economic activity that is subject to joint control are accounted for as joint ventures and are proportionally consolidated.

The accounting treatment in the Financial Information of the Group's major subsidiaries and joint ventures since 1 January 2008 is as follows:

Russian Ports segment

- ***PLP.*** As at 1 January 2008, TIHL held an 88.2% effective ownership interest in Petrolesport OAO (***Petrolesport***) and a 100% effective ownership interest in Farwater ZAO (***Farwater***, and together with Petrolesport, ***PLP***). In March 2008, TIHL sold 3.2% of the shares of Petrolesport, thereby reducing its effective ownership interest to 85%. In June 2008, TIHL transferred its interests in PLP to the Group. Following a voluntary tender offer and a subsequent mandatory squeeze-out of the remaining shares of Petrolesport by TIHL and subsequent transfer of such shares by TIHL to the Group, the Group now owns a 100% effective ownership interest in Petrolesport.

  The results of PLP have been fully consolidated in the Financial Information since 1 January 2008.

- ***VSC.*** As at 1 January 2008, TIHL held a 75% effective ownership interest in Vostochnaya Stevedoring Company OOO (***VSC OOO***, and together with its subsidiaries and other entities controlled by Railfleet Holdings Limited (the holding company of the relevant business), ***VSC***). In June 2008, TIHL transferred its interest in VSC to the Group. The remaining 25% ownership interest is held by DP World (POSN) B.V. (***DP World***).

  The results of VSC have been fully consolidated in the Financial Information since 1 January 2008.

- ***Moby Dik and Yanino.*** As at 1 January 2008, TIHL held a 50% effective ownership interest in each of Multi-Link, which holds Moby Dik Company Limited (***Moby Dik***), and Container Depot, which holds Yanino Logistics Park OOO (***Yanino***). In June 2008, TIHL transferred its interests in Multi-Link and Container Depot to the Group. Effective 1 September 2008, the Group increased its effective ownership interest in each of Multi-Link and Container Depot to 75%. The Group holds call options, exercisable from 1 January 2012 until 31 December 2018, to purchase the remaining 25% of the shares in each of Multi-Link and Container Depot from its joint venture partner, Container Finance Ltd. Oy (***Container Finance***). These entities are jointly controlled. See "*Material Contracts—Container Finance shareholders agreements*".

  From January 2008 until August 2008, 50% of the results of Moby Dik and Yanino (indirectly through Multi-Link and Container Depot) were proportionally consolidated in the Financial Information. Since September 2008, 75% of the results of Moby Dik and Yanino have been proportionally consolidated in the Financial Information.

Oil Products terminal segment

- ***VEOS.*** As at 1 January 2008, TIHL held a 78.8% effective interest in Estonian Oil Service AS and its subsidiaries (***EOS***) and in April 2008, acquired the remaining 21.2% interest in EOS. Effective 1 May 2008, TIHL entered into a joint venture with Royal Vopak N.V. (***Royal Vopak***) by way of two transactions that occurred simultaneously. First, EOS obtained a 100% interest in Pakterminal AS (***Pakterminal***), a wholly-owned subsidiary of Royal Vopak, for consideration consisting of EOS shares issued to Royal Vopak and representing 25% of EOS's share capital. Second, pursuant to Royal Vopak's exercise of a call option, TIHL sold an additional 10% interest in EOS to Royal Vopak. Following these transactions and the transfer in June 2008 of TIHL's interests to the Group, the Group and Royal Vopak held 65% and 35%, respectively, of EOS, which was subsequently renamed Vopak E.O.S. AS (***VEOS***). In July 2008, Royal Vopak exercised an additional call option and purchased a 15% interest in VEOS from the Group, thereby reducing the Group's effective ownership interest in VEOS to 50%.

  From January 2008 until April 2008, the results of EOS were fully consolidated in the Financial Information. From May 2008 until June 2008, 65% of VEOS's results were proportionally consolidated in the Financial Information. Since July 2008, 50% of VEOS's results have been proportionally consolidated in the Financial Information.

Finnish Ports segment

- ***Multi-Link and Container Depot.*** As at 1 January 2008, TIHL held a 50% effective ownership interest in each of Multi-Link, which owns container terminals in Kotka (***MLT Kotka***) and Helsinki (***MLT Helsinki***), and Container Depot, which currently operates a container depot business in Helsinki, Hamina and Kotka (together with MLT Kotka and MLT Helsinki, the ***Finnish Ports***). In June 2008, TIHL transferred its interests in these entities to the Group. Effective 1 September 2008, the Group increased its effective ownership interest in each of Multi-Link and Container Depot to 75%. These entities are jointly controlled. The Group currently holds call options, exercisable from 1 January 2012 until 31 December 2018, to purchase the remaining 25% of the shares in each of Multi-Link and Container Depot from its joint venture partner, Container Finance.

  From January 2008 until August 2008, 50% of the results of Multi-Link and Container Depot were proportionally consolidated in the Financial Information. Since September 2008, 75% of the results of Multi-Link and Container Depot have been proportionally consolidated in the Financial Information.

Segmental financial and operating information included in this Prospectus is presented on a 100% basis including the results and balances attributable to other shareholders in the entities within that segment unless otherwise stated.

New accounting pronouncements

In May 2011, several accounting pronouncements were issued, including IFRS 11 "Joint Arrangements", as further described in Note 3 of the Unaudited Interim Financial Information. These pronouncements affect, among other matters, the accounting treatment of joint operations and joint ventures, and eliminate proportional consolidation. While the Group is yet to assess how its joint ventures would be treated under the new pronouncements, it is likely that the pronouncements will affect the Group's reporting of its joint ventures in future periods. In particular, under IFRS 11, joint ventures will be accounted for using the equity method of accounting. This change would impact the presentation of joint ventures with the effect that revenues and costs in the consolidated income statement and assets and liabilities in the consolidated balance sheet would be reflected in a single line through the application of the equity method of accounting. However, the adoption of IFRS 11 in its current form would not affect the layout and presentation of the segment reporting (as currently described in Note 6 of the Unaudited Interim Financial Information, for example) where assets, liabilities, revenues and costs of joint ventures (in accordance with the current standard, IAS 31) are presented on a 100% basis. The new pronouncements are applicable from January 2013, but are available for early adoption prior to this time, subject to endorsement by the European Union.

Rounding

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

Non-IFRS financial information

In this Prospectus, certain non-IFRS measures are reported. The Group believes that these non-IFRS measures provide valuable information to readers because they enable the reader to focus more directly on the underlying day-to-day performance of the Group's business. In this Prospectus, in addition to gross profit margin, the Group has used the following non-IFRS financial information:

- Adjusted EBITDA;
- Adjusted EBITDA margin; and
- Return on capital employed (***ROCE***).

Adjusted EBITDA is calculated as set out in footnote (2) under "*Selected Historical Financial and Operating Information—Additional financial data*" and Adjusted EBITDA margin is calculated as described in footnote (1) thereunder. ROCE is calculated as set out in footnote (3) under "*Selected Historical Financial and Operating Information—Additional financial data*".

Adjusted EBITDA, Adjusted EBITDA margin and ROCE are presented as supplemental measures of the Group's operating performance, which the Group believes are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Russian market and global ports sector. Adjusted EBITDA, Adjusted EBITDA margin and ROCE are measures of the Group's operating performance that are not required by, or prepared in accordance with, EU IFRS. All of these supplemental measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS and should not be considered as alternatives to revenues, profit, operating profit, net cash provided by operating activities or any other measures of performance derived in accordance with EU IFRS or as alternatives to cash flow from operating activities or as measures of the Group's liquidity. In particular, Adjusted EBITDA, Adjusted EBITDA margin and ROCE should not be considered as measures of discretionary cash available to the Group to invest in the growth of its business.

Some of these limitations are as follows:

- Adjusted EBITDA, Adjusted EBITDA margin and ROCE do not reflect the impact of financing costs, which can be significant and could further increase if the Group incurs more borrowings, on the Group's operating performance;
- Adjusted EBITDA, Adjusted EBITDA margin and ROCE do not reflect the impact of income taxes on the Group's operating performance;

- Adjusted EBITDA and Adjusted EBITDA margin do not reflect the impact of depreciation and amortisation on the Group's performance. The assets of the Group which are being depreciated, depleted and/or amortised will need to be replaced in the future and such depreciation and amortisation expense may approximate the cost of replacing these assets in the future. By excluding this expense from Adjusted EBITDA and Adjusted EBITDA margin, such measures do not reflect the Group's future cash requirements for these replacements. Adjusted EBITDA and Adjusted EBITDA margin also do not reflect the impact of gain/(loss) on disposal of property, plant and equipment;
- Adjusted EBITDA and Adjusted EBITDA margin exclude items that the Group considers to be one-offs or unusual items, but such items may in fact recur; and
- Adjusted EBITDA and Adjusted EBITDA margin exclude other gains/(losses) as these line items do not have a direct link to the Group's operating activity.

Other companies in the port containers terminal and oil products terminal sector may calculate Adjusted EBITDA, Adjusted EBITDA margin and ROCE differently or may use each of them for different purposes than the Group, limiting their usefulness as comparative measures.

For a reconciliation of Adjusted EBITDA to profit for the year, see footnote (4) under "*Selected Historical Financial and Operating Information—Additional financial data*".

Capital investment budgets

In the Prospectus, all amounts described as budgeted or planned for capital investment programmes represent the estimates of future costs, based on nominal costs taking into account the Group's estimates of inflation.

Other information

Drewry Reports

All statistical and market information provided by Drewry Shipping Consultants Ltd. (***Drewry***) relating to such topics as container ports, oil handling, terminal operations and logistics, the Russian and global economy in general and, unless otherwise attributed, the Group's competitors, was reproduced from the reports prepared by Drewry at the request of the Group titled "Russia Container Terminals" dated 25 May 2011 and "Oil Market Report" dated 25 May 2011 (collectively, the ***Drewry Reports***).

Drewry has given and not withdrawn its consent to the inclusion of information from the Drewry Reports in this Prospectus, in the form and context in which it is included, and has authorised the contents of those parts of this Prospectus for the purposes of Rule 5.5.4R(2)(f) of the Prospectus Rules and Annex X item 23.1 in Appendix 3 to the Prospectus Rules. Drewry accepts responsibility for the information included in this Prospectus from the Drewry Reports and, to the best of Drewry's knowledge and belief, that having taken all reasonable care to ensure such is the case, the information included in this Prospectus from the Drewry Reports is in accordance with the facts and does not omit anything likely to affect the import of such information. This declaration is included in this Prospectus in compliance with Rule 5.5.4R(2)(f) of the Prospectus Rules and Annex X item 1.2 in Appendix 3 to the Prospectus Rules. Drewry's business address is 15-17 Christopher Street, London, EC2A 2BS.

Information from the Drewry Reports has been presented in this Prospectus under the headings: "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*", "*Business*" and "*Regulation*". The information in those sections extracted from the Drewry Reports is described by the phrases "according to Drewry", "Drewry believes", "Drewry also believes", "Drewry expects" "Drewry forecasts", or "Drewry estimates", or, in the context of tables, by identifying Drewry as the source of the relevant information.

Information derived from third parties

The Group has obtained certain statistical and market information that is presented in this Prospectus on such topics as Russian and Baltic Sea container and cargo terminals, shipping, transportation and logistics, Baltic Sea Basin oil handling and transport and the Russian economy in general and, in some instances, the Group's competitors from the following third-party sources:

- the CBR;
- the Bank of Estonia;

- the ECB;
- Rosstat;
- the World Bank;
- the Federal Customs Service; and
- the Ministry of Economic Development of the Russian Federation.

This third-party information is presented in this Prospectus under the headings: "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*", "*Business*" and "*Regulation*".

The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Prospective investors should note that the Group's estimates are based on such third-party information. Neither the Group nor the Joint Bookrunners have independently verified the figures, market data or other information on which third parties have based their studies. In addition, the official data published by Russian governmental agencies is substantially less complete or researched than that of more developed countries. Official statistics, including data published by the CBR, may also be produced on different bases than those used in more developed countries. Any discussion of matters relating to Russia in this Prospectus must, therefore, be subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

Gross container throughput and annual container handling capacity

References in this Prospectus to the total gross container throughput and total annual capacity of the Group and the Russian Ports segment exclude the gross container throughput and total annual capacity at the Group's inland container terminal, Yanino.

EXCHANGE RATE INFORMATION

The official currency of Russia, where the majority of the Group's assets and operations are located, is the rouble. However, the functional currency of the Company and the presentation currency of the Financial Information is the US dollar. The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the rouble and the US dollar. This information is based on the official exchange rate quoted by the CBR (the ***CBR Rate***), which is set by the CBR, without the CBR assuming any obligations to buy or sell the foreign currency at the exchange rate. Fluctuations in the exchange rate between the rouble and the US dollar in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the Financial Information and other information presented in this Prospectus.

	High	Low	Period average(1)	Period end
		(RUB per US$1.00)		
Year ended 31 December				
2008	29.38	23.19	24.87	29.38
2009	36.43	28.67	31.77	30.24
2010	31.78	28.93	30.38	30.48
Month ended				
31 January 2011	30.63	29.67	29.99	29.67
28 February 2011	29.80	28.94	29.32	28.94
31 March 2011	28.90	28.16	28.46	28.43
30 April 2011	28.52	27.50	28.08	27.50
31 May 2011	28.48	27.26	27.93	28.07
June 2011 (through 15 June 2011)	28.04	27.68	27.85	27.90

Source: CBR

(1) The period average in respect of a year is calculated as the average of the exchange rates on the last business day of each month for the relevant annual period. The period average in respect of a month is calculated as the average of the exchange rates for each business day in the relevant month.

The CBR Rate per US$1.00 on 15 June 2011 was RUB 27.90.

No representation is made that the rouble or US dollar amounts referred to herein could have been or could be converted into roubles or US dollars, as the case may be, at any particular rate or at all.

AVAILABLE INFORMATION

So long as any GDRs are restricted securities within the meaning of Rule 144(a)(3) under the US Securities Act (***Restricted Securities***), the Company has agreed that it will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish, upon request, to any holder or beneficial owner of such Restricted Securities, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the US Securities Act.

TABLE OF CONTENTS

	PAGE
SUMMARY	1
RISK FACTORS	9
THE GLOBAL OFFERING	43
USE OF PROCEEDS	47
DIVIDEND POLICY	48
DILUTION	49
CAPITALISATION	50
SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION	51
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	56
INDUSTRY OVERVIEW	98
BUSINESS	111
DIRECTORS AND SENIOR MANAGEMENT	138
PRINCIPAL AND SELLING SHAREHOLDER	147
MATERIAL CONTRACTS	148
RELATED PARTY TRANSACTIONS	163
REGULATION	170
DESCRIPTION OF SHARE CAPITAL	189
TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS	198
SUMMARY OF PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILE IN MASTER FORM	216
TAXATION	218
SUBSCRIPTION AND SALE	226
SELLING AND TRANSFER RESTRICTIONS	229
SETTLEMENT AND TRANSFER	233
INFORMATION RELATING TO THE DEPOSITARY	236
LEGAL MATTERS	237
INDEPENDENT AUDITORS	238
ADDITIONAL INFORMATION	239
DEFINITIONS AND GLOSSARY	241
INDEX TO THE FINANCIAL INFORMATION	F-1

SUMMARY

This summary should be read as an introduction to this Prospectus and any decision to invest in the GDRs offered in the Offering should be based on a consideration of this Prospectus as a whole. Under the national legislation of the individual member states of the EEA, if a claim relating to the information contained in this Prospectus is brought as a legal proceeding before a court, the investor who is the plaintiff in the legal proceeding may have to bear the costs of translating this Prospectus prior to initiation of the legal proceeding. Civil liability attaches to the persons who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

THE GROUP'S BUSINESS

The Group is the leading container terminal operator serving Russian cargo flows, with its container terminals accounting for 30% of the total container throughput of Russian ports in the first three months of 2011, according to Drewry. The Group's container terminals had a total container throughput of approximately 1,095 thousand TEUs in 2010, which represented growth of approximately 81.3% from the previous year, and of approximately 341 thousand TEUs in the first three months of 2011, which represented growth of approximately 67.2% from the first three months of 2010. The Group estimates that its terminals have the potential to expand their existing annual container handling capacity from approximately 2,310 thousand TEUs as at 31 March 2011 to approximately 5,360 thousand TEUs, subject to increased demand for container handling services in the relevant regions. The Group's container terminal operations are located in both the Baltic Sea and Far East Basins, key gateways for Russian container cargo. Substantially all of the Group's container throughput is O&D.

The Group operates the largest oil products (by throughput in 2010) and the only independent fuel oil terminal in the Baltic Sea Basin, which, in 2010, had a 28% market share of the former Soviet Union states' (the ***FSU***) fuel oil marine terminal throughput, according to Drewry. The Group's oil products terminal had gross throughput of 18.2 million tonnes in 2010, which represented growth of approximately 8% from the previous year, and of 4.5 million tonnes in the first three months of 2011, which represented growth of approximately 9.8% from the first three months of 2010. The Group is planning to expand its existing oil products storage capacity from approximately 1,026 thousand cbm as at 31 March 2011 to approximately 1,386 thousand cbm by the end of 2014. The Group's oil products handling operations, which are primarily focused on fuel oil, are located in the Baltic Sea Basin, a major gateway for oil products exports from Russia and other CIS countries.

The Group's operations consist of the following operating segments: Russian Ports, Oil Products Terminal and Finnish Ports.

Russian Ports

The Russian Ports segment consists of the PLP and Moby Dik container terminals located in St. Petersburg in the Baltic Sea Basin and the VSC container terminal located in the Russia's Far East Basin, which together was the largest container handling business in Russia by gross throughput in the first three months of 2011, according to Drewry. The Group's Russian operations in the Baltic Sea Basin are augmented by an inland container terminal, Yanino, located near St. Petersburg, which provides complementary services. The Group has recently acquired two adjacent land plots in the Moscow region, near the Domodedovo industrial zone with good road and rail connectivity, on which it plans to develop a further inland terminal, subject to increased demand for this type of facility.

The Group holds a 100% effective ownership interest in PLP, a 75% effective ownership interest in each of Moby Dik and Yanino, and a 75% effective ownership interest in VSC.

Oil Products Terminal

The Oil Products Terminal segment consists of the Vopak EOS oil products terminal (***VEOS***). VEOS is the largest oil products terminal in the Baltic Sea Basin by throughput, accounting for 28% of the FSU's fuel oil marine terminal throughput generally and 42% of the FSU's fuel oil marine terminal throughput in the Baltic Sea Basin in 2010, in each case according to Drewry, an increase from 21% and 27%, respectively, in 2005. The Group believes that VEOS is the only independent fuel oil terminal operating in the Baltic Sea Basin as it is not affiliated with any oil company or trader. It is located in the port of Muuga, which is a part of Tallinna Sadam AS, Estonia (the ***port of Tallinn***) and is ice-free most years. This port is the deepest port

in the Gulf of Finland and can accommodate VLCC tankers, which are generally more cost efficient for direct long-haul transportation of oil products, according to Drewry. VEOS also offers several related services, such as the unloading of rail tank cars, the loading and unloading of tanker vessels, storage, segregation and blending services.

Finnish Ports

The Finnish Ports segment consists of two terminals operating in the major ports in Finland, MLT Kotka and MLT Helsinki, and three container depots. MLT Kotka operates in the port of Kotka and focuses primarily on Russian import and Finnish export cargo flows. MLT Helsinki operates in the port of Vuosaari and focuses primarily on Finnish import and export cargo flows.

The contribution of the Group's three operating segments to the Group's revenue (adjusted for the effect of proportionate consolidation) is set out below:

	Year ended 31 December 2010[(1)]		**Three months ended 31 March 2011**	
	(unaudited) *(US$ in thousands, except for percentages)*			
Russian Ports	231,540	60.5%	79,215	64.5%
Oil Products Terminal	132,745	34.7%	38,463	31.3%
Finnish Ports	18,472	4.8%	5,214	4.2%
Total revenue of operating segments	**382,757**	**100.0%**	**122,892**	**100.0%**

(1) The Group's consolidated revenue for the year ended 31 December 2010 was US$382,437 thousand, reflecting adjustments attributable to the holding segment.

Strengths

The Group's key competitive strengths are:

- being in an attractive market with high long-term growth prospects;
- being a leading terminal operator;
- having a strong presence in key gateways;
- having an excellent customer relationships and differentiated service offering;
- having a strong and secured asset base;
- having a secured expansion potential; and
- having an experienced management team.

Strategy

The key elements of the Group's strategy are to:

- capitalise on the anticipated growth in Russian container traffic;
- enhance its leading position in the transhipment and storage of fuel oil in the Baltic Sea Basin;
- continue to optimise its operations; and
- expand its asset portfolio through "greenfield" projects and selective acquisitions.

Recent developments

Since 31 March 2011, the Group has continued to perform in line with management's expectations, and management believes that the financial and performance outlook for the remainder of the year is also in

line with its expectations. The table below sets out the total gross container throughput of the Group's terminals for the periods indicated, on a 100% basis.

Terminal	Gross throughput	
	April 2011	**May 2011**
	(TEUs in thousands)	
Russian Ports		
PLP	71	74
VSC	27	28
Moby Dik[(1)]	23	24
Total[(2)]	**121**	**126**
Finnish Ports		
Finnish Ports[(1)]	14	13

(1) For details of the Group's ownership interests in Moby Dik, Yanino and the Finnish Ports, see footnote (4) under "*—Summary financial and other information—Summary operating information*" below.

(2) Total throughput of Russian Ports excludes the throughput of Yanino which, in April and May 2011, was 8 thousand TEUs and 8 thousand TEUs, respectively.

In June 2011, the Company was advised by TIHL that it had acquired all the Ordinary Shares owned by Sberbank Capital OOO (***Sberbank Capital***), representing 10% of the then issued Ordinary Shares, for US$238 million and that in connection with such acquisition the shareholders agreement and other arrangements between TIHL and Sberbank Capital with respect to the Company had been terminated.

In June 2011, the Company paid a dividend of US$25 million to its shareholders. This dividend is not reflected in the Unaudited Interim Financial Information for the period ending 31 March 2011. If payment of this dividend had been reflected at such date, cash and cash equivalents would have been reduced by US$25 million. Purchasers of GDRs in the Offering are not entitled to receive this dividend.

In addition, since 31 March 2011, the following have occurred:

- the guarantees granted by Petrolesport and Farwater in respect of TIHL's indebtedness under a certain bank loan were released; and
- the Group repaid all outstanding loans owed to TIHL and companies under its control, which as at 31 March 2011 consisted of US$39,245 thousand (including accrued interest).

RISK FACTORS

An investment in the GDRs involves a high degree of risk, including, risks associated with the following matters:

Risks relating to the Group's business and industry

- dependence on growth of trade volumes, economic growth and liberalisation of trade;
- the introduction of significant new capacity resulting in surplus capacity;
- tariffs for certain Group services are regulated by the Russian federal government;
- changes in Russia's exports of oil products, changes in handling of such exports at the Group's 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;
- increasing competition and consolidation among container terminal operators and container shipping companies;
- certain execution risks in respect of the expansion and development of its existing terminals and inability to increase the capacity of its facilities as planned;
- insufficient capital or other restrictions on financing that limit future capital expenditures and other investments;
- further consolidation and growth among container shipping companies leading to the Group's customers to exercising greater bargaining power;

- integrating and managing new acquisitions;
- dependence on leases from government agencies for a significant amount of the land and quays required to operate its terminals;
- dependence on the construction of new quays, dredging of existing quays and canals, and maintenance of quay drafts;
- dependence on the development of railway and road infrastructure as well as the arrangement of sufficient inbound and outbound transportation;
- inflation;
- wage increases in Russia;
- industrial action or adverse labour relations;
- changes in costs in any part of the logistics chain;
- additional security requirements that increase costs and reduce throughput;
- dependence on a limited number of shipping lines and customers;
- wide variety of regulations, standards and licensing requirements;
- terrorist attacks, natural disasters or other catastrophic events beyond its control;
- accidents involving the handling hazardous materials and oil products at the Group's terminals;
- insufficient insurance;
- reliance on security procedures carried out at other port facilities and by its shipping line customers that are outside of its control;
- ability to attract, retain and motivate key management and other personnel;
- risks in connection with its interests in joint venture and strategic partnership businesses;
- the Group's controlling beneficial shareholders may have interests that conflict with those of the GDR holders;
- failure of the information and technology systems; and
- delays in customs inspections affecting the flow of trade at the Group's terminals and the Group's container throughput volume.

Risks relating to the Group's financial condition

- the Company's ability to pay dividends or meet costs is dependent on distributions from its subsidiaries;
- weaknesses in its accounting and reporting systems and the internal controls as well as other public company systems and procedures;
- foreign exchange risk arising from exposure to the euro, the rouble and the US dollar;
- increases in interest rates; and
- indebtedness or the enforcement of certain provisions of its financing arrangements.

Additional risks

- political, economic, social and legal risks relating to the Group's presence in the Russian Federation;
- risks relating to the GDRs; and
- risks relating to taxation.

The Offering

The Offering will comprise an offering by the Company of ● GDRs and by the Selling Shareholder of ● GDRs representing interests in Ordinary Shares. In addition, the Selling Shareholder has granted to the Joint Bookrunners in connection with the Offering an option to purchase at the Offer Price up to ● additional GDRs solely to cover over-allotments, if any, in connection with the Offering.

Application has been made to (i) the FSA in its capacity as competent authority under the FSMA for the admission of up to ● GDRs, consisting of ● GDRs to be issued on the Closing Date, up to ● GDRs to be issued pursuant to the Over-Allotment Option and up to ● GDRs to be issued from time to time against the deposit of Ordinary Shares (to the extent permitted by law) with the Depositary, to the official list maintained by the FSA, and (ii) the London Stock Exchange for such GDRs to be admitted to trading on the regulated main market of the London Stock Exchange.

The Ordinary Shares are not, and are not expected to be, listed on any stock exchange.

Dividend policy

The Company's current dividend policy provides for the payment of not less than 30% of any imputed consolidated net profit for the relevant financial year of the Group. Imputed profit is calculated as the consolidated net profit for the period of the Group attributable to the owners of the Company as shown in the Company's consolidated financial statements for the relevant financial year prepared under EU IFRS and in accordance with the requirements of the Cyprus Companies Law, Cap. 113, less certain non-monetary consolidation adjustments. Payment of any such dividend will be dependent upon imputed consolidated net profit having been earned for such year and will be subject to any restrictions under applicable laws and regulations, the Company's articles of association, available cash flow, dividends from the Company's subsidiaries, the Group's capital investment requirements and the approval of the dividend at the general meeting of shareholders of the Company. The Company's dividend policy is subject to modification from time to time as the Board of Directors may deem appropriate.

Use of proceeds

The Company expects to receive gross proceeds of approximately US$100 million and net proceeds of approximately US$ ● million from the Offering after deduction of its share of Offering expenses (including underwriting commissions with respect to the GDRs offered by it, fees and expenses of its auditors and legal counsel and other expenses related to the Offering) of approximately US$ ● . The Company intends to use the net proceeds of the Offering to fund its capital investment programmes in the Russian Ports segment. The Company will not receive any proceeds from the GDRs offered by the Selling Shareholder.

Summary financial and other information

The selected consolidated income statement and balance sheet data below has been extracted from the Financial Information included in this Prospectus beginning on page F-2, where it is shown with important notes describing certain of the line items. The Financial Information as at and for the years ended 31 December 2008, 2009 and 2010 is audited. The Financial Information as at and for the three months ended 31 March 2010 and 2011 is unaudited. The additional financial data below represents non-IFRS financial information and was derived from data extracted from the Financial Information.

Selected consolidated income statement data

	Year ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
		(audited)		**(unaudited)**	
			(US$ in thousands)		
Revenue	512,294	274,550	382,437	76,438	122,892
Cost of sales	(244,250)	(160,429)	(198,509)	(49,963)	(60,510)
Gross profit	**268,044**	**114,121**	**183,928**	**26,475**	**62,382**
Administrative, selling and marketing expenses	(53,439)	(28,202)	(30,618)	(7,208)	(9,779)
Other gains/(losses)—net	17,045	3,220	3,641	693	(148)
Operating profit	**231,650**	**89,139**	**156,951**	**19,960**	**52,455**
Finance income/(costs)—net	(34,422)	(12,002)	(14,795)	2,055	2,869
Profit before income tax	**197,228**	**77,137**	**142,156**	**22,015**	**55,324**
Income tax expense	(42,717)	(8,671)	(23,160)	(3,452)	(21,892)
Profit for the year	**154,511**	**68,466**	**118,996**	**18,563**	**33,432**
Attributable to:					
Owners of the parent	122,215	65,851	109,390	17,435	30,567
Non-controlling interest	32,296	2,615	9,606	1,128	2,865
	154,511	**68,466**	**118,996**	**18,563**	**33,432**

Selected consolidated balance sheet data

	As at 31 December			As at 31 March
	2008	**2009**	**2010**	**2011**
		(audited)		**(unaudited)**
		(US$ in thousands)		
Assets				
Non-current assets	1,107,477	1,095,804	1,073,931	1,186,446
Current assets	193,767	91,381	124,094	159,950
Total assets	**1,301,244**	**1,187,185**	**1,198,025**	**1,346,396**
Equity and liabilities				
Equity attributable to the owners of the parent	747,043	764,774	816,465	906,898
Non-controlling interest	17,642	20,071	20,884	21,728
Total equity	**764,685**	**784,845**	**837,349**	**928,626**
Non-current liabilities	**414,054**	**307,453**	**272,685**	**322,443**
Current liabilities	**122,505**	**94,887**	**87,991**	**95,327**
Total liabilities	**536,559**	**402,340**	**360,676**	**417,770**
Total equity and liabilities	**1,301,244**	**1,187,185**	**1,198,025**	**1,346,396**

Additional financial data

	Years ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
		(unaudited)		(unaudited)	
	(US$ in thousands, except for percentages)				
Gross profit margin[(1)(4)]	52.3%	41.6%	48.1%	34.6%	50.8%
Adjusted EBITDA[(2)(4)]	303,218	130,468	206,570	33,218	67,251
Adjusted EBITDA margin[(1)(4)]	59.2%	47.5%	54.0%	43.5%	54.7%
ROCE[(3)(4)(5)(6)]	—[(5)]	9%	16%	—[(6)]	—[(6)]

(1) Gross profit margin and Adjusted EBITDA margin are calculated by dividing gross profit or Adjusted EBITDA (as applicable) by revenue, expressed as a percentage.

(2) Adjusted EBITDA is defined as profit for the year before income tax expense, finance costs, finance income, 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.

(3) ROCE is defined as operating profit divided by the sum of net debt and total equity, averaged for the beginning and end of the reporting period. Net debt is defined as a sum of current borrowings and non-current borrowings, less cash and cash equivalents and bank deposits with maturity over 90 days.

(4) Gross profit margin, Adjusted EBITDA, Adjusted EBITDA margin and ROCE are non-IFRS financial measures. These measures are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of Adjusted EBITDA to profit for the year, see footnote (4) under "*Selected Historical Financial and Operating Information—Additional financial data*".

(5) The Company has not calculated ROCE for the year ending 31 December 2008, because the Group was not incorporated until February 2008.

(6) The Company does not calculate ROCE on a quarterly basis.

Summary operating information

The Group's container terminals primarily handle containerised cargo. The table below sets out the total gross throughput for the Group's terminals.

	Gross throughput[(1)]				
	Years ended 31 December			Three months ended 31 March	
Terminal	2008	2009	2010	2010	2011
			(in thousands)		
Russian Ports					
Containerised cargo (TEUs)					
PLP[(2)]	532	196	541	91	179
VSC[(3)]	401	160	254	46	78
Moby Dik[(4)]	219	105	141	28	45
Total[(5)]	**1,152**	**461**	**936**	**165**	**302**
Non-containerised cargo					
Ro-ro (units)	29	9	15	3	4
Cars (units)	36	28	45	3	15
Refrigerated bulk cargo (tonnes)	219	119	107	35	24
Other bulk cargo[(7)] (tonnes)	1,758	914	975	137	88
Finnish Ports					
Containerised cargo (TEUs)					
Finnish Ports[(4)]	175	143	159	39	39
Oil products terminal					
Oil products (tonnes in millions)					
VEOS[(6)]	15.7	16.9	18.2	4.1	4.5

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

(2) The Group holds a 100% effective ownership interest in PLP, an interest it has held since mid-2008. Its results have been fully consolidated in the Financial Information for the periods under review.

(3) The Group holds a 75% effective ownership interest in VSC and its results have been fully consolidated in the Financial Information for the periods under review.

(4) From January 2008 to August 2008, the Group's controlling shareholder, TIHL, held a 50% effective ownership interest in Moby Dik, Yanino and the Finnish Ports and 50% of their results have been proportionally consolidated in the Financial Information for that period. Since September 2008, the Group has held a 75% effective ownership interest in each of these businesses and from that date has proportionally consolidated 75% of their results in the Financial Information.

(5) Total throughout for Russian Ports excludes the throughput of Yanino which, in 2010 and in the first three months of 2010 and 2011, was 32 thousand TEUs, 8 thousand TEUs and 18 thousand TEUs, respectively.

(6) From January 2008 to April 2008, the Group's controlling shareholder, TIHL, held a 78.8% effective ownership interest in the VEOS business existing at that time. Effective May 2008, this interest was reduced to 65%. Since July 2008, the Group has held a 50% ownership interest in VEOS. Accordingly, the results of VEOS have been fully consolidated in the Financial Information from January to April 2008, proportionally consolidated at 65% from May to June 2008, and proportionally consolidated at 50% from July to December 2008 and in subsequent periods.

(7) Other bulk cargo handled by the Russian Ports include timber, steel and scrap metal. PLP ceased handling raw timber cargo by the end of 2008 in line with the Group's strategy to convert PLP's timber handling operations into a modern container terminal, and plans to cease handling scrap metal cargo in 2011.

RISK FACTORS

An investment in the GDRs involves a high degree of risk. Prospective investors should consider carefully, among other matters, the risks set forth below and the other information contained elsewhere in this Prospectus prior to making any investment decision with respect to the GDRs. The risks set forth below could have a material adverse effect on the Group's business, financial condition, results of operations, prospects or the price of the GDRs.

This section describes the material risks that are known to the Group as at the date of the Prospectus. The description of the risks set forth below does not purport to be an exhaustive description of all risks that the Group faces. 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 condition, results of operations or future prospects and the trading price of the GDRs. The order in which the following risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

The Group is dependent on the growth of trade volumes and, accordingly, on economic growth and the liberalisation of trade.

The development of Russian domestic and global trade volumes, and in particular container volumes, is an important determinant of the Group's cargo volumes and, consequently, the development of its revenue and profits. According to Drewry, the total annual container volume handled in Russia between 2000 and 2010 grew from approximately 748 thousand TEUs to over four million TEUs. Globally, prior to the recent global economic and financial crisis, container traffic benefited from strong growth in intercontinental cargo traffic. According to Drewry, from 1980 to 2010, annual container handling volume has been growing at a compounded annual growth rate of 9.2%, compared with global gross domestic product (***GDP***) growth of 2.6% for the same period. Annual container handling volume declined by 9.3% in 2009 as a result of the economic crisis. In the same period, the Russian container volumes decreased by 36.8% from 2008 to 2009, according to Drewry. In 2010 global container shipping volumes increased by 13.8% and exceeded the pre-crisis level. However, a delay in, or obstruction of, the further liberalisation of the markets from which the Group receives cargo or to which cargo passing through the Group's terminals is shipped, slowing economic growth (due to factors such as economic fluctuations, wars, natural disasters or internal developments such as political realignments) or the imposition of new trade barriers (such as rail, road and other tariffs; minimum prices; export subsidies and import restrictions or duties) in Russia or globally could lead to lower growth or a decline in the volume of Russian and world trade and, consequently, to a decline or slower growth in worldwide and Russian annual container handling. Given the Group's dependence on the volume of container traffic, such developments could materially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

The introduction of significant new capacity planned by certain of the Group's competitors could result in surplus capacity and subject the Group to intensified price competition and lower utilisation.

Prior to the global decrease in container throughput in 2009 as a result of the recent global economic and financial crisis, the volume of global and Russian container throughput had increased continuously in recent years as a consequence of the strong increases in world and Russian trade. As the effect of the crisis has abated, in 2010, volumes again grew significantly and are expected to grow further in the future. Because the Group derives a substantial portion of its revenue from the handling of containers, its future revenues and profits will depend on the continued growth of container shipping volumes and overall container handling capacity in the region.

The scarcity of capacity in recent years has stimulated the development of plans for new terminals, the expansion of existing terminals and the conversion of general cargo terminals to container terminals. Some of the Group's competitors plan to introduce or have recently introduced significant new annual container handling capacity, such as at the Fourth Stevedoring Company's terminals in St. Petersburg, at a new container and oil products terminals, Ust-Luga Port, near St. Petersburg, and at terminals in other regions in Russia, such as in the Black Sea Basin. According to media reports, the Ust-Luga container terminal is to be commissioned in late 2011, and according to Drewry, is expected to have an initial annual container handling capacity of approximately 110 thousand TEUs, in addition to significant oil products handling capacity that is already in operation. Drewry also believes the Ust-Luga container terminal has the

potential for further capacity additions in subsequent periods. This new capacity could result in a surplus of capacity in the Group's principal markets, which may lead to intensified price competition between the Group and other providers of port services, and lower capacity utilisation at individual terminals. Furthermore, if Rosmorport were to make certain decisions that favour Ust-Luga, such as deciding to deepen the sea channel as far as Ust-Luga, but not the further distance to St. Petersburg, there could be an adverse effect on the Group's business. See "*Industry Overview—Russian container market—Key features of Russia's sea basins—Black Sea Basin*" and "*Industry Overview—Russian container market—Russian market container participants*".

Further, for oil products handling in the Baltic Sea Basin, increased competition could also arise from existing terminals if those terminals cease to focus primarily on throughput from the oil companies or oil traders who own them and seek throughput from other sources such as third party oil companies and brokers, particularly if ownership of those terminals were to change.

These developments could substantially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

Tariffs for certain services at certain of the Group's terminals are, or have been in the past, regulated by the Russian federal government and, as a result, the tariffs charged for such services are subject to a maximum tariff rate unless the Group obtains permission to increase the maximum tariff rate.

Petrolesport and VSC OOO, like many other Russian seaport operators, are classified as natural monopolies under Russian law and Moby Dik may be similarly classified in the future. As a matter of Russian law, tariffs for stevedoring services, including cargo handling and storage services, rendered by natural monopolies, are subject to regulation by the Federal Tariff Service (the ***FTS***). The FTS regulates the maximum tariff rates that terminal operators may charge for regulated services. In mid-2010, the FTS abolished tariff regulation with respect to cargo handling and storage services at terminals located in the Big Port of St. Petersburg, including PLP. However, in doing so, the FTS noted that the abolition of tariff regulation was an experiment and that, subject to certain conditions, the tariff regulation may be reinstated. See also "*Regulation—Russia—Tariff regulation*". VSC is currently the only terminal of the Group subject to tariff regulation. There can be no assurance, however, that the FTS will not impose tariff regulation in the St. Petersburg region as existed in prior periods or in some other form that would affect the prices PLP may charge its customers. Tariffs from the provision of regulated services generate a substantial proportion of VSC's revenue and in the past, generated a substantial proportion of PLP's revenues. In the three months ended 31 March 2011, regulated services rendered at VSC accounted for approximately 13% of the Group's revenue.

VSC currently charges tariffs that are near to the maximum rate permitted for its terminal by the FTS. Should VSC wish to increase the tariffs charged for its cargo to rates that exceed the current FTS maximum, it would have to apply to the FTS for such an increase. If VSC was to experience a rapid and/or unanticipated increase in costs, its profitability may be adversely affected unless and until increased maximum tariffs are approved. Similarly, VSC would not be able to take advantage of its leading market positions in the Far East of Russia by increasing its maximum tariff rates in response to increased demand without FTS approval. There can be no assurance that the FTS will respond promptly to any request VSC may make to increase maximum tariff rates, or at all. Further, the FTS may pursue policy objectives which are inconsistent with requests for increased rates, and accordingly there can be no assurance that the FTS will grant any request VSC may make, in whole or in part. The imposition of tariff regulation on PLP or Moby Dik or any delay in or refusal to grant requests for increased maximum tariffs for VSC could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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.

In 2008, 2009, 2010 and in the first three months of 2011 the Group derived 22.1%, 40.6%, 34.7% and 31.3%, respectively, of its consolidated revenue from the Oil Products Terminal segment from the handling and transport of oil products through the VEOS terminals and expects this segment to continue to

contribute a substantial proportion of its revenue in the future. Any reduction in global demand for oil products, Russian refined products output, increases in trade barriers between Russia and Estonia, restrictions placed on Russian trade, changes in the Russian fiscal regime for refined and/or crude oil products or changes in the Russian government's oil export policy could result in a reduction in oil products supplied from Russia to the international markets through the VEOS terminals. Additionally, any new regulations in destination countries limiting the sulphur content of fuel oils could result in a decrease in demand for Russian fuel oil (as it has a high sulphur content) and thus for VEOS's services for shipping to particular countries. Changes in oil refining technology and further investment in refinery assets and technology may make it possible for Russian refineries to crack fuel oil further, thereby reducing the supply of fuel oil available for export. Any such reductions in demand or supply or changes in trade barriers, regulations or policy could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group may be subject to increasing competition from other container and oil products terminals, and consolidation between container terminal operators and container shipping companies may enable the Group's competitors to compete more effectively.

The container terminal industry has in recent years experienced, and continues to experience, significant consolidation, both internally and with the container shipping industry. Consolidation within the container terminal industry results in the Group having to compete with other terminal operators that may be larger and have greater financial resources than the Group and therefore may be able to invest more heavily or effectively in their facilities or withstand price competition. Consolidation between competitor container ports and container shipping companies could also have the effect of reducing the number of shipping customers available to the Group and increasing the access that its competing ports have to the major shipping lines. For example, major shipping lines, such as Maersk, Mediterranean Shipping Company, S.A. (***MSC***), Evergreen and CMA CGM, operate their own terminals in some countries, and if they were to seek to expand these operations and purchase existing Russian terminals or partner with the Group's competitors to obtain greater access to Russian terminals, competition may intensify in the Russian container handling market, which could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group is exposed to certain execution risks in respect of the expansion and development of new or existing terminals and may not be able to increase the capacity of its facilities to the extent or on the timetable contemplated by its capital investment programme.

The Group is undertaking a number of capital investment programmes at its terminals aimed at their expansion and development. See the discussion of the capital investment programme for the Group's terminals in "*Business*". Expansion and construction projects require substantial capital expenditures throughout the development, construction and upgrading phases and may take months or years before they become operational, during which time the Group is subject to a number of construction, operating and other risks beyond its control, including shortages of and price inflation in respect of materials, equipment and labour, failures of sub-contractors to complete works according to specification or the timetable, inadequate infrastructure in the local area including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links needed for the project, an inability to secure the necessary permissions, permits, approvals or other governmental licences and adverse weather conditions, any of which could result in costs that are materially higher than initially estimated by the Group and may negatively affect the Group's ability to complete its current or future projects on schedule, if at all, or within the estimated budget. If the Group were to undertake greenfield projects, it could face the aftermentioned risks in addition to risks associated with gaining local permissions and upgrading local infrastructure, which may require long lead times. As a result, the Group may not achieve the anticipated increases in capacity associated with such projects on time or at all. Further, there can be no assurance that the revenues that the Group is able to generate from its projects will be sufficient to cover the associated construction and development costs or that it will be able to meet its financial targets for such projects. The Group may also miscalculate the demand for such increases in capacity which could lead to these investments being unprofitable.

For example, in response to the increasing volume of coal exports from Russia in recent years, the Group has recently constructed facilities to handle bulk coal cargo at VSC, which are currently expected to be operational in July 2011. See "*Business—The Group's operations—Russian Ports segment—VSC—Annual capacity and throughput*". As these facilities have only recently been constructed, the ramp-up of their throughput depends on successfully training personnel and introducing new operating procedures at the terminal. Further, the effect of handling this new cargo at the terminal must be managed carefully so as to avoid negatively impacting other cargo or operations at the terminal.

Any of the above factors could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group's growth depends on substantial capital investment and it may not have sufficient capital to make, or may be restricted by covenants in financing agreements from making, future capital expenditures and other investments as it deems necessary or desirable.

The Group's growth depends on capital and other long-term expenditures, such as those relating to the capital investment programmes currently being undertaken at its terminals and potential future expenditures relating to new capital investment programmes and/or future acquisitions. In the past the Group has financed these expenditures through a variety of means, including internally generated cash and external borrowings. In the future, the Group may use various sources, including internally generated cash and banking and capital markets financings, to manage its balance sheet and meet its financing requirements. The Group's ability to arrange external financing and the cost of such financing depend on many factors, including the Group's future financial condition, general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction.

In addition, the Group may be subject at such time to restrictive covenants under financing arrangements that restrict its ability to borrow funds or undertake capital expenditures in amounts and at times that the Group deems necessary or desirable or when specified by construction timelines contained in arrangements for new facilities.

If the Group were unable to generate or obtain funds sufficient to make capital expenditures, investments or acquisitions, or if restrictions in financing and other arrangements did not permit it to use available funds for such purposes, the Group's growth prospects could be materially impaired and it business, results of operations, financial condition or prospects and the trading price of the GDRs could be materially adversely affected.

Further consolidation among container shipping companies could enable the Group's customers to exercise greater bargaining power when negotiating with the Group.

Cost pressures, caused by higher fuel costs and low cargo shipping rates due to substantial increases in capacity are factors that may contribute to the trend towards consolidation among shipping companies. If the Group's customers experience future market concentration or increases in their market share, the market power and the bargaining power of the surviving larger shipping companies vis-à-vis the Group would increase. For example, Maersk, which is one of the Group's important customers, has recently been increasing its share of container volumes in the Russian market, which may give it greater negotiating power with the terminal operators, which in turn could have an adverse affect on the Group's profitability. If the Group experiences a reduction in its market power vis-à-vis shipping companies, it may not be able to maintain or increase its market share and may be forced to lower its prices, which could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Expansion through acquisition entails certain risks, and the Group may experience problems in integrating and managing new acquisitions.

The Group has in the past, and may in the future, expand its operations through acquisitions. See "*Business—Strategy*". The pursuit of an acquisition strategy entails certain risks, including the failure to

identify suitable acquisition targets and/or the failure to conduct appropriate due diligence on such target's operations and/or financial condition, the overvaluation of such target and thus the payment of consideration greater than the acquisition's market value, the incurrence of significantly higher than anticipated financing-related risks and operating expenses, and the discovery of larger than anticipated or previously undisclosed liabilities. Acquiring additional businesses could also place increased pressures on the Group's cash flows, especially if the acquisition is paid for in cash. Further, if an acquisition is not completed, this may adversely impact the Group's strategic objectives. If any such risks materialise in conjunction with an acquisition, this could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

In addition, the Group may experience problems in integrating acquisitions into its business and managing them optimally. These risks include failing to effectively assimilate and integrate the operations and personnel of an acquired company into the Group's business, failing to install and integrate all necessary systems and controls, including logistics and distribution facilities and arrangements, conflicts between majority and minority shareholders, hostility and/or lack of cooperation from the acquisition's management and the potential loss of the acquisition's customers. Further, the broader disruptions in operations and the strain on management resources, including the diversion of attention from management's normal day-to-day business, that often occur in conjunction with an acquisition may impose significant costs on the Group. This could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group leases a significant amount of the land and quays required to operate its terminals from governmental 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 container terminals in Russia lease the majority or, in the case of VSC, all their quays, and Moby Dik leases the majority of its terminal land and all of its quays, from Rosmorport and the St. Petersburg Committee on Property Management, as applicable, under lease arrangements that are subject to the Federal Law "On Seaports in the Russian Federation and Introduction of Amendments to Certain Acts of Legislation of the Russian Federation" No. 261-FZ dated 8 November 2007, as amended (the ***Seaports Law***). The agreements that govern these arrangements contain provisions that allow Rosmorport and the St. Petersburg Committee on Property Management to terminate the agreement in certain circumstances, such as negligence in maintenance of quay development or failure to meet health, safety and environmental regulations. The lease of VSC's quays is scheduled to expire in 2014 while PLP and Moby Dik's leases expire in 2055 and 2053, respectively. VEOS uses significant parts of the land underlying its terminals under long-term building title agreements expiring between 2032 and 2056, and uses the quays at the port of Muuga under cooperation agreements and personal right of use agreements with the port of Tallinn, the operator of the port of Muuga, expiring in 2020 (with an option to extend for a further ten years), 2032 and 2034. MLT Kotka leases the land underlying the terminal from the port of Kotka under a lease agreement that runs indefinitely, subject to six months notice to terminate by either party, and MLT Helsinki uses the land underlying the terminal under an agreement between MLT and the port of Helsinki initially for a fixed term of five years ending in 2012, the two additional five-year renewal periods subject to approval by the port of Helsinki.

There can be no assurance that each relevant member of the Group will be able to renew its lease agreements with the relevant lessor upon their expiration on commercially reasonable terms, if at all, or that where required, it would be the winning bidder in any competitive process of one or more of the existing concessions. Further, even if the lease agreements are renewed, there can be no assurance that the rent will not be increased. In particular, if VSC or VEOS is not able to renew its agreements on commercially reasonable terms on or before their expiration dates, it may no longer be in a position to continue to operate or may experience significantly increased costs. Any loss of or failure to renew a lease agreement or an increase in rental fees could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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.

The Group's ability to operate and expand depends on the construction of new quays, dredging of existing quays and access channels and the continuous maintenance of its quay drafts. In addition, in order to accommodate the larger vessels that the Group anticipates it will need to service as trade in the Baltic Sea Basin and the Far East Basin expands, the depth of drafts and access channels will need to be increased. The maintenance of quays, access channels and drafts; the creation of new quays and increases in the depth of drafts and access channels are not always within the control of the Group and depend, in part, on whether port and other governmental authorities make necessary investments. Any failure of the port and other governmental authorities to make such investments could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group's ability to substantially increase throughput volumes depends on the ongoing improvement and development of railway and road infrastructure as well as the ability of private and state-controlled rail and truck operators to arrange inbound and outbound transportation of sufficient cargo flow.

The Group's customers depend in large part on the rail freight network operated by the Russian state-owned railway monopoly, Open Joint-Stock Company Russian Railways (***Russian Railways***), to transport cargoes between the Group's facilities and Russian and other CIS exporters and importers. The Russian railway system is subject to risks of disruption as a result of the declining physical condition of its rail tracks and facilities, a shortage of rolling stock, the poor maintenance and propensity for breakdowns of such rolling stock and temporary brown-outs of electric current to rail lines, and may, potentially, be subject to disruptions, for example due to train collisions or derailments. Similar risks also exist in respect of the Estonian rail infrastructure upon which the Group and its customers rely to transport oil products to the VEOS terminals.

The Group's customers also depend on Russia's highway system for the transport of cargoes to and from the Group's Russian facilities by road. The Russian highway system is likewise subject to risks of disruption as a result of its deteriorating physical condition resulting from increasingly heavy use, adverse weather conditions and poor quality and insufficient maintenance. There can be no assurance that the Russian government will implement its ongoing infrastructure modernisation programme as currently planned. In particular, a delay in the opening of the section of the Western High Speed Diameter road to which the PLP terminal is to be connected, currently expected to occur in 2012, could impair the growth of throughput at that terminal.

Any failure of the Russian or Estonian railway infrastructure operators to upgrade rolling stock and expand rail lines, or of the federal, regional and local governments to carry out necessary road repair, maintenance and expansion, including a failure to open the Western High Speed Diameter road to which the PLP terminal is to be connected, could adversely affect the cargo volumes that are or can be delivered to or from the Group's facilities, which could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Inflation could increase the Group's cost base.

The Russian economy has recently experienced relatively high rates of inflation. The consumer price index was 13.3% in 2008, 8.8% in 2009 and 8.8% in 2010, according to Rosstat. Certain of the Group's costs, such as maintenance costs and, in particular, wages, are sensitive to rises in general price levels in Russia. See "*—The Group may be adversely affected by wage increases in Russia*". However, due to competitive pressures, if the Group's costs continue to increase the Group may not be able to pass along the costs to its customers. Accordingly, if high rates of inflation continue, there can be no assurance that the Group will be able to maintain or increase its margins, given the effect of such cost increases, which could substantially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group may be adversely affected by wage increases in Russia.

Wage costs currently represent the Group's single most significant cost item, accounting for a substantial portion of the Group's total costs. Wage costs in Russia have historically been significantly lower than wage costs in some of the more developed market economies of North America and Western Europe for similarly skilled employees, which until recently, provided gave Russian businesses a significant labour cost advantage. However, the Group's wage costs have increased significantly in recent years as wage costs have increased generally in Russia, at times at a rate in excess of the rate of inflation. In addition, most of the Group's Russian employees are members of labour unions, and PLP, VSC and the Finnish Ports have collective bargaining agreements covering most of their employees. The collective bargaining agreements covering employees at PLP, VSC and the Finnish Ports expire in December 2012, September 2011 and at the beginning of 2012, respectively, and there can be no assurance that the renegotiation of these agreements will not result in a material increase in wages for employees at those terminals.

Due to increasing levels of competition in the Russian container terminal ports industry, the Group has experienced challenges in recruiting and retaining employees with appropriate skills, including core operations personnel in St. Petersburg and at VSC as well as administrative staff at VSC. The Group may need to increase the levels of its employee compensation more rapidly than in the past to remain competitive. There can be no assurance that the Group will be able to effect commensurate increases in the efficiency and productivity of its employees, or to pass on the extra costs to customers through increases in its prices, and if it is unable to do so, any such wage increases could substantially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

Industrial action or adverse labour relations could disrupt the Group's business operations and have an adverse effect on operating results.

The Group's operations depend on employees who are parties to national or local collective bargaining arrangements or benefit from local applicable law, regulation or custom regarding employee rights and benefits. See "*Business—Employees*" and "*Regulation—Employment matters*". If the Group is unable to maintain satisfactory employee relations or negotiate acceptable labour agreements in future (particularly, for example, when its existing collective bargaining agreements at PLP, VSC and the Finnish Ports expire in December 2012, September 2011 and at the beginning of 2012, respectively), the results could include work stoppages, strikes or other industrial action or labour difficulties (including higher labour costs) at any or all of its facilities in Russia, Estonia and Finland, any of which could substantially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

Changes in costs in any part of the logistics chain in which the Group operates could affect the Group's competitive position.

The Group operates as part of a logistics chain. The Group's customers, who rely on this logistics chain, are affected by external factors, including the cost of fuel and road, rail and terminal tariffs, which influence their choice of transport means and which, consequently, can have an impact on the Group's competitive position. For example, at VEOS, increases in rail tariffs could make the transport of oil products to Estonia from Russian refineries by rail less competitive compared to transport to Russian ports in the Baltic Sea Basin. Also, VSC, while being the most expensive of Russian transportation gateways to Moscow, is viable because it has the distinct advantage of offering shorter transit times from Asia to Moscow. Significant increases in Russian railway tariffs could result in customers determining the premium required for the shorter transit time via VSC is not justified, which could have an adverse effect on throughput at VSC. These types of changes to other parts of the logistics chain can adversely affect the Group's business.

Similarly, reductions in costs associated with transporting cargo from ports in countries near Russia, such as Poland, could result in cargo volumes moving away from Russian ports to those ports, adversely affecting the Group's terminals in the Baltic Sea Basin. In particular, as part of the negotiations for the accession of the Russian Federation to the World Trade Organisation (***WTO***), the Russian Federation, through agreements concluded with WTO member countries, has undertaken certain commitments concerning a number of industries. These agreements may contemplate an equalisation of the regulated

freight rail tariffs charged by Russian Railways relating to domestic and export transportation via Russian seaports and export transportation via Russian land borders. Such agreements, if implemented, could potentially result in significant changes to the regulated tariff rates currently charged by Russian Railways, which would be expected to have an impact on the Group's business. Such changes may make shipping via PLP less competitive than alternative routes utilising rail through Poland, for example, although the overall effect on the Group may be partially offset by the positive impact of the agreements on the competitiveness of VSC.

Any of these changes could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Additional security requirements may increase the Group's operating costs and reduce throughput.

In recent years, various international bodies and governmental agencies and authorities in Russia, Finland and Estonia have implemented numerous security measures that affect the Group's container ports and oil products handling operations and the costs associated with such operations. Failure to comply with applicable security requirements or obtain relevant security-related certifications may, among other things, prevent certain shipping line customers from using the Group's facilities and result in higher insurance premiums. In addition, new security measures or updated regulatory compliance requirements, and ensuring compliance with such measures or requirements may involve considerable time and resources. The costs associated with existing and any additional or updated security measures could negatively affect the Group's operating income to the extent that it is unable to recover the full amount of such costs from its customers, who generally also have faced increased security-related costs, or, in certain cases, the owners of the ports in which the Group operates. Similarly, additional security measures that require the Group to increase the scope of its screening procedures may effectively reduce the capacity of, and increase congestion at, its terminals. Failure to comply with applicable security requirements, payment of the costs associated with complying with such requirements and the administrative burden of implementing required security procedures could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group is dependent on a limited number of shipping lines and customers for a significant portion of its business.

The Group's major customers are shipping lines, freight forwarders, vertically integrated oil companies and major oil traders, with whom it enters into contracts that typically have a term of one year. The Group's container terminals business is dependent on a limited number of shipping lines calling at its terminals, which subjects it to the risk that one or more of the lines may opt to have its containers handled at a competitor's terminal or reduce its throughput at the Group's terminal. In addition, consolidation among shipping lines and between shipping lines and terminal operators could further affect current customers' use of the Group's container terminals. See "*Risk Factors—Further consolidation among container shipping companies could enable the Group's customers to exercise greater bargaining power when negotiating with the Group*".

Overall, the Group's ten largest customers by revenue accounted for 45%, and the single largest customer by revenue accounted for 13%, of its revenue in the year ended 31 December 2010. As a result, the Group's revenues are vulnerable to the loss of or difficulties experienced by such customers. The Oil Products Terminal segment is dependent upon a limited number of oil refineries and oil traders, with the majority of its revenue is derived from TNK-BP and IPP. The Finnish Ports segment derives a significant part of its revenue from a limited number of customers and Moby Dik derives a significant portion of its revenue from a single customer, Containerships, an affiliate of the Group's strategic partner in that business. PLP currently has a small number of customers for its ro-ro cargo operations and one customer for its refrigerated bulk cargo operations. The loss of, difficulties experienced by, or any failure to pay for services rendered for any reason by important customers could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group is subject to a wide variety of regulations, standards and licensing requirements and may face substantial liability if it fails to comply with existing or future regulations applicable to its businesses.

The Group's terminal operations are subject to extensive laws and regulations governing, among other things, the fees that the Group is permitted to charge at certain ports; the loading, unloading and storage of hazardous materials; environmental protection and health and safety. See "*Regulation*". The Group's ability to operate its container terminals business is contingent on its ability to comply with these laws and regulations and to obtain, maintain and renew as necessary related permits and licences from governmental agencies and authorities in the countries in which the Group operates. The Group's failure to comply with all applicable regulations and obtain and maintain requisite certifications, permits and licences could lead to substantial penalties, including criminal or administrative penalties, other punitive measures and/or increased regulatory scrutiny; trigger a default under one or more of its financing agreements or invalidate or increase the cost of the insurance that it maintains for its ports business. Additionally, its failure to comply with regulations that affect its staff, such as health and safety regulations, could affect its ability to attract and retain staff. The Group could also incur civil liabilities, such as abatement and compensation for loss, in amounts in excess of, or that are not covered by, its insurance. For the most serious violations, the Group could also be forced to suspend operations until it obtains such certifications, permits or licences or otherwise bring its operations into compliance.

In addition, changes to existing regulations or tariffs or the introduction of new regulations, procedures or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such regulations, tariffs and licensing requirements could adversely affect its business by reducing its revenue, increasing its operating costs or both, and it may be unable to mitigate the impact of such changes.

Finally, any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address environmental incidents or external threats. An inability to control the costs involved in complying with these and other laws and regulations, or recover the full amount of such costs from its customers could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group's operations could be adversely affected by terrorist attacks, natural disasters or other catastrophic events beyond its control.

The Group's business operations could be adversely affected or disrupted by terrorist attacks, natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic or otherwise disruptive events, including changes to predominant natural weather, sea and climatic patterns such as piracy, sabotage, insurrection, military conflict or war, riots or civil disturbance, radioactive or other material environmental contamination, an outbreak of a contagious disease, or changes to sea levels, which may adversely affect global or regional trade volumes or customer demand for cargo transported to or from affected areas, and denial of the use of any railway, port, airport, shipping service or other means of transport and disrupt customers logistics chains. In addition, the Group may be exposed to extreme weather conditions such as severe cold periods and ice conditions disrupting activities at its terminals and in the ports in which it operates.

The occurrence of any of these events at one or more of the Group's terminals or in the regions in which it operates may reduce the Group's business volumes, cause delays in the arrival and departure of vessels or disruptions to its operations in part or in whole, may increase the costs associated with dredging activities, may subject the Group to liability or impact its brand and reputation and may otherwise hinder the normal operation of its terminals, which could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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.

In 2010, approximately 3% by volume of the cargo handled at the Group's container terminals was classified as hazardous, and VEOS handled 18.2 million tonnes of oil products. Accidents in the handling of these materials at the Group's terminals could disrupt its business and operations during any repair or remediation period, which could negatively affect its financial results. There can be no assurance that the Group's compliance with EU and Russian environmental regulations will prevent any such accident or oil spill or resolve such incidents without damage to its facilities, contamination or other environmental damage or reputational damage. Any failure to avoid, mitigate or resolve such incidents successfully or any such damage or contamination could reduce gross throughput and revenue, lead to reputational damage and/or subject the Group to liability in connection with environmental damage, any or all of which could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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

The Group carries insurance for all of its operations in line with market practice in the countries in which it operates, but does not carry insurance policies to a similar extent as may be common in some of the more developed market economies of North America and Western Europe. Although the Group's contracts generally provide that the Group is liable for damage to or loss of cargo it handles, its liability is limited to the cargo value stated on the applicable customs declaration. The Group's contractual liability for export cargo handling begins when the railcar or truck enters its territory at the port and ends when the consignment is issued after having loaded the cargo onboard the vessel, and vice versa for import cargo handling. The Group's insurance against such liabilities is limited to third party liability insurance against damage to or destruction of the cargo up to its replacement value. Further, the Group does not have full insurance for business interruption or third party liability in respect of environmental damage except for VEOS. Risks which are typically insurable in North America and Western Europe, but for which the Group does not have separate insurance coverage include major accidents. If such an uninsured event were to occur and the Group were liable for it or if the Group experiences difficulty collecting insurance compensation that is due to it, the Group could experience significant disruption in its operations and/or requirements to make significant payments for which it would not be compensated, which in turn could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group relies on security procedures carried out at other port facilities and by its shipping line customers, which are outside of its control.

The Group inspects cargo that enters its terminals in accordance with the inspection procedures prescribed by, and under the authority of, the governmental body charged with oversight of the relevant port. The Group also relies on the security procedures carried out by its shipping line customers and the port facilities that such cargo has previously passed through to supplement its own inspection to varying degrees. The Group cannot guarantee that its own security measures and procedures, which comply with the International Ship and Port Facility Security Code (***ISPS***), will prevent all of the cargo that passes through its terminals from being affected by breaches in security or acts of terrorism either directly against the Group or indirectly in other areas of the supply chain that will impact on the Group. A security breach or act of terrorism that occurs at one or more of its facilities, or at a shipping line or other port facility that has handled cargo before the Group, could subject the Group to significant liability, including the risk of litigation, adverse publicity and loss of goodwill. In addition, a major security breach or act of terrorism that occurs at one of its facilities or one of its competitors' facilities may result in a temporary shutdown of the container terminal or oil products terminal industry and/or the introduction of additional or more stringent security measures and other regulations affecting businesses within these industries, including the Group. The costs associated with any such outcome could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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.

The Group's business is dependent on retaining the services of, or in due course promptly obtaining equally qualified replacements for, certain key members of its management team, including those described in "*Directors and Senior Management*". Competition in Russia and the other countries in which the Group operates for personnel with relevant expertise is intense due to the small number of qualified individuals with suitable practical experience in the container ports and oil products terminal industries. Although the Group has employment agreements with these key managers, the retention of their services cannot be guaranteed. Should they decide to leave the Group, it may be difficult to replace them promptly with other managers of sufficient expertise and experience or at all. The Group does not have key-man insurance in place in respect of its senior managers. Should the Group lose any of its key senior managers without prompt and equivalent replacement or if the Group is, otherwise, unable to attract or retain such qualified personnel for its requirements this could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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

The Group conducts its business in part via joint venture and strategic partnership companies (and their affiliates) in which it holds an interest. In particular, the Group holds a 50% interest in VEOS pursuant to a strategic partnership with Royal Vopak, a 75% interest in each of Moby Dik, Yanino and the Finnish Ports pursuant to joint venture arrangements with Container Finance and a 75% interest in VSC with the remaining 25% held by DP World. The Group's ability to fully exploit the strategic potential in markets in which it operates through joint venture and strategic partnership companies and associated companies would be impaired if it were unable to agree with its joint venture and strategic partners or other shareholders on strategies and their implementation. In addition, the cash resources of each of the above entities are in effect only available to those entities (and their associated companies) except to the extent that the entity pays a dividend to its shareholders. In general, such dividends require the approval of the strategic partner. Joint ventures are also limited in their ability to finance growth opportunities as Group-wide financing is not available and each joint venture must obtain finance separately on the basis of the assets it holds at its operating company level.

The Group also is subject to contractual and fiduciary non-compete and shared opportunity obligations to its joint venture and strategic partners, which could prevent or impede the Group's ability to expand in a business segment or region in which such a joint venture company or such an associated company operates. For example, each of the joint venture and shareholder agreements requires that certain business opportunities be offered to the joint venture or shareholder partner for joint development before a Group company can pursue that opportunity. Such agreements also contain rights of first refusal, tag-along rights and shoot-out rights in favour of both parties. Further, in the case of VSC, the relevant arrangements require that the holding company of VSC (together with the underlying VSC business) be transferred to TIHL or another member of TIHL's group if TIHL's indirect beneficial interest in the holding company of the VSC business, National Container Holding Company Limited, were to fall below 50%. See "*Material Contracts—Material Contracts—DP World Shareholders Agreement—Repatriation obligation*".

The foregoing limitations and relationships could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs or have an adverse impact on the Group.

Following the Offering, the Group's controlling beneficial shareholders, Mr. Nikita Mishin, Mr. Konstantin Nikolaev and Mr. Andrey Filatov (through their controlling interest in TIHL) will control approximately ● % of the Company's issued share capital (or ● % if the Over-Allotment Option is exercised in full). As such, the controlling beneficial shareholders will continue to be able to exercise significant control over the Group, such as in electing members of the Board of Directors, approving significant transactions and dividends, if any, and limiting or waiving pre-emption rights of the Company's shareholders. While the

Company believes that the interests of TIHL and the controlling beneficial shareholders will remain consistent with those of the Company's minority shareholders following the Offering, there can be no assurance that such interests will always be consistent or that their rights will be exercised for the Group's benefit and for that of all shareholders.

There are no agreements in place between the Company, TIHL or the controlling beneficial shareholders to ensure that the latter will not abuse their control of the Company. In addition, the controlling beneficial shareholders beneficially own interests in transportation and other businesses that are not part of the Group, some of which are held through TIHL These businesses which include Globaltrans Investment PLC, a large Russian freight rail operator (***Globaltrans***); Prevo Holdings OÜ, which has the right to construct container terminals in the port of Muuga, Estonia on the basis of a cooperation agreement and a construction right agreement with the port of Tallinn; Balttransservis OOO and Transoil OOO, both of which are engaged in the transportation of oil products; and Mostotrest OAO, a Russian transport infrastructure construction company (***Mostotrest***) may, from time to time, compete with the Group for customers, business or acquisition opportunities or provide services to, or have other dealings with the Group. If the controlling beneficial shareholders were to exercise their control over the Group in a manner that favoured one of these other businesses over the Group, this could substantially impair the Group's growth prospects and have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs. In addition, if these other businesses were to develop poor relations with any governmental authorities or entities, service providers, or customers that are important to the Group, such poor relationships could, by virtue of being associated with the Group through the controlling beneficial shareholders of TIHL, have a negative impact on the Group's relations with such governmental authorities or entities, service providers, or customers, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

For information regarding the Selling Shareholder and controlling beneficial shareholders, see "*Principal and Selling Shareholder*" and "*Directors and Senior Management—Conflicts of interest*".

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

The operational information and technology systems at each of the Group's terminals are designed to enable the terminal to use its infrastructure resources as efficiently as possible and monitor and control all aspects of its operations. See "*Business—Information technology*". Although each of the Group's terminals, based on the nature of its business, is configured to keep its systems operational under abnormal conditions, including with respect to business processes and procedures, any failure or breakdown in these systems could interrupt its normal business operations and result in a significant slowdown in operational and management efficiency for the duration of the failure or breakdown. Any prolonged failure or breakdown could dramatically affect its ability to offer its transportation services to its customers. Similarly, any significant delays or interruptions in its loading or unloading of a customer's cargo could negatively affect its reputation as an efficient and reliable terminal operator. Any of the above factors could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, financial condition, results of operations, future prospects and the trading price of the GDRs.

Delays in customs inspections may materially and adversely affect the flow of trade at the Group's terminals and the Group's container throughput volume.

The efficiency of the Group's operations depends upon, among other things, efficient customs inspections. Customs inspections may be delayed for a series of reasons, including: (i) strikes by customs officials, (ii) a sharp increase in foreign trade at the terminal in excess of the processing capacity of the terminal's customs officials, (iii) insufficient funding to modernise customs operations or hire additional customs officials or (iv) changes in either customs regulations or the implementation of such regulations that increase the bureaucracy involved in customs inspections or require greater scrutiny of goods flowing through the terminal. If customs operations become substantially slower, the flow of trade at the Group's terminals would be reduced and the resulting revenues the Group might earn from providing additional storage and other services would be unlikely to offset the revenues the Group would lose from the reduced flow of

trade. In addition, the delivery of the Group's customers' products would be delayed, which would encourage them to seek other alternatives to import and export these products more efficiently. Any of these factors could cause the Group's container throughput volume to decrease significantly, could impact the Group's growth prospects and could have an adverse effect on the Group's business, financial condition, results of operations, future prospects and the trading price of the GDRs.

RISKS RELATING TO THE GROUP'S FINANCIAL CONDITION

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 Company is a holding company and operates through its subsidiaries located in Russia, Estonia and Finland. As a result, the Company's financial condition depends almost entirely on the financial condition of its subsidiaries and their ability to transfer funds to the Company. The Company is dependent upon dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends, if any, on its shares and the payment of principal and interest on any of its borrowings incurred by the Company in the future. The Company's operating subsidiaries (other than members of the Group connected with PLP) are subject to restrictions on their ability to dividend or transfer assets and cash resources to other members of the Group, including the Company, under shareholder and joint venture agreements. For example, as a result of the shareholding arrangements for VSC, Moby Dik, the Finnish Ports, Yanino and VEOS, the cash generated from the operating activities of each of the entities in those businesses can only be lent to an entity (subject to certain materiality thresholds) or distributed as a dividend with the consent of the other shareholders or directors appointed by them. The Company's subsidiaries also may from time to time be subject to restrictions on their ability to make dividend payments to the Company as a result of regulatory or other restrictions, including restrictions imposed by financing arrangements. In addition, the Company's subsidiaries' ability to make dividend payments to the Company will depend on such matters as available cash flow and current and future capital investment requirements.

Further, dividend payments by the Company's Russian subsidiaries, if made, are subject to withholding tax in Russia and dividends paid by its Estonian subsidiary, if made, are subject to Estonian taxation. There can be no assurance that these restrictions and taxes will not have a material adverse effect on the Company's ability to pay dividends or to service its borrowings, meet its day-to-day costs or fund its proposed capital investment programme. There can be no assurance that the Company will receive sufficient funds from its subsidiaries to meet its financial obligations. Due to the holding structure of the Group, any claim against the Company (including a claim by its shareholders upon liquidation) will be subordinated to the claims against its subsidiaries. Further, the Company could be liable for the debts of its effective subsidiaries in certain cases. See "*—Risks relating to Russia—Legislative and legal risks—Shareholder liability under Russian corporate law could cause the Company to become liable for the obligations of its subsidiaries*". The foregoing restrictions could substantially restrict the Company's ability to pay dividends or to use free cash in its operating businesses optimally across the Group, including for activities such as funding its capital investment programme, which in turn could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group has not been operating as a public company and may have weaknesses in its accounting and reporting systems and the internal controls as well as other public company systems and procedures.

The Group was formed as a private company in 2008 and has limited experience in complying with public company obligations. Compliance with such obligations will be expensive and time consuming for the Group's management and may divert their attention from the day-to-day management of the Group's businesses. In particular, the Group's accounting and reporting systems are not as sophisticated or robust as those of companies with a longer history of reporting publicly and under EU IFRS. Each of the Company's Russian subsidiaries prepares financial statements under Russian accounting standards. The preparation of consolidated EU IFRS financial statements for the Group involves, first, the transformation of the statutory financial statements of these companies into EU IFRS financial statements through accounting adjustments and, second, the consolidation of all such financial statements. This process is complicated and time-consuming, and requires significant attention from the Group's senior accounting

personnel. Particularly in light of the Group's past and planned growth, the preparation of annual or interim EU IFRS financial statements may require more time than it does for other companies and such financial statements may be subject to a greater likelihood of misstatements. Accordingly, the Group may be required to recruit additional qualified personnel with EU IFRS accounting expertise. Because there is a limited pool of such personnel in Russia, it may be difficult for the Group to hire and retain such personnel. The management time necessary to comply with public company obligations and the expense of hiring and retaining qualified personnel could substantially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

Notwithstanding these risks, the Group believes that its financial systems and processes are sufficient to ensure compliance with the ongoing requirements of the Disclosure and Transparency Rules for a GDR issuer made by the FSA pursuant to section 73A(3) of FSMA applicable to it as a listed company.

The Group may be subject to foreign exchange risk arising from various currency exposures primarily with respect to the euro, the rouble and the US dollar.

Currently, a significant part of the Group's revenue, in particular revenue from PLP, and most of the Group's borrowings are denominated in US dollars and euro, whereas most of the Group's expenses and a significant portion of its revenue are and will be denominated and settled in roubles. The Group does not hedge its foreign exchange risk. The Group is therefore exposed to the effects of currency fluctuations between the US dollar, the euro and the rouble. In recent years, the value of the euro and, in particular, the value of the rouble have fluctuated significantly against the US dollar. These fluctuations have had a significant effect on the Group's financial results. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". Further fluctuations in the value of the euro or the rouble against the US dollar could substantially impair the Group's growth prospects and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and qualitative disclosure on market and other risks—Foreign exchange risk*".

Increases in interest rates may adversely affect the Group's financial condition.

To fund its capital investment programme, the Group may need to increase its borrowings. To the extent such borrowings are made at variable rates, the Group will be subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such debt. To the extent such borrowings are made at fixed rates, the Group will be subject to the risk that interests rates have increased at the time the relevant debt is due to be refinanced, if not repaid. Consequently, any increase in such interest rates will result in an increase in the Group's interest rate expense and could have a material adverse effect on the Group's financial condition, results of operations or prospects and the trading price of the GDRs. The Group does not currently hedge its interest rate risk and even if it were to do so in the future, there can be no assurance that the Group will be able to do so on commercially reasonable terms or that these agreements, if entered into, will protect the Group fully against the Group's interest rate risk in the future.

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

The Group has significant outstanding indebtedness and expects to incur additional indebtedness in the future to fund its capital expenditure requirements. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources—Capital resources and capital requirement*". To secure some of these financings, the Group has pledged property, plant and equipment and equity interests in some of its subsidiaries. In addition, some of the Group's loan agreements, including credit agreements for Petrolesport, VEOS and Moby Dik with BNP Paribas Vostok OOO, Barclays Bank OOO, BSGV ZAO, Nordea Bank OAO and Nordea Bank Finland Plc contain financial covenants that, among other matters, limit its ability to incur debt based on the ratio of its net debt to EBITDA (as calculated under the relevant loan agreement) and impose maximum thresholds for its total indebtedness which may limit the Group's operational flexibility while these loans remain outstanding. These loan agreements also impose a number of other obligations or restrictions on the

relevant borrowers' activities and some contain cross-default provisions under which the relevant loan may be accelerated if a default occurs under another of the Group's (or particular Group members') loan agreements, or, if the cross default is limited to that operating company, if any other loan by the operating company is in default, irrespective of materiality.

The Group's debt service and compliance obligations under these and future financings as well as any difficulties in obtaining financing in the future could substantially impair the Group's growth prospects and could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

RISKS RELATING TO RUSSIA

A significant part of the Group's business and assets is located in Russia. There are risks associated with investments in an emerging market and, specifically, Russia, as set out below.

General

Emerging markets, such as Russia, are subject to greater risks than more developed markets, including significant economic, political and social, and legal and legislative risks.

Emerging markets such as the Russian Federation are generally subject to greater risks than more developed markets. Global financial or economic crises or even turmoil in any large emerging market country, could have an adverse effect on the Group's business and the value of the GDRs. Russia's economy is vulnerable to market downturns and economic slowdowns elsewhere in the world and, generally, investing in emerging markets such as Russia is only suitable for sophisticated investors who fully appreciate that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging markets such as Russia are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Global financial or economic crises or even financial turmoil in any large emerging market country tend to adversely affect prices of equity securities of companies located, or with significant businesses in, emerging markets as investors tend to move their money to less volatile securities and more stable, developed markets at such times. The emerging capital markets including Russia have been highly volatile since 2008, due to the impact of the recent global financial and economic crisis on the Russian economy as well as investor sentiment.

Financial problems or an increase in the perceived risks associated with investing in emerging economies dampens foreign investment in Russia and adversely affects the Russian economy. In addition, during such times, businesses that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisers before making an investment in the GDRs.

Political risks

Changes in government policy or other government actions in Russia could adversely affect the value of investments in Russia.

Since 1991, Russia has sought to transform itself from a one-party state with a centrally planned economy to a democracy with a market oriented economy. As a result of the sweeping nature of the reforms, and the ineffectiveness or failure of some of them, the Russian political system remains vulnerable to popular dissatisfaction, including dissatisfaction with the results of privatisations in the 1990s, as well as to demands for autonomy from particular regional and ethnic groups.

Political conditions in Russia were highly volatile in the 1990s, as evidenced by frequent conflicts among executive, legislative and judicial authorities, which had a negative effect on Russia's business and investment climate. The more recent governments under Russia's previous president, Vladimir Putin (who is currently Russia's Prime Minister), and its current president Dmitry Medvedev, have generally increased governmental stability and accelerated reform making the political and economic situation in Russia more

conducive to investment. While the Russian political system and the relationship between President Medvedev, the Russian government and the State Duma currently appear to be stable, future political instability could result from deterioration in the overall economic situation, including any decline in standards of living, as well as from the results of elections of the State Duma and the Russian President in 2011-2012. Shifts in government policy and regulation in the Russian Federation are less predictable than in many Western democracies and could disrupt or reverse political, economic, regulatory and other reforms. For example, on 28 September 2010, President Medvedev dismissed the mayor of Moscow, Yuri Luzhkov, who served as the mayor of Moscow for over 18 years. Any significant change in or suspension of the Russian government's programme of reform in Russia, major policy shifts or lack of consensus between the Russian President, the Russian government, the State Duma and powerful economic groups could lead to instability, which could have a material adverse effect on the value of investments relating to Russia and as such on the Group's business, its ability to obtain financing in the international markets and hence its financial condition or prospects, and the trading price of the GDRs.

The implementation of government policies targeted at specific individuals or companies could have an adverse effect on investments in Russia and the Group's business.

While the political and economic situation in Russia has generally become more stable and conducive to investment, in the recent past, Russian authorities have prosecuted some Russian companies, their executive officers and their shareholders on tax evasion and related charges. In some cases, the result of such prosecutions has been the imposition of prison sentences for individuals and significant claims for unpaid taxes from, according to the Russian press, companies such as Mechel, Yukos, TNK-BP and Vimpelcom. Some analysts contend that such prosecutions demonstrate a willingness to reverse key political and economic reforms of the 1990s. Other analysts, however, believe that these prosecutions are isolated events that relate to the specific individuals and companies involved and do not signal any deviation from broader political and economic reforms or a wider programme of asset redistribution. The occurrence of similar events in the future could result in the deterioration of Russia's investment climate, and such a result could adversely affect the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs. See also "*—Legislative and legal risks—The Group could be subject to arbitrary government action*".

Political, social or other conflicts or instability could create an uncertain operating environment.

Russia is a federation of sub-federal political units, consisting of republics, regions (*oblasts*), territories (*krais*), cities of federal importance, an autonomous region and autonomous districts (*okrugs*), some of which exercise considerable autonomy in their internal affairs pursuant to arrangements with the Russian Government. The delineation of authority and jurisdiction between federal, regional and local authorities is, in many instances, unclear and contested, particularly with respect to the division of authority over regulatory matters. Lack of consensus between the federal, regional and local authorities often results in the enactment of conflicting legislation at various levels and may lead to further political instability. In particular, conflicting laws have been enacted in the areas of privatisation and licensing. Some of these laws and governmental and administrative decisions implementing them, as well as certain transactions consummated pursuant to them, have in the past been challenged in the courts, and such challenges may occur in the future. The Russian political system is vulnerable to tension and conflict between federal, regional and local authorities. This lack of consensus and tension creates uncertainties in the operating environment in Russia, which could hinder the Group long term planning efforts and may prevent the Group from carrying out its business strategy effectively and efficiently.

Emerging markets such as Russia are also subject to heightened volatility based on economic, military and political conflicts. Over the past several years, Russia has been involved in conflicts, both economic and military, with other countries, including Estonia and certain members of the CIS, some of which are current and potential future markets for the Group's services. On several occasions, this has resulted in the deterioration of Russia's relations with other members of the international community, including the United States and various countries in Europe. For example, a military conflict in August 2008 between Russia and Georgia involving South Ossetia and Abkhazia resulted in significant overall price declines on the Russian stock exchanges. In addition, ethnic, religious, historical and other divisions have, on occasions, given rise to tensions and, in some cases, military conflicts and terrorist attacks. Thus, the conflict in the Russian region of Chechnya in the late 1990s and into the 2000s brought normal economic

activity within Chechnya to a halt for a period of time as well as negatively affecting the economic and political situation in neighbouring regions. Violence and attacks relating to conflicts in the North Caucasus also spread to other parts of Russia and resulted in terrorist attacks in Moscow, most recently at Domodedovo International Airport this year, and in various places in southern Russia. In the future, the emergence of any new or escalation of existing tensions, military conflicts or terrorist activities could have significant political consequences, including the imposition of a state of emergency in some or all regions of Russia, or the imposition of economic or other sanctions in response to the tensions. In addition, any military conflicts or terrorist attacks and the resulting heightened security measures may cause disruptions to domestic commerce of Russia, lead to reduced liquidity, trading volatility and significant reductions in the price of listed Russian securities or securities relating to Russian business, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Economic risks

Emerging markets such as Russia are generally subject to greater risks than more developed markets, and global financial or economic crises or even turmoil in any large emerging market country, could have an adverse effect on investments in Russia and the Group's business.

In addition to the risks affecting the prices of equity securities described above under "*—General—Emerging markets, such as Russia, are subject to greater risks than more developed markets, including significant economic, political and social, and legal and legislative risks*", global financial or economic crises or even financial turmoil can result in businesses that operate in emerging markets facing severe liquidity constraints as foreign funding sources are withdrawn. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisers before making an investment in the GDRs.

Economic instability in Russia could harm the Group's business and investment plans.

From 2000 until the first half of 2008, Russia experienced rapid growth in its gross domestic product (***GDP***), higher tax collections and increased stability of the rouble, providing some degree of economic soundness. However, the Russian economy was adversely affected by the global financial and economic crisis that began in the second half of 2008, which manifested itself through extreme volatility in debt and equity markets, reductions in foreign investment and sharp decreases in GDP around the world. While the situation globally has stabilised since, a further deterioration in the global economic situation may lead to a further worsening of the impact of the economic crisis in Russia, and, as a result, would be likely to impact the Group's profitability. Any of the following risks, which the Russian economy has experienced at various times in the past and some of which occurred during the recent crisis, may have a significant adverse effect on the investment climate in Russia and, in turn, may be a significant burden on the Group's operations:

- significant declines in its GDP;
- high levels of inflation;
- increases in, or high, interest rates;
- sudden price declines in the natural resource sector;
- instability in the local currency market;
- high levels of government debt relative to GDP;
- high levels of budget deficit;
- lack of reform in the banking sector and a weak banking system providing limited liquidity to Russian enterprises;
- the continued operation of loss-making enterprises due to the lack of effective bankruptcy proceedings;
- the use of fraudulent bankruptcy actions in order to take unlawful possession of property;

- widespread tax evasion;
- growth of a black and grey-market economy;
- wide use of barter and non-liquid bills in settlements for commercial transactions;
- pervasive capital flight;
- high levels of corruption and the penetration of organised crime into the economy;
- significant increases in unemployment and underemployment; and
- the impoverishment of a large portion of the Russian population.

The Russian economy has been subject to other abrupt downturns in the past. For example, on 17 August 1998, in the face of a rapidly deteriorating economic situation, the Russian government defaulted on its Rouble-denominated securities, the CBR stopped its support of the rouble and a temporary moratorium was imposed on some hard currency payments. These actions resulted in an immediate and severe devaluation of the rouble and a sharp increase in the rate of inflation, a dramatic decline in the prices of Russian debt and equity securities and an inability of Russian issuers to raise funds in international capital markets. These problems were aggravated by the near collapse of the Russian banking sector in connection with the same events. This further impaired the ability of the banking sector to act as a reliable source of liquidity to Russian companies and resulted in the widespread loss of bank deposits.

In addition, since Russia produces and exports large quantities of crude oil, natural gas and other commodities, its economy is particularly vulnerable to fluctuations in the prices of crude oil, natural gas and other commodities on the world market, which reached record high levels in mid-2008 and subsequently fell dramatically by the end of 2008 and in early 2009 as a result of the recent financial crisis. Oil prices have since rebounded to over US$100 per barrel, according to Bloomberg, but remain extremely volatile. Further price volatility may continue to negatively influence the Russian economy.

Any recession, deterioration of general economic conditions or financial crisis in Russia could adversely influence the economic stability and consumer demand for various products and services, including, among others, those provided by the Group and therefore have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Further, fluctuations in international oil and gas prices, the strengthening of the rouble in real terms relative to the US dollar and the consequences of a relaxation in monetary policy, or other factors, could adversely affect Russia's economy and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The physical infrastructure in Russia is in poor condition.

The physical infrastructure in Russia largely dates back to Soviet times and has not been adequately funded and maintained since then. Russia's poor infrastructure disrupts the transportation of goods and supplies as well as communications and adds costs to doing business in Russia. Particularly affected are the rail and road networks, power generation and transmission, communication systems, and building stock. Road conditions throughout Russia are poor, with many roads not meeting minimum requirements for use and safety. Electricity and heating shortages in some of Russia's regions have seriously disrupted local economies. For example, in May 2005, an electricity blackout affected much of Moscow and some other regions in the central part of Russia for a full day, disrupting normal business activity. Other parts of the country face similar problems. Further, in August 2009, an accident occurred at the Sayano-Shushenskaya Hydroelectric Power Plant in southern Siberia, the largest hydro power plant in Russia in terms of installed capacity, when water from the Yenisei River flooded the turbine and transformer room at the power plant's dam, killing more than 70 people and causing billions of roubles in damage. As a result of the accident, the plant halted power production, leading to severe power shortages for both residential and industrial consumers.

The Russian Government is actively pursuing the reorganisation of the nation's rail, electricity and telephone systems. Any such reorganisation may result in increased charges and tariffs while failing to generate the anticipated capital investment needed to repair, maintain and improve these systems.

The poor condition or further deterioration of Russia's physical infrastructure may harm the national economy, disrupt access to communications and add costs to doing business in Russia and interrupt business operations. This could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Russian banking system remains under-developed.

Russia's banking and other financial systems are not well developed, and Russian legislation relating to banks and bank accounts may be subject to varying interpretations and inconsistent application. The 1998 financial crisis resulted in the bankruptcy and liquidation of many Russian banks and almost entirely eliminated the developing market for commercial bank loans at that time. In 2004, as a result of various market rumours and, in some cases, certain regulatory and liquidity problems, several privately-owned Russian banks experienced liquidity problems and were unable to attract funds on the inter-bank market or from their client base. Simultaneously, they faced large withdrawals of deposits by both retail and corporate customers. Several of these privately-owned Russian banks collapsed or ceased or severely limited their operations. During the recent economic crisis, Russian banks suffered from a deterioration in the credit quality of borrowers and their assets and a lack of liquidity which resulted in intervention by the Russian Government and CBR (as occurred in many other jurisdictions throughout the world). Deficiencies in the Russian banking sector, combined with a deterioration in the credit portfolios of Russian banks, may result in the banking sector being more susceptible to market downturns or economic slowdowns, including due to Russian corporate defaults that may occur during any such market downturn or economic slowdown. There are currently also only a limited number of creditworthy Russian banks, most of which are located in Moscow. The bankruptcy or insolvency of any banks with which the Group does business could adversely affect the Group's business. Another banking crisis, or the bankruptcy or insolvency of the banks which hold the Group's funds, could result in the loss of its income for several days or affect its ability to complete banking transactions in Russia, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Furthermore, any shortages of funds or other disruptions to banking experienced by the Group's banks from time to time could also have a material adverse effect on the Group's ability to complete its planned developments or obtain finance required for its planned growth and thus have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Social risks

Social instability, particularly arising from worsening economic conditions and turmoil in the Russian financial markets, could lead to labour and social unrest, increased support for renewed centralised authority, nationalism or violence.

Failure of the Russian Government to adequately address social problems has led in the past, and could lead in the future, to labour and social unrest. Further, worsening economic conditions and turmoil in Russian financial markets may result in high unemployment, the failure of state and private enterprises to pay full salaries on a regular basis and the failure of salaries and benefits generally to keep pace with the rapidly increasing cost of living. These conditions have led in the past to labour and social unrest that may be renewed or escalate in the future. Such labour and social unrest could have political, social and economic consequences, such as increased support for a renewal of centralised authority; increased nationalism, with support for re-nationalisation of property, or expropriation of or restrictions on foreign involvement in the economy of Russia; and increased violence. Any of these could have an adverse effect on confidence in Russia's social environment and the value of investments in Russia, could restrict the Group's operations and lead to a loss of revenue, and could otherwise have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Crime and corruption could disrupt the Group's ability to conduct its business.

The political and economic changes in Russia in recent years have resulted in a decrease in the effectiveness of actions of law enforcement authorities against crime and corruption. The local and international press have reported that significant organised criminal activity has arisen, particularly in large metropolitan centres. Property crime in large cities has increased substantially. In addition, there are reportedly high levels of corruption in such centres, including the bribing of officials for the purpose of

obtaining licences or other permissions, for the purpose of obtaining a right to supply goods or services to the state or major purchasers or for the purpose of initiating investigations by government agencies. Press reports have also described instances in which government officials have engaged in selective investigations and prosecutions to further their own interests or the interests of certain individuals. Additionally, published reports indicate that a significant number of Russian media regularly publish slanted articles in return for payment. Recent reports in the media have suggested that such practices continue to exist in the country, including as tactics in connection with the acquisition of companies or their assets by so-called "raiders". Any allegations of the Group's involvement in such practices would pose a risk of prosecution and of possible criminal or administrative liability or reputational damage. The proliferation of organised or other crime, corruption and other illegal activities that disrupt the Group's ability to conduct its business effectively, or any claims that the Group has been involved in corruption or illegal activities (even if false) that generate negative publicity, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Incomplete, unreliable or inaccurate official data and statistics could create uncertainty.

The official data published by the Russian federal, regional and local government agencies are substantially less complete or reliable than those of some of the more economically developed countries of North America and Europe. Official statistics may also be produced on different bases than those used in those countries. In addition, the Group relies on and refers to information from various third-party sources and its own internal estimates. The Group believes that these sources and estimates are reliable, but it has not independently verified them and, to the extent that such sources or estimates are based on official data released by Russian federal, regional and local government agencies, they will be subject to the same uncertainty as the official data on which they are based. Any discussion of matters relating to Russia in this Prospectus is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

Legislative and legal risks

Weaknesses relating to the Russian legal system and Russian legislation create an uncertain environment for investment and business activity in Russia.

Russia is still developing the legal framework required to support a market economy. Since 1991, Russian law has been largely, but not entirely, replaced by the new legal regime established by the 1993 Federal Constitution. The Group's business is subject to the rules of the Civil Code of the Russian Federation, as amended (the ***Civil Code***), other federal laws and decrees, and orders and regulations issued by the President, the Government, the federal ministries and state agencies, which are, in turn, complemented by regional and local rules and regulations. The following risks relating to the Russian legal system create uncertainties with respect to the legal and business decisions that the Group makes, many of which do not exist to the same extent in countries with more developed market economies:

- inconsistencies exist between: (a) federal laws; (b) decrees, orders and regulations issued by the President, the Government and federal ministers; and (c) regional and local laws, rules and regulations;
- a lack of judicial and administrative guidance on interpreting legislation as well as a lack of sufficient commentaries on judicial rulings and legislation;
- the relative unavailability of Russian legislation and court decisions in an organised manner that facilitates understanding of such legislation and court decisions;
- judges and courts are relatively inexperienced in interpreting legislation in accordance with new principles established under reformed statutes;
- substantial gaps exist in the legal framework due to the delay or absence of implementing regulations for certain legislation;
- a lack of judicial independence from political, social and commercial forces;
- alleged corruption within the judiciary and the governmental authorities;
- problematic and time-consuming enforcement of both Russian and non-Russian judicial orders and international arbitration awards;
- a high degree of discretion on the part of governmental authorities, leaving significant opportunities for arbitrary and capricious government action; and
- bankruptcy procedures are not well developed and are subject to abuse.

Legislation relating to disclosure and reporting requirements and anti-money laundering legislation have only recently been enacted in Russia. The concept of fiduciary duties being owed by management or directors to their companies or shareholders is new to Russian law. Violations of disclosure and reporting requirements or breaches of fiduciary duties could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

In addition, several fundamental Russian laws have only relatively recently become effective. The enactment of new legislation in the context of a rapid evolution to a market economy and the lack of consensus about the aims, scope, content and pace of economic and political reforms have resulted in ambiguities, inconsistencies and anomalies in the Russian legal system. The enforceability of some of the more recently enacted laws may be subject to doubt and many new laws remain untested. Russian legislation also often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. All of these weaknesses could affect the Group's ability to enforce its legal rights in Russia, including rights under contracts, or to defend against claims by others in Russia, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

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

The independence of the judicial system and the prosecutor general's office and their immunity from economic and political influences in Russia are subject to doubt. The court system is under-staffed and under-funded. Judges and courts remain inexperienced in certain areas of business and corporate law, such as international financial transactions. Russia is a civil law jurisdiction where judicial precedents generally have no binding effect on subsequent decisions. Not all Russian legislation and court decisions are readily available to the public or organised in a manner that facilitates understanding. The Russian judicial system can be slow and court orders are not always enforced or followed by law enforcement agencies. Additionally, the press has often reported that court claims and governmental prosecutions are sometimes influenced by or used in furtherance of political aims or private interests. The Group may be subject to such claims and may not be able to receive a fair hearing.

In addition, judgements rendered by a court in any jurisdiction outside Russia will be recognised by courts in Russia only if (i) an international treaty exists between Russia and the country where the judgement was rendered providing for the recognition of judgements in civil cases or (ii) a federal law of Russia providing for the recognition and enforcement of foreign court judgements is adopted. No such federal law has been passed, and no such treaty exists between Russia and most Western jurisdictions, including the United States or the United Kingdom. Even if such a treaty were in place, Russian courts might nonetheless refuse to recognise or enforce a foreign court judgement on the grounds set out in the relevant treaty and in Russian law. Consequently, should a judgement be obtained from a court in any applicable jurisdiction, it is unlikely to be given direct effect in Russian courts.

All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The laws relating to Russian corporations are technical in nature, not well developed and subject to inconsistent application.

Many of the Company's operating subsidiaries are organised and existing in Russia and hold all their assets in Russia. Accordingly, the formation of, requirements for, operations of, and corporate actions by, such companies are subject to mandatory rules of Russian law and are not the standards applicable to private companies in the United Kingdom, Europe or the United States, which may be more developed and transparent than private company standards in Russia.

For example, Russian law requires that a limited liability company or a joint stock company be liquidated if the value of its net assets which, as a principle of Russian law, are to be determined under Russian Accounting Standards (***RAS***), is lower than the minimum amount of its charter capital specified by Russian

law as at the end of the second year of its incorporation. If a company fails to comply with this requirement within a reasonable period of time, a court could, at least in theory, order its liquidation. In such circumstances, the company's creditors may claim for early performance of the company's obligations (including the early repayment of debt), terminate existing commercial relationships and claim damages. Certain of the Group's subsidiaries have in the past had negative net assets as determined under RAS and Yanino, as a debt financed start-up operation that is still in the development phase, currently has negative net assets as determined under RAS. Although the Group considers it unlikely, the Russian tax or other authorities, and/or third parties, could apply for these subsidiaries to be put into liquidation on the basis that the negative net assets were not remedied within a reasonable period of time.

Similarly, Russian law provides for particular requirements that should be complied with in the course of establishing and reorganising a Russian company, or during its operations. Certain provisions of Russian law may allow a court, or in some cases a state authority, to order liquidation of a Russian legal entity on the basis of its formal non-compliance with certain requirements during formation of such entity or during its operation or reorganisation. Although the Group considers it unlikely, if any of the Group's Russian subsidiaries are found to be in non-compliance with any of these requirements, they could be vulnerable to such an action.

As with other areas of Russian law, the Russian courts' interpretation of corporate law concepts are at times subject to inconsistent interpretation and application. See "—*Weaknesses relating to the Russian legal system and Russian legislation create an uncertain environment for investment and business activity in Russia*" 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*". If a Russian court or a governmental authority were to take a position unfavourable to the Group and decide to order a liquidation of a Russian subsidiary or to nullify a corporate action, the Group may need to restructure its operations and repay outstanding indebtedness, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Further, there are conflicting interpretations as to when shareholder approval of a transaction is required as a "major transaction" or "interested party transaction", when a transaction may be validly authorised by a decision of the company's appointed officers and when shareholders that vote against or abstain from voting on certain matters have the right to sell their shares to the company. Accordingly, the Group may be subject to an increased burden in seeking to comply with all reasonably possible interpretations of such requirements or may find itself in formal non-compliance with such requirements.

Shareholder liability under Russian corporate law could cause the Company to become liable for the obligations of its subsidiaries.

Russian law generally provides that shareholders in a Russian joint stock company or participants in a limited liability company are not liable for the obligations of such a company and bear only the risk of loss of their investment. This may not be the case, however, when a company is capable of determining decisions made by another company. The company capable of determining such decisions is called the effective parent (*osnovnoye obshchestvo* in Russian). The company whose decisions are capable of being so determined is called the effective subsidiary (*docherneye obshchestvo* in Russian). The effective parent bears joint and several liability for transactions concluded by the effective subsidiary in carrying out business decisions if:

- the effective parent gives binding instructions to the effective subsidiary; and
- the right of the effective parent to give binding instructions is set out in the charter of the effective subsidiary or in a contract between those entities.

Further, an effective parent is secondarily liable for an effective subsidiary's debts if the effective subsidiary becomes insolvent or bankrupt as a result of the action or inaction of the effective parent. In these instances, the other shareholders of the effective subsidiary may claim compensation for the effective subsidiary's losses from the effective parent that causes the effective subsidiary to take action or fail to take action knowing that such action or failure to take action would result in losses. The Company could be found to be the effective parent of its subsidiaries, in which case it could become liable for their debts,

which could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group could be subject to arbitrary government action.

Government authorities have a high degree of discretion in Russia and at times appear to act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that may not be in full accordance with the law or that may be influenced by political or commercial considerations. Moreover, government authorities also have the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or terminate contracts. Unlawful, selective or arbitrary governmental actions have reportedly included denial or withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions. Federal and local government entities also appear to have used common defects in matters surrounding share issuances and registration as pretexts for court claims and other demands to invalidate such issuances or registrations or to void transactions, seemingly for political purposes. Standard & Poor's, a division of McGraw Hill Companies, Inc., has expressed concerns that "Russian companies and their investors can be subjected to government pressure through selective implementation of regulations and legislation that is either politically motivated or triggered by competing business groups". In this environment, the Group's competitors may receive preferential treatment from the government, potentially giving them a competitive advantage. Although arbitrary, selective or unlawful government action may be challenged in court, such action, if directed at the Group or its shareholders, could lead to termination of contracts, civil litigation, criminal proceedings and imprisonment of key personnel, any of which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

In addition, since 2003, the Ministry for Taxes and Levies (now succeeded by the Federal Tax Service) has begun to challenge certain Russian companies' use of tax optimisation schemes, and press reports have speculated that these enforcement actions have been selective. Although the Group believes that it is currently in compliance with all of its tax obligations with respect to its operations in Russia, there can be no assurance that the Federal Tax Service, or any of its lower divisions, will not become more aggressive in respect of future tax audits or other compliance activities, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Russian legislation may not adequately protect against expropriation and nationalisation.

The Russian Government has enacted legislation to protect foreign investment and other property against expropriation and nationalisation. If such property is expropriated or nationalised, legislation provides for fair compensation. However, there is no assurance that such protections would be enforced. This uncertainty is due to several factors, including:

- the apparent lack of political will to enforce legislation to protect property against expropriation and nationalisation;
- the lack of an independent judiciary and sufficient mechanisms to enforce judgements; and
- reportedly widespread corruption among government officials.

An anti-privatisation lobby still exists within the Russian parliament. Accordingly, there can be no assurance that legislation protecting private investments will not be withdrawn. In addition, land may be subject to compulsory purchase by the state for its own needs or as a sanction for the inappropriate use of that land. It is not clear from Russian law how losses from nationalised assets would be calculated nor whether there would be any way to seek to challenge (and therefore to prevent) the confiscation of such assets.

Losses from the expropriation or nationalisation of all or a portion of the Group's business, potentially with little or no compensation, would have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Russian currency regulation has only recently been liberalised and may remain subject to change.

Despite significant recent liberalisation of the Russian currency control regime and the abolition of some restrictions from 1 January 2007, the Federal Law dated 10 December 2003 No. 173-FZ "On Currency Regulation and Currency Control", as amended (the ***Currency Law***), and current regulations still contain a number of limitations on foreign currency operations. In particular, Russian companies must notify Russian tax authorities on opening, closing or changes of details of bank accounts denominated in any currency with banks located outside of Russia. That notification must be filed within one month of opening or losing an account or changing its details. Moreover, some currency control restrictions were not repealed from 1 January 2007, and these include a general prohibition of foreign currency operations between Russian companies (except for the operations specifically listed in the Currency Law and the operations between the authorised banks specifically listed in the CBR regulations) and the requirement to repatriate, subject to some exemptions, export-related earnings to Russia. Restrictions on the Group's ability to conduct some of these transactions could increase its costs, or prevent it from continuing necessary business operations, or from successfully implementing its business strategy, which could have a material adverse effect on its business, results of operations, financial condition or prospects and the trading price of the GDRs.

As a result of the current state of the banking sector, transfers of funds within it into and out of Russia can be delayed considerably. These delays or other related difficulties could limit the Group's ability to meet payment and debt obligations as they become due, which could result in the acceleration of debt obligations and cross-defaults and, in turn, have a material adverse effect on its business, revenues, financial condition, results of operations or prospects and the trading price of the GDRs.

Russian legislation on foreign investments in strategic economic sectors is subject to interpretation and has not been sufficiently tested.

The Russian Federal Law "On the Procedure for Implementing Foreign Investment in Commercial Enterprises Having Strategic Importance for Securing the National Defence and Security of the State" No. 57-FZ (the ***Law on Strategic Enterprises***) became effective in May 2008. Under the Law on Strategic Enterprises, foreign investors acquiring more than 50% of the voting shares in, or indirect control over, Russian companies that have strategic importance for securing the national defence and security of the Russian Federation (***Strategic Enterprises***) are required to obtain the prior approval of the Government Commission for Control of Foreign Investments in the Russian Federation (the ***Foreign Investments Supervision Commission***). Such approval is subject to a determination by the Federal Security Service of Russia that the acquisition of control does not threaten the national defence and security of the state. Failure to obtain such approval could result in the transactions being null and void and quorum and voting rights relating to the shares in a Strategic Enterprise not being recognised. In addition, foreign states, international organisations, and companies directly or indirectly controlled by them are not permitted to acquire control over strategic enterprises and any acquisition of the right to vote 25% or more of the voting shares of such strategic enterprises by them would require the prior consent from the Foreign Investments Supervision Commission. See "*Regulation—Russia—Investment in companies of strategic importance for Russia*".

As companies that are considered natural monopolies under Russian law, Petrolesport and VSC OOO will be treated as strategically important under the Law on Strategic Enterprises and therefore fall within the scope of the Law on Strategic Enterprises. As such, any direct or indirect acquisition of control over Petrolesport and VSC OOO by a foreign investor (or its group of companies) from May 2008 onward would be subject to the prior approval of the Foreign Investments Supervision Commission. In June 2008, the Company, acquired controlling interests in Petrolesport and VSC OOO from the sole shareholder, TIHL. The Company believes that the transfers of these interests in Petrolesport and VSC OOO fall within an exemption in the Law on Strategic Enterprises for intra-group transfers and, that on this basis that prior approval for the transfers was not required. However, as there is a lack of regulatory and judicial guidance as to the proper interpretation of this law, uncertainty remains as to whether a Russian regulator or a Russian court could take a different view in the future as to whether prior approval was required whether as a result of general weaknesses in the Russian legal system, arbitrary government action or otherwise. See also "*—Weaknesses relating to the Russian legal system and Russian legislation create an uncertain environment for investment and business activity in Russia*" and "*—The Group could be subject to arbitrary*

government action". Any such adverse application of the Law on Strategic Enterprises to such transfers could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Furthermore, under the Law on Strategic Enterprises, if Petrolesport and VSC OOO continue to be qualified as natural monopolies under Russian law or if any of the Company's subsidiaries obtains a licence and/or starts to conduct the activities listed in the Law on Strategic Enterprises, if a foreign investor (or group of persons) were to acquire more than 50% of the Shares in the Company such acquisition would require the prior approval of the Foreign Investments Supervision Commission. Accordingly, the Group's ability to obtain financing from foreign investors through various equity sale transactions or the ability of a controlling shareholder to sell a significant stake of our shares to any foreign investor may be limited, and, as a result, the Company's business, prospects, financial condition, results of operations or the trading price of the GDRs may be materially adversely affected. This risk should not affect the purchase by investors of the GDRs representing rights in the Shares of the Company in the Offering because no single foreign investor (or its group of companies) pursuant to the Offering will acquire GDRs representing more than 50% of the Shares in the Company (thereby acquiring indirect control (as defined in the Law on Strategic Enterprises) of Petrolesport and VSC OOO). In addition, the necessity to receive approval from the Foreign Investments Supervision Commission and the possibility that such consent will not be granted may affect the Group's ability to create joint ventures with foreign partners or restructure the Group which, in turn, may have a material adverse effect on our business, prospects, financial condition, results of operations and the trading price of the GDRs.

RISKS RELATING TO THE GDRS

Voting rights with respect to the Ordinary Shares represented by the GDRs are limited by the terms of the Deposit Agreement for the GDRs and relevant requirements of Cypriot law.

GDR holders will have no direct voting rights with respect to the Ordinary Shares represented by the GDRs. GDR holders will be able to exercise voting rights with respect to the shares represented by GDRs only in accordance with the provisions of the terms of the agreement to be entered into on or about the Closing Date between the Company and the Depositary (the ***Deposit Agreement***) and relevant requirements of Cypriot law (see "*Terms and Conditions of the Global Depositary Receipts*"). Therefore, there are practical limitations upon the ability of GDR holders to exercise their voting rights due to the additional procedural steps involved in communicating with such holders.

Holders of Ordinary Shares will receive notice directly from the Company and will be able to exercise their voting rights either personally or by proxy. GDR holders, by comparison, will not receive notice directly from the Company. Rather, in accordance with the Deposit Agreement, the Company will provide notice to the Depositary. The Depositary has agreed that it will, as soon as practicable, at the Company's expense, distribute to GDR holders notices of meetings, copies of voting materials (if and as received by the Depositary from the Company) and a statement as to the manner in which GDR holders may give instructions.

In order to exercise their voting rights, GDR holders must then instruct the Depositary how to vote the Ordinary Shares represented by the GDRs they hold. As a result of this additional procedural step involving the Depositary, the process for exercising voting rights may take longer for GDR holders than for holders of Ordinary Shares, and there can be no assurance that GDR holders will receive voting materials in time to enable them to return voting instructions to the Depositary in a timely manner. If the Depositary does not receive timely voting instructions, the Holder shall be deemed to have instructed the Depositary to give a discretionary proxy to a person appointed by the Company to vote such Ordinary Shares, provided that such discretionary proxy will not be given if the Company does not wish such proxy to be given or if such matter materially and adversely affects the rights of holders of Ordinary Shares. If timely voting instructions are not received and no discretionary proxy is given in respect of such Ordinary Shares, or if the Depositary determines that it is not permissible under Cyprus law or it is reasonably impracticable to vote or cause to be voted the Ordinary Shares, such Ordinary Shares will not be voted.

For further details, see "*Terms and Conditions of the Global Depositary Receipts*". Concern by GDR holders regarding these limits on voting rights in respect of the Ordinary Shares represented by GDRs could have a material adverse effect on the trading price of the GDRs.

The size of the GDR programme may be limited to 50% of the Company's issued share capital unless the Depositary obtains the necessary approvals under the Law on Strategic Enterprises regarding investment in companies of strategic importance for Russia.

As described under "*—Risks relating to Russia—Legislative and legal risks—Russian legislation on foreign investments in strategic economic sectors is subject to interpretation and has not been sufficiently tested*", the Company owns assets that fall within the scope of the Law on Strategic Enterprises. Given that the Company is considered a Strategic Company under the Foreign Investment Law and the Depositary or its custodian or both are considered foreign investors, it may be necessary for the Depositary to seek prior approval before permitting more than 50% of the Company's issued shares to be deposited into the GDR programme. As a result, the GDR programme may be limited in size to 50% of the Company's issued share capital and any trading market in the GDRs may be correspondingly limited.

Sales of GDRs or Ordinary Shares following the Offering may result in a decline in the price of GDRs.

Each of the Company and the Selling Shareholder has agreed that, until the expiry of a period of 180 days after the later of the Closing Date or the Over-Allotment Option closing date, neither it nor any person acting on its behalf will, without the prior written consent of the Joint Bookrunners, sell, pledge or encumber the Ordinary Shares or, in the case of the Company, issue new shares (the ***Lock-up Agreement***). Upon the expiry of the Lock-up Agreement, the sale of a substantial number of GDRs following the Offering, in particular by the Selling Shareholder, or the issuance of new shares by the Company, or the possibility that these sales or issuances may occur, may result in a decline in the price of the GDRs, and investors may not be able to sell the GDRs they purchased in the Offering at or above the Offer Price or at all. As a result, investors who purchase GDRs in the Offering could lose all or part of their investment in the GDRs.

The Company is not subject to takeover protection under Cypriot law and may not be subject to the takeover protection applicable to a company incorporated in the United Kingdom.

The Company's Ordinary Shares are not listed on any regulated or unregulated market. As at the date of this Prospectus, Cypriot law does not contain any requirement for a mandatory offer to be made by a person acquiring control of a Cypriot company if such company is not listed on a regulated market in Cyprus. In addition, the UK mandatory offer rules will not apply to offers for the Company following Admission. Consequently, a prospective bidder acquiring GDRs may gain control of the Company in circumstances in which no requirement for a mandatory offer is triggered in respect of the Company under any takeover protection regime. See "*Description of Share Capital—Cypriot law—Takeover protection*". As a result, holders of GDRs may not be given the opportunity to receive treatment equal to that which may be received, in case of an offer made by a potential bidder with a view to gaining control of the Company, by certain other holders of GDRs or, as the case may be, Ordinary Shares at the relevant time.

Holders of GDRs in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights in relation to future issues of Ordinary Shares.

In order to raise funding in the future, the Company may issue additional Ordinary Shares, including in the form of GDRs. Generally, existing holders of ordinary shares in Cyprus public companies are in certain circumstances entitled to pre-emptive rights on the issue of new ordinary shares in that company as described in "*Description of Share Capital*". Holders of GDRs in certain jurisdictions (including the United States) may not be able to exercise pre-emptive rights for ordinary shares represented by GDRs unless the applicable securities law requirements in such jurisdiction (including, in the United States, in some circumstances the filing of a registration statement under the US Securities Act) are adhered to or an exemption from such requirements is available. The Company is unlikely to adhere to such requirements and an exemption may not be available. Accordingly, such holders may not be able to exercise their

pre-emptive rights on future issuances of Ordinary Shares, and, as a result, their percentage ownership interest in the Company would be reduced.

The liquidity and price of the GDRs depends on an active trading market for the GDRs developing after the Offering.

Prior to the Offering, there was no active trading market for the GDRs and, after the Offering, an active trading market may not develop. Furthermore, a significant portion of the GDRs being offered in the Offering may be offered and sold to a limited number of investors. If an active trading market for the GDRs does not develop, investors may not be able to sell the GDRs they purchased in the Offering at or above the Offer Price or at all. As a result, investors who purchase GDRs in the Offering could lose all or part of their investment in the GDRs. The Ordinary Shares are not, and are not expected to be, listed on any stock exchange.

The Ordinary Shares underlying the GDRs are not listed and may be illiquid.

Unlike many other GDRs traded on the London Stock Exchange, the Ordinary Shares are neither listed nor traded on any stock exchange, and the Company does not intend to apply for the listing or admission to trading of the Ordinary Shares on any stock exchange. As a result, a withdrawal of Ordinary Shares by a holder of GDRs, whether by election or due to certain events described under "*Terms and Conditions of the Global Depositary Receipts—Termination of Deposit Agreement*", will result in that holder obtaining securities that are significantly less liquid than the GDRs and the price of those Ordinary Shares may be discounted as a result of such withdrawal.

RISKS RELATING TO TAXATION

Taxation risks relating to Russia

The Group's business may be subject to taxation exposure in Russia.

Generally, taxes payable by Russian companies are relatively substantial and include, among other matters, corporate profits tax, VAT, property tax and payroll-related taxes. Laws related to these taxes have been in force for a short period of time compared to tax laws in more developed market economies. Historically, the system of tax collection has been relatively ineffective, resulting in the imposition of new taxes in an attempt to increase revenue and continual changes in the interpretation of the existing laws by various authorities. The Russian Government has implemented reforms of the tax system that have resulted in some improvement in the tax climate. The cornerstone of such reforms was a complete redrafting of the tax law into the Tax Code of the Russian Federation (the ***Russian Tax Code***). As well as providing greater clarity, this has included the reduction of most "headline" tax rates and the reduction of a number of taxes applicable to businesses.

Russian tax laws, regulations and court practice are subject to frequent change, varying interpretation and inconsistent enforcement. The law and legal practice in Russia are not as clearly established as those of western countries and there are a number of practical uncertainties in applying the tax legislation provisions. Some of these uncertainties are of a general nature, whereas others relate specifically to companies operating in the port industry.

Different interpretations of tax regulations exist both among and within government bodies at federal, regional and local levels, creating uncertainties and inconsistent enforcement. There are no clear rules or implementation practice for distinguishing between lawful tax optimisation and tax evasion. Furthermore, taxpayers, the Russian Ministry of Finance and the Russian tax authorities often interpret tax laws differently. The current practice is that private clarifications to specific taxpayers' queries with respect to particular situations issued by the Russian Ministry of Finance are not binding on the Russian tax authorities and there can be no assurance that the Russian tax authorities will not take positions contrary to those set out in such clarifications. During the past several years the Russian tax authorities have shown a tendency to take more assertive positions in their interpretation of the tax legislation which has led to an increased number of material tax assessments issued by them as a result of tax audits of companies operating in various industries, including the ports sector. In practice, the Russian tax authorities often have their own interpretations of the tax laws and these interpretations rarely favour taxpayers, who often

must resort to court proceedings against the Russian tax authorities to defend their position. Court rulings on tax or other related matters taken by different courts relating to the same or similar circumstances may also be inconsistent or contradictory.

Tax declarations, together with other tax related documentation, are subject to review and investigation by a number of authorities, which may impose additional taxes, penalties and interest for late payment. Generally, tax audits may cover the taxpayer's activities for a period of three calendar years immediately preceding the year in which the decision to carry out the audit is adopted; however, previous tax audits do not completely exclude subsequent claims relating to a period that has already been audited. See "—*Russian subsidiaries of the Company are subject to tax audits by the Russian tax authorities which may result in additional liabilities for the Group*".

Although Russia's tax climate and the quality of tax legislation have generally improved with the introduction of the Russian Tax Code, there can be no assurance that the Russian Tax Code will not be changed in the future in a manner adverse to the stability and predictability of the tax system and the possibility exists that the Russian Government may impose arbitrary or onerous taxes and penalties in the future. Although it is unclear how these changes would operate, the introduction of such changes could affect the overall tax efficiency of the Group's operations and result in significant additional tax liabilities. Additional tax exposure could have a material adverse impact on the Group's business, financial performance and prospects and the trading price of the GDRs.

According to the Constitution of the Russian Federation, laws which introduce new taxes or worsen a taxpayer's position cannot be applied retroactively. However, there have been several instances when such laws were introduced and applied retroactively.

Despite the Russian Government taking steps to reduce the overall tax burden on taxpayers in recent years, certain companies and industries are being challenged over structures, arrangements and transactions which have not been challenged or litigated in prior tax audits. Russian subsidiaries of the Company may therefore be subject to greater than expected tax burdens. Additionally, taxes have been used as a tool for significant state intervention in certain key industries. See "*—Risks relating to Russia—Legislative and legal risks—The Group could be subject to arbitrary government action*". All of this could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

These facts create tax risks in Russia that may be substantially more significant than typically found in countries with more developed tax systems.

Russian subsidiaries of the Company are subject to tax audits by the Russian tax authorities which may result in additional liabilities for the Group.

Taxpayers in Russia are subject to tax audits covering a period of three calendar years immediately preceding the year in which the decision to carry out the audit is adopted. However, previous tax audits do not exclude subsequent claims relating to the audited periods during the three year limitation period because Russian tax law authorises upper level tax inspectorates to revisit the results of tax audits conducted by subordinate tax inspectorates, and the Russian tax authorities are allowed to carry out repeat on-site tax audits in connection with the restructuring or liquidation of a taxpayer or if the taxpayer resubmits an adjusted tax return based on which the amount of tax is reduced. The limitation of the tax audit period corresponds to the statute of limitations on the commission of a tax offence, which is also limited to three years from the date on which a tax offence was committed or from the date following the end of the tax period during which the tax offence was committed (depending on the nature of the tax offence).

The Russian Tax Code provides for the extension of the three-year statute of limitations if the taxpayer has obstructed the conduct of an on-site tax audit and which created an insurmountable obstacle to the performance of that audit. Prior to the introduction of these provisions into the Russian Tax Code, on 14 July 2005, the Constitutional Court of the Russian Federation issued a decision that allows the statute of limitations for tax liabilities to be extended beyond the three-year term set forth in the tax laws if a court determines that the taxpayer "obstructed" or "hindered" a tax inspection. Since the terms "obstructed", "hindered" and "created insurmountable obstacles" are not defined in Russian law, the Russian tax

authorities may have broad discretion to argue that a taxpayer has "obstructed" or "hindered" or "created insurmountable obstacles" in respect of an inspection, effectively linking any difficulty experienced in the course of the tax audit with obstruction by the taxpayer, and ultimately to re-inspect a taxpayer for the purpose of assessing additional taxes and penalties and late payment interest thereon beyond the three-year statute of limitations.

The tax audits may result in additional tax liabilities, significant penalties, interest for late payment and enforcement measures for the Group if the relevant authorities conclude that the Group did not satisfy its tax obligations in any given year. This may have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs. The tax audits may also impose an additional administrative burden on the Group by diverting the attention of its management and financial personnel and requiring resources for defending the Group's tax position, including for any tax litigation.

The Group may be deemed to receive unjustified tax benefits.

In its decision of 26 July 2001, the Constitutional Court of the Russian Federation introduced the concept of "a taxpayer acting in a bad faith" without clearly stipulating the criteria for its application. This concept is not defined in the Russian tax law or other Russian laws. Nonetheless, in practice this concept has been used by the Russian tax authorities to invalidate the taxpayer's reliance on the letter of the tax law. Based on the available practice, the Russian tax authorities and courts often exercise significant discretion in interpreting this concept in a manner that is unfavourable to taxpayers.

On 12 October 2006, the Plenum of the Russian Supreme Arbitration Court issued Ruling No. 53 concerning judicial practice with respect to unjustified tax benefits received by taxpayers. The ruling provides that a tax benefit means a reduction in the amount of a tax liability resulting, in particular, from a reduction of the tax base, the receipt of a tax deduction (recovery) or tax concession, the application of a reduced tax rate and the receipt of a right to a refund (offset) or reimbursement of tax from the budget. The court ruled that a tax benefit itself cannot be regarded as a business objective, and such tax benefit may be deemed unjustified if the true economic intent of transactions is inconsistent with the manner in which they have been accounted for tax purposes or when a transaction lacks a reasonable economic or business purpose. On the other hand, the mere fact that the same economic result might have been obtained with a lesser tax benefit received by the taxpayer should not be treated as grounds for declaring a tax benefit to be unjustified.

There is little practice on interpretation of this concept by the Russian tax authorities or courts, but it is apparent that the Russian tax authorities actively seek to apply this concept when challenging tax positions taken by taxpayers. Although the intention of the ruling was to combat abuse of tax law, based on the available court practice relating to this ruling, the Russian tax authorities have started applying the "unjustified tax benefit" concept in a broader sense than may have been intended by the Supreme Arbitration Court. To date in the majority of cases where this concept was applied, the courts ruled in favour of taxpayers but it is too early to generalise regarding court practice in this area. Furthermore, Resolution No. 64 of the Plenum of the Supreme Court of 28 December 2006 "Concerning the Practical Application by Courts of Criminal Legislation Concerning Liability for Tax Crimes" is indicative of the trend to broaden the application of criminal liability for tax violations.

The above risks and uncertainties complicate the Group's tax planning and related business decisions, potentially exposing the Group to significant penalties and interest for late payments and enforcement measures and could have a material adverse effect on the Group's business, operating results, financial condition or prospects and the trading price of the GDRs.

The Company may be exposed to taxation in Russia if the Company is treated as having a Russian permanent establishment.

The Russian Tax Code contains the concept of permanent establishment in Russia as a means for taxing foreign legal entities which carry on regular entrepreneurial activities in Russia beyond preparatory and auxiliary activities. Russia's double tax treaties with other countries, including Cyprus, also contain a similar concept. However, the practical application of the concept of a permanent establishment under

Russian domestic law is not well developed and so foreign companies having even limited operations in Russia, which would not normally satisfy the conditions for creating a permanent establishment under international norms, may be at risk of being treated as having a permanent establishment in Russia and hence being liable to Russian taxation.

Although the Company intends to conduct its affairs so that is not treated as having a permanent establishment in Russia, no assurance can be given that the Company will not be treated as having such a permanent establishment. If the Company is treated as having a permanent establishment in Russia, it would be subject to Russian taxation in a manner broadly similar to the taxation of a Russian legal entity.

Only the part of the income of a foreign entity that is attributable to a permanent establishment should be subject to taxation in Russia. The Russian Tax Code contains some attribution rules which are not sufficiently developed. There is, therefore, a risk that the Russian tax authorities might seek to assess Russian tax on the entire income of a foreign company. Having a permanent establishment in Russia may also have other adverse tax implications, including challenging a reduced withholding tax rate under an applicable double tax treaty, a potential effect on VAT and property tax obligations. There is also a risk that penalties could be imposed by the tax authorities for failure to register a permanent establishment with the Russian tax authorities.

Recent events in Russia suggest that the tax authorities may more actively be seeking to investigate and assert that foreign entities operate through a permanent establishment in Russia. Any such taxes or penalties could have a material adverse effect on the Group's business, operating results, financial condition or prospects and the trading price of the GDRs.

It should also be noted that Russian tax legislation does not currently have a concept of tax residency for legal entities. However, the Russian Government has indicated that it intends to introduce the concept of tax residency for legal entities. It is unclear when and how (if at all) such changes are to be made and how they might affect the Group. In case such a concept is introduced into Russian legislation, there is a risk that non-Russian companies in the Group may be treated as Russian tax residents and thus may be subject to taxation in Russia.

The Group may be subject to vaguely drafted Russian transfer pricing rules.

Russian transfer pricing rules give the Russian tax authorities the right to make transfer pricing adjustments and impose additional tax liabilities in respect of certain types of transactions, which may be controlled by the Russian tax authorities (except for those conducted at state regulated prices and tariffs), in cases where the transaction price differs upwards or downwards from the market price by more than 20%. The controlled transactions include transactions with related parties, barter transactions, foreign trade transactions and any transactions associated with significant price fluctuations (i.e. if the price of such transactions differs from the prices on similar transactions by more than 20% within a short period of time). Special transfer pricing rules apply to transactions with securities and derivatives.

The Russian transfer pricing rules as currently in effect are vaguely drafted and subject to differing interpretations by the Russian tax authorities and courts. While, with respect to related party transactions, the Group seeks to reference market prices, there can be no assurance that the Russian tax authorities will not seek to adjust the pricing of these transactions for tax purposes. Moreover, in the event that a transfer pricing adjustment is assessed by the Russian tax authorities, the Russian transfer pricing rules do not provide for an offsetting adjustment to the related counterparty in the transaction that is subject to an adjustment.

There is a plan to introduce substantial amendments to the Russian transfer pricing legislation. A new draft law amending the transfer pricing legislation was approved by the Russian Parliament in the first reading on 19 February 2010 with the second and third readings expected to occur during 2011. The Russian Government proposes to implement these amendments with effect from 1 January 2012. At this point it cannot be predicted with absolute certainty when these amendments will be enacted, if at all, and what effect they may have on taxpayers, including the Group. Imposition of additional tax liabilities under the Russian transfer pricing legislation may have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

The Group may encounter difficulties in obtaining lower rates of Russian withholding income tax envisaged by the Russia-Cyprus double tax treaty for dividends distributed from the Company's Russian subsidiaries.

Dividends paid by a Russian legal entity to a foreign legal entity are generally subject to Russian withholding income tax at a rate of 15%, although this tax rate may be reduced under an applicable double tax treaty. The Company intends to rely on the Russia-Cyprus double tax treaty (the ***Tax Treaty***).

This Tax Treaty allows reduction of withholding income tax on dividends paid by a Russian company to a Cypriot company to 10% provided that the following conditions are met: (i) the Cypriot company is a tax resident of Cyprus within the meaning of the Tax Treaty; (ii) the Cypriot company is the beneficial owner of the dividends; (iii) the dividends are not attributable to a permanent establishment of the Cypriot company in Russia; and (iv) the treaty clearance procedures are duly performed. This rate is further reduced to 5% if the direct investment of the Cypriot company in a Russian company paying the dividends is at least US$100,000 (this amount will be increased to €100,000 if the new protocol to the Tax Treaty of 7 October 2010 (the ***Protocol***) is duly ratified and put into force).

Although the Company will seek to claim treaty protection, there is a risk that the applicability of the reduced rate of 5% or 10% may be challenged by the Russian tax authorities. As a result, there can be no assurance that the Company would be able to avail itself of the reduced withholding income tax rate in practice.

Specifically, the Company may incur a 15% withholding income tax at source on dividend payments from the Russian subsidiaries if the treaty clearance procedures are not duly performed at the date when the dividend payment is made. In this case the Company may seek to claim as a refund the difference between the 15% tax withheld and the reduced rate of 10% or 5% as appropriate. However, there can be no assurance that such taxes would be refunded in practice.

Russian withholding tax may also be applied when dividends are received from the Company's Russian subsidiaries by the Company's non-Russian subsidiaries. Although the Group intends to rely on the applicable double tax treaty between Russia and the country where the relevant non-Russian subsidiary is resident, no assurance can be given that the reduced withholding tax rate would apply.

In May 2009 the Russian President included in his Budget Message regarding the Budget Policy for 2010-2012 a proposal for legislative changes to introduce an anti-avoidance mechanism with respect to double tax treaty benefits in cases where the ultimate beneficiaries of income do not reside in the relevant tax treaty jurisdiction. A law envisaging the introduction of the concept of an "actual recipient of income" to the Tax Code was drafted in late 2009. Although the draft law neither uses the term "beneficial owner" nor defines the term "actual recipient of income" (which is used in Russian official versions of all double tax treaties), it is likely that the intent of the proposed amendments is to introduce a concept of the beneficial ownership in the domestic tax legislation and to combat the abuse of double tax treaties where the beneficiary of income resides in a jurisdiction which does not have a double tax treaty with Russia. Further, in May 2010 the Russian Government has also proposed in its Main Directions of Russian Tax Policy for 2011-2013 legislative changes concerning an anti-avoidance mechanism with respect to double tax treaty benefits, as well as creating tax incentives to move organisations from offshore to Russia. As noted in the Main Directions, such changes related to tax treaties are based on the provisions of the OECD Model Tax Convention.

The above mentioned draft law, if enacted as currently drafted, would add to the existing uncertainty and instability in the application of double tax treaties in Russia. However, it is currently uncertain if and when the draft law may be introduced. In fact, there has been no progress with this legislation since late 2009. It is also unclear how, if adopted, it will be interpreted and applied by the Russian tax authorities and/or courts in practice and what effect it may have on taxpayers, including the Group.

The Group may encounter difficulties in recovery of VAT paid to vendors or at customs and with the application of 0% VAT rate.

Many Russian companies, especially those involved in export sales, encounter difficulties with the recovery of VAT paid to vendors or at customs (***Input VAT***).

Under the Russian Tax Code, Russian incorporated companies within the Group are entitled to recover the excess of Input VAT over VAT collected from the buyers of their goods and services (***Output VAT***) either through cash refunds or offset against future tax liabilities and are also entitled to earn interest on any excess Input VAT amounts which have not been timely refunded by the Russian tax authorities. In practice, however, receipt of cash refunds is virtually impossible, and the Group must seek recovery of excess Input VAT through an offset against future tax liabilities over protracted periods of time while the receipt of interest thereon is not very likely. Furthermore, the Russian tax authorities often scrutinise the companies showing such excess Input VAT amounts in their tax declarations and sometimes seek to challenge them on different grounds.

Despite the Group's efforts at compliance, there remains a risk that a portion of Input VAT may not be recoverable by the Russian incorporated companies within the Group or that the recovery may take a significant amount of time, which may have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

In addition, effective 1 January 2011, amendments related to the application of the 0% VAT rate have been introduced into the Russian Tax Code. The amendments introduced cover the applicability of the 0% VAT rate to work and services related to the import/export of goods, including transportation related services, and documents required to confirm its application. A revised more detailed list of work and services subject to the 0% VAT rate has now been established. On the one hand, this may result in an opportunity to apply the 0% VAT rate to certain new types of work and services. However, on the other hand, the amendments may also lead to an inability to apply the 0% rate to certain work and services, previously taxable at the 0% rate. There is therefore a risk that some of the services performed by the Group's Russian subsidiaries will not be subject to the 0% VAT rate, which may have a material adverse effect on the Group's business, results of operations, financial condition or prospects and the trading price of the GDRs.

Currently, Russian companies cannot be consolidated for tax purposes.

The financial results of Russian companies currently cannot be consolidated for corporate tax purposes. Each of the Russian companies within the Group pays its own Russian taxes and may not offset its profit against the loss of any of the other companies in the Group and vice versa.

However, a new draft law on tax consolidation regime amending Part II of the Russian Tax Code was approved by the Russian Parliament in the first reading on 22 October 2010 with the second and third readings scheduled for 2011. The draft law introduces consolidated tax reporting that may enable the consolidation of the final results of taxpayers which are part of one group for corporate tax purposes. It is currently uncertain if and when the draft law may be introduced, how it will be interpreted and applied by the Russian tax authorities and courts in practice and what effect it may have on taxpayers, including the Group. However, the Group expects that these new consolidation rules in their current version would be unlikely to apply to it.

In addition, the subsidiaries of the Company cannot offset their Input VAT and Output VAT liabilities between each other.

Taxation risks relating to Cyprus

The Company and the GDR holders may be subject to Defence Tax in Cyprus.

The Special Contribution for the Defence Fund of the Republic Law (the ***Defence Tax***) includes provisions for the deemed distribution of profits. Pursuant to these provisions, if the Company does not distribute within two years from the end of the relevant tax year at least 70% of its after tax accounting profits (excluding revaluations, impairments and fair value adjustments), there will be a deemed distribution of 70% of such profits (reduced by any actual distributions made within a two year period after the end of the relevant tax year for Defence Tax purposes). The Defence Tax at 15% is payable to the Cypriot tax authorities on such deemed dividend distribution. The Defence Tax is withheld only on the proportion of the profits that are attributable to shareholders that are residents of Cyprus (both individuals and

corporate bodies) as the deemed distribution rules do not apply to non-resident shareholders. The Defence Tax is a tax on shareholders payable by the Company on behalf of its shareholders.

If a person who is not tax resident in Cyprus receives a dividend from the Company, and that dividend is paid out of profits which at any stage are subject to the deemed dividend distribution rule described above, then the Defence Tax paid on the deemed distribution relating to the dividends received by such person is refundable.

The Company is obliged to send out a questionnaire (IR 42 Questionnaire) to all of its shareholders (both individuals and corporate bodies) to ascertain their tax residency status. Through the questionnaire, the shareholders should inform the Company of their tax residency status. The Company is required to safe-keep these questionnaires and present them to the Cyprus tax authorities upon request.

The Defence Tax on deemed dividend distribution therefore would be payable by the Company to the extent the relevant profits are attributable to the shareholders (including the holders of the GDRs) which are Cypriot tax residents (both individuals and corporate bodies). The Company will debit such Defence Tax paid against the profits attributable to the respective Cypriot tax resident shareholders. Likewise, the same risk exists in relation to undistributed profits of the Cypriot subsidiaries of the Company.

Imposition of such a tax on the Company or its Cypriot subsidiaries could lead to Cyprus resident GDRs holders being required to remit higher tax payments, which could have a material adverse effect on the trading price of the GDRs.

Taxation risks relating to Estonia

The future of the Estonian corporate tax system is unclear.

The system of corporate earnings taxation currently in force in Estonia shifts the point of corporate taxation from the moment of earning profits to the moment of their distribution. Corporate income tax is charged on profit distributions such as dividends and implicit distributions (i.e. fringe benefits, gifts and donations, as well as expenditures and payments not related to the business activities of a company). All of the above profit distributions are taxed at a rate of 21% on the gross amount of profit distribution. Corporate income tax imposed on distributed profits is not considered a withholding tax and thus is not subject to the applicable international tax treaties.

This tax system has been challenged by both the European Commission and domestic political parties in the opposition. Estonia was granted a transition period upon accession with the European Union until 31 December 2008 since the European Commission took the standpoint during the accession negotiations that the Estonian tax system is not in compliance with Article 5 of the Council Directive 90/435/EEC (as amended). A European Court of Justice judgement existing at the time of accession suggested that any liability to taxation that has emerged from the distribution of profits of a company can be regarded as a withheld tax within the meaning of Article 5(1) of the Council Directive 90/435/EEC, irrespective of whether the tax payer is legally a profit-distributing subsidiary undertaking or the income tax is withheld from the parent undertaking that receives the dividends. However, after the European Court of Justice decision in case C-248/06 in June 2008, which confirmed that the tax calculated from distributed profits is not a withholding tax, the Estonian Government has decided to retain the current tax system.

However, there can be no definite guarantee that a traditional corporate income tax system will not be re-established. Should such a decision be adopted, the Estonian joint venture will begin paying corporate income tax from earned profits on an annual basis. This would significantly decrease tax planning opportunities and result in a higher effective tax burden since annual taxation of corporate profits and reinvested profits may become subject to tax retroactively.

There is a lack of administrative guidelines and court practice in tax issues.

Interpreting the Estonian tax law is often difficult due to the lack of guiding materials and sufficient case law because of the short period of application of current legal acts. The number of tax disputes has increased and taxes have been applied on questionable grounds. There is limited administrative and legal practice available on several important tax issues meaning that taxpayers often have no other possibility

but to ask for binding advance rulings or take a risk of time consuming court trials. Notwithstanding the final result, this brings along additional cost and interruptions to everyday business activities.

There is no preapproval process for advanced pricing agreements for transfer pricing.

Group companies are subject to transfer pricing regulation and transactions between related parties must comply with arm's length principle. The application period of transfer pricing regulation in Estonia is short and therefore the practice is vague. In the event of a tax audit, transfer pricing principles may be challenged by the tax authorities and additional taxes may be charged (plus fines or penalties and interest for late payment).

It is not possible to ask for a pre-approval (a confirmation from the tax authorities that they agree with the pricing principles), and therefore there is no assurance that the pricing methodology applied between related parties is correct and sufficiently justified for the tax authorities.

THE GLOBAL OFFERING

The Company	Global Ports Investments PLC, a company organised and existing under the laws of Cyprus.
The Offering	The Offering consists of an offering by the Company of ● GDRs and by the Selling Shareholder of ● GDRs, with each GDR representing an interest in three Ordinary Shares. The GDRs are being offered outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, registration under the US Securities Act.
Joint Global Coordinators and Joint Bookrunners	Deutsche Bank AG, London Branch, Goldman Sachs International, Morgan Stanley & Co. International plc and Troika Dialog.
Offer Price Range	US$14.70 to US$16.10 per GDR.
Selling Shareholder	TIHL, which is a company organised and existing under the laws of Cyprus. See "*Principal and Selling Shareholder*".
Share capital	Immediately prior to the Offering, the Company's issued share capital consisted of 450,000,000 Ordinary Shares, which are fully paid. The Company's authorised share capital consists of 530,000,000 Ordinary Shares. Immediately following the Offering the Company's issued share capital will consist of ● issued Ordinary Shares. See "*Description of Share Capital*" and "*Principal and Selling Shareholder*".
Depositary	JPMorgan Chase Bank, N.A.
GDRs	Each GDR will represent three Ordinary Shares on deposit with the Custodian on behalf of the Depositary. The GDRs will be issued by the Depositary pursuant to the Deposit Agreement. The Rule 144A GDRs will be evidenced by the Master Rule 144A GDR, and the Regulation S GDRs will be evidenced by the Master Regulation S GDR. See "*Summary of Provisions Relating to the Global Depositary Receipts While in Master Form*". Except in the limited circumstances described in this Prospectus, definitive GDR certificates will not be issued to holders in exchange for interests in the GDRs represented by the Master GDRs. See "*Terms and Conditions of the Global Depositary Receipts*".
Over-allotment option	The Selling Shareholder has granted to the Joint Bookrunners an Over-Allotment Option to purchase up to ● additional GDRs at the Offer Price. The Over-Allotment Option is exercisable on one or more occasions for the purpose of covering over-allotments that may be made, if any, in connection with the Offering and short positions resulting from stabilisation transactions on the date hereof, or from time to time, up to and including the 30th day following the announcement of the Offer Price upon written notice from the Joint Bookrunners to the Selling Shareholder and to the extent not previously exercised by the Joint Bookrunners may be terminated by the Joint Bookrunners at any time. See "*Subscription and Sale*".
Closing Date	The GDRs are expected to be delivered, and payment for them made, on or about ● 2011.
Listing	Prior to the Offering, there has been no market for the GDRs. Application has been made to (i) the FSA in its capacity as

competent authority under the FSMA for the admission of up to ● GDRs, consisting of ● GDRs to be issued on the Closing Date, up to ● GDRs to be issued pursuant to the Over-Allotment Option and up to ● GDRs to be issued from time to time against the deposit of Ordinary Shares (to the extent permitted by law) with the Depositary, to the Official List, and (ii) the regulated main market of London Stock Exchange for admission of the GDRs to trading under the symbol "GLPR". The Company expects that conditional trading through the IOB will commence on a "when and if issued" basis on or about ●.

The Ordinary Shares are not, and are not expected to be, listed on any stock exchange.

Lock-up . . . . Each of the Company and the Selling Shareholder has agreed that neither it, nor any of its subsidiaries, nor any person acting on its or their behalf will, from the date hereof until 180 days after the later of the Closing Date or the Over-Allotment Option closing date, without the prior written consent of the Joint Bookrunners: (i) issue (in the case of the Company only), offer, sell, lend, mortgage, assign, contract to sell, pledge, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Ordinary Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Ordinary Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Ordinary Shares; or (iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described above, whether any such transaction described above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise, subject in each case to certain limitations. See "*Subscription and Sale*".

Use of proceeds . . . . The Company expects to receive gross proceeds of approximately US$100 million and net proceeds of approximately US$● million from the Offering after deduction of its share of Offering expenses (including underwriting commissions with respect to the GDRs offered by it, fees and expenses of its auditors and legal counsel and other expenses related to the Offering) of approximately US$●. The Company intends to use the net proceeds of the Offering to fund its capital investment programmes in the Russian Ports segment. The Company will not receive any proceeds from the GDRs offered by the Selling Shareholder. See "*Use of Proceeds*".

Taxation . . . . For a discussion of certain Cyprus, United States and United Kingdom tax consequences of purchasing and holding the GDRs, see "*Taxation*".

Dividend policy . . . . The Company's current dividend policy provides for the payment of not less than 30% of any imputed consolidated net

profit for the relevant financial year of the Group. Imputed profit is calculated as the consolidated net profit for the period of the Group attributable to the owners of the Company as shown in the Company's consolidated financial statements for the relevant financial year prepared under EU IFRS and in accordance with the requirements of the Cyprus Companies Law, Cap. 113, less certain non-monetary consolidation adjustments. Payment of any such dividend will be dependent upon imputed consolidated net profit having been earned for such year and will be subject to any restrictions under applicable laws and regulations, the Company's articles of association, available cash flow, dividends from the Company's subsidiaries and the Group's capital investment requirements, as well as the approval of the dividend by the general meeting of shareholders of the Company on the recommendation of the Board of Directors, based on the audited stand-alone and consolidated financial statements of the Company for the relevant financial year. The Company's dividend policy is subject to modification from time to time as the Board of Directors may deem appropriate. See "*Dividend Policy*".

Voting rights . . . . Subject to the Deposit Agreement and applicable law, holders of GDRs are entitled to provide voting instructions with respect to the shares represented by GDRs held by such holders on the record date established by the Depositary. See "*Terms and Conditions of the Global Depositary Receipts*" and "*Description of Share Capital—Articles of association—Rights attaching to Ordinary Shares—Voting rights*".

Transfer restrictions . . . . The GDRs will be subject to certain restrictions as described under "*Selling and Transfer Restrictions—Transfer restrictions*".

Settlement and transfer . . . . The GDRs are being offered by the Joint Bookrunners subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part.

An application has been made to DTC to have the Rule 144A GDRs accepted into DTC's book-entry settlement system. Upon acceptance by DTC, a single Rule 144A Master GDR Certificate will be held in a book-entry form and will be issued to DTC and registered in the name of Cede & Co., as nominee for DTC. Application has been made to have the Regulation S Master GDR registered in the name of JPMorgan Chase Bank, N.A., as nominee for BNP Paribas Securities Services Luxembourg, as common depositary for Euroclear and Clearstream. Euroclear and Clearstream are expected to accept the Regulation S GDRs for settlement in their respective book-entry settlement systems. Except in the limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the corresponding Master GDR Certificate only through DTC, Euroclear or Clearstream, as applicable. Transfers within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system.

In order to take delivery of the GDRs, investors must pay for them in same-day funds on or prior to the Closing Date and must have an appropriate securities account. See "*Settlement and Transfer*".

The security identification numbers of the GDRs offered hereby are as follows:

Rule 144A GDR ISIN:	US37951Q1031
Rule 144A GDR CUSIP:	37951Q 103
Rule 144A SEDOL:	B666Q27
Regulation S GDR ISIN:	US37951Q2021
Regulation S GDR Common Code:	063985139
Regulation S GDR CUSIP:	37951Q 202
Regulation S SEDOL:	B50P0M1
London Stock Exchange GDR trading symbol:	GLPR

USE OF PROCEEDS

The Company expects to receive gross proceeds of approximately US$100 million and net proceeds of approximately US$ ● million from the Offering after deduction of its share of Offering expenses (including underwriting commissions with respect to the GDRs offered by it, fees and expenses of its auditors and legal counsel and other expenses related to the Offering) of approximately US$ ● . The Company intends to use the net proceeds of the Offering to fund US$ ● of its capital investment programmes in the Russian Ports segment. As further outlined in "*Business—The Group's operations—Russian Ports segment—PLP—Capital investment programme*", "*Business—The Group's operations—Russian Ports segment—VSC—Capital investment programme*", "*Business—The Group's operations—Russian Ports segment—Moby Dik—Capital investment programme*" and "*Business—The Group's operations—Russian Ports segment—Yanino—Capital investment programme*", the Group has plans to invest approximately US$253 million in capital expenditures in the Russian Ports segment over the period to 2012. The balance of the funding for the capital expenditure programmes is expected to come from operational cash flow and other available capital resources on an as needed basis.

The Company will not receive any proceeds from the GDRs offered by the Selling Shareholder. The Selling Shareholder will bear the costs of the underwriting commissions with respect to the GDRs offered by it.

The Group will retain significant discretion over the use of the net proceeds received from the Offering, and changes in the Group's plans or in the business environment in which it operates could result in the use of its net proceeds in a manner that is different to that described above.

DIVIDEND POLICY

Pursuant to its articles of association, the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of 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, if at all, in US dollars. If dividends are not paid in US dollars, except as otherwise described under "*Terms and Conditions of the Global Depositary Receipts—8 Conversion of Foreign Currency*", they will be converted into US dollars by the Depositary and paid to holders of GDRs net of currency conversion expenses.

The Company's current dividend policy provides for the payment of not less than 30% of any imputed consolidated net profit for the relevant financial year of the Group. Imputed profit is calculated as the consolidated net profit for the period of the Group attributable to the owners of the Company as shown in the Company's consolidated financial statements for the relevant financial year prepared under EU IFRS and in accordance with the requirements of the Cyprus Companies Law, Cap. 113, less certain non-monetary consolidation adjustments. Such adjustments may include, among other matters: negative goodwill; the effect of issuing and revaluing derivatives related to the sale or purchase of shares in the Company or its subsidiaries, joint ventures or associates; the non-cash effect of mergers, acquisitions and disposals of shares in the Company or its subsidiaries, joint ventures or associates; and the effect of issuing and revaluating guarantees. Payment of any such dividend will be dependent upon imputed consolidated net profit having been earned for such year and will be subject to any restrictions under applicable laws and regulations, the Company's articles of association, available cash flow, dividends from the Company's subsidiaries and the Group's capital investment requirements, as well as the approval of the dividend by the general meeting of shareholders of the Company on the recommendation of the Board of Directors, based on the audited stand-alone and consolidated financial statements of the Company for the relevant financial year. Interim dividends will be declared and approved at the discretion of the Board of Directors. The Company's dividend policy is subject to modification from time to time as the Board of Directors may deem appropriate, including as a result of changes in applicable laws and regulations or the Company's articles of association, or to reflect changes in the circumstances in which the Company operates.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with applicable corporate law and contractual restrictions in shareholder and joint venture agreements. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows distributable reserves and, in certain cases, the agreement of a joint venture partner. The maximum dividend payable by the Company's subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to relevant law. See "*Risk Factors—Risks relating to the Group's financial condition—The Company is a holding company and its ability to pay dividends or meet costs depends on the receipt of funds from its subsidiaries*", "*Terms and Conditions of the Global Depositary Receipts*" and "*Description of Share Capital—Articles of association—Rights attaching to Ordinary Shares—Dividend and distribution rights*".

DILUTION

As at 31 March 2011, the Group's consolidated net assets were US$906,898 thousand, or US$2.02 per Ordinary Share, based on 450 million Ordinary Shares outstanding. Consolidated net assets per Ordinary Share is determined by dividing the Group's total assets less total liabilities and non-controlling interest by the number of outstanding Ordinary Shares.

Generally, dilution per ordinary share to new investors is determined by subtracting net assets per ordinary share after an offering from the offer price paid by the new investors for the ordinary shares in that offering. Upon the issue of ● Ordinary Shares in connection with the offering of GDRs in the Offering, the Company is expected to receive gross proceeds of approximately US$ ● million before the deduction of commissions, fees and expenses incurred in connection with the Offering.

After giving effect to the new issue of Ordinary Shares in connection with the Offering, as if the issue had taken place by 31 March 2011, at the Offer Price, the Group's consolidated net assets as at 31 March 2011 would have been US$ ● per Ordinary Share. This represents an immediate increase in the Group's consolidated net assets per Ordinary Share of US$ ● to existing shareholders and an immediate dilution in the Group's consolidated net assets per Ordinary Share of US$ ● to new investors who purchased GDRs representing Ordinary Shares in the Offering.

Dilution per GDR representing Ordinary Shares to new investors is determined by subtracting the Group's consolidated net assets per Ordinary Share after the Offering from the Offer Price per GDR paid by investors for the GDRs representing Ordinary Shares in the Offering.

	US$
Offer Price per GDR	●
Group consolidated net assets per Ordinary Share as at 31 March 2011	2.02
Increase in Group consolidated net assets per Ordinary Share attributable to investors purchasing GDRs in the Offering	●
Group consolidated net assets per Ordinary Share after the Offering	●
Dilution per GDR to new investors purchasing GDRs in the Offering	●

CAPITALISATION

The following table sets forth the Group's cash and cash equivalents, current borrowings and capitalisation, consisting of as at 31 March 2011, on both an actual basis and as adjusted for the issue of ● Ordinary Shares by the Company in connection with the Offering based on the Offer Price per GDR and the receipt of the net proceeds of the Offering by the Company. The financial information on an actual basis set out below was extracted from the Unaudited Interim Financial Information.

The capitalisation information presented as adjusted has been prepared for the purpose of showing the effect of the Offering on the applicable items in the table below as if it had occurred on 31 March 2011, and has been prepared for illustrative purposes only. By its nature such information addresses a hypothetical situation and, therefore, does not reflect the Group's actual financial position. The capitalisation information presented as adjusted is compiled on the basis set out in the notes below in a manner consistent with the accounting policies adopted by the Group in preparing the Financial Information.

Prospective investors should read this table in conjunction with "*Selected Historical Financial and Operating Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Information.

	As at 31 March 2011		
	Actual	**Adjustment for Offering proceeds**	**As adjusted for the Offering[(1)]**
		(US$ in thousands)	
Cash and cash equivalents	**91,156**	●	●
Current borrowings[(2)]	**39,798**	●	●
Non-current borrowings[(3)]	**201,447**	●	●
Capital and reserves			
Share capital	45,000	●	●
Share premium	359,920	●	●
Capital contribution	101,300	●	●
Translation reserve	(63,504)	●	●
Retained earnings	464,182	●	●
Non-controlling interest	21,728	●	●
Total equity	**928,626**	●	●
Total capitalisation[(4)]	**1,130,073**	●	●

(1) Represents the actual amounts as adjusted to reflect the receipt of the proceeds of the Offering by the Company, after deducting underwriting commissions, fees and expenses incurred and payable by the Company in connection with the Offering of US$ ● million.

(2) Current borrowings include the current portion of non-current loans, borrowings and finance leases.

(3) Non-current borrowings excludes the current portion of non-current loans, borrowings and finance leases.

(4) Total capitalisation consists of total non-current borrowings and total equity.

Other than as a result of the matters set forth under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments*", there has been no material change in the Group's capitalisation since 31 March 2011.

SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION

The following selected information shows historical financial and operating information as at and for the years ended 31 December 2008, 2009 and 2010 and as at and for the three months ended 31 March 2010 and 2011. The selected consolidated income statement and balance sheet data has been extracted from the Financial Information described in the Index to the Financial Information at page F-1. Financial Information as at and for the years ended 31 December 2008, 2009 and 2010 is audited. The Financial Information as at and for the three months ended 31 March 2010 and 2011 is unaudited. The additional financial data represents non-IFRS measures and was derived from data extracted from the Financial Information. This information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", and the Financial Information included in this Prospectus beginning on page F-2. For a description of the Financial Information, see "*Presentation of Financial and Other Information—Financial information*".

SELECTED CONSOLIDATED INCOME STATEMENT DATA

	Year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ in thousands)		
Revenue	512,294	274,550	382,437	76,438	122,892
Cost of sales	(244,250)	(160,429)	(198,509)	(49,963)	(60,510)
Gross profit	**268,044**	**114,121**	**183,928**	**26,475**	**62,382**
Administrative, selling and marketing expenses	(53,439)	(28,202)	(30,618)	(7,208)	(9,779)
Other gains/(losses)—net	17,045	3,220	3,641	693	(148)
Operating profit	**231,650**	**89,139**	**156,951**	**19,960**	**52,455**
Finance income	11,689	12,145	98	795	313
Finance costs	(46,111)	(24,147)	(14,893)	(2,850)	(3,182)
Finance income/(costs)—net	**(34,422)**	**(12,002)**	**(14,795)**	**2,055**	**2,869**
Profit before income tax	**197,228**	**77,137**	**142,156**	**22,015**	**55,324**
Income tax expense	(42,717)	(8,671)	(23,160)	(3,452)	(21,892)
Profit for the year	**154,511**	**68,466**	**118,996**	**18,563**	**33,432**
Attributable to:					
Owners of the parent	122,215	65,851	109,390	17,435	30,567
Non-controlling interest	32,296	2,615	9,606	1,128	2,865
	154,511	**68,466**	**118,996**	**18,563**	**33,432**

Selected consolidated balance sheet data

	Year ended 31 December			As at 31 March
	2008	2009	2010	2011
		(audited)		(unaudited)
		(US$ in thousands)		
Assets				
Non-current assets	**1,107,477**	**1,095,804**	**1,073,931**	**1,186,446**
Property, plant and equipment	880,076	883,636	886,691	946,001
Intangible assets	193,913	186,164	171,791	181,752
Prepayments for property, plant and equipment	19,437	20,176	9,693	19,276
Trade and other receivables	14,051	5,828	5,756	39,417
Current assets	**193,767**	**91,381**	**124,094**	**159,950**
Inventories	6,537	5,703	6,272	7,078
Trade and other receivables	83,726	35,398	50,876	61,121
Income tax receivables	803	2,187	218	595
Bank deposits with maturity over 90 days	—	4,000	19,373	—
Cash and cash equivalents	102,701	44,093	47,355	91,156
Total assets	**1,301,244**	**1,187,185**	**1,198,025**	**1,346,396**
Equity and liabilities				
Equity attributable to the owners of the parent	**747,043**	**764,774**	**816,465**	**906,898**
Share capital	45,000	45,000	45,000	45,000
Share premium	359,920	359,920	359,920	359,920
Capital contribution	101,300	101,300	101,300	101,300
Translation reserve	(81,901)	(108,071)	(123,370)	(63,504)
Fair value reserve	38,123	—	—	—
Retained earnings	284,601	366,625	433,615	464,182
Non-controlling interest	**17,642**	**20,071**	**20,884**	**21,728**
Total equity	**764,685**	**784,845**	**837,349**	**928,626**
Non-current liabilities	**414,054**	**307,453**	**272,685**	**322,443**
Borrowings	307,129	201,980	170,568	201,447
Deferred tax liabilities	106,925	102,737	100,829	120,075
Provisions for other liabilities and charges	—	1,717	—	—
Trade and other payables	—	1,019	1,288	921
Current liabilities	**122,505**	**94,887**	**87,991**	**95,327**
Borrowings	66,775	50,203	36,091	39,798
Trade and other payables	48,546	42,791	49,318	53,138
Current income tax liabilities	2,833	1,115	1,322	1,310
Provisions for other liabilities and charges	4,351	778	1,260	1,081
Total liabilities	**536,559**	**402,340**	**360,676**	**417,770**
Total equity and liabilities	**1,301,244**	**1,187,185**	**1,198,025**	**1,346,396**

ADDITIONAL FINANCIAL DATA

	Years ended 31 December			Three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
		(unaudited)		**(unaudited)**	
		(US$ in thousands, except for percentages)			
Gross profit margin[1][4]	52.3%	41.6%	48.1%	34.6%	50.8%
Adjusted EBITDA[2][4]	303,218	130,468	206,570	33,218	67,251
Adjusted EBITDA margin[1][4]	59.2%	47.5%	54.0%	43.5%	54.7%
ROCE[3][4][5][6]	—[5]	9%	16%	—[6]	—[6]

(1) Gross profit margin and Adjusted EBITDA margin are calculated by dividing gross profit or Adjusted EBITDA (as applicable) by revenue, expressed as a percentage.

(2) Adjusted EBITDA is defined as profit for the year before income tax expense, finance costs, finance income, 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.

(3) ROCE is defined as operating profit divided by the sum of net debt and total equity, averaged for the beginning and end of the reporting period. Net debt is defined as a sum of current borrowings and non-current borrowings, less cash and cash equivalents and bank deposits with maturity over 90 days.

(4) Gross profit margin, Adjusted EBITDA, Adjusted EBITDA margin and ROCE are additional non-IFRS financial measures. Adjusted EBITDA, Adjusted EBITDA margin and ROCE are presented as supplemental measures of the Group's operating performance, which the Group believes are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Russian market and global ports sector. All of these supplemental measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. Some of these limitations are as follows:

- Adjusted EBITDA, Adjusted EBITDA margin and ROCE do not reflect the impact of financing costs, which can be significant and could further increase if the Group incurs more borrowings, on the Group's operating performance;
- Adjusted EBITDA, Adjusted EBITDA margin and ROCE do not reflect the impact of income taxes on the Group's operating performance;
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect the impact of depreciation and amortisation on the Group's performance. The assets of the Group which are being depreciated, depleted and/or amortised will need to be replaced in the future and such depreciation and amortisation expense may approximate the cost of replacing these assets in the future. By excluding this expense from Adjusted EBITDA and Adjusted EBITDA margin, such measures do not reflect the Group's future cash requirements for these replacements. Adjusted EBITDA and Adjusted EBITDA margin also do not reflect the impact of gain/(loss) on disposal of property, plant and equipment;
- Adjusted EBITDA and Adjusted EBITDA margin exclude items that the Group considers to be one-offs or unusual, but such items may in fact recur; and
- Adjusted EBITDA and Adjusted EBITDA margin do not include other gains/(losses) as these line items do not have a direct link to the Group's operating activity.

Other companies in the port containers and oil products terminal sector may calculate Adjusted EBITDA, Adjusted EBITDA margin and ROCE differently or may use each of them for different purposes than the Group, limiting their usefulness as comparative measures.

The Group relies primarily on its EU IFRS operating results and uses Adjusted EBITDA, Adjusted EBITDA margin and ROCE only supplementally. See the Financial Information included elsewhere in this Prospectus. Adjusted EBITDA, Adjusted EBITDA margin and ROCE are not defined by, or presented in accordance with, EU IFRS. Adjusted EBITDA, Adjusted EBITDA margin and ROCE are not measurements of the Group's operating performance under EU IFRS and should not be considered as alternatives to revenues, profit, operating profit, net cash provided by operating activities or any other measures of performance under EU IFRS or as alternatives to cash flow from operating activities or as measures of the Group's liquidity. In particular, Adjusted EBITDA, Adjusted EBITDA margin and ROCE should not be considered as measures of discretionary cash available to the Group to invest in the growth of its business.

(5) The Company has not calculated ROCE for the year ending 31 December 2008, because the Group was not incorporated until February 2008.

(6) The Company does not calculate ROCE on a quarterly basis.

Reconciliation of Adjusted EBITDA to profit for the period

	Years ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ in thousands)		
Profit for the period	**154,511**	**68,466**	**118,996**	**18,563**	**33,432**
Plus/(minus)					
Income tax expense	42,717	8,671	23,160	3,452	21,892
Finance income/(costs)—net	34,422	12,002	14,795	(2,055)	(2,869)
Depreciation of property, plant and equipment	43,221	36,906	45,634	11,990	12,679
Amortisation of intangible assets	13,332	7,643	7,626	1,961	1,969
Other gains/(losses)—net	(17,045)	(3,220)	(3,641)	(693)	148
Impairment charge of property, plant and equipment	14,301	—	—	—	—
Impairment charge of goodwill	17,759	—	—	—	—
			(unaudited)		
Adjusted EBITDA	**303,218**	**130,468**	**206,570**	**33,218**	**67,251**

Selected operating information

The Group's container terminals primarily handle containerised cargo. In addition, the Group's terminals in Russia handle other types of cargo including ro-ro, cars, refrigerated bulk and other bulk cargo. The table below sets out the total gross throughput for each terminal in which the Group has an ownership interest for the periods indicated. The footnotes to the table describe the Group's effective ownership interest in each such terminal for such periods. For more information about the Group's historic and current effective ownership interest in each terminal, see "*Presentation of Financial and Other Information*".

	Gross throughput[1]				
	Years ended 31 December			Three months ended 31 March	
Terminal	2008	2009	2010	2010	2011
			(in thousands)		
Russian Ports					
Containerised cargo (TEUs)					
PLP[2]	532	196	541	91	179
VSC[3]	401	160	254	46	78
Moby Dik[4]	219	105	141	28	45
Total[5]	**1,152**	**461**	**936**	**165**	**302**
Non-containerised cargo					
Ro-ro (units)	29	9	15	3	4
Cars (units)	36	28	45	3	15
Refrigerated bulk cargo (tonnes)	219	119	107	35	24
Other bulk cargo[7] (tonnes)	1,758	914	975	137	88
Finnish Ports					
Containerised cargo (TEUs)					
Finnish Ports[4]	175	143	159	39	39
Oil products terminal					
Oil products (tonnes in millions)					
VEOS[6]	15.7	16.9	18.2	4.1	4.5

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

(2) The Group holds a 100% effective ownership interest in PLP, an interest it has held since mid-2008. For details of the effective ownership in PLP prior to that time, see "*Presentation of Financial and Other Information*". Its results have been fully consolidated in the Financial Information for the periods under review.

(3) The Group holds a 75% effective ownership interest in VSC and its results have been fully consolidated in the Financial Information for the periods under review.

(4) From January 2008 to August 2008, the Group's controlling shareholder, TIHL, held a 50% effective ownership interest in Moby Dik, Yanino and the Finnish Ports and 50% of their results have been proportionally consolidated in the Financial Information for that period. Since September 2008, the Group has held a 75% effective ownership interest in each of these businesses and from that date has proportionally consolidated 75% of their results in the Financial Information.

(5) Total throughout for Russian Ports excludes the throughput of Yanino which, in 2010 and in the first three months of 2010 and 2011, was 32 thousand TEUs, 8 thousand TEUs and 18 thousand TEUs, respectively. See "*Presentation of Financial and Other Information—Other information—Gross container throughput and annual container handling capacity*".

(6) From January 2008 to April 2008, the Group's controlling shareholder, TIHL, held a 78.8% effective ownership interest in the VEOS business existing at that time. Effective May 2008, this interest was reduced to 65%. Since July 2008, the Group has held a 50% ownership interest in VEOS. Accordingly, the results of VEOS have been fully consolidated in the Financial Information from January to April 2008, proportionally consolidated at 65% from May to June 2008, and proportionally consolidated at 50% from July to December 2008 and in subsequent periods.

(7) Other bulk cargo handled by the Russian Ports includes timber, steel and scrap metal. PLP ceased handling raw timber cargo by the end of 2008 in line with the Group's strategy to convert PLP's timer handling operations into a modern container terminal, and plans to cease handling scrap metal cargo in 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Financial Information beginning at page F-2, "Presentation of Financial and Other Information", and "Selected Historical Financial and Operating Information". In addition, the following discussion contains certain forward-looking statements that reflect the plans, estimates and beliefs of the Group. The actual results of the Group may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, including "Risk Factors".

OVERVIEW

The Group is the leading container terminal operator serving Russian cargo flows, with its container terminals accounting for 30% of the total container throughput of Russian ports in the first three months of 2011, according to Drewry. The Group's container terminals had a total container throughput of approximately 1,095 thousand TEUs in 2010, which represented growth of approximately 81.3% from the previous year, and of approximately 341 thousand TEUs in the first three months of 2011, which represented growth of approximately 67.2% from the first three months of 2010. The Group estimates that its terminals have the potential to expand their existing annual container handling capacity from approximately 2,310 thousand TEUs as at 31 March 2011 to approximately 5,360 thousand TEUs, subject to increased demand for container handling services in the relevant regions. The Group's container terminal operations are located in both the Baltic Sea and Far East Basins, key gateways for Russian container cargo. Substantially all of the Group's container throughput is O&D.

The Group operates the largest oil products (by throughput in 2010) and only independent fuel oil terminal in the Baltic Sea Basin, which, in 2010, had a 28% market share of the former Soviet Union states' (the ***FSU***) fuel oil marine terminal throughput, according to Drewry. The Group's oil products terminal had gross throughput of 18.2 million tonnes in 2010, which represented growth of approximately 8% from the previous year and of 4.5 million tonnes in the first three months of 2011, which represented growth of approximately 9.8% from the first three months of 2010. The Group is planning to expand its existing oil products storage capacity from approximately 1,026 thousand cbm as at 31 March 2011 to approximately 1,386 thousand cbm by the end of 2014. The Group's oil products handling operations, which are primarily focused on fuel oil, are located in the Baltic Sea Basin, a major gateway for oil products exports from Russia and other CIS countries.

The Group's consolidated revenue for the year ended 31 December 2010 and for the three months ended 31 March 2011 was US$382,437 thousand and US$122,892 thousand, respectively. Its Adjusted EBITDA for the same periods was US$206,570 thousand and US$67,251 thousand, respectively.

The Group's operations consist of the following operating segments.

Russian Ports segment

The Russian Ports segment consists of the PLP and Moby Dik terminals in the Baltic Sea Basin and the VSC terminal in the Russia's Far East Basin. It also includes an inland container terminal, Yanino, located near St. Petersburg. See "*Business—The Group's operations—Russian Ports segment*". In the year ended 31 December 2010 and in the three months ended 31 March 2011, the Russian Ports segment (adjusted for the effect of proportionate consolidation) accounted for 60.5% and 64.5% of the Group's revenues, respectively.

Oil Products Terminal segment

The Oil Products Terminal segment consists of the VEOS oil products terminal in the Baltic Sea Basin. See "*Business—The Group's operations—Oil products terminal segment*". In the year ended 31 December 2010 and in the three months ended 31 March 2011, the Oil Products Terminal segment (adjusted for the effect of proportionate consolidation) accounted for 34.7% and 31.3% of the Group's revenues, respectively.

Finnish Ports segment

The Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki, and three container depots. See "*Business—The Group's operations—Finnish Ports segment*". In the year ended 31 December 2010 and in the three months ended 31 March 2011 the Finnish Ports segment (adjusted for

the effect of proportionate consolidation) accounted for 4.8% and 4.2% of the Group's revenues, respectively.

KEY FACTORS AFFECTING THE GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Group's financial results have been affected, and may be affected in the future, by a variety of factors, including those set out below.

Throughput volumes

The Group's revenue is affected by the throughput volumes at each of its terminals. These volumes are in turn, to a large extent, affected by the total volume of containerised cargo (for the Russian Ports segment and Finnish Ports segment) in the relevant markets and the total volume of Russian oil products exports, and in particular fuel oil exports (for the Oil Products Terminal segment).

Container handling generates the most significant part of the revenues in the Russian Ports segment, the Group's largest segment by revenue and in 2008, 2009, 2010 and the first three months of 2011 represented 79.0%, 72.2%, 75.0% and 79.2%, respectively, of that segment's revenue. The total Russian container market throughput in 2008, 2009, 2010 and the first three months of 2011 was approximately 4.6 million TEUs, 2.9 million TEUs, 4.1 million TEUs and over 1 million TEUs, respectively, according to Drewry. The significant decrease in 2009 in the total Russian container market throughput was primarily due to the effect of the recent global economic and financial crisis on the Russian economy, while the substantial increase in 2010 reflects the subsequent recovery, which continued in the first three months of 2011. The Russian Ports segment's gross container throughput in 2008, 2009, 2010 and the first three months of 2011 was approximately 1,152 thousand, 461 thousand, 936 thousand and 302 thousand TEUs, respectively. The percentage decrease in throughput volumes in 2009 compared with 2008 and the subsequent increase in throughput volumes in 2010 compared with 2009, which were both primarily attributable to the Russian Ports segment, were larger than the relevant percentage changes in the total Russian container throughput for the reasons discussed at "*—Changes in the Group's customer base*" below.

Services associated with exports of the FSU oil products, and in particular Russian fuel oil exports, represent the majority of the revenues of the Oil Products Terminal segment. In 2008, 2009 and in 2010, the total volume of Russian fuel oil exports was approximately 51.0 million tonnes, 54.4 million tonnes and 58.1 million tonnes, respectively, according to Drewry. The Oil Products Terminal segment's gross throughput in 2008, 2009, 2010 and the first three months of 2011 was 15.7 million tonnes, 16.9 million tonnes, 18.2 million tonnes and 4.5 million tonnes, respectively. The recent global economic and financial crisis did not result in a reduction in Russian fuel oil exports and the Group's throughput has increased in each period under review.

Pricing

The Group's revenue is dependent upon the prices it charges for its services. The maximum prices the Group charges for cargo handling and storage services at PLP were regulated by the applicable Russian regulatory authority for the period until mid-2010, while maximum prices for those services at VSC were regulated for each period under review. In the three months ended 31 March 2011, approximately 13% of the Group's revenue was attributable to services with regulated maximum tariffs. While maximum tariffs for cargo handling and storage services at PLP are not currently regulated, the deregulation of maximum tariffs is subject to review in 2012. See "*Regulation—Russia—Tariff regulation*" and "*Risk Factors—Risks relating to the Group's business and industry—Tariffs for certain services at certain of the Group's terminals are, or have been in the past, regulated by the Russian federal government and, as a result, the tariffs charged for such services are subject to a maximum tariff rate unless the Group obtains permission to increase the maximum tariff rate*". The prices for the Group's other services are, and were for the periods under review, unregulated.

The prices the Group can charge for unregulated services are driven by market demand. In the periods under review, in the Russian Ports segment, as contract prices are typically set towards the end of the calendar year for the following year, the downward pressure on prices from the economic crisis in 2009 was not fully realised until late 2009 when the Group decreased prices for some of this segment's services (being primarily storage and additional services) and to offer some services for free, such as extended

periods of storage, in response to lower market demand for container handling and storage services. These decreased prices remained in place until late 2010 when some increases were negotiated and charges were re-introduced for the services provided for free, the effect of which is partially shown in the first three months of 2011, as the container market recovered.

In the Oil Products Terminal segment, prices increased steadily in the periods under review primarily as a result of strong demand for VEOS's services and its position in the market. In particular, its storage facilities give oil traders and oil refineries the ability to deal with fuel oil products in a more profitable manner than some other facilities.

In the Finnish Ports segment, prices remained relatively stable in the periods under review.

Changes in the Group's customer base

The Group's revenue is affected by changes in its customer base. In 2009, approximately 62% of the total container throughput at PLP was derived from feeder lines. In the recent global and economic crisis, container volumes became more concentrated with main-line operators. Volumes shipped by feeder lines decreased significantly as a result of main-line operators adding direct calls into St. Petersburg in 2009. This meant that container volumes handled at regional hub ports such as Hamburg or Rotterdam were favoured in preference to using third-party feeder lines to service "outport" locations such as St. Petersburg. This had a significant negative effect on the Group's revenue and on its share of the container market, primarily in St. Petersburg. To address this, since then, the Group has increased the proportion of gross container throughput from main-line operators such as Maersk and CMA CGM by offering a range of tailored services to improve the attractiveness of its terminals to these operators, and decreased container volumes from feeder lines. See "*Business—Commercial initiatives*". As a result, in 2010, approximately 46% of PLP's total container volumes were derived from main-line operators. The focus on main-line operators has continued in 2011, with approximately 60% of PLP's container volumes coming from main-line operators in the first quarter of 2011.

Capacity

To position itself for the recovery of the container handling market and to capitalise on anticipated favourable market conditions, despite the effect of the global economic and financial crisis, the Group expanded its container handling capacity at its terminals over the periods under review, including increasing the annual gross container handling capacity at PLP from approximately 526 thousand TEUs in 2007 to approximately 1,000 thousand TEUs in 2010 and significantly expanding its ro-ro facilities. At the VEOS terminals, the Group constructed 295,000 cbm of new storage facilities, which were fully commission towards the end of 2010.

The Group is currently in the process of expanding its annual container handling capacity at PLP from 1,000 thousand TEUs to approximately 1,400 thousand TEUs, currently expected to be completed by the end of 2013 and expanding its storage capacity at the VEOS terminals by approximately 360,000 cbm, currently expected to be completed in two stages by the end of 2014. The Group has also recently constructed bulk coal handling facilities at VSC, which are expected to be operational in July 2011. These facilities have an initial annual capacity of approximately 1,000 thousand tonnes, which will be increased to approximately 3,000 thousand tonnes by the end of 2012. In addition, the Group has further investment plans to improve and significantly increase the capacity of its existing facilities, subject to increased demand for container handling and storage capacity in the regions in which it operates.

In addition, in the periods under review, the Oil Products Terminal segment commenced operating, and increased significantly its revenues from the operation of, rail transport services in Estonia, through its subsidiary, E.R.S. AS (***ERS***). These operations commenced in mid-2008, replacing existing services provided by other rail operators, but did not have an immediate effect on the segment's revenue as the rail charge was already included in the overall terminal services rates which did not change for ERS' services. ERS's costs from rail transport services were first recorded in 2008 and consisted primarily of staff costs, fuel expenses, repairs and maintenance expense, depreciation and rail infrastructure access fees (which are recorded in transportation expenses), the effect of which was offset in part by a decrease in transportation expenses as the third-party transport services ceased. In 2009, volumes transported by ERS increased significantly, in part due to an increase in volumes from its existing customers and in part due to volumes

transported for a new customer (commencing in mid-2009) and which it charged directly for its services. This caused staff costs to increase but allowed ERS to negotiate lower average rail infrastructure access fees due to higher volumes. The volumes from the new customer did not affect fuel or repairs and maintenance expenses as the new customer provided its own locomotives. In 2010 and the first three months of 2011, volumes transported by ERS continued to grow with a corresponding increase in revenues and associated costs.

Cargo and service mix

The mix of cargo handled at the Group's terminals and the extent to which its customers purchase additional services affects the Group's revenues and margins. For example, an increase of the share of laden export containers compared with empty containers, which generally yield lower rates, should have a positive effect on the Group's revenue and profitability, while a reduction in the average period containers are stored at the Group's terminals would have a negative effect on profitability. Further, reefer containers generate higher revenue per container. In this regard, the Group has recently made and continues to make investments into reefer container capacity and expects to have the largest reefer container capacity in the St. Petersburg region by the end of 2011, with a total of approximately 3,100 reefer container plugs at PLP, 504 at Moby Dik and 120 at Yanino.

In addition, over the period between 2008 and the first three months of 2011, the volume of oil products delivered by ship, stored and re-loaded onto ships at the VEOS terminals has increased. See "*Business—The Group's operations—Oil Products Terminal segment—Storage capacity, throughput and receiving capacity*". The margins on these services are broadly similar to those for oil products delivered by rail. The increase in deliveries by ship have contributed to the overall increase in throughput in these periods.

Seasonality

The demand for certain of the Group's services and certain of its expenses related to its container terminals tend to be seasonal. Historically, unless impacted by other factors, the Group's container throughput has been lower during the first half of each year (and in particular, the first quarter of each year) and higher in the second half of the year. This has been due primarily to higher demand for consumer goods in the months prior to the winter holiday season. In the case of the Oil Products Terminal segment, the consumption of gas which is used for heating the storage tanks, is typically higher in the winter period. The Group's staff costs reflect the payment of bonuses in the second half of the year.

Operating leverage

Some of the Group's expenses fluctuate in line with increases or decreases in the Group's throughput volume, while others remain more fixed and tend to increase or decrease as the Group's cargo handling capacity is expanded or contracted. The expenses that fluctuate in line with changes in throughput volume include transportation expenses and fuel, electricity and gas. Conversely, the expenses that remain more fixed in comparison include staff costs, depreciation of property, plant and equipment, repair and maintenance of property, plant and equipment, and amortisation of intangible assets. Accordingly, the Group's gross profit margin and Adjusted EBITDA margin increase as the Group utilises available capacity and decrease when the Group's throughput volume decreases.

In 2009 and 2010, during the recent economic and financial crisis, the Group took steps to reduce its costs by deferring non-essential repairs and maintenance and optimising its staff costs as described in "*—Staff costs*" below. Repairs and maintenance costs returned to more normal levels towards the end of 2010 and in the three months ended 31 March 2011.

Staff costs

A large portion of the Group's expenses are related to its staff. In the years ended 31 December 2008, 2009 and 2010 and in the three months ended 31 March 2011 staff costs were 22.3%, 26.7%, 25.9% and 27.1% of the Group's cost of sales, respectively, and 35.1%, 45.6%, 46.7% and 44.7% of the Group's administrative, selling and marketing expenses, respectively. In 2009 and 2010, during the recent economic and financial crisis, the Group sought to reduce its staff costs by introducing a range of measures at each terminal such as a shorter working week, renegotiating wages, making some redundancies and outsourcing

a number of activities. See "*Business—Employees*". While some of these measures were temporary and were phased out in 2010 as throughput volumes increased, some have had a permanent impact on the Group's staff costs.

As the Russian, Estonian and Finnish economies continue to recover from the crisis, the Group expects wage costs to increase. In particular, this may arise from the renegotiation of the collective bargaining agreements covering staff at PLP, VSC and the Finnish Ports, which are due to expire in December 2012, September 2011 and at the beginning of 2012, respectively. Further, effective 1 January 2011, the unified social tax rate in Russia, imposed on wages and salaries of Russian companies, increased from 26% to 34%.

Changes in joint venture interests

In 2008, the Group's effective ownership interests in the Moby Dik and Yanino terminals in the Russian Ports segment, the VEOS business in the Oil Products Terminal segment, and all of the businesses in the Finnish Ports segment changed, which affects the comparability of the Group's consolidated results of operations in that year against those in subsequent periods. The Group's interests in the Moby Dik and Yanino terminals in the Russian Ports segment, the Oil Products Terminal segment and the Finnish Ports segment are proportionally consolidated as described in *"Presentation of Financial and Other Information—Financial information"*.

In particular, effective September 2008, the Audited Annual Financial Statements reflect an increase in the effective ownership interest of the Moby Dik and Yanino terminals and the Finnish Ports from 50% to 75%. Accordingly, the Group's consolidated results of operations reflect the proportional consolidation of 50% of these businesses from January 2008 to August 2008 and 75% for the remainder of that year. See also "*Presentation of Financial and Other Information—Financial information*".

In addition, effective May 2008, the Audited Annual Financial Statements reflect the joint venture entered into with Royal Vopak pursuant to which the ownership of the then existing Estonian oil terminal business was combined with Pakterminal AS, a wholly-owned subsidiary of Royal Vopak, with the result that from that time, the Audited Annual Financial Statements reflect the proportional consolidation of a 65% effective ownership interest in the combined business, VEOS. Effective July 2008, the Audited Annual Financial Statements reflect the disposal a 15% effective ownership interest in VEOS. Accordingly, the Group's consolidated results of operations reflect a full consolidation of the VEOS business as it was from January 2008 to April 2008, the proportional consolidation of 65% of the relevant business from May 2008 to June 2008 and 50% for the remainder of that year. See also "*Presentation of Financial and Other Information—Financial information*".

Exchange rates

The Financial Information is presented in US dollars, which is the functional currency of the Company and certain other entities in the Group. The functional currency of the Group's operating companies for the periods under review was (a) for the Russian Ports segment, the rouble, (b) for Oil Products Terminal segment, the Estonian kroon (until 31 December 2010) and the euro (from 1 January 2011), and (c) for the Finnish Ports segment, the euro. Effective 1 January 2011, the official currency of Estonia is the euro (to which the kroon was previously tied) and accordingly, the Group's operations in Estonia are no longer exposed to the kroon. The balance sheets of the Group's operating companies are translated into US dollars using the official exchange rate of the CBR in the case of the rouble, the Bank of Estonia in the case of the kroon, and the ECB in the case of the euro, in accordance with IAS 21, whereby assets and liabilities are translated into US dollars at the rate of exchange prevailing at the balance sheet date and income and expense items are translated into US dollars at the exchange rate prevailing at the time of the transaction or at an average rate for the reporting period (being a reasonable approximation). All resulting exchange rate differences are recognised directly in the Group's shareholders' equity as "Translation reserve".

Other than for those Group members for whom the US dollar is their functional currency, the monetary assets and liabilities denominated in US dollars are initially recorded by the Group in roubles, euros or (until 31 December 2010) kroons at the exchange rate prevailing at the relevant date. Such monetary assets and liabilities are then retranslated at the exchange rate prevailing at each subsequent balance sheet date.

The Group recognises the resulting exchange rate difference between the date such assets or liabilities were originally recorded and such subsequent balance sheet date as foreign exchange losses or gains in the Group's consolidated income statement. In particular, foreign exchange gains and losses that relate to borrowings and other financial items are presented in the consolidated income statement under finance costs while those relating to cash and cash equivalents are presented under finance income. All other foreign exchange gains and losses are presented in the consolidated income statement within other gains/(losses)—net.

The following table sets out the rates for this conversion for the periods under review.

	As at or for the year ended 31 December			As at or for the three months ended 31 March	
	2008	**2009**	**2010**	**2010**	**2011**
	(Foreign currency for US$1)				
Rouble[1]					
Period end rate	29.380	30.244	30.477	29.364	28.429
Average period rate	24.874	31.767	30.377	29.842	29.169
Kroon[2]					
Period end rate	11.105	10.865	11.711	11.629	N/A[4]
Average period rate	10.317	11.247	11.809	11.309	N/A[4]
Euro[3]					
Period end rate	0.719	0.694	0.748	0.742	0.704
Average period rate	0.680	0.717	0.754	0.723	0.732

(1) Source: CBR.

(2) Source: Bank of Estonia.

(3) Source: ECB.

(4) Effective 1 January 2011, the euro became the official currency of Estonia.

In the periods under review, a significant portion of the Group's borrowings were denominated in US dollars and to a lesser extent euros. In the years ended 31 December 2009 and 2010 and the three months ended 31 March 2011, because of the depreciation of the US dollar against both the rouble and the kroon (and subsequently the euro), the Group recognised significant foreign exchange gains in connection with the US dollar-denominated debt financing of its Russian and Estonian operating companies with roubles or kroons as their functional currency, resulting in a significant decrease in the rouble and kroon denominated finance costs compared with the relevant previous period.

The Group expects that the majority of its borrowings will continue to be US dollar denominated. The Group does not hedge its exposure to foreign currency fluctuations and does not currently expect to do so in the foreseeable future. Accordingly, any future appreciation of the US dollar against either the rouble or the euro could decrease the Group's US dollar results, both because of a translation effect as well as the recognition of foreign exchange losses on its US dollar denominated borrowings.

Deferred taxes recognition in the Oil Products Terminal segment

Prior to 1 January 2011, the Oil Products Terminal segment did not intend to pay dividends but has subsequently decided that it may do so. Dividends are taxable at a rate of 21% in Estonia. As a result of this change in dividend policy, the Oil Products Terminal segment recognised a non-recurring charge for future dividend withholding tax on its distributable profits of US$24,844 thousand in the three months ended 31 March 2011 on a 100% basis, of which US$12,422 thousand is included in the Group's consolidated income statement for that period. See also Note 9 of the Unaudited Interim Financial Information. In future periods, the Group expects to recognise charges in respect of future dividend withholding tax on distributable profits recognised in such periods, and expects to pay such tax upon the distribution of profits to its shareholders.

New accounting pronouncements

In May 2011, several accounting pronouncements were issued, including IFRS 11 "Joint Arrangements", as further described in Note 3 of the Unaudited Interim Financial Information. These pronouncements affect, among other matters, the accounting treatment of joint operations and joint ventures, and eliminate proportional consolidation.

While the Group is yet to assess how its joint ventures would be treated under the new pronouncements, it is likely that the pronouncements will affect the Group's reporting of its joint ventures in future periods. In particular, under IFRS 11, joint ventures will be accounted for using the equity method of accounting. This change would impact the presentation of joint ventures with the effect that revenues and costs in the consolidated income statement and assets and liabilities in the consolidated balance sheet would be reflected in a single line through the application of the equity method of accounting. However, the adoption of IFRS 11 in its current form would not affect the layout and presentation of the segment reporting (as currently described in Note 6 of the Unaudited Interim Financial Information, for example) where assets, liabilities, revenues and costs of joint ventures (in accordance with the current standard, IAS 31) are presented on a 100% basis.

The new pronouncements are applicable from January 2013, but are available for early adoption prior to this time, subject to endorsement by the European Union.

RECENT DEVELOPMENTS

Trading update

Since 31 March 2011, the Group has continued to perform in line with management's expectations, and management believes that the financial and performance outlook for the remainder of the year is also in line with its expectations.

The table below sets out the total gross container throughput of the Group's terminals for the periods indicated, on a 100% basis.

Terminal	Gross throughput	
	April 2011	May 2011
	(TEUs in thousands)	
Russian Ports		
PLP	71	74
VSC	27	28
Moby Dik[1]	23	24
Total[2]	**121**	**126**
Finnish Ports		
Finnish Ports[1]	14	13

(1) For details of the Group's ownership interests in Moby Dik, Yanino and the Finnish Ports, see footnote (4) under "*Selected Historical Financial and Operating Information—Selected operating information*".

(2) Total throughput for Russian Ports excludes the throughput of Yanino which, in April and May 2011, was 8 thousand TEUs and 8 thousand TEUs, respectively.

Dividend

In June 2011, the Company paid a dividend of US$25 million to its shareholders. This dividend is not reflected in the Unaudited Interim Financial Information for the period ending 31 March 2011. If payment of this dividend had been reflected at such date, cash and cash equivalents would have been reduced by US$25 million. Purchasers of GDRs in the Offering are not entitled to receive this dividend.

Changes to the shareholders

In June 2011, the Company was advised by TIHL that it had acquired all the Ordinary Shares owned by Sberbank Capital, representing 10% of the then issued Ordinary Shares, for US$238 million and that in

connection with such acquisition the shareholders agreement and other arrangements between TIHL and Sberbank Capital with respect to the Company had been terminated.

Release of guarantee

In May 2011, the guarantees granted by Petrolesport and Farwater in respect of TIHL's indebtedness under a bank loan were released. The unamortised balance of the guarantee, being US$1,625 million as at 31 March 2011, will be reflected through retained earnings in equity.

Repayment of loans owed to TIHL

In May 2011, the Group repaid all outstanding loans owed to TIHL and companies under its control, which as at 31 March 2011 consisted of US$39,245 thousand (including accrued interest).

New land for storage facilities at VEOS

On 16 May 2011, VEOS and the port of Tallinn entered into a preliminary land lease agreement, which is subject to occurrence of certain events, in respect of a total area of approximately 21 hectares in the port of Muuga and on which VEOS plans to develop new storage facilities to expand its storage capacity. See also "*Business—The Group's operations—Oil Products Terminal segment—Capital investment programme*".

Collaboration contract with Rosmorport

On or about 14 April 2011, Petrolesport and Rosmorport entered into a contract for collaboration with respect to the development of the PLP terminal. This contract stipulates the list of facilities that need to be constructed and allocates the responsibilities for their construction between Petrolesport and Rosmorport over the period to 2021. See also "*Material Contracts—Collaboration contract between Petrolesport and Rosmorport*".

RESULTS OF OPERATIONS

Description of income statement line items

The following discussion provides a description of the composition of the principal line items on the Group's income statement for the periods presented.

Revenue

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.

Cost of sales

Cost of sales consists of: staff costs; depreciation of property, plant and equipment; amortisation of intangible assets; impairment charge of property, plant and equipment; impairment charge for goodwill; transportation expenses; fuel, electricity and gas; repair and maintenance of property, plant and equipment; taxes other than on income; operating lease rentals; purchased services; insurance; and other expenses.

Gross profit

Gross profit is calculated by subtracting cost of sales from revenue.

Administrative, selling and marketing expenses

Administrative, selling and marketing expenses consists of: staff costs; depreciation of property, plant and equipment; amortisation of intangible assets; fuel, electricity and gas; repair and maintenance of property, plant and equipment; taxes other than on income; legal, consulting and other professional services; auditors' remuneration; operating lease rentals; insurance; and other expenses.

Other gains—net

Other gains—net consists of: foreign exchange gains/(losses)—net relating to certain non-financial assets and liabilities; amortisation of guarantee issued to the parent company; profit from disposal of loss-generating unit in Finnish ports segment; profit from sale of subsidiaries; fair value gain on call option waived; profit from disposal of joint ventures; and other gains/(losses).

Operating profit

Operating profit is calculated by subtracting from gross profit both administrative, selling and marketing expenses and other gains—net.

Finance costs—net

Finance costs—net consists of finance income less finance costs. Finance income includes interest income on bank balances, short-term bank deposits, loans to related parties, loans to third parties and bank deposits with the maturity over 90 days, other financial income, net foreign exchange gains/(losses) on cash and cash equivalents. Finance costs include interest expenses on bank borrowings, on finance leases, on loans from related parties, on loans from third parties, other finance costs and net foreign exchange transaction losses/(gains) on borrowings and other financial items.

Profit before income tax

Profit before income tax is calculated by subtracting finance costs—net from operating profit.

Income tax expense

Income tax expense represents the sum of current and deferred income taxes, including withholding tax on dividends recognised by the Company and its subsidiaries individually.

The companies within the Group pay income tax at different rates. The Group's Russian subsidiaries (other than Petrolesport) are subject to a corporate income tax rate of 20% (and 24% in the year ended 31 December 2008). Because of certain investments in qualifying assets (as defined in the applicable law), Petrolesport has been subject to a reduced corporate income tax rate of 15.5% (and 20% in the year ended 31 December 2008) under tax laws administered by authorities in St. Petersburg and expects to remain subject to that rate in 2011. VEOS pays no corporate income tax on its profits because the annual profit earned by enterprises is not taxed in Estonia. The Finnish Ports are subject to a corporate income tax rate of 26%. The Company and its Cypriot subsidiaries and joint-ventures are subject to Cypriot corporations tax on taxable profits at the rate of 10%. Up to 31 December 2008, under certain conditions interest could be subject to Cypriot defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from Cypriot corporation tax thus having an effective tax rate burden of approximately 15%. From 1 January 2009 onwards, under certain conditions, interest is exempt from Cypriot corporate income tax and only subject to Cypriot defence contribution at the rate of 10%. In certain cases, dividends received from abroad by Cypriot companies may be subject to Cypriot defence contribution at the rate of 15%. See also Note 10 to the Audited Annual Financial Statements.

Profit for the year

Profit for the year is calculated by subtracting income tax expense from profit before income tax.

Results of operations for the Group for the years ended 31 December 2008, 2009 and 2010

The following table sets out the principal components of the Group's consolidated income statement for the years ended 31 December 2008, 2009 and 2010.

	Years ended 31 December		
	2008	2009	2010
	(audited) (*US$ in thousands, except for percentages*)		
Revenue	512,294	274,550	382,437
Cost of sales	(244,250)	(160,429)	(198,509)
Gross profit	**268,044**	**114,121**	**183,928**
Administrative, selling and marketing expenses	(53,439)	(28,202)	(30,618)
Other gains—net	17,045	3,220	3,641
Operating profit	**231,650**	**89,139**	**156,951**
Finance income	11,689	12,145	98
Finance costs	(46,111)	(24,147)	(14,893)
Finance costs—net	**(34,422)**	**(12,002)**	**(14,795)**
Profit before income tax	197,228	77,137	142,156
Income tax expense	(42,717)	(8,671)	(23,160)
Profit for the year	**154,511**	**68,466**	**118,996**
Attributable to:			
Owners of the parent	122,215	65,851	109,390
Non-controlling interest	32,296	2,615	9,606
	154,511	**68,466**	**118,996**
	(unaudited)		
Additional financial data			
Gross profit margin[1]	52.3%	41.6%	48.1%
Adjusted EBITDA[2]	303,218	130,468	206,570
Adjusted EBITDA margin[1][2]	59.2%	47.5%	54.0%
ROCE[2][3]	—[3]	9%	16%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA, Adjusted EBITDA margin and ROCE are non-IFRS financial measures that are calculated by the Group as described in footnotes (2) and (3) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the year, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

(3) The Company has not calculated ROCE for the year ending 31 December 2008, because the Group was not incorporated until February 2008.

Revenue

The following table sets out the Group's revenue by operating segment for the years ended 31 December 2008, 2009 and 2010, representing the Group's operating segments adjusted for the effect of proportionate

consolidation. See "—*Results of operations for the Group's segments for the years ended 31 December 2008, 2009 and 2010*" for details on each operating segment's results of operations on a 100% basis.

	Year ended 31 December					
Operating segments	**2008**	**%**	**2009**	**%**	**2010**[(1)]	**%**
			(unaudited) *(US$ in thousands, except for percentages)*			
Russian Ports segment	382,304	74.6%	146,070	53.2%	231,540	60.5%
Oil Products Terminal segment	113,245	22.1%	111,347	40.6%	132,745	34.7%
Finnish Ports segment	16,745	3.3%	17,133	6.2%	18,472	4.8%
Total revenue of operating segments	**512,294**	**100.0%**	**274,550**	**100.0%**	**382,757**	**100.0%**

(1) The Group's total consolidated revenue of the year ended 31 December 2010 was US$382,437 thousand, reflecting adjustments attributable to the holding segment.

Revenue decreased from US$512,294 thousand in the year ended 31 December 2008 to US$274,550 thousand in the year ended 31 December 2009, by US$237,744 thousand or 46.4%. This decrease was primarily due to a decrease in revenue from the Russian Ports segment arising from a significant decrease in container handling throughput accompanied by a decrease in average prices for container handling services, and to a lesser extent from a significant decrease in ro-ro, general and car handling throughput, each attributable to economic downturn. See "—*Key factors affecting the Group's financial condition and results of operations—Throughput volumes*" and "—*Key factors affecting the Group's financial condition and results of operations—Pricing*". This decrease was offset in part by an increase in the ownership of Moby Dik and Yanino in September 2008, with the full year effect reflected in 2009. See "—*Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*". Despite increases in average terminal service rates and throughput volumes in 2009, the revenue from the Oil Products Terminal segment decreased slightly due to a decrease in the Group's interest in the VEOS business in the year ended 31 December 2008, with the full effect reflected in the year ended 31 December 2009. See "—*Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*". Revenue from the Finnish Ports segment remained relatively stable despite an increase in the ownership of the Finnish Ports in September 2008. See "—*Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

Revenue increased from US$274,550 thousand in the year ended 31 December 2009 to US$382,437 thousand in the year ended 31 December 2010, by US$107,877 thousand or 39.3%. This increase was primarily due an increase in revenue from the Russian Ports segment arising from significant growth in container handling throughput, ro-ro cargo handling throughput, general cargo handling volumes, as well as a moderate increase in car handling volumes, each primarily attributable to improved economic conditions, partially offset in each case by a reduction in the average price of these services and a reduction in refrigerated bulk cargo volumes and average prices. The increase in revenue in the year ended 31 December 2010 was also partly attributable to an increase in revenue in the Oil Products Terminal segment arising from increases in throughput volumes, average terminal service rates and an increase in the volumes of oil products transported by ERS starting in mid-2009 and throughout 2010. The moderate increase in revenue in the Finnish Ports segment was attributable to the general increase in container handling volumes and the recognition in 2010 of port fees received from customers. See "—*Key factors affecting the Group's financial condition and results of operations—Throughput volumes*" and "—*Key factors affecting the Group's financial condition and results of operations—Pricing*".

Revenue is discussed in greater detail below in the discussion of the financial results for each of the Group's segments.

Cost of sales

Cost of sales decreased from US$244,250 thousand in the year ended 31 December 2008 to US$160,429 thousand in the year ended 31 December 2009, by US$83,821 thousand or 34.3%. This decrease was primarily due to the reduction in throughput at the Group's terminals in the Russian Ports segment and the Finnish Ports segment, the effect that the depreciation of the rouble against the US dollar had on the US dollar value of the Russian Port segment's rouble-denominated costs and the measures taken by the Group to reduce its costs, particularly its staff costs. See "—*Key factors affecting the*

Group's financial condition and results of operations—Exchange rates'', ''*—Key factors affecting the Group's financial condition and results of operations—Operating leverage*'' and ''*—Key factors affecting the Group's financial condition and results of operations—Staff costs*''.

Cost of sales increased from US$160,429 thousand in the year ended 31 December 2009 to US$198,509 thousand in the year ended 31 December 2010, by US$38,080 thousand or 23.7%. This increase was primarily due to the significant increase in throughput at the Group's terminals in the Russian Ports segment, the general effect of cost inflation particularly on costs in the Russian Ports segment, the effect that the appreciation of the rouble against the US dollar had on the US dollar value of the Russian Port segment's rouble-denominated costs and an increase in costs associated with ERS due to an increase in the volumes of oil products transported by it starting in mid-2009, with the full effect reflected in 2010 together with the effect of further increases in volumes. See ''*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*'' and ''*—Key factors affecting the Group's financial condition and results of operations—Capacity*''.

Cost of sales is discussed in greater detail below in the discussion of the financial results for each of the Group's segments.

Gross profit

Gross profit decreased from US$268,044 thousand in the year ended 31 December 2008 to US$114,121 thousand in the year ended 31 December 2009, by US$153,923 thousand or 57.4%. This decrease was due to the factors discussed above.

The gross profit margin decreased from 52.3% in the year ended 31 December 2008 to 41.6% in the year ended 31 December 2009. This decrease was due to the factors discussed above and in particular, the significant level of fixed costs in the Group's cost structure.

Gross profit increased from US$114,121 thousand in the year ended 31 December 2009 to US$183,928 thousand in the year ended 31 December 2010, by US$69,807 thousand or 61.2%. This increase was due to the factors discussed above.

The gross profit margin increased from 41.6% in the year ended 31 December 2009 to 48.1% in the year ended 31 December 2010. This increase was due to the factors discussed above and in particular, due to the significant level of fixed costs in the Group's cost structure and the measures taken by the Group to optimise its staff costs in 2009, the full effect of which was reflected in 2010.

Administrative, selling and marketing expenses

Administrative, selling and marketing expenses decreased from US$53,439 thousand in the year ended 31 December 2008 to US$28,202 thousand in the year ended 31 December 2009, by US$25,237 thousand or 47.2%. This decrease was primarily due to the non-recurring initial Group structuring and administrative organisation costs in the year ended 31 December 2008 (which represented the majority of the US$12,900 thousand legal, consulting and other professional services line item), the effect that the depreciation of the rouble against the US dollar had on the US dollar value of the Russian Port segment's rouble-denominated costs, the measures taken by the Group to reduce its costs, particularly its staff costs, and a decrease of US$4,397 thousand in impairment charge relating to receivables. See ''*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*'' and ''*—Key factors affecting the Group's financial condition and results of operations—Staff costs*''.

Administrative, selling and marketing expenses increased from US$28,202 thousand in the year ended 31 December 2009 to US$30,618 thousand in the year ended 31 December 2010, by US$2,416 thousand or 8.6%. This increase was primarily due to the general effect of cost inflation particularly on costs in the Russian Ports segment and the effect that the appreciation of the rouble against the US dollar had on the US dollar value of the Russian Port segment's rouble-denominated costs.

Administrative, selling and marketing expenses are discussed in greater detail below in the discussions of the financial results for each of the Group's segments.

Other gains—net

Other gains—net decreased from US$17,045 thousand in the year ended 31 December 2008 to US$3,220 thousand in the year ended 31 December 2009, by US$13,825 thousand or 81.1%. This decrease was primarily due to a series of non-recurring items in the year ended 31 December 2008 related to the joint venture with Royal Vopak and a gain recognised on the termination of a guarantee in 2008 provided by a Group member for certain debts of the Group's controlling shareholder. See Notes 7, 29, 30 and 35 of the Audited Annual Financial Statements.

Other gains—net increased from US$3,220 thousand in the year ended 31 December 2009 to US$3,641 thousand in the year ended 31 December 2010, by US$421 thousand or 13.1%. This increase was the net result of a number of non-recurring factors in the year ended 31 December 2009 and the effect of the amortisation of a guarantee provided by a Group member in mid-2009 for certain debts of the Group's controlling shareholder, the full effect of which was reflected in the year ended 31 December 2010.

Operating profit

Operating profit decreased from US$231,650 thousand in the year ended 31 December 2008 to US$89,139 thousand in the year ended 31 December 2009, by US$142,511 thousand or 61.5%. This decrease was due to the factors discussed above.

Operating profit increased from US$89,139 thousand in the year ended 31 December 2009 to US$156,951 thousand in the year ended 31 December 2010, by US$67,812 thousand or 76.1%. This increase was due to the factors described above.

Finance costs—net

Finance costs (net) decreased from US$34,422 thousand in the year ended 31 December 2008 to US$12,002 thousand in the year ended 31 December 2009, by US$22,420 thousand or 65.1%. This decrease was primarily due to changes in net foreign exchange gains/losses on borrowings from a net loss of US$23,343 thousand in the year ended 31 December 2008 to a net loss of US$1,244 thousand in the year ended 31 December 2009, as a result of the repayment of a significant portion of the Group's borrowings denominated in US dollars. The decreases also reflected a positive change in net foreign exchange gains/losses on cash and cash equivalents from a net gain of US$4,117 thousand in the year ended 31 December 2008 to a net gain of US$8,845 thousand in the year ended 31 December 2009 and an increase in interest income on loans to third parties and bank deposits with maturity over 90 days. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". The decrease was offset in part by a net decrease in interest income on bank balances and interest income on short-term bank deposits due to a reduction in amounts on deposit and a reduction in the rates of interest available in the year ended 31 December 2009.

Finance costs (net) increased from US$12,002 thousand in the year ended 31 December 2009 to US$14,795 thousand in the year ended 31 December 2010, by US$2,793 thousand or 23.3%. This increase was primarily due to a decrease in net foreign exchange gains on borrowings, other financial items and cash and cash equivalents from a net gain of US$7,601 thousand in the year ended 31 December 2009 to a net gain of US$1,271 thousand in the year ended 31 December 2010, as a result of an appreciation of the rouble against the US dollar in the year ended 31 December 2010 and changes in the amount of foreign currencies held in bank accounts. This increase was also due in part to a decrease in interest income arising from having smaller amounts of cash on deposit, at lower interest rates, which was only partially offset by a decrease in interest expenses on finance lease, interest expenses on loans from related parties and interest expenses on loans from third parties due to a decrease in the average amount outstanding and average applicable interest rates.

Profit before income tax

Profit before income tax decreased from US$197,228 thousand in the year ended 31 December 2008 to US$77,137 thousand in the year ended 31 December 2009, by US$120,091 thousand or 60.9%. This decrease was due to the factors discussed above.

Profit before income tax increased from US$77,137 thousand in the year ended 31 December 2009 to US$142,156 thousand in the year ended 31 December 2010, by US$65,019 thousand or 84.3%. This increase was due to the factors discussed above.

Income tax expense

In the years ended 31 December 2008, 2009 and 2010, income tax expense was US$42,717 thousand, US$8,671 thousand and US$23,160 thousand, respectively, and the Group's effective tax rate, calculated as income tax expense divided by profit before income tax, was 21.7%, 11.2% and 16.3%, respectively. The Group's income tax expense primarily varied depending on the amount of profit before income tax, the proportion of its earnings attributable to entities in countries with differing tax rates (such as VEOS, particularly in the year ended 31 December 2009), the reduction in the corporate tax rate in Russia effective 1 January 2009, the amount of withholding tax on dividends and deferred tax on undistributed retained earnings to which the Group was subject and the amount of other non-recurring items, some of which are not taxable. See "*—Key factors affecting the Group's financial condition and results of operations—Deferred taxes recognition in the Oil Products Terminal segment*".

Profit for the year

Profit for the year decreased from US$154,511 thousand in the year ended 31 December 2008 to US$68,466 thousand in the year ended 31 December 2009, by US$86,045 thousand or 55.7%. This decrease was due to the factors discussed above.

Profit for the year increased from US$68,466 thousand in the year ended 31 December 2009 to US$118,996 thousand in the year ended 31 December 2010, by US$50,530 thousand or 73.8%. This increase was due to the factors discussed above.

Results of operations for the Group's segments for the years ended 31 December 2008, 2009 and 2010

Results of operations for the Russian Ports segment

The Russian Ports segment consists of the Group's interests in PLP, VSC (in which DP World has a 25% effective ownership interest), and Moby Dik and Yanino (in each of which Container Finance currently has a 25% effective ownership interest). The results of Moby Dik and Yanino are proportionally consolidated in the Financial Information but are included in the figures and discussion below on a 100% basis. See "*Presentation of Financial and Other Information—Financial information*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The following table sets out the principal components of the income statement for the Russian Ports segment for the years ended 31 December 2008, 2009 and 2010.

	Years ended 31 December		
	2008	2009	2010
		(audited) *(US$ in thousands, except for percentages)*	
Revenue	400,026	152,185	239,184
Cost of sales	(147,495)	(92,093)	(121,375)
Gross profit	**252,531**	**60,092**	**117,809**
Administrative, selling and marketing expenses	(34,566)	(16,684)	(18,580)
Other gains/(losses)—net	2,194	(1,675)	1,012
Operating profit	**220,159**	**41,733**	**100,241**
Finance costs—net	(22,305)	(9,249)	(7,324)
Profit before income tax	**197,854**	**32,484**	**92,917**
Income tax expense	(44,273)	(7,769)	(22,199)
Profit after tax	**153,581**	**24,715**	**70,718**
		(unaudited)	
Additional financial data			
Gross profit margin[1]	63.1%	39.5%	49.3%
Adjusted EBITDA[2]	275,693	77,636	143,276
Adjusted EBITDA margin[1][2]	68.9%	51.0%	59.9%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the year, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The Russian Ports segment's revenue decreased from US$400,026 thousand in the year ended 31 December 2008 to US$152,185 thousand in the year ended 31 December 2009, by US$247,841 thousand or 62.0%. This decrease was primarily due to a significant decrease in container handling throughput accompanied by a decrease in average prices for container handling services, and to a lesser extent from a decrease in ro-ro, general and car handling throughput and the effect of PLP ceasing to handle raw timber cargoes in the year ended 31 December 2008. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*" and "*—Key factors affecting the Group's financial condition and results of operations—Pricing*".

The Russian Ports segment's revenue increased from US$152,185 thousand in the year ended 31 December 2009 to US$239,184 thousand in the year ended 31 December 2010, by US$86,999 thousand or 57.2%. This increase was primarily due to a significant increase in container handling throughput, ro-ro cargo handling throughput, general cargo handling volumes, as well as a moderate increase in car handling volumes, partially offset in each case by a reduction in the average price of these services and a reduction in refrigerated bulk cargo volumes and average prices. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*" and "*—Key factors affecting the Group's financial condition and results of operations—Pricing*".

Cost of sales, administrative, selling and marketing expenses

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Russian Ports segment for the years ended 31 December 2010, 2009 and 2008.

	Years ended 31 December		
	2008	**2009**	**2010**
		(audited) *(US$ in thousands)*	
Depreciation of property, plant and equipment	32,167	27,531	37,312
Amortisation of intangible assets	12,561	6,697	6,735
Staff costs	54,092	36,167	45,726
Impairment of goodwill	13,000	—	—
Transportation expenses	5,976	5,163	7,354
Fuel, electricity and gas	9,091	4,326	6,981
Repair and maintenance of property, plant and equipment	8,479	4,005	9,408
Other operating expenses	46,696	24,890	26,440
Total cost of sales, administrative, selling and marketing expenses	**182,062**	**108,779**	**139,956**

The Russian Ports segment's cost of sales, administrative, selling and marketing expenses decreased from US$182,062 thousand in the year ended 31 December 2008 to US$108,779 thousand in the year ended 31 December 2009, by US$73,283 thousand or 40.3% primarily due to a decrease in all of the items above (except for impairment of goodwill) and in part due to the depreciation of the rouble against the US dollar. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". In addition, staff costs, which decreased by US$17,925 thousand or 33.1%, and repair and maintenance of property, plant and equipment, which decreased by US$4,474 thousand or 52.8%, decreased in part due to the measures taken to reduce costs. See "*—Key factors affecting the Group's financial condition and results of operations—Operating leverage*" and "*—Key factors affecting the Group's financial condition and results of operations—Staff costs*". Fuel, electricity and gas, which decreased by US$4,765 thousand or 52.4%, decreased in part due to the reduction in throughput and a decrease in fuel prices, partially offset by an increase in electricity prices. Other operating expenses, which decreased by US$21,806 thousand, or 46.7%, decreased primarily from the general decrease in operations and throughput. Amortisation of intangible assets, which decreased by US$5,864 thousand or 46.7%, decreased in part due to the full amortisation of certain intangibles part-way through the year ended 31 December 2009. Impairment of goodwill of US$13,000 thousand in the year ended 31 December 2008, which was attributable to the acquisition of Yanino, did not recur.

The Russian Ports segment's cost of sales, administrative, selling and marketing expenses increased from US$108,779 thousand in the year ended 31 December 2009 to US$139,956 thousand in the year ended 31 December 2010, by US$31,177 thousand or 28.7% primarily due to an increase in staff costs, depreciation of property, plant and equipment, repair and maintenance of property, plant and equipment, and fuel, electricity and gas, and in part due to the appreciation of the rouble against the US dollar. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". In addition, staff costs, which increased by US$9,559 thousand or 26.4%, increased primarily due to the increase in labour required as a result of increased throughput. Depreciation of property, plant and equipment, which increased by US$9,781 thousand or 35.5%, increased primarily due to finalisation of certain tunnel works at PLP in the year ended 31 December 2009, with the full effect reflected in the year ended 31 December 2010 as well as further investments in property, plant and equipment, including at Yanino, in the year ended 31 December 2010. Repair and maintenance of property, plant and equipment, which increased by US$5,403 thousand or 134.9%, increased in part due to the increase in throughput and the resumption of scheduled maintenance which had been postponed in 2009. See "*—Key factors affecting the Group's financial condition and results of operations—Operating leverage*". Fuel, electricity and gas, which increased by US$2,655 thousand or 61.4%, increased in part due to the increase in throughput and in part due to an increase in average prices.

Gross profit

The Russian Ports segment's gross profit decreased from US$252,531 thousand in the year ended 31 December 2008 to US$60,092 thousand in the year ended 31 December 2009, by US$192,439 thousand, or 76.2%. This decrease was due to the factors described above.

The Russian Ports segment's gross profit margin decreased from 63.1% in the year ended 31 December 2008 to 39.5% in the year ended 31 December 2009. This decrease was primarily due to the significant decrease in throughput and average prices and the significant level of fixed costs in the segment's cost structure, partially offset by measures the segment took to reduce costs.

The Russian Ports segment's gross profit increased from US$60,092 thousand in the year ended 31 December 2009 to US$117,809 thousand in the year ended 31 December 2010, by US$57,717 thousand or 96.0%. This increase was primarily due to the factors described above.

The Russian Ports segment's gross profit margin increased from 39.5% in the year ended 31 December 2009 to 49.3% in the year ended 31 December 2010. This increase was primarily due to the significant increase in throughput, the significant level of fixed costs in the segment's cost structure and the continuation of measures the segment took to optimise staff costs, offset in part by a decrease in average prices.

Other gains/(losses)—net

The Russian Ports segment's other gains/(losses)—net decreased from a gain of US$2,194 thousand in the year ended 31 December 2008 to a loss of US$1,675 thousand in the year ended 31 December 2009, representing a change of US$3,869 thousand. The gain in the year ended 31 December 2008 was primarily due to a gain arising from the termination of a guarantee provided by a segment member for certain debts of the Group's controlling shareholder, while the loss in the year ended 31 December 2009 was primarily due to foreign exchange losses on non-financial items.

The Russian Ports segment's other gains/(losses)—net changed from a loss of US$1,675 thousand in the year ended 31 December 2009 to a gain of US$1,012 thousand in the year ended 31 December 2010, representing a change of US$2,687 thousand. This change was primarily due to a decrease in non-recurring expenses not included in cost of sales, administrative, selling and marketing expenses, and a gain arising on the amortisation of a guarantee provided by a Group member in mid-2009 for certain debts of the Group's controlling shareholder, the full effect of which was reflected in the year ended 31 December 2010.

Operating profit

The Russian Ports segment's operating profit decreased from US$220,159 thousand in the year ended 31 December 2008 to US$41,733 thousand in the year ended 31 December 2009, by US$178,426 thousand, or 81.0%. This decrease was due to the factors described above.

The Russian Ports segment's operating profit increased from US$41,733 thousand in the year ended 31 December 2009 to US$100,241 thousand in the year ended 31 December 2010, by US$58,508 thousand, or 140.2%. This increase was primarily due to the factors described above.

Results of operations for the Oil Products Terminal segment

The Oil Products Terminal segment consists of the Group's ownership interests in VEOS (in which Royal Vopak currently has a 50% effective ownership interest). The results of the Oil Products Terminal segment are proportionally consolidated in the Financial Information but are included in the figures and discussion below on a 100% basis. See "*Presentation of Financial and Other Information—Financial information*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The following table sets out the principal components of the income statement for the Oil Products Terminal segment for the years ended 31 December 2008, 2009 and 2010.

	Years ended 31 December		
	2008	**2009**	**2010**
		(audited) *(US$ in thousands, except for percentages)*	
Revenue	162,587	222,694	265,487
Cost of sales	(104,721)	(116,319)	(135,570)
Gross profit	**57,866**	**106,375**	**129,917**
Administrative, selling and marketing expenses	(10,745)	(13,657)	(15,299)
Other gains/(losses)—net	(1,511)	123	562
Operating profit	**45,610**	**92,841**	**115,180**
Finance income/costs—net	(25,478)	(10,152)	(7,425)
Profit before income tax	**20,132**	**82,689**	**107,755**
Income tax expense	—	—	—
Profit after tax	**20,132**	**82,689**	**107,755**
		(unaudited)	
Additional financial data			
Gross profit margin[1]	35.6%	47.8%	48.9%
Adjusted EBITDA[2]	64,206	112,097	133,785
Adjusted EBITDA margin[1][2]	39.5%	50.3%	50.4%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the year, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The Oil Products Terminal segment's revenue increased from US$162,587 thousand in the year ended 31 December 2008 to US$222,694 thousand in the year ended 31 December 2009, by US$60,107 thousand, or 37.0%. This increase was primarily due to an increase in average terminal service rates and throughput volumes of oil products at the VEOS terminals, as well as an increase in the volumes of oil products transported by ERS starting in mid-2009, and the effect of the acquisition of Pakterminal AS, effective 1 May 2008, arising from the formation of the joint venture with Royal Vopak. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*", "*—Key factors affecting the Group's financial condition and results of operations—Cargo and service mix*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The Oil Products Terminal segment's revenue increased from US$222,694 thousand in the year ended 31 December 2009 to US$265,487 thousand in the year ended 31 December 2010, by US$42,793 thousand or 19.2%. This increase was primarily due to an increase in throughput volumes of oil products and a moderate increase in average terminal service rates at the VEOS terminals, as well as an increase in the volumes of oil products transported by ERS starting in mid-2009, together with the effect of further increases in volumes transported in 2010. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*", "*—Key factors affecting the Group's financial condition and results of operations—Cargo and service mix*" and "*—Key factors affecting the Group's financial condition and results of operations—Capacity*".

Cost of sales, administrative, selling and marketing expenses

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Oil Products Terminal segment for the years ended 31 December 2008, 2009 and 2010.

	Years ended		
	2008	2009	2010
		(audited) *(US$ in thousands)*	
Depreciation of property, plant and equipment	15,096	17,019	16,902
Amortisation of intangible assets	1,989	2,360	2,265
Staff costs	15,846	22,811	24,095
Transportation expenses	48,265	56,131	68,369
Fuel, electricity and gas	20,536	18,368	24,140
Repair and maintenance of property, plant and equipment	3,790	4,284	4,037
Other operating expenses	9,944	9,003	11,061
Total cost of sales, administrative, selling and marketing expenses	**115,466**	**129,976**	**150,869**

The Oil Products Terminal segment's cost of sales, administrative, selling and marketing expenses increased from US$115,466 thousand in the year ended 31 December 2008 to US$129,976 thousand in the year ended 31 December 2009, by US$14,510 thousand or 12.6% primarily due to an increase in transportation expenses, staff costs and depreciation of property, plant and equipment. Transportation expenses increased by US$7,866 thousand, or 16.3%, primarily due to the increase in average rail infrastructure access fees arising from the increase in volumes transported by ERS and an increase in total port charges, which are calculated by reference to throughput volumes, offset in part by a decrease in costs of other rail transport services. See "*—Key factors affecting the Group's financial condition and results of operations—Cargo and service mix*" and "*—Key factors affecting the Group's financial condition and results of operations—Capacity*". Staff costs increased by US$6,965 thousand, or 44.0%, primarily as a result of an increase in the headcount of ERS due to growth in its transport services, an increase in average wages and an increase in headcount at the VEOS terminals to handle larger throughput volumes and the full year effect in 2009 of the extra staff attributable to the acquisition of Pakterminal in 2008. Depreciation of property, plant and equipment increased by US$1,923, or 12.7%, primarily due to equipment being purchased part of the way through the year ended 31 December 2008 and in the year ended 31 December 2009 and due to the full year effect of property, plant and equipment at Pakterminal acquired in 2008. These increases were offset in part by a depreciation of the kroon against the US dollar in the year ended 31 December 2009 (in respect of the average exchange rate), causing a decrease in the US dollar value of kroon-denominated costs, such as staff costs, transportation expenses, fuel, electricity and gas, and depreciation of property, plant and equipment. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". These increases were partially offset by a decrease in fuel, electricity and gas of US$2,168 thousand, or 10.6%, primarily as a result of a sharp decrease in the price of gas in the year ended 31 December 2009, offset to some extent by an increase in consumption of other energy broadly in line with the increase in throughput and railway transportation volumes.

The Oil Products Terminal segment's cost of sales, administrative, selling and marketing expenses increased from US$129,976 thousand in the year ended 31 December 2009 to US$150,869 thousand in the year ended 31 December 2010, by US$20,893 thousand or 16.1% primarily due to an increase in transportation expenses, staff costs and fuel, electricity and gas. Transportation expenses increased by US$12,238 thousand, or 21.8%, primarily as a result of an increase in volumes transported by ERS and an increase in total port charges, which are calculated by reference to throughput volumes. Staff costs increased by US$1,284 thousand, or 5.6%, primarily as a result of an increase in headcount to handle the higher throughput volumes. Fuel, electricity and gas costs increased by US$5,772 thousand, or 31.4%, primarily as a result of the increase in throughput and railway transportation volumes, severe winter conditions requiring greater heating of oil products transported and an increase in energy prices. Further, the electricity market in Estonia was partially liberalised for industrial consumers and this resulted in a one-off increase in electricity prices on the second quarter of 2010.

Gross profit

The Oil Products Terminal segment's gross profit increased from US$57,866 thousand in the year ended 31 December 2008 to US$106,375 thousand in the year ended 31 December 2009, by US$48,509 thousand or 83.8%. This increase was due to the factors described above.

The Oil Products Terminal segment's gross profit margin increased from 35.6% in the year ended 31 December 2008 to 47.8% in the year ended 31 December 2009. This increase was primarily due to an increase in both throughput volumes and terminal service rates, with only moderate growth in costs.

The Oil Products Terminal segment's gross profit increased from US$106,375 thousand in the year ended 31 December 2009 to US$129,917 thousand in the year ended 31 December 2010, by US$23,542 thousand or 22.1%. This increase was due to the factors described above.

The Oil Products Terminal segment's gross profit margin increased from 47.8% in the year ended 31 December 2009 to 48.9% in the year ended 31 December 2010. This increase was primarily due to an increase in both throughput volumes and terminal service rates, with only moderate growth in costs.

Other gains/(losses)—net

The Oil Products Terminal segment's other gains/(losses)—net changed from a loss of US$1,511 thousand in the year ended 31 December 2008 to a gain of US$123 thousand in the year ended 31 December 2009, representing a change of US$1,634 thousand. This change was primarily due to several non-recurring accounting adjustments and the write-down of trade receivables made in 2008 by one of the entities involved in the formation of VEOS, as well as a reduction in the net foreign exchange losses on non-financial items in 2009. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

The Oil Products Terminal segment's other gains/(losses)—net increased from a gain of US$123 thousand in the year ended 31 December 2009 to a gain of US$562 thousand in the year ended 31 December 2010, by US$439 thousand, or 356.9%. This increase was primarily due to relatively minor changes in the net foreign exchange gains on non-financial items and a gain of US$4,962 thousand from the correction of a prior year impairment charge. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Operating profit

The Oil Products Terminal segment's operating profit increased from US$45,610 thousand in the year ended 31 December 2008 to US$92,841 thousand in the year ended 31 December 2009, by US$47,231 thousand or 103.6%. This increase was due to the factors described above.

The Oil Products Terminal segment's operating profit increased from US$92,841 thousand in the year ended 31 December 2009 to US$115,180 thousand in the year ended 31 December 2010, by US$22,339 thousand or 24.1%. This increase was due to the factors described above.

Results of operations for the Finnish Ports segment

The Finnish Ports segment consists of MLT Kotka, MLT Helsinki, and three container depots (in each of which Container Finance currently has a 25% effective ownership interest). The results of the Finnish Ports segment are proportionally consolidated in the Financial Information but are included in the figures and discussion below on a 100% basis. See "*Presentation of Financial and Other Information—Financial information*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The following table sets out the principal components of the income statement for the Finnish Ports segment for the years ended 31 December 2008, 2009 and 2010.

	Years ended 31 December		
	2008	2009	2010
	(audited) (US$ in thousands, except for percentages)		
Revenue	38,918	26,608	28,262
Cost of sales	(64,149)	(24,336)	(26,654)
Gross profit/(loss)	**(25,231)**	**2,272**	**1,608**
Administrative, selling and marketing expenses	(3,617)	(2,033)	(1,241)
Other gains—net	6,144	4,262	3,166
Operating profit/(loss)	**(22,704)**	**4,501**	**3,533**
Finance costs—net	(1,085)	(311)	(1,053)
Profit/(loss) before income tax	**(23,789)**	**4,190**	**2,480**
Income tax benefit/(expense)	5,195	(830)	(940)
Profit/(loss) after tax	**(18,594)**	**3,360**	**1,540**
	(unaudited)		
Additional financial data			
Gross profit margin[1]	(64.8%)	8.5%	5.7%
Adjusted EBITDA[2]	28	2,683	3,081
Adjusted EBITDA margin[1][2]	0.1%	10.1%	10.9%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the year, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The Finnish Ports segment's revenue decreased from US$38,918 thousand in the year ended 31 December 2008 to US$26,608 thousand in the year ended 31 December 2009, by US$12,310 thousand or 31.6%. This decrease was primarily due to a significant reduction in container handling throughput in the year ended 31 December 2009. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*". The decrease was also attributable to the disposal in the first half of 2009 by the Finnish Ports segment of some of its container depot operations, operated by Cargo Connexion Oy (***Cargo Connexion***), which were loss-making, reducing revenue from those services for the remainder of that year.

The Finnish Ports segment's revenue increased from US$26,608 thousand in the year ended 31 December 2009 to US$28,262 thousand in the year ended 31 December 2010, by US$1,654 thousand or 6.2%. This increase was primarily due to moderate increase in container handling throughput in the year ended 31 December 2010, the addition of ro-ro cargo handling at MLT Helsinki in the second half of 2010, the addition of bulk cargo volumes at MLT Kotka in 2010 and a change in accounting policy to recognise in 2010 port fees received from customers in revenue (with a similar charge also recognised in cost of sales for the corresponding expense incurred by the segment). This increase was offset in part by the depreciation of the euro against the US dollar in the year ended 31 December 2010 and the disposal of Cargo Connexion in the year ended 31 December 2009. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Cost of sales, administrative, selling and marketing expenses

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Finnish Ports segment for the years ended 31 December 2008, 2009 and 2010.

	Years ended		
	2008	**2009**	**2010**
		(audited) *(US$ in thousands)*	
Depreciation of property, plant and equipment	4,736	2,433	2,697
Amortisation of intangible assets	313	11	17
Staff costs	18,606	11,269	10,452
Impairment of goodwill	4,759	—	—
Impairment of property, plant and equipment	14,301	—	—
Transportation expenses	785	51	2,749
Fuel, electricity and gas	1,293	719	938
Repair and maintenance of property, plant and equipment	2,068	1,022	1,331
Other operating expenses	20,905	10,864	9,711
Total cost of sales, administrative, selling and marketing expenses	**67,766**	**26,369**	**27,895**

The Finnish Ports segment's cost of sales, administrative, selling and marketing expenses decreased from US$67,766 thousand in the year ended 31 December 2008 to US$26,369 thousand in the year ended 31 December 2009, by US$41,397 thousand, or 61.1%. This decrease was primarily due to the impairment of goodwill connected with the acquisition of the Finnish Ports and the impairment of property, plant and equipment in the year ended 31 December 2008 (and the consequential effect of reduced depreciation of property, plant and equipment in the year ended 31 December 2009) that did not recur, as well as a significant reduction in staff costs and repairs and maintenance resulting from measures taken to reduce costs in 2009, and a reduction in other operating expenses primarily due to the general decrease in throughput and the disposal in the first half of 2009 of Cargo Connexion. See "*—Key factors affecting the Group's financial condition and results of operations—Operating leverage*" and "*—Key factors affecting the Group's financial condition and results of operations—Staff costs*".

The Finnish Ports segment's cost of sales, administrative, selling and marketing expenses increased from US$26,369 thousand in the year ended 31 December 2009 to US$27,895 thousand in the year ended 31 December 2010, by US$1,526 thousand or 5.8%. This increase was primarily due to an increase in transportation costs, reflecting in part the change in accounting policy to recognise port fees charged to customers as cost of sales (with a similar amount also recognised in revenue for the charges derived from customers), offset by a decrease in staff costs and other operating expenses reflecting the measures taken to reduce operating costs, the full year effect of the disposal in 2009 of Cargo Connexion referred to above, and the depreciation of the euro against the US dollar in 2010. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Gross profit/(loss)

The Finnish Ports segment's gross profit increased from a loss of US$25,231 thousand in the year ended 31 December 2008 to a profit of US$2,272 thousand in the year ended 31 December 2009, an increase of US$27,503 thousand. This increase was due to the factors described above.

The Finnish Ports segment's gross profit margin increased from negative 64.8% in the year ended 31 December 2008 to 8.5% in the year ended 31 December 2009. This increase was due to the factors described above and in particular, due to the non-recurring impairment of property, plant and equipment and goodwill on acquisition in the year ended 31 December 2008.

The Finnish Ports segment's gross profit decreased from US$2,272 thousand in the year ended 31 December 2009 to US$1,608 thousand in the year ended 31 December 2010, by US$664 thousand or 29.2%. This decrease was due to the factors described above.

The Finnish Ports segment's gross profit margin decreased from 8.5% in the year ended 31 December 2009 to 5.7% in the year ended 31 December 2010. This decrease was primarily due to the effect of the depreciation of the euro against the US dollar in 2010 and the change in accounting policy to recognise port fees as revenue and cost of sales, as described above.

Other gains—net

The Finnish Ports segment's other gains—net decreased from a gain of US$6,144 thousand in the year ended 31 December 2008 to a gain of US$4,262 thousand in the year ended 31 December 2009, by US$1,882 thousand or 30.6%. This decrease was primarily due to non-recurring gains on the release of provisions relating to the relocation of MLT Helsinki to the port of Vuosaari in 2008 and a decrease in the net foreign exchange gains on non-financial items, partially offset by gains on the disposal of Cargo Connexion referred to above in 2009. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

The Finnish Ports segment's other gains/(losses)—net decreased from a gain of US$4,262 thousand in the year ended 31 December 2009 to a gain of US$3,166 thousand in the year ended 31 December 2010, by US$1,096 thousand or 25.7%. This decrease was primarily due to a non-recurring gain from the disposal of Cargo Connexion referred to above in 2009, which was partially offset by an increase in the net foreign exchange gains on non-financial items.

Operating profit/(loss)

The Finnish Ports segment's operating profit increased from a loss of US$22,704 thousand in the year ended 31 December 2008 to a profit of US$4,501 thousand in the year ended 31 December 2009, representing a change of US$27,205 thousand. This change was due to the factors described above.

The Finnish Ports segment's operating profit decreased from US$4,501 thousand in the year ended 31 December 2009 to US$3,533 thousand in the year ended 31 December 2010, by US$968 thousand or 21.5%. This decrease was due to the factors described above.

Results of operations for the Group for the three months ended 31 March 2011 and 2010

The following table sets out the principal components of the Group's consolidated income statement for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	2011
	(unaudited) *(US$ in thousands, except for percentages)*	
Revenue	76,438	122,892
Cost of sales	(49,963)	(60,510)
Gross profit	**26,475**	**62,382**
Administrative, selling and marketing expenses	(7,208)	(9,779)
Other (losses)/gains—net	693	(148)
Operating profit	**19,960**	**52,455**
Finance income—net	2,055	2,869
Profit before income tax	**22,015**	**55,324**
Income tax expense	(3,452)	(21,892)
Profit for the year	**18,563**	**33,432**
Attributable to:		
Owners of the parent	17,435	30,567
Non-controlling interest	1,128	2,865
	18,563	**33,432**
Additional financial data		
Gross profit margin[1]	34.6%	50.8%
Adjusted EBITDA[2]	33,218	67,251
Adjusted EBITDA margin[1][2]	43.5%	54.7%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the period, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The following table sets out the Group's revenue by operating segment for the three months ended 31 March 2010 and 2011, representing the Group's operating segments adjusted for the effect of proportionate consolidation. See "*—Results of operations for the Group's segments for the three months ended 31 March 2010 and 2011*" for details on each operating segment's results of operations on a 100% basis.

	Three months ended 31 March			
	2010	%	2011	%
	(unaudited) *(US$ in thousands, except for percentages)*			
Russian Ports segment	40,216	52.6%	79,215	64.5%
Oil Products Terminal segment	32,174	42.1%	38,463	31.3%
Finnish Ports segment.	4,048	5.3%	5,214	4.2%
Total revenue	**76,438**	**100.0%**	**122,892**	**100.0%**

Revenue increased from US$76,438 thousand in the three months ended 31 March 2010 to US$122,892 thousand in the three months ended 31 March 2011, by US$46,454 thousand or 60.8%. This increase was primarily due to an increase in revenue from the Russian Ports segment arising from a significant increase in container handling throughput accompanied by an increase in average prices for container handling services. The increase in revenue from the Oil Products Terminal segment was also due to an increase in throughput and average prices. The increase in revenue from the Finnish Ports segment was primarily due to the introduction of ro-ro and bulk pipe cargo handling in the second half of 2010, some increase in throughput and the effect of the appreciation of the euro against the US dollar. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*" and "*—Key factors affecting the Group's financial condition and results of operations—Pricing*".

Revenue is discussed in greater detail below in the discussion of the financial results for each of the Group's segments.

Cost of sales

Cost of sales increased from US$49,963 thousand in the three months ended 31 March 2010 to US$60,510 thousand in the three months ended 31 March 2011, by US$10,547 thousand or 21.1%. This increase was primarily due to the significant increase in throughput at the Group's terminals in the Russian Ports segment, an increase in staff costs due to an increase in the average level of wages and salaries (offset in part by measures taken to optimise staff costs in 2010), the effect of cost inflation on utilities charges, and an increase in depreciation of property, plant and equipment arising from higher values of property, plant and equipment in the three months ended 31 March 2011. See "*—Key factors affecting the Group's financial condition and results of operations*".

Cost of sales is discussed in greater detail below in the discussion of the financial results for each of the Group's segments.

Gross profit

Gross profit increased from US$26,475 thousand in the three months ended 31 March 2010 to US$62,382 thousand in the three months ended 31 March 2010, by US$35,907 thousand or 135.6%. This increase was due to the factors discussed above.

The gross profit margin increased from 34.6% in the three months ended 31 March 2010 to 50.8% in the three months ended 31 March 2011. This increase was due to the factors discussed above and in particular, the significant level of fixed costs in the Group's cost structure and measures taken to optimise staff costs in 2010.

Administrative, selling and marketing expenses

Administrative, selling and marketing expenses increased from US$7,208 thousand in the three months ended 31 March 2010 to US$9,779 thousand in the three months ended 31 March 2011, by US$2,571 thousand or 35.7%. This increase was primarily due to an increase in staff costs due to an increase in the average level of wages and salaries primarily in Russia and certain non-recurring legal and consulting expenses in the three months ended 31 March 2011.

Administrative, selling and marketing expenses are discussed in greater detail below in the discussions of the financial results for each of the Group's segments.

Other (losses)/gains—net

Other (losses)/gains—net changed from a gain of US$693 thousand in the three months ended 31 March 2010 to a loss of US$148 thousand in the three months ended 31 March 2011, by US$841 thousand. This decrease was primarily due to a change from net foreign exchange gains of US$298 thousand in the three months ended 31 March 2010 to net foreign exchange losses of US$452 thousand in the three months ended 31 March 2011 arising primarily from changes to the value of trade receivable and payables at the relevant period-end dates and the effect of movements in exchange rates. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Operating profit

Operating profit increased from US$19,960 thousand in the three months ended 31 March 2010 to US$52,455 thousand in the three months ended 31 March 2011, by US$32,495 thousand or 162.8%. This increase was due to the factors discussed above.

Finance income/(costs)—net

Finance income/(costs)—net increased from finance income of US$2,055 thousand in the three months ended 31 March 2010 to finance income of US$2,869 thousand in the three months ended 31 March 2011, by US$814 thousand or 39.6%. This increase was primarily due to a decrease in interest expenses arising from having a lower overall level of indebtedness and lower average interest rates in the three months ended 31 March 2011, as well as an increase in interest income primarily arising from the part of a loan that was not proportionally consolidated owed by VEOS to another Group member entered into in the three months ended 31 March 2011.

Profit before income tax

Profit before income tax increased from US$22,015 thousand in the three months ended 31 March 2010 to US$55,324 thousand in the three months ended 31 March 2011, by US$33,309 thousand or 151.3%. This increase was due to the factors discussed above.

Income tax expense

Income tax expense increased from US$3,452 thousand in the three months ended 31 March 2010 to US$21,892 thousand in the three months ended 31 March 2011, by US$18,440 thousand or 534.2%, primarily due to a non-recurring charge in relating to the Oil Products Terminal segment's distributable retained earnings arising from a change in that segment's intentions concerning the payment of future dividends and the increase in profit before income tax as described above. See "*—Key factors affecting the Group's financial condition and results of operations—Deferred taxes recognition in the Oil Products Terminal segment*".

The Group's effective tax rate, calculated as income tax expense divided by profit before income tax, increased from 15.7% in the three months ended 31 March 2010 to 39.6% in the three months ended 31 March 2011, primarily due to the non-recurring charge relating the Oil Products Terminal segment's distributable retained earnings referred to above, and an increase in profit before tax in the Russian Ports segment giving rise to an increase in income tax expense (and a corresponding provision) in respect of dividend withholding tax payable for the future distribution of that profit. See also Note 9 of the Unaudited Interim Financial Information.

Profit for the period

Profit for the period increased from US$18,563 thousand in the three months ended 31 March 2010 to US$33,432 thousand in the three months ended 31 March 2011, by US$14,869 thousand or 80.1%. This increase was due to the factors discussed above.

Results of operations for the Group's segments for the three months ended 31 March 2010 and 2011

Results of operations for the Russian Ports segment

The Russian Ports segment consists of the Group's interests in PLP, VSC (in which DP World has a 25% effective ownership interest), and Moby Dik and Yanino (in each of which Container Finance currently has a 25% effective ownership interest). The results of Moby Dik and Yanino are proportionally consolidated in the Financial Information but are included in the figures and discussion below on a 100% basis. See "*Presentation of Financial and Other Information—Financial information*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The following table sets out the principal components of an income statement for the Russian Ports segment for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	2011
	(unaudited) (*US$ in thousands, except for percentages*)	
Revenue	41,692	81,761
Cost of sales	(28,737)	(38,974)
Gross profit	**12,955**	**42,787**
Administrative, selling and marketing expenses	(4,594)	(6,303)
Other gains—net	1,056	8
Operating profit	**9,417**	**36,492**
Finance income—net	6,389	4,852
Profit before income tax	**15,806**	**41,344**
Income tax expense	(3,805)	(9,556)
Profit after tax	**12,001**	**31,788**
Additional financial data		
Gross profit margin(1)	31.1%	52.3%
Adjusted EBITDA(2)	19,594	48,474
Adjusted EBITDA margin(1)(2)	47.0%	59.3%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the period, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The Russian Ports segment's revenue increased from US$41,692 thousand in the three months ended 31 March 2010 to US$81,761 thousand in the three months ended 31 March 2011, by US$40,069 thousand or 96.1%. This increase was primarily due to a significant increase in container handling throughput, ro-ro cargo handling throughput and car handling throughput, together with an increase in the average price of these services. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*" and "*—Key factors affecting the Group's financial condition and results of operations—Pricing*".

Cost of sales, administrative, selling and marketing expenses

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Russian Ports segment for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	**2011**
	(unaudited) ***(US$ in thousands)***	
Depreciation of property, plant and equipment	9,501	10,251
Amortisation of intangible assets	1,732	1,739
Staff costs	10,745	15,546
Transportation expenses	1,395	2,592
Fuel, electricity and gas	1,757	3,145
Repair and maintenance of property, plant and equipment	1,486	1,771
Total	**26,616**	**35,044**
Other operating expenses	6,715	10,233
Total cost of sales, administrative, selling and marketing expenses	**33,331**	**45,277**

The Russian Ports segment's cost of sales, administrative, selling and marketing expenses increased from US$33,331 thousand in the three months ended 31 March 2010 to US$45,277 thousand in the three months ended 31 March 2011, by US$11,946 thousand, or 35.8%, primarily due to an increase in all of the items above. In particular, staff costs increased by US$4,801 thousand or 44.7% due to an increase in the average level of wages and salaries, an increase in the rate of unified social tax in Russia from 26% to 34% (effective 1 January 2011) and the increase in throughput, offset in part by a reduction in the number of employees arising from the staff optimisation measures implemented in 2010. Transportation expenses increased by US$1,197 thousand, or 85.8%, primarily due to the increase in throughput. Fuel, electricity and gas increased by US$1,388 thousand, or 79.0%, in part due to the increase in throughput and in part due to an increase in average prices for those supplies. Other operating expenses increased by US$3,518 thousand, or 52.4%, primarily from the increase in throughput. Depreciation of property, plant and equipment increased by US$750 thousand, or 7.9%, due to new property, plant and equipment put in operation.

Gross profit

The Russian Ports segment's gross profit increased from US$12,955 thousand in the three months ended 31 March 2010 to US$42,787 thousand in the three months ended 31 March 2011, by US$29,832 thousand, or 230.3%. This increase was due to the factors described above.

The Russian Ports segment's gross profit margin increased from 31.1% in the three months ended 31 March 2010 to 52.3% in the three months ended 31 March 2011. This increase was primarily due to the factors discussed above and in particular, the significant level of fixed costs in the segment's business and measures the segment implemented to optimise its staff costs in 2010.

Other gains—net

The Russian Ports segment's other gains—net decreased from a gain of US$1,056 thousand in the three months ended 31 March 2010 to a gain of US$8 thousand in the three months ended 31 March 2011, representing a change of US$1,048 thousand. This decrease was primarily due to a change from net foreign exchange gains in the three months ended 31 March 2010 to net foreign exchange losses in the three months ended 31 March 2011 arising primarily from changes to the value of trade receivable and payables at the relevant period-end dates and the effect of movements in exchange rates. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Operating profit

The Russian Ports segment's operating profit increased from US$9,417 thousand in the three months ended 31 March 2010 to US$36,492 thousand in the three months ended 31 March 2011, by US$27,075 thousand, or 287.5%. This increase was due to the factors described above.

Results of operations for the Oil Products Terminal segment

The Oil Products Terminal segment consists of the Group's ownership interests in VEOS (in which Royal Vopak currently has a 50% effective ownership interest). The results of the Oil Products Terminal segment are proportionally consolidated in the Financial Information but are included in the figures and discussion below on a 100% basis. See "*Presentation of Financial and Other Information—Financial information*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The following table sets out the principal components of the income statement for the Oil Products Terminal segment for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	**2011**
	(unaudited) ***(US$ in thousands, except for percentages)***	
Revenue	64,349	76,925
Cost of sales	(36,902)	(38,843)
Gross profit	**27,447**	**38,082**
Administrative, selling and marketing expenses	(3,054)	(3,854)
Other gains/(losses)—net	(196)	(295)
Operating profit/(loss)	**24,197**	**33,933**
Finance income/(costs)—net	(3,548)	(141)
Profit/(loss) before income tax	**20,649**	**33,792**
Income tax (expense)/income	—	(24,843)
Profit/(loss) after tax	**20,649**	**8,949**
Additional financial data		
Gross profit margin[(1)]	42.7%	49.5%
Adjusted EBITDA[(2)]	29,340	39,574
Adjusted EBITDA margin[(1)(2)]	45.6%	51.4%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the period, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The Oil Products Terminal segment's revenue increased from US$64,349 thousand in the three months ended 31 March 2010 to US$76,925 thousand in the three months ended 31 March 2011, by US$12,576 thousand, or 19.5%. This increase was primarily due to an increase in throughput volumes of oil products and an increase in average terminal service rates at the VEOS terminals. See "*—Key factors affecting the Group's financial condition and results of operations—Throughput volumes*".

Cost of sales, administrative, selling and marketing expenses

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Oil Products Terminal segment for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	**2011**
	(unaudited) *(US$ in thousands)*	
Depreciation of property, plant and equipment	4,362	4,763
Amortisation of intangible assets	585	583
Staff costs	6,020	6,612
Transportation expenses	17,843	18,552
Fuel, electricity and gas	7,670	8,499
Repair and maintenance of property, plant and equipment	1,294	1,059
Total	**37,774**	**40,068**
Other operating expenses	2,182	2,629
Total cost of sales, administrative, selling and marketing expenses	**39,956**	**42,697**

The Oil Products Terminal segment's cost of sales, administrative, selling and marketing expenses increased from US$39,956 thousand in the three months ended 31 March 2010 to US$42,697 thousand in the three months ended 31 March 2011, by US$2,741 thousand or 6.9% primarily due to an increase in staff costs, transportation expenses and fuel, electricity and gas and to the appreciation of the kroon/euro against the US dollar, which increased the US dollar value of the segment's kroon/euro-denominated costs. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". Staff costs increased by US$592 thousand, or 9.8%, due in part to a general increase in wages and salaries, including from an increase in the variable part of wages and salaries starting in the second half of 2010, and a higher number of employees as a result of the increase in throughput. Depreciation of property, plant and equipment increased by US$401 thousand, or 9.2%, due in part to new property, plant and equipment commissioned in 2010. Transportation expenses increased by US$709 thousand, or 4.0%, due in part to an increase in costs arising from the rental of a neighbouring terminal facility from a third party as a result of the increase in throughput in the three months ended 31 March 2011, offset in part by a reduction in expenses incurred for access to the Estonian railway arising from a decrease in average infrastructure access fees. Fuel, electricity and gas increased by US$829 thousand, or 10.8%, due in part to an increase in fuel for transportation and electricity arising from the increase in throughput and an increase in average prices for fuel and electricity (with the latter arising from the partial liberalisation for industrial consumers of the electricity market in Estonia in the second quarter of 2010).

Gross profit

The Oil Products Terminal segment's gross profit increased from US$27,447 thousand in the three months ended 31 March 2010 to US$38,082 thousand in the three months ended 31 March 2011, by US$10,635 thousand or 38.7%. This increase was due to the factors described above.

The Oil Products Terminal segment's gross profit margin increased from 42.7% in the three months ended 31 March 2010 to 49.5% in the three months ended 31 March 2011. This increase was primarily due to factors discussed above and in particular, the significant level of fixed costs in the segment's business.

Other gains/(losses)—net

The Oil Products Terminal segment's other gains/(losses)—net changed from a loss of US$196 thousand in the three months ended 31 March 2010 to a loss of US$295 thousand in the three months ended 31 March 2011, representing a change of US$99 thousand. This change was primarily due to an increase in the foreign exchange losses recognised on the segment's trade receivable and payables at the relevant period-end dates and the effect of movements in exchange rates. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Operating profit

The Oil Products Terminal segment's operating profit increased from US$24,197 thousand in the three months ended 31 March 2010 to US$33,933 thousand in the three months ended 31 March 2011, by US$9,736 thousand or 40.2%. This increase was due to the factors described above.

Results of operations for the Finnish Ports segment

The Finnish Ports segment consists of MLT Kotka, MLT Helsinki, and three container depots in Finland (in each of which Container Finance currently has a 25% effective ownership interest). The results of the Finnish Ports segment are proportionally consolidated in the Financial Information but are included in the figures and discussion below on a 100% basis. See "*Presentation of Financial and Other Information—Financial information*" and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*".

The following table sets out the principal components of the income statement for the Finnish Ports segment for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	2011
	(unaudited) *(US$ in thousands, except for percentages)*	
Revenue	6,346	7,825
Cost of sales	(6,948)	(6,827)
Gross profit/(loss)	**(602)**	**998**
Administrative, selling and marketing expenses	(328)	(482)
Other gains/(losses)—net	102	91
Operating profit/(loss)	**(828)**	**607**
Finance income/(costs)—net	(496)	419
Profit/(loss) before income tax	**(1,324)**	**1,026**
Income tax (expense)/income	138	(121)
Profit/(loss) after tax	**(1,186)**	**905**
Additional financial data		
Gross profit margin[1]	(9.5%)	12.8%
Adjusted EBITDA[2]	200	1,366
Adjusted EBITDA margin[1][2]	3.2%	17.5%

(1) Gross profit margin and Adjusted EBITDA margin are calculated as gross profit or Adjusted EBITDA (as applicable) divided by revenue, expressed as a percentage.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures that are calculated by the Group as described in footnote (2) in "*Selected Historical Financial and Operating Information—Additional financial data*". They are presented as supplemental measures of the Group's operating performance. They have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under EU IFRS. For further information on these limitations and a reconciliation of EBITDA and Adjusted EBITDA to profit for the period, see footnote (4) in "*Selected Historical Financial and Operating Information—Additional financial data*".

Revenue

The Finnish Ports segment's revenue increased from US$6,346 thousand in the three months ended 31 March 2010 to US$7,825 thousand in the three months ended 31 March 2011, by US$1,479 thousand or 23.3%. This increase was primarily due to the introduction of ro-ro cargo handling (offset in part by a decrease in container cargo handling) at MLT Helsinki and the introduction of bulk pipe cargo handling at MLT Kotka in the second half of 2010 as well as an increase in container throughput at MLT Kotka in the three months ended 31 March 2011, together with the appreciation of the euro against the US dollar, which increased the US dollar value of the segment's euro-denominated revenues. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Cost of sales, administrative, selling and marketing expenses

The following table sets out a breakdown, by expense, of the cost of sales, administrative, selling and marketing expenses for the Finnish Ports segment for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	**2011**
	(unaudited) *(US$ in thousands)*	
Depreciation of property, plant and equipment	1,128	845
Amortisation of intangible assets	2	5
Staff costs	2,387	2,701
Transportation expenses	591	798
Fuel, electricity and gas	222	385
Repair and maintenance of property, plant and equipment	261	271
Total	**4,591**	**5,005**
Other operating expenses	2,685	2,304
Total cost of sales, administrative, selling and marketing expenses	**7,276**	**7,309**

The Finnish Ports segment's cost of sales, administrative, selling and marketing expenses increased from US$7,276 thousand in the three months ended 31 March 2010 to US$7,309 thousand in the three months ended 31 March 2011, by US$33 thousand, or 0.5%. This increase was primarily due to the appreciation of the euro against the US dollar, which increased the US dollar value of the segment's euro-denominated costs. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*". In addition, transportation expenses increased by US$207 thousand, or 35.0%, in part due to an increase in throughput (primarily from container cargo handling at MLT Kotka and from ro-ro cargo handling at MLT Helsinki), staff costs increased by US$314 thousand, or 13.2%, due in part to an increase in wages and salaries offset in part by a decrease in the number of employees as a result of staff optimisation measures implemented towards the end of 2010, and fuel, electricity and gas increased by US$163 thousand, or 73.4%, due in part to the increase in throughput and in average prices for those supplies. The increase in the cost of sales, administrative, selling and marketing expenses was partially offset by a decrease of depreciation of property, plant and equipment by US$283 thousand, or 25.1%, primarily due to depreciation of certain equipment and termination of several finance lease agreements in 2010.

Gross profit/(loss)

The Finnish Ports segment's gross profit/(loss) changed from a loss of US$602 thousand in the three months ended 31 March 2010 to a profit of US$998 thousand in the three months ended 31 March 2011, representing a change of US$1,600 thousand. This change was due to the factors described above.

The Finnish Ports segment's gross profit margin changed from negative 9.5% in the three months ended 31 March 2010 to 12.8% in the three months ended 31 March 2011. This change was due to the factors described above.

Other gains/(losses)—net

The Finnish Ports segment's other gains/(losses)—net decreased from a gain of US$102 thousand in the three months ended 31 March 2010 to a gain of US$91 thousand in the three months ended 31 March 2011, by US$11 thousand or 10.8%. This decrease was primarily due to changes in the value of the segment's other gains and gains/(losses) on non-financial items. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Operating profit/(loss)

The Finnish Ports segment's operating profit/(loss) changed from a loss of US$828 thousand in the three months ended 31 March 2010 to a profit of US$607 thousand in the three months ended 31 March 2011, representing a change of US$1,435 thousand. This change was due to the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

General

As at 31 March 2011, the Group had US$91,156 thousand in cash and cash equivalents.

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

As a result of the shareholding or joint venture agreements at VSC, Moby Dik, the Finnish Ports, Yanino and VEOS, the cash generated from the operating activities of each of the entities in those businesses is not freely available to fund the other operations and capital expenditures of the Group or any other businesses within the Group and can only be lent to an entity or distributed as a dividend (other than at VSC, where there are no contractual restrictions on the distribution of dividends) with the consent of the other shareholders' to those arrangements. PLP is not subject to such agreements. Accordingly, each of the 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 March 2011, the Group had US$241,245 thousand of total borrowings, of which US$201,447 thousand comprised non-current borrowings and US$39,798 thousand comprised current borrowings. See also "*—Capital resources*".

Capital expenditures

The Group's capital expenditures on a cash basis for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2011 were US$179,782 thousand, US$58,983 thousand, US$52,211 thousand and US$15,984 thousand, respectively, and were used to finance the expansion of its terminals' capacity and the purchase and renovation of equipment.

The Russian Ports segment's capital expenditures on a cash and 100% basis for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2011 were US$164,164 thousand, US$53,674 thousand, US$47,738 thousand and US$15,481 thousand, respectively.

The Oil Products Terminal segment's capital expenditures on a cash and 100% basis for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2011 were US$30,639 thousand, US$7,180 thousand, US$20,714 thousand and US$2,042 thousand, respectively.

The Finnish Ports segment's capital expenditures on a cash and 100% basis for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2011 were US$4,615 thousand, US$843 thousand, US$112 thousand and US$135 thousand, respectively.

The Group's capital expenditures on a cash basis for the years ended 31 December 2008, 2009 and 2010 outside of the segments mentioned above were US$60 thousand, US$8,000 thousand and US$3 thousand, respectively. The Group did not incur any capital expenditures outside of the segments mentioned for the three months ended 31 March 2011. In the year ended 31 December 2009, this amount was attributable to the purchase of two land plots in the Domodedovo industrial zone intended for the construction of an inland terminal. See "*Business—The Group's operations—Russian Ports segment—Domodedovo inland terminal site*".

For details of the Group's capital expenditure plans, see the description of each segment's capital investment programme in "*Business—The Group's operations*". For details of the Group's current contractually committed capital expenditure, see "*—Contractual commitments and contingent liabilities*" below.

Cash flows

For the years ended 31 December 2008, 2009 and 2010

The following table sets out the principal components of the Group's consolidated cash flow statement for the years ended 31 December 2008, 2009 and 2010.

	Year ended 31 December		
	2008	**2009**	**2010**
		(audited) *(US$ in thousands)*	
Net cash from operating activities	269,548	141,160	174,433
Net cash used in investing activities	(676,077)	(15,040)	(66,488)
Net cash (used in)/from financing activities	434,713	(172,741)	(104,223)
Net (decrease)/increase in cash and cash equivalents	**28,184**	**(46,621)**	**3,722**
Cash and cash equivalents at start of year	71,681	102,701	44,093
Exchange gains/(losses) on cash and cash equivalents	2,836	(11,987)	(460)
Cash and cash equivalents at end of year	**102,701**	**44,093**	**47,355**

Net cash from operating activities

Net cash from operating activities decreased from US$269,548 thousand in the year ended 31 December 2008 to US$141,160 thousand in the year ended 31 December 2009, by US$128,388 thousand or 47.6%. The decrease in net cash from operating activities was primarily due to a US$165,684 thousand decrease in cash from operating activities before changes in working capital mainly as a result of the decrease in profit before income tax in 2009 discussed above, certain non-recurring transactions in 2008 relating to the legal formation and restructuring of the Group and changes in the shareholding structure of VEOS, which resulted in adjustments for cash flow calculation purposes, and non-recurring impairments in 2008. In addition, there was a decrease in the net change in working capital (consisting of inventories, trade and other receivables and trade and other payables) partially offset by a decrease in tax paid as shown in the table below.

Net cash from operating activities increased from US$141,160 thousand in the year ended 31 December 2009 to US$174,433 thousand in the year ended 31 December 2010, by US$33,273 thousand or 23.6%. The increase in net cash from operating activities was primarily due to a US$64,190 thousand increase in cash from operating activities before changes in working capital mainly as a result of the increase in profit before income tax in 2010 discussed above. Partially offsetting this was the decrease in net change in working capital (consisting of inventories, trade and other receivables and trade and other payables and a higher amount of tax paid) as shown in the table below.

	Year ended 31 December		
	2008	**2009**	**2010**
		(audited) *(US$ in thousands)*	
Operating cash flows before working capital changes	**308,473**	**142,789**	**206,979**
Inventories	(685)	835	(569)
Trade and other receivables	15,056	14,685	(15,889)
Trade and other payables	6,706	(5,574)	5,774
Net change in working capital	**21,077**	**9,946**	**(10,684)**
Cash generated from operations	**329,550**	**152,735**	**196,295**
Tax paid	(60,002)	(11,575)	(21,862)
Net cash from operating activities	**269,548**	**141,160**	**174,433**

In the year ended 31 December 2008, the net change in working capital was a cash inflow of US$21,077 thousand, and in the year ended 31 December 2009 the net change in working capital was a cash inflow of US$9,946 thousand. These were primarily due to positive changes in trade and other receivable arising in part from measures taken by the Group during the economic and financial crisis to

require prepayments from some types of customers, particularly from freight forwarders, as well as from the overall decrease in the size of the Group's economic activity, offset to some extent by delays in payment of trade and other receivables from some customers during the crisis. In the year ended 31 December 2010, the net change in working capital was a cash outflow of US$10,684 thousand and was due in part to the overall increase in the size of the Group's economic activity as economic conditions improved and due in part to the more favourable payment terms it offered to main-line operators, in line with its strategy to attract business from those customers.

Net cash used in investing activities

Net cash used in investing activities in the year ended 31 December 2008 was US$676,077 thousand. This consisted primarily of (a) a US$179,782 thousand cash outflow for purchases of property, plant and equipment arising primarily from the Group's capital investment programme, (b) a series of cash flows connected with the formation of the Group and to a lesser extent, changes to its joint ventures, consisting of a US$97,871 thousand cash outflow for acquisition of non-controlling interest, a US$394,800 thousand cash outflow for cash paid to TIHL on formation of the Group, a US$27,834 thousand cash inflow from disposals of subsidiaries, net of cash disposed, a US$6,035 thousand cash outflow for acquisition of interests in joint ventures, a US$6,415 thousand cash inflow for cash received from sale of shares to non-controlling interests, a US$45,034 thousand cash inflow from disposal of interests in joint ventures after restructuring and a US$59,360 thousand cash outflow on acquisition of additional interests in joint ventures after restructuring, as further described in Notes 29, 30 and 31 of the Audited Annual Financial Statements and "*—Key factors affecting the Group's financial condition and results of operations—Changes in joint venture interests*", (c) a US$26,795 thousand cash outflow for loans granted to third parties consisting primarily of amounts invested in bank deposits with maturity over 90 days, and (d) a US$25,507 thousand cash outflow for loans granted to related parties consisting primarily of a loan made by the Group to VEOS to refinance existing indebtedness, to Yanino for the development of that terminal and to TIHL, offset in part by (i) a US$2,147 thousand cash inflow of loan repayments received from related parties consisting primarily of repayments by VEOS of the loan referred to above, (ii) a US$7,576 thousand cash inflow of loan repayments received from third parties consisting primarily of a part repayment of an interest-free loan a Group member had advanced to Rosmorport in the year ended 31 December 2007 to fund dredging works in St. Petersburg (the ***Rosmorport Loan***), (iii) a US$5,936 thousand cash inflow of interest received consisting primarily of interest from deposits and bank balances and from VEOS under the loans referred to above, and (iv) a US$5,933 thousand cash inflow of proceeds from sale of property, plant and equipment.

Net cash used in investing activities in the year ended 31 December 2009 was US$15,040 thousand. This consisted primarily of (a) a US$58,983 thousand cash outflow for purchases of property, plant and equipment arising primarily from the Group's capital investment programme and an advance payment for the purchase of two land plots in the Domodedovo industrial zone, and (b) a US$4,000 thousand cash outflow for investment in bank deposits with maturity over 90 days consisting of amounts placed on deposit with banks, offset in part by (i) a US$29,078 thousand cash inflow from loan repayments received from third parties arising from the withdrawal of the amounts placed on deposit with banks in the year ended 31 December 2008 referred to above and from the repayment of the remaining outstanding balance of the Rosmorport Loan, (ii) a US$14,792 thousand cash inflow from loan repayments received from related parties consisting primarily of the repayment of a loan to VEOS advanced in the year ended 31 December 2008 referred to above and the repayment by TIHL of a loan owing to a Group member referred to above, (iii) a US$2,986 thousand cash inflow of interest received consisting primarily of interest from deposits and bank balances and from VEOS and TIHL under the loan referred to above, and (iv) a US$2,052 thousand cash inflow of proceeds from sale of property, plant and equipment.

Net cash used in investing activities in the year ended 31 December 2010 was US$66,488 thousand. This consisted primarily of (a) a US$52,211 thousand cash outflow for purchases of property, plant and equipment arising primarily from the Group's capital investment programme, and (b) a US$19,201 thousand cash outflow for investment in bank deposits with maturity over 90 days consisting of amounts placed on deposit with banks, offset in part by (i) a US$4,000 thousand cash inflow of cash from bank deposits with maturity over 90 days attributable to the withdrawal of the amounts placed on deposit with banks in the year ended 31 December 2009.

Net cash (used in)/from financing activities

Net cash from financing activities in the year ended 31 December 2008 was US$434,713 thousand. This consisted primarily of (a) a US$404,920 thousand cash inflow of proceeds from the issue of shares arising from the issue of shares (consisting of share capital and share premium) connected with the formation of the Group, and (b) a US$275,038 thousand cash inflow of proceeds of borrowings consisting primarily of the loans advanced to the Group connected with the formation of the Group and changes to its joint ventures in that year and loans to fund its capital investment programme and current funding requirements, offset in part by (i) a US$170,300 thousand cash outflow from repayments of borrowings consisting primarily of the repayment of indebtedness owing to TIHL and other lenders to the Group, (ii) a cash outflow from dividends paid to the owners of the Parent—before restructuring (representing dividends paid by NCC Pacific Investments Ltd (***NCCPI***), the ultimate holding company of VSC, to TIHL prior to the Company acquiring 100% of that entity in mid-2008) of US$25,085 thousand, dividends paid to non-controlling interests of US$17,925 thousand in respect of the direct holding company of the VSC business and dividends paid to the owners of the Parent—after restructuring of US$8,000 thousand, (iii) a US$15,266 thousand cash outflow from finance lease principal payments (third parties) arising primarily from the lease of equipment at PLP, and other terminals, and (iv) a US$10,132 thousand cash outflow of interest paid.

Net cash used in financing activities in the year ended 31 December 2009 was US$172,741 thousand. This consisted primarily of (a) a US$228,819 thousand cash outflow for repayments of borrowings arising primarily from the repayment of indebtedness by the Company to TIHL, refinancing of existing borrowings from third parties, scheduled repayments of indebtedness owned to banks, and the refinancing of indebtedness owing by Group members to TIHL to become indebtedness of the Company, (b) a US$21,786 thousand cash outflow of interest paid arising from increased lease payments compared with the previous year (with higher interest rates) and accrued interest loans repaid, (c) a cash outflow of dividends paid to the owners of the Parent—after restructuring of US$20,000 thousand and dividends paid to non-controlling interests of US$4,000 thousand, and (d) a US$14,345 thousand cash outflow of finance lease principal payments (third parties) arising primarily from the lease of equipment at PLP and other terminals, offset by a US$116,209 thousand cash inflow of from proceeds of borrowings consisting primarily of drawings under loans to fund the Group's capital investment programme, the restructuring of some indebtedness owing by Group members to TIHL to become indebtedness of the Company and loans to refinance indebtedness obtained in previous years.

Net cash used in financing activities in the year ended 31 December 2010 was US$104,223 thousand. This consisted primarily of (a) a US$90,790 thousand cash outflow for repayments of borrowings arising primarily from the repayment of outstanding indebtedness owing to third parties falling due, the refinancing of some indebtedness and the repayment of some indebtedness owing to TIHL, (b) a cash outflow from dividends paid to the owners of the Parent—after restructuring of US$40,000 thousand and dividends paid to non-controlling interests of US$11,380 thousand, (c) a US$10,912 thousand cash outflow of interest paid resulting from a reduction in the Group's indebtedness and a reduction in average interest rates compared with the year ended 31 December 2009, and (d) a US$8,593 thousand cash outflow of finance lease principal payments (third parties) arising primarily from the lease of equipment at PLP and other terminals, offset in part by a US$57,452 thousand cash inflow of proceeds from borrowings consisting primarily of drawings under loans to fund the Group's capital investment programme and to refinance certain indebtedness.

For the three months ended 31 March 2010 and 2011

The following table sets out the principal components of the Group's consolidated cash flow statement for the three months ended 31 March 2010 and 2011.

	Three months ended 31 March	
	2010	2011
	(unaudited) *(US$ in thousands)*	
Net cash from operating activities	24,859	47,606
Net cash (used in)/from investing activities	(5,801)	9,679
Net cash used in financing activities	(16,676)	(16,178)
Net increase in cash and cash equivalents	**2,382**	**41,107**
Cash and cash equivalents at beginning of the period	44,093	47,355
Exchange gains on cash and cash equivalents	737	2,694
Cash and cash equivalents at end of period	**47,212**	**91,156**

Net cash from operating activities

Net cash from operating activities increased from US$24,859 thousand in the three months ended 31 March 2010 to US$47,606 thousand in the three months ended 31 March 2011, by US$22,747 thousand, or 91.5%. This increase was primarily due to the overall increase in the Group's operations as discussed above.

Net cash (used in)/from investing activities

Net cash (used in)/from investing activities changed from net cash used in investing activities of US$5,801 thousand in the three months ended 31 March 2010 to net cash from investing activities of US$9,679 thousand in the three months ended 31 March 2011, representing a change of US$15,480 thousand. This change was primarily due to a cash inflow of US$19,590 thousand from the withdrawal of cash from bank deposits with maturity over 90 days and of US$6,855 thousand from loan repayments received from related parties (representing repayments of the part of a loan that was not proportionally consolidated made by a Group member to VEOS) in the three months ended 31 March 2011 offset in part by an increase in cash outflows for purchases of property, plant and equipment, from US$6,105 thousand in the three months ended 31 March 2010 to US$15,984 thousand in the three months ended 31 March 2011, due to an increase in the Group's capital expenditure in that period.

Net cash used in financing activities

Net cash used in financing activities in the three months ended 31 March 2010 was US$16,676 thousand. This consisted primarily of (a) a US$12,108 thousand cash outflow for repayment of borrowings arising mainly from the scheduled repayment of the Group's indebtedness related to the Russian Ports segment and the Oil Products Terminal segment, (b) a US$3,310 thousand cash outflow of interest paid attributable to the Group's indebtedness and (c) a US$2,817 thousand cash outflow of finance lease principal payments (third parties) arising from leases of equipment, primarily at PLP and the Finnish Ports, offset in part by a US$2,159 thousand cash inflow of proceeds from borrowings arising from financing obtained to fund capital expenditure at Yanino.

Net cash used in financing activities in the three months ended 31 March 2011 was US$16,178 thousand. This consisted primarily of (a) a US$18,250 thousand cash outflow for repayment of borrowings arising mainly from the scheduled repayment of the Group's indebtedness related to the Russian Ports segment, the repayment by the Company of a loan owing to TIHL, and the commencement of repayments by VEOS of a loan from a Group member drawn in the three months ended 31 March 2011 (representing the part of that loan that was not proportionally consolidated), (b) a US$3,191 thousand cash outflow of interest paid attributable to the Group's indebtedness, (c) a US$3,050 thousand cash outflow from dividends paid to non-controlling interests relating to dividends declared by the holding company of the VSC terminal and (d) a US$1,489 thousand cash outflow of finance lease principal payments (third parties) arising from

leases of equipment, primarily at PLP and the Finnish Ports, offset in part by a US$9,802 thousand cash inflow of proceeds from borrowings arising from financing obtained to fund capital expenditure at VSC.

Capital resources

The Group's financial indebtedness consists of bank borrowings, loans from related and third parties and finance leases liabilities in an aggregate principal amount of US$241,245 thousand as at 31 March 2011, US$206,659 thousand as at 31 December 2010, US$252,183 thousand as at 31 December 2009 and US$373,904 thousand as at 31 December 2008. The bank borrowings have been secured by pledges of property plant and equipment, equity interests in certain Group members, assignments of certain contractual rights and by guarantees and suretyships granted by certain Group members. The Group's unsecured indebtedness consists of one facility from a Russian bank.

As at 31 March 2011, the Group had US$48,238 thousand of undrawn borrowing facilities available to it. For more information on the Group's loan facilities with banks, see "*Material Contracts—Loan facilities*", "*Related Party Transactions—Loans to related parties*" and "*Related Party Transactions—Loans from related parties*".

As at 31 December 2010, the interest payable on the Group's borrowings was determined by a fixed rate for 51.0% of the borrowings, and by a floating rate with regard to the remaining 49.0%. As at 31 December 2010, approximately 35% of the Group's borrowings were unsecured, and the remaining 65% were secured.

The following table sets out the maturity profile and other characteristics of the Group's non-current borrowings (excluding finance leases) as at 31 December 2010 and 31 March 2011.

	As at 31 December 2010	As at 31 March 2011
	(audited)	(unaudited)
	(US$ in thousands)	
Between 1 and 2 years	30,636	59,228
Between 2 and 5 years	82,636	86,336
Over 5 years	31,156	29,330
Total	**144,428**	**174,894**

As at 31 December 2010 and 31 March 2011, the carrying amounts of the Group's borrowings were denominated in the following currencies.

	As at 31 December 2010	As at 31 March 2011
	(audited)	(unaudited)
	(US$ in thousands)	
Rouble	15,649	18,268
US dollar	143,674	142,152
Euro	45,135	80,825
Estonian kroon	2,201	—
Total	**206,659**	**241,245**

As at 31 December 2010 and 31 March 2011, the Group had the following undrawn borrowing facilities.

	As at 31 December 2010	As at 31 March 2011
	(audited)	(unaudited)
	(US$ in thousands)	
Floating rate:		
Expiring after one year	34,113	7,238
Fixed rate:		
Expiring within one year	41,040	41,000
Total	**75,153**	**48,238**

Contractual commitments and contingent liabilities

Capital commitments

The following table summarises the capital expenditure contracted for at the balance sheet dates indicated, but not yet incurred as at that date.

	As at 31 December			As at 31 March
	2008	2009	2010	2011
		(audited)		(unaudited)
		(US$ in thousands)		
Property, plant and equipment	29,385	12,320	8,406	30,644

Other contractual obligations

The following table summarises the contractual principal maturities of the Group's finance lease obligations and interest payments required under those leases.

Present value of finance lease liabilities	As at 31 December 2010
	(audited) *(US$ in thousands)*
Not later than 1 year	5,962
Later than 1 year and not later than 5 years	10,762
Later than 5 years	15,378
Total	**32,102**

The following table summarises the minimum lease payments under non-cancellable operating leases, mainly consisting of port infrastructure.

	As at 31 December 2010
	(audited) *(US$ in thousands)*
Not later than 1 year	1,163
Later than 1 year and not later than 5 years	3,534
Later than 5 years	10,403
Total	**15,100**

As at 31 December 2010, the Group was not aware of any contingent tax, litigation or other liabilities, which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in the Financial Information.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ON MARKET AND OTHER RISKS

The Group's activities expose it to market risks, including foreign exchange risk, credit risk and interest rate risk.

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.

Currently the Group has a substantial amount of long-term borrowings and lease liabilities denominated in US dollars and euro. While a significant part of the Group's revenues are denominated in US dollars, some is denominated in euros. See also "*Risk Factors—Risks relating to the Group's financial condition—The Group may be subject to foreign exchange risk arising from various currency exposures primarily with respect to the euro, the rouble and the US dollar*".

In the periods under review the value of the rouble, the euro and the kroon (until 31 December 2010) has fluctuated against the US dollar, having a positive and negative affect on the Group's financial results. See "*—Key factors affecting the Group's financial condition and results of operations—Exchange rates*".

Had the US dollar exchange rate strengthened or weakened by 10% against the rouble and all other variables remained unchanged, the post-tax profit of the Group would have increased or decreased for the year ended 31 December 2010 by US$5,509 thousand. This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, loans, borrowings, capital commitments and accounts receivable denominated in US dollars.

The following table sets out the carrying amounts of monetary assets and liabilities of the Group's Russian operations in US dollars as at 31 December 2010, 2009 and 2008.

	As at 31 December		
	2008	2009	2010
		(audited) *(US$ in thousands)*	
Assets	71,266	27,940	32,208
Liabilities	32,602	58,771	101,072
Capital commitments	—	—	—

The following table sets out the carrying amounts of monetary assets and liabilities of the Group's Russian operations denominated in euros as at 31 December 2010, 2009 and 2008.

	As at 31 December		
	2008	2009	2010
		(audited) *(US$ in thousands)*	
Assets	15,975	9,934	4,705
Liabilities	73,586	58,837	14,228
Capital commitments	2,795	4,598	2,402

Had the euro exchange rate strengthened or weakened by 10% against the rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2010, would have decreased or increased by US$762 thousand. This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, loans, borrowings, capital commitments and accounts receivable denominated in euro.

The following table sets out the carrying amount of monetary assets and liabilities of the Group's operations in the Euro zone denominated in US dollars as at 31 December 2008, 2009 and 2010.

	As at 31 December		
	2008	**2009**	**2010**
		(audited) ***(US$ in thousands)***	
Assets	1,626	2,103	2,178
Liabilities	88,817	22,136	8,673
Capital commitments	—	145	—

Had the US dollar exchange rate strengthened or weakened by 10% against the euro and all other variables remained unchanged, the post-tax profit of the Group would have increased or decreased for the year ended 31 December 2010 by US$520 thousand. This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, borrowings, cash and cash equivalents and accounts receivable denominated in US dollars.

The Group's current policy is not to hedge this foreign exchange risk.

Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables, loans receivable and finance lease receivables and cash and cash equivalents.

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 dependent on several key customers. In the year ended 31 December 2008, 55% of the Group's revenue was attributable to the largest 10 customers at each terminal. In the years ended 31 December 2009 and 2010, 52% and 45% of the Group's revenue, respectively, was attributable to the 10 largest customers on a consolidated basis in the relevant year. The Group has policies in place to ensure that loans are granted to counterparties with which it has long-standing trading relationships and that cash balances are deposited with high credit quality financial institutions.

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

	As at 31 December		
	2008	**2009**	**2010**
		(audited) ***(US$ in thousands)***	
Fully performing	24,252	11,180	19,756
Past due	6,336	3,950	8,966
Impaired	3,249	5,209	5,184
Impairment provision	(3,249)	(5,209)	(5,184)
Total	**30,588**	**15,130**	**28,722**

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, lease liabilities and lease receivables with fixed interest 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 and euro denominated floating interest bearing financial assets and liabilities increased by 100 basis points and all other variables remained unchanged, the post tax profit of the Group would have decreased by US$1,004 thousand for the year ended 31 December 2010.

The Group obtains borrowings at current market interest rates and does not use any hedging instruments to manage interest rate risk. The Group monitors changes in interest rates and takes steps to mitigate these risks as far as practicable by ensuring that it has financial liabilities with both floating and fixed interest rates.

Liquidity risk

The Group has a successful credit and refinancing history and maintains enough flexibility to ensure the ability to attract necessary funds either through committed credit facilities or shareholders' loans. As at 31 March 2011, the Group had US$48,238 thousand undrawn committed borrowings available under its credit facilities. The Group believes that it has the ability to meet its liabilities as they fall due and mitigate risks of adverse changes in the financial markets environment.

The Group manages its liquidity based on its expected cash flows. From a long term perspective the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures. The Group believes that it is successfully managing its exposure to liquidity risk.

The following table summarises the analysis of financial liabilities of the Group by maturity as at 31 December 2008, 2009 and 2010. 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.

	As at 31 December		
	2008	**2009**	**2010**
		(audited) *(US$ in thousands)*	
Less than 1 month	28,372	57,856	52,475
Between 1 month and 3 months	12,749	16,885	16,505
Between 3 months and 6 months	28,822	14,609	12,557
Between 6 months and 1 year	45,304	33,009	23,445
Between 1 and 2 years	43,544	49,885	44,851
Between 2 and 5 years	348,548	147,644	108,704
Over 5 years	80,918	93,901	130,433
Total	**588,257**	**413,759**	**388,970**

SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group believes its most significant accounting policies and its critical accounting estimates and judgements are those described below.

Significant accounting policies

A detailed description of the main accounting policies used in preparing the Financial Information is set out in Note 2 to the Audited Annual Financial Statements.

Critical accounting estimates and judgements

Critical accounting estimates and judgements are those that require the application of management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions.

A detailed description of certain of the critical accounting estimates and judgements used in preparing the Financial Information is set out in Note 2 to the Audited Annual Financial Statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements are described in Note 2 to the Audited Annual Financial Statements.

All statistics in this section are sourced from the Drewry Reports, unless otherwise indicated.

THE GLOBAL CONTAINER MARKET

Container shipping was first introduced in the 1950s and since the late 1960s has become the most common method for transporting many industrial and consumer products by sea. Container shipping is performed by container shipping companies that operate frequent scheduled or liner services, similar to a passenger airline, with pre-determined port calls, using a number of owned or chartered vessels of a particular size in each service to achieve an appropriate frequency and utilisation level.

Container shipping occupies an increasingly important position in world trade and is the fastest growing sector of international shipping, benefiting from a shift in cargo transport towards unitisation as well as from changes in world trade. The share of containerised trade in the total volume of global trade has been steadily rising from 11% in 2000 to 14% in 2010.

Container shipping has a number of advantages compared with other shipping methods, including:

- *Less cargo handling.* Containers provide a secure environment for cargo. The contents of a container, once loaded into the container, are not directly handled until they reach their final destination.
- *Efficient port turnaround.* With specialised cranes and other terminal equipment, container ships can be loaded and unloaded in significantly less time and at lower cost than other cargo vessels.
- *Highly developed intermodal network.* Onshore movement of containerised cargo, from points of origin, around container terminals, staging or storage areas and to final destinations, benefits from the physical integration of the container with other transportation equipment such as road chassis, railcars and other means of hauling the standard-sized containers. A sophisticated port and intermodal industry has developed to support container transportation.
- *Reduced shipping time.* Container ships can travel at speeds of up to 25 knots, even in rough seas, thereby transporting cargo over long distances in relatively short periods of time.

Growth in global containerisation

In 1980, world container traffic comprised 38,856 thousand TEUs container movements. This number increased to 88,071 thousand TEUs in 1990, 236,649 thousand TEUs in 2000 and reached 541,784 thousand TEUs in 2010. The compound average growth rate (***CAGR***) of world container traffic from 2000 to 2010 is estimated at 8.6% compared with a global real GDP CAGR of 2.6% for the same period. After a decline of approximately 9% in 2009 caused by the global economic downturn, global container shipping throughput increased by 13.8% in 2010 exceeding pre-crisis volumes. According to Drewry, world container movements in 2011 are estimated to reach approximately 586,210 thousand TEUs.

Key drivers that contributed to the growth in global container throughput were sustained growth in global trade, increased global sourcing and manufacturing, a shift from transporting cargo in bulk to transporting cargo in containers and growth in transhipment volumes.

Container terminal market overview

The container terminal market features high barriers to entry due to the high capital requirements necessary to build container terminal capacity, regulatory requirements and limited land availability. The construction of new ports or terminals is capital intensive. The cost of building the infrastructure is highly dependent on the region and the type of construction required. The construction of a new container terminal on existing infrastructure can cost several tens of million US dollars, whereas the construction of an offshore port can cost several billion US dollars. Many projects involve local governments providing terminal infrastructure, such that a long term concession is handed over to the most attractive terminal operator, who places the terminal equipment. The development of new terminals is often constrained by local planning procedures and regulations. The involvement of many stakeholders in the local planning process contributes to long lead times and can result in significant delays in the implementation and execution of projects. This constraint tends to favour incumbent operators. Globally, growth in new container capacity lags behind growth in container trade.

The container terminal market is also characterised by price inelasticity because port handling costs are a small portion of transport costs and, subsequently, of the delivered value of goods.

Furthermore, the container terminal market is characterised by limited competition partially due to geographical constraints. On a local level, the container handling market is often served by only a few players. The port itself may accommodate a small number (often two to three) of container terminal operators, and the port's natural hinterland is usually only contested by a few other ports.

Overall, these characteristics contribute to a favourable environment in which a terminal operator may expect to make satisfactory returns on its investment.

Container terminal customers

The main customers of container terminal operators are container shipping lines, which transport containerised cargo in container vessels between ports. Container shipping lines and, consequently, container terminal operators are highly dependent on the level of world seaborne trade and the corresponding demand for container terminal services that such levels generate.

O&D vs. transhipment

The two main categories of container throughput are Origin & Destination (***O&D***), which is also often referred to as import and export, and transhipment. Every container shipped by sea is, by definition, an export container at the origination terminal and an import container at the destination terminal. A container that is transferred from one ship to another at some point during the journey is said to be transhipped, which gives rise to transhipment throughput at an intermediate terminal somewhere between the load terminal and the discharge terminal.

O&D

O&D throughput is often preferred by container terminal operators for the following reasons:

- terminal operators typically earn more revenue per quay crane lift from O&D throughput than from transhipment throughput;
- terminal operators have the opportunity to generate additional revenue from ancillary services, such as stuffing and unstuffing and container cleaning;
- terminal operators earn additional revenue by charging for delivery or receipt of the container from the shipper or consignee;
- whereas shipping lines can relatively easily transfer transhipment throughput to other ports in the same region, O&D throughput is usually most cost-effectively handled by one terminal, preferably close to the point of consumption, which makes O&D throughput less likely to be lost to competitors and less price-sensitive than transhipment throughput; and
- shipping lines often prefer not to tranship containers, where possible, as they are not always able to pass on the full costs associated with transhipment to their customers.

Transhipment

According to Drewry, the incidence of transhipment at container terminals worldwide (as a percentage of global throughput) increased from 17.6% in 1990 to 28.5% in 2010 and did not experience any annual decline during that period. As the latest generation of container ships on order have nominal capacities of approximately 13 thousand TEUs or more and are too wide and too deep to call at many ports in the world, shipping lines may instead seek to, or be required to, rationalise the number of port calls they make and hence increase transhipment between hub ports and final destinations.

Hinterland transportation

A container terminal is a crucial link in a logistics chain. The water, rail and road hinterland connections and logistical services provided in the port, including warehousing and customs processing, comprise the

logistics chain in which the ports operate. Additionally, high quality inland transport links is a key element in the success of a container terminal.

THE RUSSIAN CONTAINER MARKET

Russian economic overview

Russia's economy grew by 4.0% in 2010 and the Ministry of Economic Development of the Russian Federation projects it to grow by 4.2% in 2011. Manufacturing production was the main growth driver in 2010, but the Russian economy has not yet recovered to pre-crisis levels.

As a result of the global economic downturn, real GDP growth decreased from 8.5% in 2007 to 4.0% in 2010. Despite real GDP contraction by 7.8% in 2009, real disposable income demonstrated a 1.9% growth in the same year and continued to grow by 4.1% in 2010. According to Drewry, increases in real GDP and disposable income contribute to growth in demand for goods and growth in containerisation.

The following table shows the dynamics of real GDP, disposable income and wages in Russia in 2007–2010.

	2007	2008	2009	2010
Real GDP growth (%, year-on-year)	8.5	5.2	(7.8)	4.0
Real disposable income growth (%, year-on-year)	12.1	1.9	1.9	4.1
Real wage growth (%, year-on-year)	17.2	11.5	(2.8)	4.2

Source: World Bank, Russian Economic Report, March 2011.

Russian container market overview

The Russian container market has developed in recent years supported by the growth in Russian imports. The value of Russian imports has increased from US$44.9 billion to US$191.9 billion from 2000 to 2009. Growth in the import of machinery and equipment has outpaced overall growth and comprised 44% of total imports in 2010 in comparison to 31% in 2000. According to Drewry, the import of capital goods has a multiplier effect on container trade.

According to Rosstat and the Federal Customs Service, the value of exports from Russia grew from approximately US$105 billion to approximately US$304 billion from 2000 to 2009, reaching the peak of US$471.6 billion in 2008. The Big Port of St. Petersburg being the principal gateway for Russia's containers, experienced growth of exports from 370 thousand TEUs to 424 thousand TEUs, or 14.5%, from 2009 to 2010. Drewry believes there is a trend toward the growing containerisation of exports. For example, there is a significant scope for further contribution of Russian metal exports. Drewry also believes that as more balance is achieved between imports and exports, the container trade will become more profitable for terminals and shipping lines.

The total Russian container volumes including container transit through Finland and the Baltic countries grew from approximately 748 thousand TEUs in 2000 to 4,126 thousand TEUs in 2010 demonstrating a CAGR of 18.6%.

The Russian container market was one of the fastest growing markets over the last ten years. The following table shows annual average container volume growth over the last ten years:

Region	CAGR (2000–2010)
Russia[1]	18.6%
Middle East	11.9%
Far East[2]	11.2%
Latin America	7.6%
Western Europe	5.3%
North America	4.0%

Source: Drewry.

(1) Russia's container volumes, including transit cargo volumes via Finland and Baltic countries.

(2) Container volumes in Far East including Russian Far East.

Ports of the Baltic Sea Basin handled the largest volumes of Russian container traffic, with throughput of 2,791 thousand TEUs in 2010, which is almost four times higher than Far East Basin throughput of 774 thousand TEUs in 2010 and more than six times higher than Black Sea Basin throughput of 453 thousand TEUs in 2010. Notably, shares of the three main basins remained relatively flat over the past five years. The table below sets forth container throughput in Russian ports in 2000 and 2006–2010, excluding transit volumes via Finland and Baltic countries.

Port	2000	2006	2007	2008	2009	2010	CAGR (10 year)
				(TEUs in thousand)			
Baltic Sea Basin ports	306	1,604	1,879	2,209	1,436	2,160	22%
Black Sea Basin ports	13	253	380	493	335	453	43%
Far East Basin ports	142	532	702	877	542	774	18%
North Russia's ports	—	47	49	99	107	109	N/A
Total Russia's ports	**461**	**2,436**	**3,011**	**3,679**	**2,420**	**3,496**	**22%**
Year-on-year growth %		23%	24%	22%	(34%)	44%	

Source: Drewry.

In addition to Russian ports, Russia's inbound and outbound containers are also handled at container ports of neighbouring countries. The table below sets forth Russia's container throughput, including transit volumes via Finland and Baltic countries.

	2000	2006	2007	2008	2009	2010	CAGR (10 year)
				(TEUs in thousand)			
Baltic Russia	306	1,604	1,879	2,209	1,436	2,160	22%
Finland (transit)	169	350	399	498	232	304	6%
Baltic countries (transit)	119	275	383	391	234	326	11%
Russia's containers through the Baltic Sea Basin	**594**	**2,229**	**2,661**	**3,098**	**1,902**	**2,791**	**17%**
Total Russia's container throughput	**748**	**3,061**	**3,792**	**4,568**	**2,887**	**4,126**	**19%**
Year-on-year growth %		24%	24%	20%	(37%)	43%	

Source: Drewry.

The relationship between population and container volumes handled in seaports in a particular country is dependent on many different factors, including geography of the country, domestic industry size and type, foreign trade volumes and type of commodities and infrastructure. Drewry believes that the TEU per capita ratio indicates the developmental stage of a country's container market.

According to Drewry, container traffic in the United States and European Union in 2010 amounted to 132 TEUs and 168 TEUs per thousand people, respectively. By comparison, container volume handled in Russia was 4,126 thousand TEUs for a population of 142 million people, implying a containerisation ratio at 29 TEUs per thousand people. According to Drewry, the low containerisation level in Russia at present suggests high upside potential for Russian container traffic development. Drewry also believes there is a potential for further containerisation of general cargo.

The table below sets forth the TEUs per thousand people ratios for selected regions.

	2000	2006	2007	2008	2009	2010
			(TEUs per thousand people)			
United States	99	143	143	135	117	132
European Union	105	162	180	180	153	168
Russia	5	21	28	33	21	29

Source: Drewry.

Drewry believes that there is potential for further containerisation of general cargos. The table below illustrates levels of domestic and international containerised freight as transported on the Russian railway system in 2009.

Cargo	Containerisation level
Pulp and paper	40.5%
Non-food consumer goods	35.4%
Non-ferrous metals	24.4%
Machinery and equipment	21.8%
Chemicals	9.1%
Food	7.6%

Source: Drewry.

Logistics capabilities outside of Russian ports are being actively developed. Inland container terminal (***ICT***) are important elements of this development. ICTs are usually located near a port or major city and enable cargoes to be received and distributed efficiently within the local hinterland. A modern ICT provides a wide range of services, including receiving and forwarding of cargoes by rail and trucks, handling empty and laden containers, warehousing, customs clearance, freight-forwarding and container cleaning.

The Russian ICT network is relatively underdeveloped and lacks large-scale modern ICTs. Existing terminals are usually small and provide a limited range of services. A number of ICTs are currently being developed by port operators (including GPI and NCC), rail freight operators (including TransContainer and Eurosib) as well as logistic operators (including Eurosib-Logistics and International Logistic Partners). According to Drewry, the development of efficient ICT networks across Russia will support greater containerisation of general cargos and further growth of the Russian container market.

Key features of Russia's sea basins

There are three major gateways in Russia: the Baltic Sea Basin, the Far East Basin and the Black Sea Basin.

Baltic Sea Basin

The Baltic Sea Basin processes the majority of Russia's inbound and outbound container volumes, including transit cargo via Finland and Baltic countries. The Baltic Sea Basin accounted for approximately 68% of the total Russian container market in 2010.

Container terminals of the Baltic Sea Basin are located in proximity to key transhipment hubs for Russia's inbound and outbound containers such as Hamburg and Rotterdam.

The Big Port of St. Petersburg has historically been the largest container handling port in Russia and, particularly, in the Baltic Sea Basin. The Port's throughput steadily increased from 290 thousand TEUs in 2000 to nearly 1,930 thousand TEUs in 2010, representing growth at a CAGR of 21%. The two largest container terminals in the Baltic Sea Basin, both located in the Big Port of St. Petersburg, are First Container Terminal (***FCT***) with capacity of 1,100 thousand TEUs in 2010 and Petrolesport (***PLP***) with capacity of 1,000 thousand TEUs in 2010.

The port of Kaliningrad experienced the strongest throughput increase in the region, from 16 thousand TEUs in 2000 to 230 thousand TEUs in 2010, albeit from a low base. In 2010, volumes exceeded the pre-crisis peak of 2008.

Drewry believes that container terminals of the Baltic Sea Basin have strong growth prospects due to the following factors: economically developed and the most populous catchment area, attractive economics for transportation of containers to major Russian cities and reduction of market share of terminals in Finland and the Baltic countries as new capacity in Russia comes on line supported by large-scale container capacity developments (e.g. at PLP).

Far East Basin

Historic demand for containers to and from Russian ports on the Pacific coast included only cargo for Russia and CIS countries. Competition for these volumes with foreign ports is minimal. Significant volumes are destined for the Urals region, but an increasing percentage of cargo is shipped for regions as distant as the Moscow region via the Trans-Siberian Railway (***TSR***).

Container volume handled in the Russia's Far East ports grew at a CAGR of 18% from approximately 142 thousand TEUs in 2000 to approximately 774 thousand TEUs in 2010, according to Drewry. This corresponds to 19% of Russian container market in 2010.

Two main terminals, Vostochnaya Stevedoring Company (***VSC***) and Vladivostok Container Terminal (***VCT***), including the Commercial Port of Vladivostok (***VMTP***), dominated the container market in Russia's Far East in 2010. VSC and VCT accounted for 33% and 44% market shares in 2010, respectively, according to Drewry. However, the two terminals have very different hinterlands. VCT serves mainly the local market, while the bulk of the VSC import volumes are destined to central and western regions of Russia, including Moscow and St. Petersburg, as well as to countries in Central Asia, via TSR.

Except re-transit volumes to Finland, volumes through the TSR have been growing significantly in recent years. According to Drewry, in 2010, the TSR carried approximately 527 thousand TEUs, up from approximately 373 thousand TEUs in 2009, an increase of 41%. The bulk of these volumes is imported via ports in Russia's Far East Basin and transported by rail to the rest of Russia, as far as Moscow and beyond.

The Far East Basin is the fastest route for transportation of containers from Asia to Moscow. The shorter transit time via Vostochny in the Far East Basin is a key advantage for customers shipping high value and time sensitive cargo.

The table below sets forth the transit times from Shanghai to Moscow via St Petersburg and Novorossiysk and Vostochny.

Voyage time from Shanghai to Moscow	**Days** ***(minimum and maximum)***
Via St. Petersburg	40–60
Via Novorossiysk	39–55
Via Vostochny	25–52

Source: Drewry.

Expected capacity constraints at Vladivostok terminals are likely to encourage an increasing proportion of local traffic to be redistributed to other ports of the Far East Basin. For more information on the Group's competitors in the Far East Basin, see "*Business—The Group's operations—Russian Ports segment—VSC—Competition*".

Black Sea Basin

Current demand for Russia-bound container traffic in the Black Sea Basin is primarily served by Russian terminals. Ukrainian ports contribute insignificant volumes.

Russia's ports throughput in the Black Sea Basin demonstrated a strong growth over the last decade with their volumes increasing from 13 thousand TEUs in 2000 to 453 thousand TEUs in 2010 at a CAGR of 43%. This corresponds to 11% of the Russian container market in 2010.

Novorossiysk is Russia's largest and most important Black Sea container port with a throughput of approximately 426 thousand TEUs in 2010, which accounted for 10% of Russian container traffic in 2010. An average annual growth rate of 42% was recorded for the throughput in the last ten years. The port's main strength is its ability to service the hinterland regions close to the port. However, transportation to Moscow and central parts of Russia requires higher inland transportation costs.

The dominant market players in the Black Sea Basin are Novorossiysk Commercial Sea Port (***NCSP***) and Novorossiysk Container Terminal (***NUTEP***) both located in the port of Novorossiysk. Container terminals at Novorossiysk are highly utilised and new capacity additions are required, though known capacity developments are of a much smaller scale compared to ones in the North-West region of Russia.

Congested road and railway traffic, as well as stormy weather conditions in the Black Sea Basin, are significant constraining factors for hinterland growth in the region. However, its throughput share is currently increasing due to preparations for hosting of the 2014 Winter Olympics in Sochi.

Northern Ports

Russia's Northern Ports throughput was approximately 109 thousand TEUs in 2010 or 3% of Russian container market in 2010.

Russian container market participants

The Russian container market is concentrated with four key players: the Company, National Container Company (***NCC***), NCSP and FESCO, together controlling more than 80% of the Russian ports container terminals throughput and capacity in 2010. Furthermore, the concentration of the market is even more substantial at individual sea basins. For example, competition at the Big Port of St. Petersburg can be characterised as a duopoly of NCC and the Company: NCC owns FCT and inland logistics terminal Shushary, while the Company owns PLP, Moby Dik and inland logistics terminal Yanino.

The Company was the largest container terminal operator in Russia by container capacity and container throughput in Q1 2011. NCC owns FCT, which is PLP's main competitor at the Big Port of St. Petersburg, and develops the "greenfield" container terminal in Ust – Luga Port near St. Petersburg. NCSP is a main market player in the Black Sea Basin located at the port of Novorossiysk, where it competes with NUTEP. FESCO operates container shipping services in the Far East region as well as a container terminal in Vladivostok.

The Company's capacity utilisation rates are lower than those of its competitors, which may allow for further market share gains for the main factory.

The table below sets forth container capacities, utilisation rates and Q1 2011 throughput data.

Container Terminal	2010 capacity[(1)]	2010 utilisation[(2)]	Q1 2011 throughput[(1)]
	(TEUs in thousand)	*(%)*	*(TEUs in thousand)*
Global Ports[(3)]			
PLP	1,000	54%	179
VSC	550	46%	78
Moby Dik	400	35%	45
Global Ports total	**1,950**	**48%**	**302**
NCC			
FCT	1,250	93%	257
Ust-Luga[(4)]	0	N/A	0
NCC total	**1,250**	**93%**	**257**
NCSP			
NCSP	530	57%	109
Baltic Stevedoring Company	200	85%	42
NCSP total	**730**	**65%**	**151**
FESCO			
VCT and VMTP	400	85%	97
Other[(5)]	**888**	**66%**	**193**
Total	**5,218**	**67%**	**1,000**

Source: Drewry.

(1) Capacity and throughput data with respect to the Group's terminals are presented on a 100% basis.

(2) Capacity utilisation rate is defined as container throughput for the corresponding period divided by container handling capacity for the period.

(3) Russian container terminals of Global Ports, excluding Yanino inland terminal and the Finnish Ports segment.

(4) To be launched in late 2011.

(5) Including NUTEP, 4th Stevedoring Co, VSFP and other container terminals.

Russian container terminal market capacity outlook

Capacity of Russian ports container terminals has increased significantly in recent years from 3,387 thousand TEUs in 2007 to 5,218 thousand TEUs in 2010. Over that period, the Company expanded its capacity by over 50% and NCC increased its capacity by approximately 25%. No sea terminal greenfield development projects announced prior to the economic crisis have been completed. Most of these announced projects are still in their initial stages and are not being actively developed other than the Ust-Luga container terminal which is expected to start commercial operations in late 2011 with initial capacity of 110 thousand TEUs per annum.

Drewry expects that the Company will remain the largest container terminal operator in Russia in the near term. The table below sets forth container capacity development in Russia by key market players from 2007 to 2010 and Drewry's forecast for container development from 2011 to 2013.

Container Terminal	Containers handling capacity[1]				
	2007	2010	2011F	2012F	2013F
			(TEUs in thousand)		
Global Ports[2]					
PLP	526	1,000	1,000	1,000	1,400
VSC	460	550	550	550	550
Moby Dik	273	400	400	400	400
Global Ports total	**1,259**	**1,950**	**1,950**	**1,950**	**2,350**
NCC					
FCT	1,000	1,250	1,250	1,250	1,400
Ust-Luga[3]	0	0	110	440	440
NCC total	**1,000**	**1,250**	**1,360**	**1,690**	**1,840**
NCSP					
NCSP	300	530	580	580	630
Baltic Stevedoring Company	100	200	200	200	200
NCSP total	**400**	**730**	**780**	**780**	**830**
FESCO					
VCT and VMTP	200	400	450	500	550
Other[4]	**528**	**888**	**1,278**	**1,398**	**1,568**
Total	**3,387**	**5,218**	**5,818**	**6,318**	**7,138**

Source: Drewry.

(1) Container handling capacity figures are presented on a 100% basis.

(2) Russian container terminals of Global Ports, excluding Yanino inland terminal and the Finnish Ports segment.

(3) To be launched in late 2011.

(4) Including NUTEP, 4th Stevedoring Co, VSFP and other container terminals.

Russian container terminal market throughput forecast

Drewry expects the Russian container market to be one of the fastest growing container markets globally from 2010 to 2013. The following table shows Drewry's forecast of container market growth in different regions.

Region	CAGR (2010–2013)
Russia[(1)]	18.8%
Far East[(2)]	9.9%
Middle East	7.5%
Latin America	6.8%
North America	5.6%
Western Europe	4.9%

Source: Drewry.

(1) Russia's container volumes, including transit volumes via Finland and Baltics.

(2) Container volumes in Far East including Russian Far East.

Before the economic crisis, utilisation of Russian container terminals reached high levels of 89% in 2007. Utilisation rates decreased during the crisis, but as container throughput volumes increased, utilisation rates also partially recovered to 67% in 2010. Drewry expects utilisation at Russian container terminals to increase to 77% in 2011.

According to Drewry, congestion at the heaviest used container terminals often begins to arise at a regional average utilisation rate of approximately 80%, which contributes to supply and demand balance supporting container terminals' pricing power.

The table below sets forth the container throughput and capacity development in Russia in 2007 and 2010 and Drewry's forecast of container throughput and capacity utilisation in Russian ports in 2011–2013.

	2007	2010	2011F	2012F	2013F	CAGR (2010–2013)
			(TEUs in thousand)			
Container throughput	3,011	3,496	4,461	5,331	6,160	21%
Available terminal capacity	3,387	5,218	5,818	6,318	7,138	11%
Capacity utilisation[(1)]	89%	67%	77%	84%	86%	—

Source: Drewry.

(1) Defined as Container throughput divided by Available terminal capacity.

The Russian Oil products market

Russian oil products production and export

Russian crude oil production has experienced a modest level of growth in recent years at a CAGR of 1.4% from 2005 to 2010. In comparison, Russia's refinery output has shown solid year-on-year growth from 208 million tonnes in 2005 to 249 million tonnes in 2010 driven by growing Russia and CIS demand for transport fuels as the numbers of cars and trucks increase and by incentives provided by the Russian government to refine domestically.

Fuel oil is an unavoidable by-product of refining at Russian refineries, which lack the capacity to process fuel oil into higher value products. Fuel oil currently accounts for approximately 30% of total refinery output in Russia, compared with an approximately 2-3% yield from advanced refineries located outside Russia. As a by-product, fuel oil produced by different refineries varies substantially in its physical characteristics and thus value. Producers of higher value fuel oil need to keep it segregated in order to maximise its value.

Although a number of refinery investments have been made by Russian oil companies to upgrade refinery facilities, these investment have not yielded significant improvements in the product output of Russian refineries. From 2000–2010, fuel oil yield reduced by only 1.4%, and increased by 0.9% from 2005–2010.

Fuel oil is expected to continue to account for a large proportion of total oil product output. More fuel oil is expected to be produced as refinery capacity and throughputs expand in Russia, driven by factors including strong increases in Russian and CIS demand for gasoline and diesel as car and truck numbers increase.

The table below sets out the fuel oil yield and fuel oil production at Russian refineries in the period from 2005 to 2010.

	2005	2006	2007	2008	2009	2010
Fuel oil production (million tonnes)	60.1	63.1	66.4	68.2	68.9	74.3
Fuel oil yield (%)	28.9	28.7	29.1	28.9	29.2	29.8

Source: Drewry.

The majority of Russian fuel oil is exported, for further processing at more sophisticated and complex refineries, for use in power generation, and for use as marine bunker fuel. In 2010, 78% of fuel oil produced in Russia was exported. Russia's domestic fuel oil consumption has declined as utilities have switched to power generation using gas, which is more profitable. Drewry estimates that domestic consumption of fuel oil declined at a CAGR of 9% from 2006 to 2010.

The table below sets forth the domestic consumption and export volumes of key oil products (fuel oil, gasoline, and diesel) from 2006 to 2010, according to Drewry.

	2006	2007	2008	2009	2010
			(million tonnes)		
Fuel oil					
Export	39.0	47.3	51.0	54.4	58.1
Domestic demand	24.1	19.1	17.3	14.5	16.2
Gasoline					
Export	6.4	5.8	5.4	4.7	3.4
Domestic demand	27.9	29.3	30.7	31.1	32.7
Diesel					
Export	36.5	37.0	37.9	39.4	39.1
Domestic demand	27.5	29.5	29.7	28.0	31.2

Source: Drewry.

Global demand for Russian fuel oil exports

Russian fuel oil is further processed in more sophisticated and complex refineries primarily located in Asia, North America and Europe, and in power generation and marine bunker fuel, globally.

With strong economic growth in the Asia Pacific region, there has been an increase in long-distance shipments of Russian fuel oil and a move towards the use of larger ships, including VLCCs, which are frequently more economical for longer routes.

The main regions of marine bunker fuel consumption are the blending and marine bunkering centres in Singapore, the Middle East and Houston.

While Rotterdam is also a major bunkering centre, emission reduction regulations that have recently come into force in July 2010 limit the sulphur content of fuels used by ships in European waters. These regulations are expected to cause bunker fuel consumption to shift away from Europe. The next phase of sulphur content restrictions for the bunkering sector will come into force in 2012, when North America introduces an emissions control area. Consequently fuel oil exports from Russia are expected to be increasingly shipped to Asia and the Middle East, further driving the trend towards the use of larger ships.

Transportation of Russian oil products

To reach the major consumer markets, Russian fuel oil is primarily exported via seaports in the Baltic Sea Basin, the Black Sea Basin and the Far East Basin. Transportation to the ports by railway is necessary because the high viscosity of fuel oil and VGO, another heavy oil refining product of especially at low temperatures, creates unique logistical problems and makes pipeline transport not feasible. Fuel oil transported by rail requires special heated unloading and storage facilities.

Ports in the Baltic Sea Basin play a predominant role in FSU fuel oil trades, accounting for 66% of the fuel oil exports throughput in 2010, according to Drewry. The Black Sea Basin is the second largest region for Russian fuel oil exports. Its total throughput in 2010 accounted for 23% of the total FSU export seaborne throughput. Over the same period, fuel oil exports throughput via the Far East accounted for 8% of the total.

The table below sets forth fuel oil exports throughput via ports in the Baltic Basin, Black Sea Basin and Far East Basin from 2005 to 2010.

	2005	2006	2007	2008	2009	2010
			(percentage of throughput)			
Baltic Sea Basin	76%	68%	66%	65%	64%	66%
Black Sea Basin	19%	19%	23%	27%	26%	23%
Far East Basin	4%	9%	10%	7%	8%	8%
Others(1)	1%	4%	1%	1%	2%	3%

Source: Drewry.

(1) Barents Seaport of Murmansk and White Seaport of Vitino.

Baltic Sea Basin

The Baltic Sea basin ports account for the majority of the Russian fuel oil exports. The Baltic ports' terminals have more developed infrastructure than the Black Sea Basin and the Far East Basin port. They also benefit from geographical proximity to major Russian refineries.

The largest Baltic Basin outlet comprises the ports operated by the port of Tallinn, including the port of Muuga. Over the past five years, these ports have transported over 30% of Russia's total fuel oil exports each year.

The other principal Baltic Sea oil product export transhipment terminals outside Russia are Riga and Ventspils, both of which are located in Latvia, and Klaipeda, in Lithuania.

Tariffs for the Russian leg of rail shipments of oil products from Russian refineries to non-Russian destinations are currently higher than tariffs for shipments to Russian ports. It is expected that following Russia's accession to the WTO, this subsidy would be removed. This change is expected to strengthen the position of non-Russian Baltic Sea ports and make exports via non-Russian Baltic Sea ports competitive for refineries located further within Russia than is currently the case.

St. Petersburg and Vysotsk are the largest handlers of oil products in the northwest region of Russia, followed by Kaliningrad.

Most product export terminals in the Baltic Sea are controlled by regional oil producers and large oil and oil product traders. VEOS is the only large independently-owned facility capable of handling fuel oil.

Key differentiating factors among oil product terminals in the Baltic Sea Basin include access to ice-free waters year-round an ability to accommodate large ships an ability to offer blending services to customers and segregation facilities. In addition, many customers are unwilling to use facilities controlled by competitors, representing a significant competitive advantage for independent players.

The tables below set out the competitive landscape of the oil product terminals in the Baltic Sea Basin:

Port	Storage capacity	Product specialisation	Throughput volume 2010	Hinterland connection	Ownership structure	Technical details	VLCC
	(cbm)		*(million tonnes)*				
VEOS	dark: 771,000 light: 255,000	fuel oil	total: 18.2 fuel oil: 17.6	Rail	Independent	max draft 18m	Yes
Primorsk	light: 1,140,000 (crude 900,000)	crude, gas oil	total: 77.5 fuel oil: none	Pipeline	Managed by Transnefte-produkt, a subsidiary of state-owned company responsible for Transneft pipeline	max draft 15m Ice restrictions	No
Vysotsk	dark: 300,000 light: 160,000	—	total: 11.8 fuel oil: 4.6	Rail and river	Lukoil	max draft 13m Ice restrictions	No
St. Petersburg	dark: 303,000 light: 51,000	fuel oil, gas oil	total: 12.7 fuel oil: 9.5	Rail, pipeline and river	Operated by Petersburg Oil Terminal JSC	max draft 11m Ice restrictions	No
Kaliningrad	light: 90,700	crude and most refined products	total: 4.9 fuel oil: 0.5	Rail	Lukoil operates the oil terminal of Svetly	max draft: 8m Ice free	No
Ust-Luga	dark: 300,000	fuel oil	N/A	Rail and pipeline	Gunvor	max draft: 13m Ice restrictions	No
Ventspils	dark: 135,000 light: 1,543,000	crude and most refined products	total: 12.9 fuel oil: 2.6	Rail and pipeline	Private	max draft: 15m Ice free	No
Riga	light: 2,896,000		total: 5.3 fuel oil: 0.4	Rail and pipeline	Baltic Oil Terminal	max draft: 12.5m Ice restrictions	No
Klaipeda	light: 636,000	most refined products	total: 8.6 fuel oil: 3.3	Rail	State-owned	max draft: 12.5m Ice free	No
Vesta (former Eurodek Synergy)	dark: 315,000 light: 86,000	fuel oil, VGO and most refined products	total: 2.04 fuel oil: 1.96	Rail	Mercuria	max draft: 17.5m Ice free	Yes
Alexela	dark: 443,500 light: 317,900	fuel oil, VGO and most refined products	total: 2.8 fuel oil: 0.9	Rail	Alexela	max draft: 15.5m One terminal ice free	No

Source: Drewry.

Black Sea Basin

The Black Sea route is mainly used for exports to the Mediterranean and to Asia, much of it from the ports of Tuapse and Novorossiysk.

Transit through the Bosporus Straits, which is the only outlet from the Black Sea to the Mediterranean, is constrained in capacity and limits the volume of petroleum products through Black Sea export terminals. Additionally, the local climatic conditions can disrupt operations at the oil terminals due to severe weather. In particular, the Novorossiysk export terminal can experience shutdowns due to local storms in autumn.

Far East Basin

The main oil products ports in the Far East Basin are Nakhodka and Vanino.

Despite the proximity of the Far East Basin to important markets for Russian oil products in the Asia-Pacific region, exports via this route are constrained by limited refining capacity in Eastern Siberia and the Far East. Another inhibiting factor is large distance between the refineries and the ports, which substantially increases transportation costs.

RUSSIAN RO-RO MARKET

The Russian passenger car market is at an early stage of development and has significant growth potential. Russian car ownership was 228 cars per thousand people in 2009, while ownership in developed countries like France and Germany had 486 and 510 cars per thousand people in the same period, respectively, suggesting significant growth potential in the passenger car market.

Russian imports of passenger cars have expanded quickly in recent years, with a CAGR of 31% over the period between 2005 and 2008. In 2009, import volume was significantly affected by the crisis and decreased by 74%. In 2010 the volume had improved by 32% and reached approximately 687 thousand cars.

The table below illustrates historical volumes of Russian passenger car imports in 2008–2010 and Drewry's projections for Russian passenger car imports for 2011 and 2012.

	2008	2009	2010	2011F	2012F	2014F
			(million units)			
Russian passenger car imports . . .	2.0	0.5	0.7	1.9	1.7	1.8

Source: Drewry.

The Baltic Sea is the most important import route for Russia's new car imports accounting for approximately 90% of imports in 2011.

Historically, due to terminal capacity shortages in Russia, the principal route for Russian car imports was via Finland and then trucked to Moscow and St. Petersburg areas. A non-Russian alternative to Finnish ports was the port of Riga in Latvia. Riga is the nearest ice-free deep-sea port and distances to Moscow are about 900 kilometres. At that time, up to 90% of Russian imports was delivered though those countries.

As more Ro-Ro capacity becomes available in Russia (e.g. new Ro-Ro facilities at PLP and Ust-Luga) Ro-Ro traffic is being rerouted from the ports of neighbouring countries to Russian ports because it is more economically attractive logistics option for car dealers. Drewry expects the share of non-Russian ports in Russia-bound car imports to go down to approximately 30% in 2011.

Coal exports in Russia's Far East

Russia is one of the largest coal producers in the world. According to the Russian Ministry of Energy, in 2010, coal production in Russia reached 317 million tonnes, of which 106 million tonnes were exported. Key export destinations of Russian coal are Europe and Asia. Therefore, Russian coal is mainly exported through ports of the Baltic Sea and Far East Basins. According to Drewry, ports in the North West of Russia handled 41 million tonnes and ports of the Far East Basin handled 35 million tonnes in 2010.

Between 2008 and 2010 coal exports through Far East ports grew at a CAGR of 23%, the fastest growth rate among all three Russian sea basins for this period. Significant portion of Russian coal exports through Far East ports is destined for China and other fast-growing Asian countries.

The table below illustrates coal export volumes through Russia's Far East ports from 2008 to 2010 and Drewry's projections of respective volumes from 2011 to 2013.

	2008	2009	2010	2011F	2012F	2013F
			(million tonnes)			
Coal exports through Far East ports .	23.1	30.4	35.0	44.5	46.7	51.5
Year on year growth, %	—	32%	15%	27%	5%	10%

Source: Drewry.

All existing coal terminals in Far East are captive to major Russian coal producers such as SUEK, Mechel, Evraz and KRU and hence are primarily focused on handling of export volumes of respective producers. Developments of new coal handling facilities are also usually implemented by major coal producers (e.g. new coal terminal at port of Vanino developed by SUEK).

Lack of independent coal handling capacity in Far East is often cited by market participants as the major constraint for growing coal exports by producers and traders that do not have their own port infrastructure. Drewry believes that currently there is a strong demand for independent coal terminals in the Far East of Russia.

BUSINESS

OVERVIEW

The Group is the leading container terminal operator serving Russian cargo flows, with its container terminals accounting for 30% of the total container throughput of Russian ports in the first three months of 2011, according to Drewry. The Group's container terminals had a total container throughput of approximately 1,095 thousand TEUs in 2010, which represented growth of approximately 81.3% from the previous year, and of approximately 341 thousand TEUs in the first three months of 2011, which represented growth of approximately 67.2% from the first three months of 2010. The Group estimates that its terminals have the potential to expand their existing annual container handling capacity from approximately 2,310 thousand TEUs as at 31 March 2011 to approximately 5,360 thousand TEUs, subject to increased demand for container handling services in the relevant regions. The Group's container terminal operations are located in both the Baltic Sea and Far East Basins, key gateways for Russian container cargo. Substantially all of the Group's container throughput is O&D.

The Group operates the largest oil products (by throughput in 2010) and the only independent fuel oil terminal in the Baltic Sea Basin, which, in 2010, had a 28% market share of the former Soviet Union states' (the ***FSU***) fuel oil marine terminal throughput, according to Drewry. The Group's oil products terminal had gross throughput of 18.2 million tonnes in 2010, which represented growth of approximately 8% from the previous year, and of 4.5 million tonnes in the first three months of 2011, which represented growth of approximately 9.8% from the first three months of 2010. The Group is planning to expand its existing oil products storage capacity from approximately 1,026 thousand cbm as at 31 March 2011 to approximately 1,386 thousand cbm by the end of 2014. The Group's oil products handling operations, which are primarily focused on fuel oil, are located in the Baltic Sea Basin, a major gateway for oil products exports from Russia and other CIS countries.

The Group's consolidated revenue for the year ended 31 December 2010 and for the three months ended 31 March 2011 was US$382,437 thousand and US$122,892 thousand, respectively. Its Adjusted EBITDA for the same periods was US$206,570 thousand and US$67,251 thousand, respectively.

The Group's operations consist of the following operating segments:

Russian Ports

The Russian Ports segment consists of the PLP and Moby Dik container terminals located in St. Petersburg in the Baltic Sea Basin and the VSC container terminal located in the Russia's Far East Basin, which together was the largest container handling business in Russia by gross throughput in the first three months of 2011, according to Drewry. In addition, the Group's Russian operations in the Baltic Sea Basin are augmented by an inland container terminal, Yanino, located near St. Petersburg, which provides complementary services. The Group has recently acquired two adjacent land plots in the Moscow region, in the Domodedovo industrial zone with good road and rail connectivity, on which it plans to develop a further inland terminal, subject to increased demand for this type of facility. The gross container throughput of the Russian Ports segment, in 2010 and in the first three months of 2011 was approximately 936 thousand TEUs and 302 thousand TEUs, respectively. The Russian Ports segment also handles a range of other cargoes, including ro-ro, cars, refrigerated bulk and other bulk cargo.

The contribution of the Russian Ports segment (adjusted for the effect of proportionate consolidation) to the Group's revenue in the year ended 31 December 2010 and in the three months ended 31 March 2011 were US$231,540 thousand or 60.5% of the Group's revenue and US$79,215 thousand or 64.5% of the Group's revenue, respectively.

The Group holds a 100% effective ownership interest in PLP. It holds a 75% effective ownership interest in each of Moby Dik and Yanino pursuant to a strategic partnership with Container Finance, which holds the remaining 25% interest, and holds a 75% effective ownership interest in VSC pursuant to a strategic partnership with DP World, which holds the remaining 25% interest.

Oil Products Terminal

The Oil Products Terminal segment consists of the Vopak EOS oil products terminal (***VEOS***). VEOS is the largest oil products terminal in the Baltic Sea Basin by throughput, accounting for 28% of the FSU's fuel oil marine terminal throughput generally, and 42% of the FSU's fuel oil marine terminal throughput in the Baltic Sea Basin in 2010, in each case according to Drewry, an increase from 21% and 27%, respectively, in 2005. The Group believes that VEOS is the only independent fuel oil terminal operating in the Baltic Sea

Basin as it is not affiliated with any oil company or trader. It is located in the port of Muuga, which is a part of Tallinna Sadam AS, Estonia (the ***port of Tallinn***) and ice-free most years. This port is the deepest port in the Gulf of Finland and can accommodate VLCC tankers, which are generally more cost efficient for direct long-haul transportation of oil products, according to Drewry. VEOS offers several related services, such as the unloading of rail tank cars, the loading and unloading of tanker vessels, storage, segregation and blending services. VEOS's gross oil products throughput in 2010 and in the first three months of 2011 was approximately 18.2 million tonnes and 4.5 million tonnes, respectively.

The contribution of the Oil Products Terminal segment (adjusted for the effect of proportionate consolidation) to the Group's revenue in the year ended 31 December 2010 and in the three months ended 31 March 2011 were US$132,745 thousand or 34.7% of the Group's revenue and US$38,463 thousand or 31.3% of the Group's revenue, respectively.

The Group holds a 50% effective ownership interest in VEOS pursuant to a strategic partnership with Royal Vopak, which holds the remaining 50% effective ownership interest.

Finnish Ports

The Finnish Ports segment consists of two terminals operating in the major ports in Finland, MLT Kotka and MLT Helsinki, and three container depots. MLT Kotka operates in the port of Kotka and focuses primarily on Russian import and Finnish export cargo flows. MLT Helsinki operates in the port of Vuosaari and focuses primarily on Finnish import and export cargo flows. The Finnish Ports' gross container throughput in 2010 and in the first three months of 2011 was approximately 159 thousand TEUs and 39 thousand TEUs, respectively.

The contribution of the Finnish Ports segment (adjusted for the effect of proportionate consolidation) to the Group's revenue in the year ended 31 December 2010 and in the three months ended 31 March 2011 were US$18,472 thousand or 4.8% of the Group's revenue and US$5,214 thousand or 4.2% of the Group's revenue, respectively.

The Group holds a 75% effective ownership interest in the Finnish Ports pursuant to a strategic partnership with Container Finance, which holds the remaining 25% ownership interest.

STRENGTHS

The Group believes that it has a number of key competitive strengths which have enabled it to become the leading container terminal operator handling Russian cargo flows. The Group believes it can use the following strengths as the basis for implementing its strategy:

Attractive market with high long-term growth prospects

According to Drewry, the Russian container handling market is one of the fastest growing container markets in the world, supported by Russian economic development, growing volumes of imports and exports as well as the increasing containerisation of Russian cargoes. According to Drewry, the compound average growth rate for in-bound and out-bound Russian container traffic from 2000 to 2010 was 18.6%, compared with 11.2% for the Far East, 5.3% for Western Europe and 4.0% for North America. During this period, the growth in in-bound and out-bound Russian container traffic in Russia outpaced Russia's real GDP by approximately 3.9 times, according to Drewry.

Despite significant growth in container traffic, containerisation in Russia is still well behind other more developed countries, with only approximately 29 TEUs per 1,000 capita in 2010 as compared with approximately 132 TEUs per 1,000 capita in the United States and 168 TEUs per 1,000 capita in the European Union, according to Drewry. As a result, the Group believes there is significant scope for per capita containerisation levels in Russia to increase substantially over the coming years. Drewry forecasts that Russian container market will continue to grow at a multiple of Russian real GDP growth and will be one of the fastest growing regions globally through 2013.

Leading terminal operator

The Group is the leading container terminal operator in Russia by container throughput, with its terminals accounting for 30% of gross container throughput in Russia for the three months ended 31 March 2011, according to Drewry.

The Group operates well-invested container facilities in key locations, which generated gross container throughput of approximately 1,095 thousand TEUs in the year ended 31 December 2010. All of the Group's container terminals focus on O&D cargo, which the Group believes provides higher margins and less volume volatility than transhipment.

The Group also operates the leading oil products terminal in the Baltic Sea Basin by throughput, accounting for 28% of the FSU's fuel oil marine terminal throughput generally and 42% of the FSU's fuel oil marine terminal throughput in the Baltic Sea Basin in 2010, in each case according to Drewry, an increase from 21% and 27%, respectively, in 2005. This terminal is the largest oil products terminal in the Baltic Sea Basin in terms of throughput, handling approximately 18.2 million tons of oil products for the year ended 31 December 2010, and having approximately 1,026 thousand cbm of storage capacity as at 31 March 2011. It can accommodate VLCC tankers and has the highest capacity for off-loading of railcars in the region. Its independence from the major oil refiners and traders provides the Group with the flexibility to attract a diverse range of customers and its flexible and segregated storage and loading facilities, together with its blending capabilities, enables those customers to maximise the value of their oil products.

Strong presence in key gateways

The Group's terminals in the Baltic Sea Basin and the Far East Basin provide customers with key gateways into Russia, one of the world's largest developing economies. These terminals are located in major established ports serving as regional logistic hubs with developed infrastructure and transport links.

The Group's container terminal operations in the Baltic Sea Basin afford direct access to the most economically developed regions of the European part of Russia, including the key markets of Moscow and St. Petersburg. According to Drewry, 68% of Russia's gross container throughput passed through terminals in the Baltic Sea Basin in 2010. The Group's terminals accounted for 32% of gross container throughput of the Russian terminals in the Baltic Sea Basin in 2010, according to Drewry.

The Group's container terminal operations in the Far East Basin on the Russian Pacific coast provide access to the eastern gateway to Russia, and are located at an ice-free harbour with deep water access with a direct link to the Trans-Siberian Railway which connects to major cities in both eastern Russia and the European part of the country. According to Drewry, 19% of Russia's gross container throughput passed through terminals in the Far East Basin in 2010. The Group's terminals accounted for 33% of gross container throughput of the Russian Far East terminals in 2010, according to Drewry.

The Group's oil products terminal is located in the Baltic Sea Basin, which is the main export route for Russian oil products, with 66% of the FSU's fuel oil exports passing through the region's ports in 2010, according to Drewry, of which the Group's oil products terminal accounted for 42%. This terminal is located close to major Russian refineries such as those in Kirishi, Moscow, Yaroslavl and Rjazan in Russia, Novopolotsk and Mozyr in Belarus, and Mazeikiai in Lithuania.

Excellent customer relationships and differentiated service offering

The Group's container and other cargo customer base comprises main-line operators, feeder lines, and freight forwarders as well as end-customers. The Group's oil products terminal customers include oil majors and refiners as well as oil traders such as TNK-BP, Chevron, TatNeft, Gazpromneft and Gunvor.

The Group has strong relationships with both head office and regional decision-makers at its customers as well as their local representatives. The Group believes that, through regular and multi-layered interaction with its customers, it is able to offer differentiated services tailored to their customers' needs. The Group also seeks to promote its terminals as a network, when possible, rather than as individual operations, and offers value-added services, including stuffing and unstuffing of containers, sophisticated cross-docking, handling bulk cargo, segregation of oil products and acceptance of niche oil products. This enables the customers to optimise the value of their cargo which, in turn, makes the Group's services more valuable to them. The Group also has the potential to significantly increase its capacity, which provides its customers with some assurance that the Group's services can grow together with their own needs.

Strong and secured asset base

The Group's terminals are well-invested and most have been in operation for a number of years. The Group owns the freehold to 320 hectares, or over 75%, of its total terminal land, including the freehold to land underlying 114.7 hectares of its 128-hectare terminal at PLP, almost all the land underlying the VSC terminal, and the majority of the land underlying the VEOS terminal with the rest held under a long-term lease. In addition, the Group has access to quays with a total aggregate length of 6,036 metres, including 680 metres of dedicated containers quays at PLP that are owned by the Group. While most quay walls of PLP and other terminals of the Group are owned by the State and are leased to the Group under long-term leases, the Group generally owns the land abutting the quay wall at its terminals, effectively preventing competition from utilising the quay walls. In addition, unlike terminal operators in other jurisdictions, the Group's terminals are not subject to concession or profit sharing arrangements.

The Group believes it is well placed to maintain its strong position in key Russian gateways because market entry remains difficult for new entrants due to the limited availability of suitable "brownfield" and "greenfield" land plots, the long planning, regulatory and development process, significant capital investment and technology requirements for developing or expanding terminal facilities, the need for considerable government financial contributions to upgrade poor or non-existent hinterland road and rail infrastructure and the long lead time before any new terminal is likely to achieve optimal productivity levels. Typically, there is also limited qualified staff available for new terminal facilities, especially if the facilities are located far from existing urban centres.

Secured expansion potential

In preparation for the recovery and expected growth in the Russian container and fuel oil export markets, the Group invested approximately US$291 million in capital expenditures on a cash basis across its facilities between 2008 and 2010. As a result of the introduction of new capacity by the end of 2010, the Group's terminals have substantial spare operating capacity to accommodate growth. For example, the Group's Russian container terminals utilisation, calculated as container handling throughput divided by annual container handling capacity in 2010, was approximately 48% in contrast to certain competitors which are capacity constrained. This available capacity should enable the Group to increase its container market share as container traffic increases.

The Group estimates that it has the potential to increase its container handling capacity to approximately 2,800 thousand TEUs in the Russian part of the Baltic Sea Basin, to 2,200 thousand TEUs in the Far East Basin and to 400 thousand TEUs at Yanino. It is also planning to increase its oil products storage capacity to approximately 1,386 thousand cbm at VEOS by the end of 2014.

Because the Group owns the land and has the key regulatory approvals required for this expansion, it has the flexibility to accelerate or moderate its capital expenditure for expansion depending on the pace and timing of growth in market demand. The Group also has a proven track record of successfully developing its terminal facilities. In addition, the Group believes that the cost of any capacity expansion compares very favourably to the cost of "greenfield terminal" developments. Finally, the existing assets of the Group require only limited maintenance capital expenditure and its operations provide a stable cash flow, which the Group believes, in addition to its relatively low leverage, puts it in a good position to fund its expansion.

Experienced management team

The Group has a highly experienced, multinational top-management team with significant industry experience. The Group's management has demonstrated substantial expertise in undertaking strategic expansion of its existing facilities. For example, prior to its acquisition in 2007, PLP focused its operations primarily on bulk and general cargo. Since the acquisition, the management team has re-oriented PLP to focus on more profitable and fast growing types of cargo, such as container and ro-ro cargo, which has resulted in a corresponding growth in profit.

The Group believes that its management team also has a successful track record of responding to customer needs by tailoring its services to customer requirements. This has resulted in leading main-line operators such as Maersk, CMA CGM, MSC, APL, Evergreen and oil majors and traders becoming major customers of the Group's terminal facilities. This, together with the other developments implemented by the Group's

management, allowed the Group to significantly increase its container throughput from approximately 331 thousand TEUs in 2005 to approximately 1,095 thousand TEUs in 2010, and its oil products throughput from approximately 5.9 million tonnes to approximately 18.2 million tonnes, during the same period.

Additionally, the Group's management team has been able to establish joint ventures and collaborate effectively with its strategic partners, as demonstrated by its arrangements with recognised market leaders such as DP World, Royal Vopak and Container Finance.

Finally, the Group believes its management team has the skills required to successfully implement the Group's strategy in the future. For example, the management has proven its ability to identify appropriate acquisition opportunities with growth potential in the regions in which the Group operates. The key management team was responsible for the acquisition of all operating subsidiaries of the Group. Following each acquisition, the Group's existing and acquired management teams leveraged their operational expertise and customer knowledge to successfully improve the profitability of the Group's terminals. Similarly, the Group will seek to leverage its experience developing the inland container terminal, Yanino, in subsequent projects.

STRATEGY

The key elements of the Group's strategy are:

Capitalise on the anticipated growth in Russian container traffic

The Russian container market is forecast to grow at a compound average growth rate of 18.8% over the period between 2010 and 2013, according to Drewry. The Group intends to capitalise on this growth by continuing to expand and upgrade its container handling capacity in line with market demand. In particular, the Group has the potential to increase PLP's and VSC's annual container handling capacity to approximately 2,300 thousand TEUs and 2,200 thousand TEUs, respectively, and is currently planning to increase PLP's annual container handling capacity to approximately 1,400 thousand TEUs by the end of 2013. In the future, the Group may also seek to optimise the terminal area at the Moby Dik terminal by adding additional storage as container handling volumes increase in St. Petersburg.

In addition to expanding the capacity of its terminals, the Group plans to further enhance complementary services to those currently offered, such as arranging further scheduled train services (known as block trains) to/from the VSC terminal to improve the railway transportation options available to its customers and the PLP terminal, particularly to promote a stronger link between the PLP terminal and the Group's inland container terminal, Yanino. As containerisation of cargo grows in Russia, the Group plans to expand its inland container terminal operations, both by expanding its existing terminal near St. Petersburg, Yanino, and also by developing a new terminal on a site in the Domodedovo industrial zone, the Moscow region.

Enhance its leading position in the transhipment and storage of fuel oil in the Baltic Sea Basin

The Group's oil products terminal, VEOS, is the largest in the Baltic Sea Basin by throughput in 2010, accounting for 28% of the FSU's fuel oil marine terminal throughput generally and 42% of the FSU's fuel oil marine terminal throughput in the Baltic Sea Basin in 2010, in each case according to Drewry, an increase from 21% and 27%, respectively, in 2005. To further enhance this position and to accommodate additional volumes delivered by rail as well as by ship, the Group plans to commission approximately 360,000 cbm of new storage capacity to be completed in two stages by the end of 2014, which will be able to accommodate different quality of fuel oil, including heavier fractions, and to construct an additional dual-sided 132-position railway unloading facility. In particular, the Group believes that the new railway unloading facility will allow it to accomodate cargo flows from refineries in Russia and other CIS countries located further from the terminals (and requiring more heating and unloading time), not currently served by VEOS. The Group will continue to evaluate opportunities to expand the capacity of its terminal operations in line with market demand.

In addition to expanding the capacity of its oil products terminal operations, the Group plans to develop complementary services to those currently offered, seeking to offer a comprehensive range of services to oil companies and traders. In particular, the Group plans to further enhance its multi-purpose storage

capabilities to be able to handle vacuum gas oil, light oil products, heavier fractions of fuel oil and crude oil products, as market demand requires. It also plans to continue to promote VEOS as a hub terminal, seeking to attract higher volumes of products delivered by ship from ports in the Baltic Sea and elsewhere in Europe.

Continue to optimise its operations

The Group expects to continue to optimise its operations by increasing the productivity at its terminals, further centralising Group-wide functions and enhancing its customer service to develop its customer relationships further.

In particular, the Group plans to increase productivity at its terminals by continuing to promote multi-skilling and other training programmes among its workforce, including the use of training programmes developed by its strategic partners where applicable. It also plans to further optimise the use of equipment to achieve greater operating efficiency, and to optimise the use of spare yard space at its container terminals to develop new services and cargo facilities, such as the recently constructed bulk coal cargo handling facilities at the VSC terminal, which are expected to be operational in July 2011.

To further optimise Group-wide functions, the Group plans to centralise its procurement function to achieve volume discounts from suppliers. It will also seek to consolidate the repair and maintenance functions for its terminals in and around St. Petersburg. In addition, the Group plans to continue to improve its IT infrastructure, including by integrating its operational, commercial, rail and financial IT systems.

To improve its customer service, the Group plans to regularly monitor its customers' requirements at all corporate levels and offer tailored solutions to meet their requirements. Additionally, it will expand the range of services it offers with the aim of increasing the customers' dependence on the Group. The Group also plans to continue to promote its services to existing and potential customers.

Expand asset portfolio through "greenfield" projects and selective acquisitions

The Group plans to expand its asset portfolio and grow its operations by pursuing "greenfield" projects and through a selective and disciplined approach to acquisitions. The Group will evaluate potential targets against their strategic fit with its existing assets, such as by pursuing targets in regions focused on Russian cargo flows, and the potential for high growth in the relevant market, particularly in Russia, the CIS and other countries with high expected growth and which are complementary to its existing operations. The expansion potential of targets, the ability to achieve operational control and the likely return for shareholders are among key criteria for the Group's development with a clear focus on the potential value to be created rather than the overall size of a potential project or acquisition.

For "greenfield" projects, the Group plans to actively seek "brownfield" terminal sites with the potential to be developed into large-scale container terminals, as well as sites for inland container terminals in and around urban centres in Russia.

The Group intends to evaluate strategic opportunities as they arise to capitalise on changes in the regulatory environment and the transport logistics market for oil products.

HISTORY AND DEVELOPMENT

The Company was established as the holding company of the Group in 2008. Previously, the Group's operations were held directly or indirectly by the Group's controlling shareholder, Transportation Investments Holding Limited (***TIHL***), which acquired them in the years preceding the Group's formation. In particular, parts of the current VEOS business were acquired in 2005, with further parts of the current VEOS business also being acquired in 2006. An interest in VSC was acquired in 2004, with further interests acquired in 2005. In 2007, interests in the PLP terminal (including Farwater, a company owning the land underlying the PLP terminal) were acquired. Together with the interest in the Moby Dik terminal, interests in the Finnish Ports were also acquired in 2007, as TIHL sought to expand its operations in the Baltic Sea Basin, particularly in St. Petersburg. In May 2008, TIHL transferred its interests in the relevant holding companies for the Moby Dik and the Yanino terminals and the Finnish Ports to the Company.

Effective 1 May 2008, TIHL entered into a joint venture with Royal Vopak, the result of which was that its Estonian oil terminal business at that time was combined with part of Royal Vopak's business, with TIHL receiving a 65% effective ownership interest in the combined business, VEOS. In June 2008, TIHL transferred its interests in VEOS to the Company. In July 2008, the Group disposed of a 15% effective ownership interest in VEOS to its joint venture partner, reducing its interest to 50%. Effective 1 September 2008, the Group increased its effective ownership interest in the Moby Dik and Yanino terminals and the Finnish Ports from 50% to 75%. See also "*Presentation of Financial Information—Financial information*".

Following the initial acquisition of the Group's businesses, the Group focused on integrating the businesses and improving their operational efficiency. This included acquiring additional land necessary for the development of PLP's and VEOS's operations and commencing a significant capital investment programme to modernise and expand its terminals and related facilities. The Group has also sought to implement higher standards of corporate governance and improve its financial controls and reporting, including by establishing an audit and risk committee, a nomination committee and a remuneration committee and appointing the first independent non-executive director to the Company's board of directors in 2008, and implementing standardised budgeting, financial reporting and control procedures across the Group.

In 2008, 2009 and 2010, in an effort to capitalise on the expected growth in the container and oil products handling market, despite the financial and economic crisis, the Group incurred total capital expenditure of approximately US$291 million on a cash basis, resulting in significant new capacity at its facilities and the commencement of operations at Yanino. During this period, the Group primarily focused on organic growth of its operations, operating improvements, and advancing the development of the inland terminal in Yanino. In response to the global economic and financial crisis, the Group focused on diversifying its customer base and increasing its share of the Russian container market from main-line operators. During the crisis, the Group also took measures aimed at optimising its headcount, retaining key personnel and controlling other expenses. In January 2010, the Group acquired two adjacent land plots in the Moscow region, in the Domodedovo industrial zone with good road and rail connectivity, on which it plans to develop a further inland terminal, subject to market demand.

In 2009, TIHL sold 10% of its interest in the Company to Sberbank Capital. In June 2011, TIHL reacquired this interest for US$238 million and, as a result, prior to the Offering holds a 100% interest in the Company.

SERVICES

The Group offers a wide range of customised services for import and export logistics operations. The core services of the Group's container terminals are container loading, unloading and storage. Substantially all of the Group's throughput is O&D, which the Group believes is less likely to be lost to competitors and less price sensitive than transhipment throughput and provides the Group with an opportunity to earn more revenue by providing a variety of additional services, as described below. In addition to containers, the Group's Russian container terminals also handle a range of other types of cargo.

The core services of the Group's oil products terminals are rail or ship unloading and storage of oil products and the loading of those products onto tankers for export. It also offers additional services, including the blending of the oil products to particular specifications.

The Group's services are described in more detail below.

Services at the Russian Ports and Finnish Ports segments

The services offered by the Group's operations in the Russian Ports segment and the Finnish Ports segment are primarily for the loading, unloading and storage of containers, as well as a range of other types of cargo. Container loading and unloading services include the quay-side loading and unloading of containers from ships, as well as onto trucks or railcars for transport beyond the terminal. The Group uses modern handling equipment in its quay-side container loading and unloading operations, including ship-to-shore cranes (***STS***), mobile harbour cranes (***MHCs***) and shore cranes.

In addition to containers, the Group's terminals in Russia also handle non-containerised cargo, including ro-ro cargo, refrigerated bulk cargo and scrap metal. PLP has a specialised refrigerated warehouse and significant ro-ro facilities. See also "*—The Group's Operations—Russian Ports segment—PLP*". VSC has been providing ro-ro handling services since 2009, and in 2011, in response to the increasing volume of coal exports from Russia in recent years, has constructed bulk coal cargo handling facilities, which are expected to be operational in July 2011. The Group also handles ro-ro cargo at MLT Helsinki and bulk cargo at MLT Kotka.

The Group's container terminals also offer storage services, which involve the storage of import and export containers at the terminal. Imported containers are normally stored at the terminal yard until collected by customers, and containers to be exported are stored until loaded onto vessels. Refrigerated container cargo is stored in special container yards equipped with electric plugs for reefer containers.

Most of the Group's container terminals have direct connections to the railway network, which allows customers to arrange for the transportation of their cargo directly to or from the terminal. For example, the VSC terminal has direct access to the Trans-Siberian Railway, which allows customers to send and receive cargo to and from the European part of Russia. To improve the attractiveness of its services to customers, in recent years, the Group has taken steps to improve transportation options to and from its terminals. In particular, VSC and PLP arrange for regular scheduled trains, referred to as block-trains, to service the terminal, connecting it to multiple destinations (including connecting PLP and Yanino) to assist customers in sending and receiving cargo. As at 31 March 2011, VSC used 245 owned flatcars and 185 leased flatcars for such services. PLP engages a third-party service provider to arrange railway services for its terminal. See also "*—Strengths—Strong presence in key gateways*".

Services at the Oil Products Terminal segment

The services offered by the Group's operations in the Oil Products Terminal segment are primarily the loading, unloading and storage of oil products. VEOS unloads oil products from rail cars and vessels and loads oil products onto vessels at its quay. VEOS has the capability to accept VLCC tankers with a deadweight size of up to 300,000 metric tonnes. However, it cannot fully load tankers of this class as they cannot pass through the relatively shallow channels between Denmark and Sweden connecting the Baltic Sea to the North Sea. As a consequence, VLCC tankers can only be loaded to 170,000 metric tonnes at the VEOS terminals. VEOS also has significant storage capacity with sophisticated segregation and blending capabilities. See also "*—The Group's operations—Oil Products Terminal segment—Storage capacity, throughput and receiving capacity*" and "*—The Group's operations—Oil Products Terminal segment—Property and equipment*".

To facilitate greater throughput at its terminals, VEOS operates its own rail transport services for customers, provided by its subsidiary E.R.S. AS (***ERS***), transporting cargo from the Estonian border to the terminals. ERS operates its own fleet of locomotives to transport its customers' railcars. The Group believes that ERS allows VEOS to enhance its relationships with its customers, offering a relatively quick, efficient and transparently priced alternative rail transport service from the Estonian border. See also "*—The Group's operations—Oil Products Terminal segment—Hinterland connectivity*".

PRICING

VSC OOO is regulated by the FTS as a "natural monopoly" and, as a result, services at the VSC terminal are subject to maximum tariff restrictions for container loading, unloading and storage services. PLP's maximum tariffs for these services were also regulated until mid-2010 when the FTS removed the restrictions. The FTS has announced that it will monitor the market for a two-year period and assess if regulated tariffs should be imposed again. See also "*Risk Factors—Tariffs for certain services at certain of the Group's terminals are, or have been in the past, regulated by the Russian federal government and, as a result, the tariffs charged for such services are subject to a maximum tariff rate unless the Group obtains permission to increase the maximum tariff rate*" and "*Regulation—Russia—Tariff regulation*". Pricing for the Group's other services in the Russian Ports, as well as for all services at VEOS and the Finnish Ports, are unregulated. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the Group's financial condition and results of operations—Pricing*".

COMMERCIAL INITIATIVES

The Group has a number of commercial initiatives to develop its customer base and maximise the profitability from its terminals. It believes that customer relationships are a key element to increasing throughput and revenue, and seeks to maintain a range of customers, primarily main-line operators, feeder lines, freight forwarders and end-customers.

The Group has a coordinated approach to developing relationships with its customers at a range of corporate levels, including local representatives near the relevant terminal, regional control centres, network/procurement directors and senior executives in head offices around the globe. By having multiple points of contact with its customers, the Group seeks to access all key decision-makers and gain greater insights into the customer's needs. The Group uses this information to improve the customer service it provides and offers a tailored package of services for each major customer with different pricing.

In particular, the Group seeks to take advantage of its facilities' locations and has, for example, been able to benefit from the location of the Moby Dik terminal to attract cargo flow for the Hyundai manufacturing plant located nearby and promoted exporting containerised bulk cargo (such as aluminium or pulp and paper) in the eastern part of Russia through the VSC terminal. In addition, the Group's terminals have access to major highways and railways in the relevant areas to provide customers with a range of transport options. It also seeks to exploit the location of the VEOS terminals with customers, promoting its ice-free location (in most years), large storage facilities, segregation capacity and blending capabilities, VLCC tanker loading facilities and high rail tank car unloading and car turn-around capabilities. Further, the Group offers customised value-added services to meet customers' needs, including large-scale stuffing/ unstuffing operations and cross-docking at PLP, car handling at VSC, a dedicated ro-ro cargo area at PLP for Rolf Logistic OOO (***Rolf***) and a new ro-ro and bulk pipe handling at the Finnish Ports. The Group also promotes its expansion plans to provide customers with the confidence to grow their own operations in the knowledge that the Group can increase its capacity.

The Group seeks to obtain longer-term arrangements for greater volumes of throughput with those customers based on the extended services it offers. It also seeks to promote its terminals as a network, when possible, rather than as individual operations. The Group has implemented this approach for main-line operators in response to the effect that the recent global economic and financial crisis had on its operations. At that time, its container terminals were heavily focused on servicing feeder lines, which experienced more significant decreases in volumes than other parts of the market. Since then, the Group has targeted main-line operators and Group's market share in throughput volumes has increased significantly, particularly from customers such as Maersk, CMA CGM, MSC and APL. In 2010 and in the first three months of 2011, approximately 46% and 60% of PLP's container volumes were derived from main-line operators.

The Group has developed the Yanino inland container terminal to offer value-added container and logistics services to main-line operators, feeder lines, and freight forwarders as well as to end-customers, including small and medium-sized producers of export goods by providing access to containerisation. Yanino's services, which are complimentary to those provided by the Group's port container terminals in St. Petersburg, include container stuffing and unstuffing, inspection, maintenance and storage services, handling of laden and empty container shipments, including container block trains and customs brokerage services.

To assist with transportation, the Group has recently started to arrange for scheduled trains (referred to as block trains) to operate to/from VSC, Yanino and PLP, and VSC has purchased and leased flatcars to facilitate the services to/from its terminal. See "*—The Group's operations—Russian Ports segment—PLP—Hinterland connectivity*" and "*—The Group's operations—Russian Ports segment—VSC—Hinterland connectivity*". For the Oil Products Terminal segment, since 2008 the Group has operated its own rail transport services to transport oil products from the Russian-Estonian border to the VEOS terminals to improve delivery times for its customers. See "*—The Group's operations—Oil Products Terminal segment—Hinterland connectivity*".

The Group's operations

The Group's operations are described below.

Russian Ports segment

The Russian Ports segment consists of the PLP and Moby Dik terminals located in St. Petersburg in the Baltic Sea Basin, and the VSC terminal in the Russia's Far East Basin. These operations are augmented by an inland container terminal, Yanino, located near St. Petersburg.

The revenue and Adjusted EBITDA of the Russian Ports segment on a 100% basis for the year ended 31 December 2010 were US$239,184 thousand and US$143,276 thousand, respectively. The revenue and Adjusted EBITDA of the Russian Ports segment on a 100% basis for the three months ended 31 March 2011 were US$81,761 thousand and US$48,474 thousand, respectively.

The contribution of the Russian Ports segment (adjusted for the effect of proportionate consolidation) to the Group's revenue for the year ended 31 December 2010 and for the three months ended 31 March 2011 were US$231,540 thousand or 60.5% of the Group's revenue and US$79,215 thousand or 64.5% of the Group's revenue, respectively.

PLP

Overview

PLP was the second largest container terminal in Russia by gross throughput for the first three months of 2011, according to Drewry. It is located in the St. Petersburg harbour, Russia's primary gateway for container cargo. In addition to container cargo, PLP also handles ro-ro cargo, refrigerated bulk cargo, scrap metal and other bulk cargo. PLP was originally focused exclusively on handling timber cargo. By the end of 2008, PLP ceased handling raw timber cargo in line with the Group's strategy to convert PLP's timber handling operations into a modern container terminal. PLP has increased its container throughput significantly in recent years and is planning further investment to increase its annual container handling capacity as it seeks to achieve its goal of becoming the largest and most efficient container port in the Baltic Sea Basin. For more information on PLP's capital investment plan, see "*—Capital investment programme*" below.

The Group believes that PLP's advantages include the following:

- being the second largest container terminal in Russia by gross throughput for the first three months of 2011, according to Drewry and having significant throughput expansion potential;
- having freehold ownership of substantially all the land underlying its terminal, and three deepwater dedicated container quays;
- having a strong customer base;
- having developed railway infrastructure at the terminal; and
- having direct access to major city roads and the Western High-Speed Diameter road that is currently expected to be opened in 2012.

Annual capacity and throughput

The table below sets out the gross throughput by cargo type for the periods indicated.

Cargo type	Gross throughput					Annual capacity as at 31 March 2011
	2008	2009	2010	Q1 2010	Q1 2011	2011
			(in thousand)			
Containers (TEUs)	532	196	541	91	179	1,000
Ro-ro (units)	29	9	15	3	4	20
Cars (units)	36	28	43	3	15	190
Refrigerated bulk cargo (tonnes)	219	119	107	35	24	250
Other bulk cargo[1] (tonnes)	1,758	914	974	137	88	900

(1) Historically, other bulk cargo handled by PLP consisted of timber, steel and scrap metal. PLP ceased handling raw timber cargo by the end of 2008 in line with the Group's strategy to convert PLP's timber handling operations into a modern container terminal, and plans to cease handling scrap metal cargo in 2011.

As shown in the table above, PLP currently has significant capacity to increase annual throughput. In 2010 and the first three months of 2011, PLP focused on increasing its throughput of containerised cargo and optimising the use of its terminal. PLP operates the first large-scale ro-ro facility in St. Petersburg and has secured Rolf, a large car distributor in Russia, as a long-term car ro-ro handling customer. For more information, see "*Material Contracts—Transhipment services contract between Petrolesport and Rolf*". As at 31 March 2011, PLP had 1,800 reefer container plugs, and it plans to increase this to approximately 3,100 reefer container plugs by the end of 2011.

The Group believes that PLP has significant expansion potential, which it plans to develop in line with the growth in market demand for container handling services. The Group estimates that PLP's annual container handling capacity can be increased to approximately 2,300 thousand TEUs and approximately 270 thousand units of ro-ro cargo (consisting of 250,000 cars and 20,000 traditional ro-ro cargo). PLP has a long-term expansion plan, developed in cooperation with Hamburg Port Consulting and supported by Rosmorport. To reach these levels of annual cargo handling capacity, PLP may seek to further expand its hinterland connectivity and increase loading and unloading capacity, as well as to proceed with the reclamation of land for the construction of new dedicated container berths. See also "*—Capital investment programme*" and "*Material Contracts—Collaboration contract between Petrolesport and Rosmorport*".

Customers and contract terms

Starting in 2009, PLP has focused increasingly on attracting throughput from main-line operators. The need to target these customers became evident during the global economic and financial crisis when containerised shipping volumes became more concentrated with the main-line operators and volumes shipped by feeder lines declined, severely affecting PLP's throughput volumes. As a result of the activities described in "*—Commercial initiatives*", in 2010, approximately 46% of PLP's container volumes were derived from main-line operators.

PLP's key main-line operator customers for container cargo are Maersk, CMA CGM, MSC, APL, OOCL and Evergreen. PLP also serves a number of feeder lines, including Unifeeder, Delta, Samskip and Sea Connect.

PLP's contracts entered into with the Russian agents of international main-line operators are typically priced in US dollars and settled in roubles. Contracts entered into with the international main-line operators directly are entered into for cargo handling services only and typically priced and settled in US dollars. The Group's contracts with main-line operators generally require payment to be made within a period varying from 9 to 30 business days after the date of the invoice, which is typically issued 3 days after the date of shipping.

As at 31 March 2011, PLP's customer base also included 472 freight forwarders. The Group believes that having a relatively high number of these customers leads to higher utilisation rates and allows it to take advantage of unutilised capacity and opportunities to provide additional value-added services to those customers. PLP's contracts with forwarders typically have a one year term and require 100% prepayment.

PLP's storage operations and other services are priced primarily in US dollars and settled in roubles. A relatively limited number of freight forwarders also pay in US dollars.

For ro-ro cargo, one of PLP's key customers is Rolf, with whom it has been working since 2008. In January 2011, PLP entered into a new five-year contract with Rolf for the handling of cars, with certain volumes guaranteed for a three-year period on a take-or-pay basis. For more information, see "*Material Contracts—Transhipment services contract between Petrolesport and Rolf*". PLP's other significant customers for ro-ro cargo are Wallenius Wilhelmsen, DFDS, K Line, Transfennica and Mann Lines. Rubezh is currently PLP's only customer for refrigerated bulk cargo.

Property and equipment

The PLP terminal covers a total area of 128 hectares, with 13 quays totalling 2,201 metres in length. The terminal has three dedicated container berths with a total length of approximately 680 metres and a construction depth of up to 13 metres. PLP owns 114.7 hectares and leases from the City of St. Petersburg the remaining 13.3 hectares of land underlying the terminal and owns three dedicated container quays, with the remaining 10 quays leased from Rosmorport pursuant to leases that will expire over the period between 2053 and 2057. PLP has 7.6 kilometres of internal railway tracks, which can accommodate up to 200 flatcars at once.

As at 31 March 2011, the key equipment at the terminal included seven STS cranes, two MHCs, 23 shore cranes, 18 RTG cranes and two straddle carriers. The Group expects that additional RTG cranes will be put into operation by the end of 2011. In addition, PLP uses reach stackers and forklifts, port trucks and electric loaders.

The Group intends to centralise the repair and maintenance functions at PLP, Moby Dik and Yanino, with the aim of reducing costs and making this function more efficient. In February 2011, PLP opened a new customs inspection zone to facilitate faster customs clearance. PLP is planning to further develop this customs zone to further improve the customs clearance process at the terminal. See "*—Capital investment programme*".

Hinterland connectivity

The PLP terminal has good railway connections, direct access to major city roads, and will have a direct access to the Western High-Speed Diameter road, which is currently expected to be opened in 2012. The Western High Speed Diameter road will have a dedicated on-ramp for the PLP terminal. This road will provide direct access to the St. Petersburg ring road and will enable PLP's customers to avoid transporting cargo through inter-city traffic congestion. Since February 2011, the Group has arranged for regular scheduled trains (referred to as block-trains) to operate between PLP and Yanino, as well as to other destinations, to improve the rail transport options available to its customers.

To avoid traffic congestions, the PLP terminal uses an on-line time scheduling system allowing road transport operators to book time slots to deliver or collect cargo. In 2010, approximately 71% of the terminal's container cargo throughput was delivered to and from PLP by road, with the remaining proportion transported by rail.

Capital investment programme

PLP made capital investments on a cash and 100% basis of approximately US$133.1 million between 2008 and 2010, primarily for the construction and development of terminal infrastructure facilities (primarily consisting of work at the container yards and ro-ro cargo area, and the construction of a tunnel connecting two parts of the terminal) and the purchase of equipment.

PLP plans to invest a total of approximately US$162 million in 2011 and 2012 on further development of the terminal. It is expected that the majority of this amount will be directed at increasing the annual container handling capacity to approximately 1,400 thousand TEUs by 2013, developing the container yards and constructing a new berth (known as 49-50). It will also include the development of the container yard and the reefer container yard, development of the ro-ro terminal, the expansion of the customs zone, as well as acquisition of new terminal equipment and the expansion of railway and other terminal infrastructure. For berth 49-50, the preparatory works for construction are expected to be completed in

2011 and the construction is currently expected to start in 2012. Once completed, this berth is expected to complete a continuous waterfront of over one kilometre at the terminal.

In addition, Petrolesport has recently signed a collaboration contract with Rosmorport. This contract, which will come into force upon approval by the Federal Agency for Sea and River Transport, allocates the responsibilities for the development of the PLP terminal between Petrolesport and Rosmorport over the period to 2021. In particular, the contract sets out the buildings and port facilities that will be constructed by each of Petrolesport and Rosmorport, the construction timeline and the volume of investment by each party for the full development of the PLP terminal. See "*Material Contracts—Collaboration contract between Petrolesport and Rosmorport*".

Competition

There are three other main sea terminals which handle containers in the St. Petersburg area, being FCT, Fourth Stevedoring Company and Moby Dik, which is one of the Group's terminals. In addition, NCC, a company related to FCT, is currently developing a container terminal as part of a large multi-purpose port "greenfield" project at Ust-Luga, which is approximately 130 kilometres from St. Petersburg. According to Drewry, the terminal is expected to open towards the end of 2011 and will initially have annual capacity of approximately 110 thousand TEUs, with the potential to be increased to approximately 2,800 thousand TEUs. This new terminal, once completed, may intensify competition in the Baltic Sea Basin. There are also several smaller wharves operating in the St. Petersburg area, including Neva Metal.

Of the existing container terminals in the region, the Group believes that FCT is PLP's principal competitor. According to Drewry, FCT's annual container handling capacity in 2010 was approximately 1,250 thousand TEUs. However, FCT differs from PLP in several significant respects. Historically, FCT had a higher annual container throughput than PLP, because it was the first specialised container terminal in the region. In 2010, FCT's throughput was approximately 1,160 thousand TEUs, according to Drewry. However, the Group believes that FCT's ability to expand is constrained. According to Drewry, while PLP has a significant opportunity to develop its container yard and to increase its container handling capacity, FCT faces restrictions from its berth and container yard capacity and its potential to develop is limited. PLP also has a significantly larger total quay length compared with FCT.

Fourth Stevedoring Company is still in the development phase and currently handles only a relatively small volume of containers. According to Drewry, Fourth Stevedoring Company launched commercial operations in 2011 with annual container handling capacity of approximately 350 thousand TEUs. However, further expansion of this terminal is constrained by the lack of available container yards and quay capacity, according to Drewry.

VSC

Overview

As at 31 March 2011, VSC was the largest container terminal in the Russian Far East Basin by container handling capacity, according to Drewry. It is located in the deep-water port of Vostochny near Nakhodka on the Russian Pacific coast, approximately eight kilometres from the Nakhodka-Vostochnaya railway station, which is connected to the Trans-Siberian Railway. VSC was originally developed in Soviet times as Russia's primary eastern container shipping gateway and was one of only two purpose built container terminals that were built in the Soviet Union. The VSC terminal is located in an ice-free harbour.

The Group believes that VSC's advantages include:

- being an established market leader in the Russian Far East;
- being a purpose-built container terminal with more than 25 years of operating history;
- having freehold ownership of substantially all of the land underlying the terminal area;
- having an ice-free harbour throughout the year with deep-water access;
- having direct access to the Trans-Siberian Railway and access to major highways in the region; and
- having significant expansion potential.

Annual capacity and throughput

VSC's annual capacity as at 31 March 2011 was approximately 550 thousand TEUs. The terminal's site has the potential to be expanded significantly, and the Group's plans to do so depend on growth in market demand for container handling services. See also "—*Capital investment programme*" below. The terminal's gross container throughput in 2008, 2009, 2010 and in the first three months of 2010 and 2011 was approximately 401 thousand TEUs, 160 thousand TEUs, 254 thousand TEUs, 46 thousand TEUs and 78 thousand TEUs, respectively. The Group estimates that VSC's total annual container handling capacity can be increased to approximately 2,200 thousand TEUs, subject to growth in market demand for container handling services. As at 31 March 2011, VSC had 225 reefer container plugs.

In addition, VSC has recently constructed bulk coal cargo handling facilities, which are expected to be operational in July 2011. These facilities have an initial annual capacity of approximately 1,000 thousand tonnes, and the Group is planning to increase that capacity to approximately 3,000 thousand tonnes by the end of 2012.

Customers and contract terms

VSC's main customers are main-line operators. Its customer base also includes more than 80 freight forwarders. With access to its terminal mainly by rail, VSC primarily focuses on larger operators, given the logistics of transport into and out of the terminal. In recent years, VSC has expanded its customer base to include customers such as Maersk, APL, Zim, SASCO (for export/import), Kamchatka Lines (for cabotage) and Rolf (for cars).

VSC's contracts with forwarders typically have one-year term and require 100% prepayment. Invoices are settled in roubles based on US dollar tariffs at the exchange rate effective as at the date of the invoice. These contracts contain standardised terms and do not allow for price discounts, however, there are exceptions for a small number of forwarders who dispatch import containers on block-trains and to certain railway stations within Russia. VSC's contracts with main-line operators for handling are standardised in all significant respects except for prepayments in certain cases. Contracts with a limited number of those customers require 100% and, in certain cases, 60% prepayment, with the remaining 40% to be paid 5 to 10 days after the invoicing date. Invoices are issued and settled in US dollars based on the US dollar-denominated tariffs except for coastal main-line operators (cabotage), invoices for which are issued and settled in roubles based on the rouble-denominated tariffs.

Property and equipment

The VSC terminal covers a total area of 71.8 hectares, with four dedicated container quays totalling 1,284 metres in length and with a depth of up to 13.5 metres. VSC owns the freehold to the land underlying 67.9 hectares of its terminals and leases the quays from Rosmorport. The lease will expire in 2014 and the Group will seek to renew it. The Group believes that there is very little risk that Rosmorport will not renew the lease on the quays given that VSC owns the land adjacent to the quays. VSC has 4.6 kilometres of internal railway tracks, which can accommodate up to 175 flatcars at once.

As at 31 March 2011, the key equipment at the terminal included six STS cranes, 11 RMG cranes and 15 straddle carriers. VSC also uses port trucks and loaders. With an increase in throughput and in order to optimise operations, the Group is considering replacing VSC's straddle equipment with RTG and/or RMG equipment.

Hinterland connectivity

The VSC terminal has direct access to the Trans-Siberian Railway and approximately 85% of cargo transported through VSC is delivered to and from the terminal by rail. The terminal also has access to all major highways in the region, providing it with road connections to Vladivostok and Khabarovsk. VSC's proximity to the Trans-Siberian Railway enables cargo to be delivered to the Central and Western parts of Russia, as well as to Europe and elsewhere in the CIS.

Since 2008, VSC has taken a number of measures aimed at improving the transportation options available to its customers, including operating regular scheduled trains (referred to as block trains) to service the

terminal and increasing the total number of flatcars operated by VSC from 80 to 430, 245 of which were owned by the Group and 185 were leased as at 31 March 2011.

Capital investment programme

VSC made capital investments on a cash and 100% basis of approximately US$46.9 million over the period between 2008 and 2010. This amount was primarily directed to the development of VSC's railway services, including for the purchase of 245 flatcars, and the purchase of equipment, including for the handling of bulk coal cargo.

VSC is planning to invest a total of approximately US$72 million in 2011 and 2012, primarily for the purchase of new container handling equipment, further equipment to handle bulk coal cargo, and to develop its container yard and internal railway tracks.

Competition

The Group does not believe that VSC faces any significant competition for container imports and exports as it is the only terminal in the Nakhodka area of the Far East Basin that specialises in container handling, and it focuses primarily on volumes for central and western parts of Russia via the Trans-Siberian Railway, while the other Far East Basin container terminals in Vladivostok are focused on the local market trade. In addition, all other terminals in the area focus primarily on bulk cargo, such as coal, steel, fertilisers, timber and general cargo.

In addition, VSC's freehold ownership of the land underlying its terminals acts as a barrier to entry in that competitors would not be able to operate this port even if they were to obtain the leasehold interests in the terminal's four quays. Additional barriers to entry in the Far East container terminal market include long lead times to build new terminal facilities together with a shortage of locations where terminals can be built efficiently.

The only other terminal of scale in the Far East Basin that handles container cargo is VCT, which is 75% owned by FESCO. According to Drewry, VCT handles part of FESCO's cargo, which is destined for the local market, as well as some intermodal cargo.

The Group believes that VSC has a number of competitive advantages compared with VCT. These include operating a greater number of STS cranes, better rail handling capacity and deeper quay drafts. In addition, according to Drewry, VSC has six times of the container yard area and more than three times the quay length with a deeper maximum quay depth. According to Drewry, in the first three months of 2011, VSC's terminal productivity was on average over 20 moves per hour, compared with 14 moves per hour at VCT. VCT is located in the city centre of Vladivostok, where it is dependent on road links to its hinterland with no room for expansion, while VSC is located on Wrangel Bay with expansion potential and a direct link to the Trans-Siberian Railway.

Strategic partner

The Group holds a 75% effective ownership interest in VSC pursuant to a strategic partnership with DP World, which holds the remaining 25% ownership interest. DP World's corporate group is the fourth largest container terminal operator in the world and currently has operations at 49 marine terminals in 31 countries worldwide. For more information on the terms of the strategic partnership with DP World, see "*Material Contracts—DP World shareholders agreement*".

Moby Dik

Overview

Moby Dik was the third largest container terminal in the St. Petersburg harbour by gross throughput for the first three months of 2011, according to Drewry, and 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 and is located approximately 70 kilometres from the inland terminal in Yanino, to which it is connected by the St. Petersburg city ring road, and approximately 750 kilometres from Moscow.

The Group believes that Moby Dik's advantages include the following:

- having a direct link to the St. Petersburg city ring road;
- having a relatively low-cost growth potential;
- having a strategic location near cargo traffic routes and key automobile manufacturing facilities including the Nissan and Hyundai plants; and
- having a convenient location at the entrance to St. Petersburg channel.

Annual capacity and throughput

Moby Dik's annual container handling capacity as at 31 March 2011 was approximately 400 thousand TEUs. The terminal's gross container throughput in 2008, 2009, 2010 and in the first three months of 2010 and 2011 was approximately 219 thousand TEUs, 105 thousand TEUs, 141 thousand TEUs, 28 thousand TEUs and 45 thousand TEUs, respectively. As at 31 March 2011, Moby Dik had 504 reefer container plugs.

The Group believes that Moby Dik can expand its annual container handling capacity to approximately 500 thousand TEUs with relatively small additional capital investment, depending on the market demand for container handling services. Moby Dik's location has excellent road and sea access. As the only terminal operator in Kronstadt, the Group believes that the terminal is well positioned to capitalise on increase in market demand.

Customers and contract terms

Moby Dik's customers are principally inter-European carriers and main-line operators. Its largest customer is Containerships, a subsidiary of the Group's strategic partner, Container Finance. Other customers of Moby Dik include Maersk and Unifeeder.

One of Moby Dik's customers is Glovis, a logistics company servicing the Hyundai car manufacturing plant. To make its service attractive to this customer, Moby Dik decided to allocate some of its available terminal space, constructed a warehouse capable of accepting up to 5,000 tonnes of non-containerised steel cargo destined for the Hyundai plant and started bulk cargo handling operations.

Moby Dik's contracts with shipping lines have one-year terms with automatic renewal provisions and require payment for cargo handling two weeks after the date of invoice, which is typically issued 12 days after the date of shipping. Payment for storage and additional services is required each month. Services are priced and settled in US dollars.

In December 2004, Moby Dik entered into a long-term stevedoring and terminal services agreement and a services facilitation agreement with Containerships. Pursuant to these arrangements, Containerships guaranteed minimum annual revenues to Multi-Link for the period to the end of 2011, with prices fixed until that time. These prices were below market levels, but were increased in 2011 to levels not significantly below the market. After these arrangements cease, the prices Containerships will pay for these services are expected to return to market levels.

Property and equipment

The Moby Dik terminal covers a total area of 14.4 hectares, of which 13.1 hectares are leased from state authorities pursuant to several long-term lease agreements, some of which expire in 2053 and 2055, and the remaining 1.3 hectares is owned by Moby Dik. It has two dedicated container berths totalling 321 metres in length with a depth of approximately 10 metres. One of Moby Dik's berths is currently leased under a long-term lease from the Committee for Property Management of St. Petersburg, which expires in 2054.

As at 31 March 2011, the key equipment at the terminal included one STS crane, two MHCs and five RTG cranes. Moby Dik also uses reach stackers, terminal tractors and loaders.

Hinterland connectivity

The Moby Dik terminal has a direct link with the St. Petersburg city ring road offering easy access to St. Petersburg and the Group's inland terminal, Yanino. Currently, the St. Petersburg city ring road

connects the mainland to the north side of the island on which Kronstadt is located. The ring road link from the south side of the island is currently under construction and is expected to be completed in 2011. Once completed, this will provide a shorter travel distance to Moscow. Although Moby Dik has no direct rail link, its customers can gain access to rail transport via the Yanino inland terminal, located approximately 70 kilometres away by road.

Capital investment programme

Moby Dik made capital investments on a cash and 100% basis of approximately US$12.0 million over the period between 2008 and 2010, primarily for the construction and development of terminal infrastructure facilities. The most significant developments included the reconstruction of an access channel and the construction of an administration office, which is to be completed in 2012.

Moby Dik is planning to invest a total of approximately US$12 million in 2011 and 2012 on the construction of terminal infrastructure and further yard developments, including the completion of the administration office, as well as preparatory works for quay wall extensions and the acquisition of terminal equipment.

Competition

Moby Dik is the only container terminal in Kronstadt and primarily competes with container terminals located elsewhere in the region. See "*—PLP—Competition*" for a description of competitors in the St. Petersburg region.

Strategic partner

The Group holds a 75% effective ownership interest in Moby Dik pursuant to a strategic partnership with Container Finance, which owns the remaining 25% ownership interest. Container Finance is a Finnish business that, through its subsidiary Containerships, operates a leading inter-European line business in the Baltic and has an extensive knowledge of container market trends in that region. This strategic partnership also governs the operation of the Finnish Ports segment. See "*—The Group's operations—Finnish Ports*". For more information on the terms of this strategic partnership, see "*Material Contracts—Container Finance shareholders agreement*". Containerships is also Moby Dik's most significant customer. Moby Dik was formerly wholly-owned by Container Finance and is used by Containerships as a base to distribute its intra-European door-to-door services.

Yanino

Overview

Yanino 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. The terminal has a total area of 51.3 hectares, of which the Group owns the freehold to 49.8 hectares. The site has good road and railway connections, being directly connected to the St. Petersburg city ring road and having access to an existing railway spur. Yanino is located approximately 70 kilometres from the Moby Dik terminal in Kronstadt and approximately 50 kilometres from PLP.

Yanino provides access to containerisation for small- and medium-sized producers of export goods, which is intended to increase container volumes at the Group's other terminals in the region, because smaller lots of goods can be handled at Yanino, without having to transport the goods first to a port terminal for container stuffing.

The Group believes that Yanino's advantages include the following:

- being one of a few full-service multi-purpose container logistics complexes in Russia;
- holding substantially all of its land as freehold;
- having direct access to the St. Petersburg city ring road and good railway connections;
- having a customs office, customs warehouse and customs brokers' offices located at the terminal; and
- having container services complementary to Moby Dik and PLP, which are located in the same region.

Annual capacity and throughput

Yanino has a total annual container handling capacity of approximately 200 thousand TEUs and a total annual general cargo handling capacity of approximately 400 thousand tonnes. The Group estimates that, currently, Yanino has potential to develop an annual container handling capacity of approximately 400 thousand TEUs and a total annual general cargo handling capacity of approximately 1,000 thousand tonnes.

Major construction works at the terminal were completed in 2008 and 2009. Yanino commenced operations in 2009, with full operations starting in 2010. Its gross container throughput in 2010 and in the first three months of 2010 and 2011 was approximately 32 thousand TEUs, 8 thousand TEUs and 18 thousand TEUs, respectively, and bulk cargo throughput for the same periods was approximately 142 thousand tonnes, 15 thousand tonnes and 36 thousand tonnes, respectively.

Customers

Yanino's major customers include CMA CGM, Maersk, Unifeeder and Containerships, as well as other logistics companies and end-customers, including Ford Motor Company.

Property and equipment

The terminal has a total area of 51.3 hectares, of which the Group holds the freehold title to 49.8 hectares. The terminal comprises container yards with an annual container handling capacity of 200 thousand TEUs, 120 reefer container plugs, a 24,000 square metre open storage area for bulk cargo, and a 29,500 square metre Class C unheated warehouse. Yanino's services include handling, storage and additional services, such as container stuffing and unstuffing. Yanino has approximately 4 kilometres of internal railway tracks.

As at 31 March 2011, the key equipment used at the terminal included two RTG cranes, reach stackers, forklifts, terminal tractors and loaders.

Hinterland connectivity

The Yanino terminal has a direct link to the St. Petersburg city ring road and a railway spur, connecting it to the Russian rail network. At the beginning of 2011, the Group started to arrange for a regular block-train service to operate between Yanino and PLP, as well as to / from several destinations in the European part of Russia. Typically, Yanino uses these trains to receive cargo directly from its customers' facilities and to transport cargo on to PLP. In March 2011, for example, Yanino received over 20 trains from its customers' facilities located across Russia.

Capital investment programme

Yanino made capital investments on a cash and 100% basis of approximately US$73.6 million over the period between 2008 and 2010. This amount was primarily spent on the terminal development, from a "greenfield" project to a fully operating facility.

Yanino is planning to invest a total of approximately US$7 million in 2011 and 2012 for the further development of the terminal, including the purchase of new equipment and for yard development.

Competition

The Group believes that Yanino is one of only a few multi-purpose container logistics complex of a substantial scale in the St. Petersburg region providing all services at one location. However, there are a number of smaller logistics centres in the region with a more limited service offering, which may compete with Yanino. The Group believes that its closest competitor is an inland terminal project being developed by NCC in Shushary near St. Petersburg, but the Group believes the Shushary facility will be solely dedicated to FCT. As inland container terminals are a developing industry in Russia, it is unclear what the mix of competition will be among logistics services providers and inland terminals in the medium term.

Strategic partner and other arrangements

The Group holds a 75% effective ownership interest in Yanino pursuant to a strategic partnership with Container Finance, which holds the remaining 25% effective ownership interest. For more information on the terms of this strategic partnership, see "*Material Contracts—Container Finance shareholders agreement*".

In July 2010, M.L.T Container Logistics Ltd, a company in which the Group currently holds a 75% ownership interest with Container Finance holding the remaining 25% ownership interest, established Rostek-Yanino OOO (***Rostek-Yanino***). Rostek-Yanino is a joint venture with ZAO Rostek-Severo-Zapad (***RSZ***), a company providing customs clearance services, and manages a bonded warehouse located on a 5.4 hectare site leased from Yanino. Rostek-Yanino is owned by M.L.T Container Logistics Ltd and RSZ in equal shares. The Group believes that creating a joint venture with RSZ will strengthen its competitive position and allow it to expand the range of customs-related services provided to its customers.

Domodedovo inland terminal site

In January 2010, the Group acquired a 75% ownership interest in Cormarys Investments Limited, a company owning two companies, each holding adjacent land plots with a total area of 34.7 hectares in Shakhovo in the Moscow region, in the Domodedovo industrial zone with good road and rail connectivity, for a total of US$8 million. The Group is planning to develop a multi-purpose container logistics complex on this land to provide container handling and logistics services similar to Yanino. The Group believes that this site is well-located in a industrial area near Moscow with good road and rail connections. As at the date of this Prospectus, the Group has no immediate plans to proceed with this development.

Oil Products Terminal segment

Overview

The Oil Products Terminal segment consists of VEOS.

VEOS handles mainly Russian, Belorussian and Kazakh fuel oil, vacuum gas oil and light oil products and is the largest oil products terminal in the Baltic Sea Basin by throughput volume. It is located in and within close proximity to the port of Muuga, Estonia, which is ice-free most years, on the southern shore of the Gulf of Finland. In 2010, 28% of the FSU's fuel oil marine terminal throughput generally and 42% of the FSU's fuel oil marine terminal throughput in the Baltic Sea Basin were transported through the VEOS terminals, in each case according to Drewry, an increase from 21% and 27%, respectively, in 2005. VEOS has four terminals: Termoil and Trendgate, located five and 7.5 kilometres, respectively, from the port of Muuga, connected to the port by three electrically heated pipelines, and Pakterminal and Stivterminal, located in the port of Muuga. The Group believes that as VEOS is not affiliated with any oil company or trader, it is the only independent fuel oil terminal in the Baltic Sea Basin.

The revenue and Adjusted EBITDA of the Oil Products Terminal segment on a 100% basis for the year ended 31 December 2010 were US$265,487 thousand and US$133,785 thousand, respectively. The revenue and Adjusted EBITDA of the Oil Products Terminal segment on a 100% basis for the three months ended 31 March 2011 were US$76,925 thousand and US$39,574 thousand, respectively.

The contribution of the Oil Products Terminal segment (adjusted for the effect of proportionate consolidation) to the Group's revenue for the year ended 31 December 2010 and for the three months ended 31 March 2011 were US$132,745 thousand or 34.7% of the Group's revenue and US$38,463 thousand or 31.3% of the Group's revenue, respectively.

VEOS currently receives the majority of its oil products by railway from refineries in Russia and Belarus, with a relatively small but increasing share of oil products delivered by sea.

To improve transportation options for its customers, VEOS's rail operations, ERS transports cargo from the Russian-Estonian border to the terminal. Fuel oil currently accounts for approximately 30% of total refinery output in Russia, according to Drewry.

The Group believes that VEOS's advantages include the following:

- being the largest and only independent oil products terminal operator in the Baltic Sea Basin, with significant potential to expand its storage capacity;

- having segregated storage, separate loading facilities and blending capability designed to meet the needs of oil traders;
- being located in an ice-free harbour at all times of the year most years, unlike the Russian terminals in the Gulf of Finland, which are typically accessible only with ice-class tankers in winter;
- having the ability to accommodate VLCC tankers with the necessary capacity for transport to Asian and American markets;
- having a high unloading capacity with the ability to unload rail tank cars as well as vessels into storage; and
- having its own railway transport services in Estonia.

Storage capacity, throughput and receiving capacity

The VEOS terminals had a combined storage capacity of approximately 1,026 thousand cbm as at 31 March 2011, comprising 78 tanks, of which 771 thousand cbm is heated and can be used to store dark oil products and 255 thousand cbm can be used to store light oil products. The terminals provide segregated storage of different types of light and dark oil products, which allows for blending to create custom products required by customers. As at 31 March 2011, VEOS's customers rented approximately 605 thousand cbm of storage capacity for oil products, including fuel oil, vacuum gas oil, gasoline and naphtha, and VEOS used the rest of its storage capacity for throughput.

VEOS's gross throughput in 2008, 2009, 2010 and in the first three months of 2010 and 2011 was approximately 15.7 million tonnes, 16.9 million tonnes, 18.2 million tonnes, 4.1 million tonnes and 4.5 million tonnes, respectively.

In 2008, 2009, 2010 and in the first three months of 2011, the total volume of oil products delivered to the VEOS terminals by ship were approximately 680 thousand tonnes, 1,470 thousand tonnes, 1,270 thousand tonnes and 536 thousand tonnes, respectively. The remaining volumes of oil products were delivered to the terminals by rail, with the majority of these deliveries attributable to ERS.

Customers and contracts

VEOS's customers include the major CIS oil suppliers and international oil trading companies. VEOS's key customers include TNK-BP and IPP, which collectively accounted for more than half of VEOS's revenue in 2010 and in the first quarter of 2011, respectively. Typically, approximately two-thirds of VEOS revenues are in euros, with the remainder in US dollars. VEOS's other customers include major vertically-integrated oil companies and traders such as Gazpromneft Trading, Chevron and Gunvor. Recently, VEOS signed a contract to provide services for Taneko, a new refinery located in Tatarstan, Russia.

The Group expects that the equalisation of Russian railway transport tariffs for transportation to Russian ports and export transportation crossing international borders, in fulfilment of commitments to the WTO, when Russia becomes a member, and the European Union should expand the range of potential refineries serviced by VEOS to include refineries in Omsk, the Samara region and Saratov. These refineries currently do not use VEOS due to higher rail tariffs for long-distance shipment to Estonia, compared with the rail tariffs for shipments to Russian ports.

Contracts for throughput and storage typically have a one year term. Rates for throughput (per metric tonne of oil products handled) typically depend on product, throughput volumes, delivery method and seasonality, with payments to be effected within seven to 15 days from the bill of lading date. Rates for storage (per cubic metre of rented storage capacity) are to be paid monthly over the period between the 30th day of the month preceding the rental month and the 15th day of the rental month. The actual storage payment schedule varies depending on the customer.

Property and equipment

The VEOS terminals span a land area of 88.2 hectares, of which 52.4 hectares is owned by VEOS, and the remaining 35.8 are used under long-term building title agreements expiring between 2032 and 2056. See "*Regulation—Estonia—Land use rights*". VEOS also uses the quays at the port of Muuga under cooperation agreements and personal right of use agreements with Tallinna Sadam AS (the ***port of Tallinn***),

the operator of the port of Muuga, expiring in 2020 (with an option to extend for an additional ten years), 2032 and 2034. Under these arrangements, VEOS pays monthly fees based on its throughput volumes.

The VEOS terminals' quays have a maximum depth of 18 metres and can accommodate VLCC vessels, which have the capacity necessary for cost efficient transport to Asian and American markets. However, fully loaded VLCC tankers cannot pass through the shallow channels between Denmark and Sweden connecting the Baltic Sea to the North Sea. As a consequence, they can only be filled to 170,000 metric tonnes at the VEOS terminals. VEOS also has the equipment necessary to carry out ship-to-ship cargo transfers.

VEOS owns 39 kilometres of internal rail tracks, which can accommodate up to 2,300 rail tank cars. The terminal infrastructure includes 346 advanced unloading positions, with capacity to unload over 1,000 rail tank cars (60,000 metric tonnes) per day in the winter season and over 1,500 rail tank cars (90,000 metric tonnes) per day in the summer season. The Group believes its terminals have the largest rail off-loading capacity in the Baltic Sea Basin.

ERS transports customers' tank cars between the Russian-Estonian border and the VEOS terminals. ERS operates a fleet of its own locomotives, and uses railway infrastructure under a contract with Eesti Raudtee AS (***Estonian Railways***), a company operating the Estonian railway infrastructure, expiring in May 2012. ERS owns five main-line locomotives and rents locomotives from third parties when required. In 2010, ERS purchased and renovated a railway depot to provide higher quality locomotive servicing. The Group believes that ERS is a unique independent rail carrier in the Baltic states, typically transporting up to 750 railway cars daily and helping to achieve quick turnaround times for cars travelling between refineries in the region and the VEOS terminals.

Heavy fuel oil, which is a highly viscous cargo that solidifies at room temperature, requires specialised handling and heating equipment, including insulated tanks and pipelines to liquefy fuel oil. VEOS operates several steam boilers for oil tank car heating, which allows for one or two boilers to be taken offline for repair if necessary without disrupting service. At low ambient temperatures, particularly in winter, discharging fuel oil is more challenging and requires more time than at higher ambient temperatures. Further, some of VEOS's equipment can also be used to handle light oil products. VEOS uses gas to heat the heavy fuel oil storage tanks, which it purchases on the basis of a framework agreement with Eesti Gaas AS, a subsidiary of Gazprom. Under this agreement, the actual volume and price of the gas to be supplied annually is agreed at the beginning of each calendar year. The price is calculated in accordance with a formula set out in the relevant agreement and is linked to global fuel oil and gas oil prices.

Hinterland connectivity

VEOS is largely dependent on railway delivery and has significant unloading capacity. Its terminals also include good road and rail connections.

Since mid-2008, VEOS has been able to offer customers rail transport for cargo from the Estonian border to the terminal using ERS's services, which has contributed in part to the increase in VEOS's operating volumes. See "—*Property and equipment*".

Capital investment programme

VEOS made capital investment on a cash and 100% basis of approximately US$58.5 million over the period between 2008 and 2010. These investments were primarily directed at the development of the terminals, including the construction of an additional 295,000 cbm of storage capacity (comprising 220,000 cbm of dark oil products storage capacity and 75,000 cbm of clean oil products storage capacity), as well as at improving the transportation options for its customers through ERS, purchasing five main-line locomotives and a railway depot to service them.

VEOS is planning to invest a total of approximately US$155 million in capital improvements over the period between 2011 and 2013. This amount will primarily be used to expand its storage and unloading capacity, the port infrastructure and reconstruct some terminal facilities. The Group is planning to expand its railway unloading capacity, which is expected to include the construction of a dual-sided 132 position unloading facility, a new boiler house and unloading tracks. The Group has recently signed a preliminary building title agreement with the port of Tallinn with respect to approximately 21 hectares of land adjacent

to the existing site in the port of Muuga, which will become binding subject to certain conditions. The Group is planning to develop new storage facilities on this land, which are expected to increase VEOS's segregated storage capacity for dark products by approximately 360,000 cbm. According to the agreement, the port of Muuga will use its best efforts to provide VEOS with access to an additional deep-draft berth, which should enhance its ability to blend oil products (which is done on-board vessels). The Group currently expects that the new storage facilities will be developed in two phases, to be completed by the end of 2013 and 2014, respectively. Of this new storage capacity, approximately half is expected to be rented to customers for storage and half utilised for dark products throughput.

The Group is also considering renewing ERS's locomotive fleet by acquiring new locomotives that are more powerful, fuel efficient and environmentally friendly.

Competition

The Group faces competition from the other oil products terminals in the Baltic Sea Basin. However, VEOS is the only independent fuel oil terminal in the region. Because heavy fuel oil is a highly viscous cargo that solidifies at room temperature, it cannot be transported by unheated oil pipelines. Other terminals in the area focus on crude oil and other oil products transported by pipeline.

In addition, as the largest and only independent fuel oil terminal operator in the Baltic Sea Basin, VEOS can offer customers equal treatment and trading opportunities not available at terminals associated with particular traders or vertically integrated oil companies.

VEOS is one of two terminals in the Baltic Sea Basin which provides VLCC berths for shipment of cargo to Asia and the Americas.

Finally, the Group believes VEOS has the highest capacity of all facilities in the Baltic for discharging rail tank cars. Short discharging times are particularly important in the winter, when additional heating is required for discharging fuel oil due to low temperatures. VEOS's high discharging capacity allows it to provide reliable handling services to its customers and to better control transportation expenses by preventing build-ups in rail tank cars and resultant increases in fuel oil dwell times.

Strategic partners

The Group holds a 50% effective ownership interest in VEOS pursuant to a strategic partnership with Royal Vopak, which holds the remaining 50% ownership interest. Royal Vopak is a global market leader in independent storage and handling of liquid, oil products, chemicals, vegetable oils and liquefied gases and currently has 79 terminals in 30 countries worldwide. For more information on the terms of this strategic partnership, see "*Material Contracts—VEOS shareholders agreement*".

Finnish Ports segment

Overview

The Finnish Ports segment consists of MLT Kotka, MLT Helsinki and three container depots located in Kotka, Helsinki (in the port of Vuosaari) and Hamina. Ownership interests in the Finnish Ports were acquired in 2007, together with the Moby Dik terminal, as the Group's controlling shareholder sought to expand its operations in the Baltic Sea Basin, particularly in St. Petersburg.

MLT Kotka operates in the port of Kotka and mainly serves Russian import and Finnish export cargo flows. MLT Helsinki operates in the port of Vuosaari and focuses primarily on Finnish import and export cargo flows.

The Group believes that the Finnish Ports have a number of competitive advantages. In particular, MLT Kotka has a balance of container traffic comprising Russian imports and Finnish containerised exports and timber-processing industry cargo, as well as good road, rail and deep-sea connections. MLT Helsinki is located in a recently developed area with good rail and deep sea connections, and significant expansion potential without requiring significant additional capital investments.

The revenue and Adjusted EBITDA of the Finnish Ports segment on a 100% basis in the year ended 31 December 2010 were US$28,262 thousand and US$3,081 thousand, respectively. The revenue and

Adjusted EBITDA of the Finnish Ports segment on a 100% basis in the three months ended 31 March 2011 was US$7,825 thousand and US$1,366 thousand, respectively.

The contribution of the Finnish Ports segment to the Group's revenue (adjusted for the effect of proportionate consolidation) in the year ended 31 December 2010 and in the three months ended 31 March 2011 were US$18,472 thousand or 4.8% of the Group's revenue and US$5,214 thousand or 4.2% of the Group's revenue, respectively.

Annual capacity and throughput

Annual capacity for MLT Kotka and MLT Helsinki as at 31 March 2011 was approximately 90 thousand TEUs and 270 thousand TEUs, respectively. The Group believes that there is a potential to expand MLT Kotka's annual container handling capacity further, subject to market demand for container handling services. In addition, as at the same date, MLT Helsinki has a reefer container yard with 108 plugs and MLT Kotka had a reefer container yard with 8 plugs. The gross container throughput for the Finnish Ports segment in 2008, 2009, 2010 and in the first three months of 2010 and 2011 was approximately 175 thousand TEUs, 143 thousand TEUs, 159 thousand TEUs, 39 thousand TEUs and 39 thousand TEUs, respectively.

Customers and contract terms

The Finnish Ports segment's significant customers include Containerships (for containers), MSC, Eckero Line and Power Line (for ro-ro).

The Finnish Ports segment's contracts with its customers typically remain in force until they are terminated by either party upon three months notice and include provisions for the annual renegotiation of rates. These contracts do not include volume guarantees and do not provide for spot pricing. Payments are made in euro.

Property and equipment

The MLT Kotka terminal covers a total area of approximately two hectares, with one quay of 250 metres in length and a depth of 10 metres. As at 31 March 2011, MLT Kotka had a storage capacity of approximately 2.4 thousand TEUs. MLT Kotka leases the land underlying the terminal from the port of Kotka under a lease agreement that runs indefinitely, subject to any party giving six months notice to terminate.

The MLT Helsinki terminal covers a total area of seven hectares, with two quays totalling 300 metres in length and with a depth of 11 metres. As at 31 March 2011, MLT Helsinki had a storage capacity of approximately 3.6 thousand TEUs. MLT Helsinki can use the land underlying this terminal for the period of the agreement between MLT and the port of Helsinki, initially for a fixed term of five years, expiring in 2013, with two additional five-year renewal periods subject to the approval of the port of Helsinki.

The Finnish Ports segment also leases 4.1 hectares in Helsinki, 1.6 hectares in Hamina and 3.1 hectares in Kotka, which is used for container depots, from the administrations of the relevant ports.

As at 31 March 2011, the key equipment at the MLT Kotka and MLT Helsinki terminals and the three container depots included three STS units, two MHCs, one RTG crane and five straddle carriers. The Finnish Ports also use terminal tractors, reach stackers and straddle carriers.

Hinterland connectivity

The Finnish Ports have good road and rail connections in Helsinki and Kotka, including two railway lines for use by MLT in Vuosaari and one in Kotka.

Capital investment programme

The Finnish Ports segment made capital investments on a cash and 100% basis of approximately US$5.6 million over the period between 2008 and 2010. This amount was primarily directed at the development of the MLT Helsinki terminal and the purchase of terminal equipment.

The Finnish Ports segment is not expected to require significant investments in the medium-term.

Competition

The Finnish Ports comprise the third largest operator amongst three competitors in the same region, including Finnsteve and Steveco Oy. Both competitors have close relationships with the paper industry in Finland.

Strategic partner

The Group holds a 75% effective ownership interest in the Finnish ports segment pursuant to the strategic partnership agreement with Container Finance, which holds the remaining 25% effective ownership interest. For more information on the terms of this strategic partnership, see "*Material Contracts—Container Finance shareholders agreement*".

EMPLOYEES

The table below sets out the total number of employees in each of the Group's terminals, as at 31 December 2008, 2009 and 2010 and 31 March 2011 on a 100% basis.

	Number of employees			
	As at 31 December			As at 31 March
Business segment	**2008**	**2009**	**2010**	**2011**
Russian Ports				
PLP	1,998	1,734	1,576	1,526
VSC	656	536	542	543
Moby Dik	279	239	227	221
Yanino	60	65	137	122
Oil Products Terminal	428	493	533	531
Finnish Ports	145	112	109	101
Holding	2	7	9	9
Total	**3,568**	**3,186**	**3,133**	**3,053**

The table below sets out the main categories of employees of the Group and the Group's terminals as at 31 December 2008, 2009 and 2010 and 31 March 2011 on a 100% basis.

	Number of employees			
	As at 31 December			As at 31 March
Category	**2008**	**2009**	**2010**	**2011**
Operating employees	2,875	2,441	2,349	2,738
Administrative employees	693	745	784	315
Total	**3,568**	**3,186**	**3,133**	**3,053**

The Group's employees are engaged under a variety of employment arrangements, including as direct hires pursuant to collective bargaining agreements. Because the companies in the Group are separate legal entities, each relevant Group company enters into collective bargaining arrangements with trade unions separately.

Over 50% of the employees of the Group are members of a trade union, the most notable of which is the Petrolesport OAO trade organisation, with which a collective bargaining agreement was concluded on 30 December 2009. The Group is not party to any collective employment disputes and there have been no strikes or other cases of industrial action at the Group's facilities during the last five years that have caused material disruption of the Group's business.

PLP, VSC and Yanino outsource certain low-skilled routine works to third parties. In addition, PLP outsources certain security services to related parties. In certain circumstances, the Finnish Ports outsource other works, including container repairs, to third parties.

During the recent global economic and financial crisis, the Group took a number of measures to optimise the size of its workforce and to control salary and wage expenses. At some terminals, these measures

included a temporary reduction in remuneration, the introduction of a four-day working week, the reduction in the number of daily shifts and additional paid and unpaid leave to employees. While seeking to reduce its overall staff costs, the Group sought to retain key qualified personnel.

The Group offers training programmes for employees in safety engineering, fire safety and first aid, as well as equipment training on new and existing equipment and administrative training for accounting, bookkeeping and English language skills. As a response to the recent global economic and financial crisis, the Group encouraged its technical staff to become multi-skilled, which has also allowed the Group to further optimise the size of its workforce.

In addition to wages, the Group typically incentivises workers through bonus programmes. Bonuses are based on various criteria, including the employee's job performance, length of service and the financial and operational performance of the terminal.

INFORMATION TECHNOLOGY

The Group uses several different IT systems at its terminals due to operational differences and the history of the Group's development. In general, at each terminal, the IT systems consist of terminal operating systems and accounting applications, which provide the terminal with data for general management and container handling, strategic planning and analysis, management decision-making and financial reporting.

The Group is also currently considering implementing a unified IT system at its container terminals, particularly to improve its operating processes and efficiency, and to facilitate greater integration with its customers' IT systems and other third parties.

VEOS's oil products handling operations require different IT solutions, which monitor hardware and machinery, including monitoring fuel oil fluidity and temperature, storage tank status and the loading process. Automation software controls the heating of storage tanks and the operation of export pumps, pipelines and marine loading arms.

The Finnish Ports and VEOS outsource 100% of their IT support to a third-party service provider, while the Group's other companies handle their IT services using their own staff.

INSURANCE

Russian Ports segment

The insurance industry in the Russian Federation is in the process of development, and many forms of insurance coverage common in developed markets are not yet generally available or not available on commercially acceptable terms. The Group's general policy is to procure the mandatory insurance amounts and policies required by applicable law as well as certain other non-mandatory types of insurance. See "*Risk Factors—Risks Relating to the Group's Business and Industry—The Group maintains the insurance coverage required by Russian law, which may be insufficient to cover its actual losses*".

Industrial companies in Russia must maintain mandatory liability insurance for damages caused as a result of exploitation of dangerous industrial objects, hydrotechnical infrastructure, and certain other similar types of insurance. The Group currently has all insurance policies it is required to have by applicable law. These insurance policies include cover for third party liability arising out of the operation of certain of the Group's facilities in Russia, mandatory motor vehicle insurance, and certain other types of insurance. In addition to mandatory insurance, the Group has insurance cover in respect of risk of damage to or loss of its owned and leased property, such as buildings, facilities and equipment, against events such as fire, lightning, gas explosions, natural disasters, damage caused by water, theft, malicious acts of third parties, and business interruption insurance. The Group maintains insurance policies with some of the leading Russian insurance companies such as Voenno-Strakhovaya Kompaniya (VSK), AlfaStrakhovanie, Ingosstrakh, Kapital Strakhovanie, Soglasie, SG Uralsib, Rossia, MSK, RESO-Guarantiya and Russkiy Mir. The Group renews its insurance policies annually in the ordinary course of business on commercially reasonable terms, conditions and rates.

Oil Products Terminal segment

Estonian law requires the maintenance of certain insurance policies, including for motor and liability insurance. The Group believes that it currently has all insurance policies it is required to have by applicable laws. The Group maintains insurance policies for employee accidents, property, business interruption, cargo liability, third party liability, employer liability, professional indemnity, fines and penalties, director and officer liability. Insurers include Navigators, Chartis and If P&C Insurance.

Finnish Ports segment

In Finland, the Group is required to maintain insurance for third party liability, group life, unemployment, workers' compensation and pensions. The Group currently has all insurance policies it is required to have by applicable law. The Finnish Ports also maintain insurance policies for director and officer liability, property and business interruption, stowage, hull and traffic liability and third party liability. Most of the Finnish Ports insurance policies are with Pohjola Insurance, Finland and at Fennia Mutual Insurance Company.

Other

The Company, VEOS and Multi-Link have their own directors and officers' insurance policies, covering the potential liabilities of those persons arising from their roles with the relevant companies.

Safety and environment

Safety

Protection of the environment and the safety and health of the Group's employees, customers and suppliers is an integral part of the Group's activities. The Group is committed to continuous improvement in processes to manage safety, health and environmental performance. The Group uses best practices and applies international safety standards for checks, controls and follow-up procedures on accident reporting, recommendations and action plans.

Employee safety and fire prevention are key objectives of the Group. The Group monitors its activities to ensure strict compliance with applicable safety requirements and proper qualification and certification of all personnel involved in handling dangerous and hazardous cargo. Fire control instructions are distributed to all employees, who also undergo ongoing fire control training. The management of each terminal has put in place emergency action plans, and fire control departments check equipment at each terminal on a continual basis.

While there have been some relatively minor industrial accidents at the Group's facilities in 2009, 2010 and in the first three months of 2011, including 71 reported injuries, the Group endeavours to maintain high standards of health and safety.

At the VEOS terminals, the Group is currently conforming its safety, health, environment and quality management standards to that of Royal Vopak. The Group believes this measure will allow it to increase the safety and efficiency of VEOS's activities. The Group has also implemented DP World's safety, health, environmental and quality management standards at the VSC terminal.

Environment

The Group aims to be a market leader in environmental control by reducing pollution and maximising efficiency of energy consumption. Its key environmental initiatives include building sewage water treatment plants, frequent chemical analysis of wastewater, regular clearing of terminal water areas, implementing emergency action plans at each terminal, energy consumption control and energy saving initiatives, including replacing older equipment with new more environmentally friendly and energy efficient equipment.

The Group is subject to environmental laws and regulations in Russia, Estonia and Finland. The Group believes that it is in material compliance with all environmental laws and regulations to which it is subject. The Group believes that it holds all necessary environmental licences and permits, including licences for

the use of water resources, permits for water discharges, air emissions, waste disposal and waste management, and other licences for operations at its facilities.

The Group also believes that it holds all necessary licences required for loading and off-loading hazardous cargo in sea ports, loading and off-loading hazardous cargo onto and from railway vehicles, sea towing and handling hazardous waste and gathering, utilisation, disposing, transportation and distribution of hazardous wastes. See "*Regulation—Russia—Licensing*", "*Regulation—Finland—Licensing*" and "*Regulation—Estonia—Licensing*".

LICENCES

The Group believes that it has all necessary licences and permits required for its activities relating to sea port operations and oil handling, including licences concerning safety, security and handling hazardous materials, permits for ambient air pollution, the special use of water for sewage and the gathering, utilisation, disposal, transportation and distribution of waste, and licences for certain other corresponding services performed by the Group's companies. See "*Regulation—Russia—Licensing*", "*Regulation—Finland—Licensing*" and "*Regulation—Estonia—Licensing*".

INTELLECTUAL PROPERTY

The Group has filed the "Global Ports" logo for registration as a trademark in Russia and other CIS countries, Georgia, certain European countries, the United States and elsewhere in respect of a number of classes of goods and services. The "Petrolesport" logo has been registered as a trademark in Russia in respect of Class 39 of International Classification of Goods and Services with the Federal Service for Intellectual Property, Patents and Trademarks of the Russian Federation on 6 September 2004 with a trademark priority commencing on 23 March 2004. The registration is valid until 23 March 2014. Other logos identifying operational subsidiaries have not been registered. The Group maintains the registration of the internet domain name globalports.com.

The Group does not hold any proprietary patents or patent applications, although as is common in the container ports and oil handling industry, the Group relies on a number of relevant trade secrets and know-how concerning its business and operations. The Group also uses multiple electronic systems allowing it to monitor warehousing, location and movement of cargoes.

LITIGATION AND OTHER PROCEEDINGS

In the ordinary course of business, the Group has been, and continues to be, the subject of legal and arbitration proceedings and adjudications from time to time, which may result in damage awards, settlements or administrative sanctions including fines. The Group is not, and during the past 12 months has not been, the subject of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware), which individually or in the aggregate may have, or have had in the recent past, a significant effect on the Group, its financial position or profitability.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this Prospectus, the membership of the Board of Directors is as set out below.

Name	Year of birth	Current position	Since
Mr. Nikita Mishin	1971	Chairman of the Board of Directors, non-executive director	2008
Dr. Alexander Nazarchuk .	1969	Member of the Board of Directors, executive director	2008
Mr. Alexander Iodchin . . .	1981	Member of the Board of Directors, executive director	2008
Capt. Bryan Smith	1946	Member of the Board of Directors, independent non-executive director	2008
Mrs. Siobhan Walker	1967	Member of the Board of Directors, independent non-executive director	2011
Mr. Mikhail Loganov	1981	Member of the Board of Directors, non-executive director	2008
Ms. Elia Nicolaou	1979	Member of the Board of Directors, non-executive director	2009
Mr. Alexander Pevzner . . .	1970	Member of the Board of Directors, non-executive director	2009
Mr. Konstantin Shirokov .	1974	Member of the Board of Directors, non-executive director	2008
Mr. Michael Thomaides . .	1967	Member of the Board of Directors, executive director	2008
Mr. Marios Tofaros	1973	Member of the Board of Directors, non-executive director	2009

Mr. Nikita Mishin—Chairman of the Board of Directors

Mr. Mishin was appointed as a non-executive member of the Board of Directors and elected as its chairman in 2008. In addition, Mr. Mishin has served as a chairman of the board of directors of Petrolesport since 2007 and a chairman of the board of directors of VSC since October 2005. Mr. Mishin has also held the positions of a member of the board of directors of Sevtekhnotrans OOO since September 2007 and member of the board of directors of New Forwarding Company OAO since June 2007. Mr. Mishin is also a head of the Moscow representative office of VSC. Mr. Mishin served as a member of the board of directors and the commercial director of Severstaltrans ZAO from 1996 until April 2008 and as a member of the board of directors of Vostochny Mezhdunarodny Container Service ZAO from June 2005 until October 2008. He graduated from the Lomonosov Moscow State University where he studied philosophy. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Mishin is one of the controlling shareholders of TIHL, which is the Company's controlling shareholder. See "—*Conflicts of interest*".

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 VEOS (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, a member of the board of directors of Sevtekhnotrans OOO from September 2007 until August 2008, a member of the board of directors of Spacecom AS from April 2003 until June 2008 and a member of the board of directors of Vostochny Mezhdunarodny Container Service ZAO from June 2005 until October 2008.

He graduated from the Lomonosov Moscow State University with a doctorate in philosophy. Dr. Nazarchuk has been a Professor of Social Philosophy at the Lomonosov Moscow State University since September 2002. He is the author of three books, *Ethics of the Globalising Society* (2003), *Theory of Communication in Modern Philosophy* (2009), *Social-philosophical Understanding of Globalisation* (2007), and numerous articles. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Alexander Iodchin—Member of the Board of Directors

Mr. Iodchin was appointed as an executive member of the Board of Directors with the functions of the internal auditor of the Company in 2008. He resigned from the position of internal auditor in 2011. Mr. Iodchin is also a member of the board of directors of Railfleet Holdings Limited (a member of the

Group), a position he has held since July 2010. Mr. Iodchin held a position as a member of the supervisory board of Forstok Invest OÜ and Baleani Invest OÜ since February 2008 until November 2008. Mr. Iodchin graduated from the Lomonosov Moscow State University where he obtained a master's degree in economics. He also finished a post-graduate programme at the Moscow Institute for Economics and Linguistics and the Lomonosov Moscow State University, where he obtained a Ph.D. in economics. Mr. Iodchin was a teaching assistant in the Economics Faculty of the Lomonosov Moscow State University from 2004 until June 2008. He has a diploma in international finance reporting standards and corporate finance. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

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 in 2008 and is an independent non-executive director. Capt. Smith has served as chairman of the remuneration committee and nomination committee of the Board of Directors since 2008. Capt. Smith is also currently serving as the chairman of the board of directors of Sydney Ports Corporation and has previously served as chairman of the board of directors of Sydney Pilot Services Pty Ltd. in Australia. Capt. Smith served for two years as vice president and managing director for South East Asia at DP World, until returning to Australia in July 2008. Prior to that he was East Asia Regional Director for P&O Ports and was a member of the P&O executive board in London. Capt. Smith also held the positions of chairman of the board of directors of Asian Terminals Incorporated (a public company in the Philippines) between 2005 and 2009. He served as a member of the board of directors of VSC from 1999 until 2008, Railfleet Holdings Limited from 2005 until 2008 and as deputy chairman of the board of directors of Laem Chabang International Terminal Co., Ltd. (***LCIT***) (Laem Chabang, Thailand) from 1999 until 2008 and as chairman of the board of directors of Saigon Premier Container Terminal (***SPCT***) (Saigon, Vietnam) from 2006 until 2008. 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. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

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

Mrs. Walker was appointed as a member of the Board of Directors in 2011 and is an independent non-executive director. Mrs. Walker was appointed as the chairman of the Audit and Risk Committee in May 2011. Mrs. Walker has 19 years of banking experience in different industries and countries. She has been working as a managing director in the financial sponsors coverage group in ING Bank N.V., London branch, since August 2010. Prior to that, Mrs. Walker worked in various managerial positions in the Moscow office of ING Bank Eurasia for 13 years. She graduated with honours from the University of Sussex with a B.A. in International Relations. Her business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Mikhail Loganov—Member of the Board of Directors

Mr. Loganov was appointed as a non-executive member of the Board of Directors in 2008. Mr. Loganov is currently finance manager of Leverret Holding Ltd (Cyprus) and from June 2004 until May 2006 was finance manager of Sevtekhnotrans OOO. Mr. Loganov has served as a director of Globaltrans and on its nomination committee since March 2008. From 2001 until 2004 Mr. Loganov worked as a financial analyst for American Express (Europe) Ltd. Mr. Loganov holds a BA (Hons) in business studies with finance from the University of Brighton. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mrs. Elia Nicolaou—Member of the Board of Directors

Mrs. Nicolaou was appointed as a non-executive member of the Board of Directors in 2009. Mrs. Nicolaou is currently managing director of Amicorp (Cyprus) Ltd, Nicosia, Cyprus, and a non-executive director of Globaltrans and a member of its audit committee. Mrs. Nicolaou was the Head of the Corporate Law Department at Polakis Sarris & Co. from July 2003 until March 2007. Prior to that she worked as a lawyer at C. Patsalides LLC from 2002 until 2003. She graduated from the University of Nottingham where she obtained Bachelor of Law. Mrs. Nicolaou also has an LLM in Commercial and Corporate Law from University College London, UK and an MBA from the Cyprus International Institute of Management,

Nicosia, Cyprus. She is also a member of the Cyprus BAR Association. Her business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Alexander Pevzner—Member of the Board of Directors

Mr. Pevzner was appointed as a non-executive member of the Board of Directors in 2009. Mr. Pevzner is currently an advisor to the CEO of Sberbank Capital OOO, a position he has held since 2008. Mr. Pevzner held the position of advisor to the CEO of OGK-6 OAO (The Sixth Wholesale Power Market Generation Company) from 2006 to 2008. Prior to that, he served as the Assisting Adviser to the Minister of Transport of the Russian Federation from 2004 to 2006. He graduated from Gubkin Russian State University of Oil and Gas where he obtained a degree in production engineering in the chemical industry. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Konstantin Shirokov—Member of the Board of Directors

Mr. Shirokov was appointed as a non-executive member of the Board of Directors in 2008. Mr. Shirokov is currently Financial Manager and a member of the revision committees of a number of companies in TIHL's corporate 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. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Michael Thomaides—Member of the Board of Directors

Mr. Thomaides was appointed as an executive member of the Board of Directors in February 2008. He is currently serving as a director of Leverret Holding Ltd (Cyprus). In the past, Mr. Thomaides served as a director at Globaltrans Investment Plc from 2004 until 2008. Mr. Thomaides graduated with honours from the Southbank University, UK and has a Bachelor of Science degree in management. He is a member of the Cyprus Chamber of Commerce. His business address is City House, 3rd floor, 6 Karaiskakis Street, CY-3032, Limassol, Cyprus.

Mr. Marios Tofaros—Member of the Board of Directors

Mr. Tofaros was appointed as a non-executive member of the Board of Directors in 2009. Mr. Tofaros is currently an accounting manager in Amicorp (Cyprus) Ltd., Nicosia, Cyprus, a position he has held since 2008. Mr Tofaros held the positions of financial accountant at Depfa Investment Bank Ltd from 2004 until 2008. Prior to that, he worked at as a financial officer at Louis Catering Ltd from 2003 to 2004 and at KPMG Cyprus, where he held various positions in the Audit Department. He graduated from the University of Kent at Canterbury in the UK with a B.A. in Accounting & Finance & Economics. He also holds a Master's degree in Business Studies from the University of Kent at Canterbury and a Chartered Certified Accountant (FCCA) diploma. His business address is City House, 3rd floor, 6, Karaiskakis Street, CY-3032, Limassol, Cyprus.

SENIOR MANAGEMENT

As at the date of this Prospectus, the senior management, by function, of the Group is as set out below.

Name	Year of birth	Current position	Since
Dr. Alexander Nazarchuk	1969	Chief Executive Officer	2008
Mr. Oleg Novikov	1967	Chief Financial Officer	2008
Mr. Alexander Ignatenko	1971	Chief Operational Officer	2008
Mr. Roy Cummins	1968	Chief Commercial Officer	2009
Mr. Eduard Chovushyan	1965	General Manager of Petrolesport	2007
Mr. Dirk van Assendelft	1970	General Manager of Multi-Link Terminals Ltd Oy	2004
Mr. John Scourtis	1963	General Manager of VSC	2006
Mr. Arnout Dirk Lugtmeijer	1966	Chairman of the Management Board of VEOS	1994
Mr. Valery Mestulov	1959	General Manager of Moby Dik and Yanino	2010

The biographies of the senior management of the Group, as at the date of this Prospectus, are set out below to the extent that they are not members of the Board of Directors of the Company and set out above.

Mr. Oleg Novikov—Chief Financial Officer

Mr. Novikov has served as the chief financial officer of the Company since December 2008. He is also currently serving as deputy general director for finance and audit at Transekspert OOO. Mr. Novikov has over 15 years experience in various managerial positions in the group of companies known as N-Trans. In the past, he served as a member of the board of directors at Severstaltrans ZAO from September 2007 until April 2008, a member of the board of directors at New Forwarding Company OAO from June 2003 until August 2008, a member of the board of directors at Sevtekhnotrans OOO from September 2007 until August 2008, a member of the board of directors at Balttransservis OOO from April 2007 to March 2010 and a member of the board of directors at NPK-Finance OOO from August 2007 to April 2008. Mr. Novikov also served as deputy general director responsible for finance at Severstaltrans ZAO from May 1996 to September 2009. He graduated from the Lomonosov Moscow State University where he studied philosophy. He also studied at All-Russian State Distance Learning Institute of Finance and Economics and has a degree in accounting and auditing. His business address is Russia 123317 Moscow, ulitsa Testovskaya 10.

Mr. Alexander Ignatenko—Chief Operational Officer

Mr. Ignatenko, the chief operational officer of the Company since 2008, has served as the director of the Moscow Representative Office of Petrolesport since July 2007, a member of the board of directors of Petrolesport since March 2007 and a member of the board of directors of VSC since July 2007. In addition, Mr. Ignatenko held the positions of member of the board of directors at Vladivostok Container Service OOO from January 2007 until September 2009 and member of the board of directors at Vladivostok Container Terminal OOO from April 2007 until September 2009. Mr. Ignatenko also served as a head of the port-freight department at Severstaltrans ZAO from July 2003 until May 2004, a member of the board of directors at Tuapsinskiy Morskoy Torgoviy Port OAO from June 2003 until August 2004, a member of the board of directors at Tuapsinskiy sudoremontniy zavod OAO from June 2003 until September 2004, a deputy general director at Vostochny Port OAO from April 2004 until May 2004, the general director at Vostochny Port OAO from May 2004 until November 2004, a president at National Container Company OOO from March 2007 until July 2008 and a member of the board of directors at Vostochny Port OAO from April 2004 until November 2004. Prior to joining the Group, Mr. Ignatenko served as an assistant general director of Rosmorport from February 2006 until November 2006. Mr. Ignatenko has significant management experience in sea ports companies. He studied at the Kuleshov Mogilev Pedagogic Institute and has a degree in mathematics and informatics. His business address is Russia 123317 Moscow, ulitsa Testovskaya 10.

Mr. Roy Cummins—Chief Commercial Officer

Mr. Cummins has served as the chief commercial officer of the Company since September 2009. Mr. Cummins has over 20 years of experience in the ports and shipping industry, having worked in Europe, Asia, the Middle East and Australia. Prior to joining the Group, Mr. Cummins worked for DP World for three years as chief executive officer and a member of the board of directors of Saigon Premier Container Terminal, a "greenfield" port development project in Vietnam. Prior to that, Mr. Cummins held various positions in the P&O Group in both the Liner shipping division (P&O Nedlloyd) and the ports division (P&O Ports), where, in the latter case, he held the positions of general manager of the Port Botany Terminal in Sydney, Australia, and the West Swanson Terminal in Melbourne, Australia, respectively, during the period between 2000 and 2006. Mr. Cummins graduated from the University of Durham (UK), where he obtained bachelor's degree in French and German in 1990. He also holds an MBA degree from the University of Warwick (UK) which he obtained in 2006. His business address is City House, 3rd Floor, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus.

Mr. Eduard Chovushyan—General Manager of Petrolesport

Mr. Chovushyan has served as the chief executive officer of Petrolesport since March 2007. Prior to joining the Group, Mr. Chovushyan worked as a deputy general director of Tuapsinsky sudoremontny zavod OAO

from May 2003 until October 2003 and as vice president for development at NKK OOO from April 2006 until March 2007. Mr. Chovushyan also held various management positions within Tuapsinsky morskoy torgovy port OAO from November 2003 until May 2005. Since August 2007, Mr. Chovushyan has been serving as the chairman of the board of directors of Porttransservice OOO and Moroz-PLP ZAO, and as a member of the board of directors of SK Vira ZAO. He graduated from the Lomonosov Moscow State University where he studied philosophy. His business address is Russia, 198099, Saint Petersburg, Gladky ostrov, 1.

Mr. Dirk van Assendelft—General Manager of Multi-Link Terminals Ltd Oy

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 Osakeyhtiö 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. His business address is Tukholmankatu 2, FIN-00250 Helsinki, Finland.

Mr. John Scourtis—General Manager of VSC

Mr. Scourtis has served as the chief executive officer of VSC since June 2006. He previously was a representative for Severstaltrans in Estonia and served as a member of the council of EOS and Trendgate from 2004 until 2006 and chairman of the management board of Stivterminal from 2005 until 2006. In Estonia, Mr. Scourtis worked to develop new oil terminals. Prior to his time in Estonia, Mr. Scourtis worked for Société Générale De Surveillance SA from 1987 until 2003, where he was development manager for Eastern Europe. Mr. Scourtis received a bachelor of science from Flinders University in 1985 and attended IMD in Lausanne, Switzerland, in 2002. His business address is Russia, 692941, Nakhodka, Vrangel-1.

Mr. Arnout Dirk Lugtmeijer—Chairman of the Management Board of VEOS

Mr. Lugtmeijer has served as the chairman of the management board of VEOS since 1994. He has also served as member of the management board of ERS since April 2008 and EK Holding AS since September 2005 and as member of the supervisory board of Stivterminal since June 2006 and Pakterminal (which was merged into VEOS in May 2010) since June 2008. Mr. Lugtmeijer studied at Delft Technical University in Holland and graduated in 1991. His business address is Regati pst 1, Tallinn, 11911, Estonia.

Mr. Valery Mestulov—General Manager of Moby Dik and Yanino

Mr. Mestulov has served as the General Manager of Moby Dik since July 2010 and of Yanino since January 2011. Mr.Mestulov currently serves as the Chief Executive Officer of Shahovo-18 OOO and Shahovo-19 OOO. He has served as Chief Executive Officer of these companies since June 2010. Mr. Mestulov served as Deputy Chief Executive Officer of Vostochny Port OAO from 2002 until 2004, as Chief Executive Officer of VSC from 2004 until 2005, as Chief Executive Officer of Vladivostok Container Terminal OOO from 2006 until 2008. Prior to joining the Group, Mr.Mestulov held the positions of Head of Department of governmental stock company Ukrresourses from 2000 until 2001 and Deputy President of Management Board of Interbudmontazh ZAO located in Ukraine, Kiev from 2001 until 2002. He graduated from Borisoglebsk Road Technikum where he obtained a building-technician specialist degree in 1974. He also graduated from the International Institute of Management, Business and Law where he obtained a bachelors degree in economics and from the Kharkov Institute of Upgrade Qualification under Ministry of Machine Building, Military-Industrial Complex, and Conversion where he obtained an economics engineering degree in 1997. Mr. Mestulov also undertook an upgrade of qualification course in Dnepropetrovsk branch of Academy of State Management under the President of Ukraine. His business address is Sea port complex, Kronstadt, St. Petersburg, Russia.

Conflicts of interest

Mr. Mishin has beneficial interests in transportation and other businesses that are not part of the Group, some of which are held through his interest in TIHL. These include Globaltrans, Prevo Holdings OÜ,

which has the right to construct container terminals in the port of Muuga, Estonia on the basis of a cooperation agreement and a construction title agreement with the port of Tallinn; Balttransservis OOO and Transoil OOO, both of which are engaged in the transportation of oil products; and Mostotrest, which is not held through TIHL. These businesses may from time to time compete with the Group for customers, business and acquisition opportunities. They also, from time to time, provide services to, and have other dealings with, the Group as described in "*Related Party Transactions*".

Other than as described in the above paragraph and in "*Risk Factors—Risks relating to the Group's business and industry—The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs*", there are no potential conflicts of interest between any duties of the directors and senior managers to the Company and their private interests and/or other duties.

STATEMENT ABOUT DIRECTORS AND SENIOR MANAGERS

At the date of this prospectus, none of the Company's directors or senior managers for at least the previous five years:

- has had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior manager, partner with unlimited liability, founder or member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

None of the Directors or Senior Managers, apart from Mr. Mishin, own Ordinary Shares, have any beneficial interest in Ordinary Shares or have any options to own Ordinary Shares of the Company.

OTHER DIRECTORSHIPS

In addition to their directorships with the Company (in the case of the directors), the Company's directors, executive officers and senior managers have held the following directorships and/or have been a partner in the following partnerships (in each case other than at subsidiaries of the Company), in the past five years:

Name	Current directorships/partnerships	Previous directorships/partnerships
Mr. Nikita Mishin	Sevtekhnotrans OOO, member of the board of directors; New Forwarding Company OAO, member of the board of directors; Fabrikant.ru OOO, member of the board of directors.	Vostochny Mezhdunarodny Container Service ZAO, member of the board of directors; Severstaltrans ZAO, member of the board of directors.
Dr. Alexander Nazarchuk	Leverret Holding GmbH, director; Transoil OOO, member of the board of directors; Transport Leasing OOO, member of the board of directors; Balttransservice OOO, member of the board of directors.	Spacecom AS, member of the board of directors; New Forwarding Company OAO, member of the board of directors; Sevtekhnotrans OOO, member of the board of directors; ThyssenKrupp Intertrade GmbH, director; Vostochny Mezhdunarodny Container Service ZAO, member of the board of directors.
Mr. Alexander Iodchin	None.	Baleani Invest OÜ, member of the supervisory board; Forstok Invest OÜ, member of the supervisory board.

Name	Current directorships/partnerships	Previous directorships/partnerships
Capt. Bryan Smith	Sydney Ports Corporation, chairman of the board of directors.	Sydney Pilot Service Pty Ltd, chairman; SPCT, chairman of the board of directors; LCIT, deputy chairman of the board of directors; Asian Terminals Incorporated, chairman of the board of directors: Terminal Petikemas Surabaya, deputy president commissioner.
Ms. Siobhan Walker	None.	None.
Mr. Mikhail Loganov	Globaltrans Investment PLC, member of the board of directors; Ingulana Holdings Ltd, member of the board of directors; Ultracare Holdings Ltd, member of the board of directors; Spacecom AS, member of the supervisory council; Spacecom Trans AS, member of the supervisory council; Limatic Ltd, member of the board of directors.	None.
Ms. Elia Nicolaou	Globaltrans Investment PLC, member of the board of directors; Ingulana Holdings Ltd, member of the board of directors; Amicorp (Cyprus) Ltd., managing director.	Polakis Sarris & Co., head of corporate law department.
Mr. Alexander Pevzner	None.	None
Mr. Konstantin Shirokov	Globaltrans Investment PLC, member of the board of directors, internal auditor.	None.
Mr. Marios Tofaros	None.	None.
Mr. Michael Thomaides	Thomaides Brothers Enterprises Ltd., director; Leverret Holding Ltd., director.	Globaltrans Investment Plc, member of the board of directors.
Mr. Oleg Novikov	None.	Severstaltrans ZAO, member of the board of directors; New Forwarding Company OAO, member of the board of directors; Sevtekhnotrans OOO, member of the board of directors; Balttransservis OOO, member of the board of directors; NPK-Finance OOO, member of the board of directors.
Mr. Alexander Ignatenko	None.	Transek Group ZAO, member of the board of directors; Vladivostok Container Terminal OOO, member of the board of directors; Vladivostok Container Service OOO, member of the board of directors; National Container Company OOO, president.
Mr. Roy Cummins	None.	Saigon Premier Container Terminal, chief executive officer and member of the board of directors; PrixCar Services Pty Ltd, alternate director.
Mr. Eduard Chovushyan	None.	Transstal OOO, executive director.

Name	Current directorships/partnerships	Previous directorships/partnerships
Mr. Dirk van Assendelft	Niinisaaren Kehitys Oy, member of the board of directors; CamTop Oy, member of the board of directors; Oy Nelma-Trading Ltd, member of the board of directors.	None.
Mr. John Scourtis	None.	None.
Mr. Arnout Dirk Lugtmeijer	None.	None.
Mr. Valery Mestulov	None.	Vladivostok Container Terminal OOO, general director; Transek Group OOO, member of the board of directors; Vladivostok Container Service OOO, member of the board of directors.

COMPENSATION OF DIRECTORS AND SENIOR MANAGERS

The aggregate amount of compensation paid by the Group to its senior managers for their services to the Group for the years ended 31 December 2008 (11 persons), 2009 (13 persons) and 2010 (18 persons) was US$3,332 thousand, US$2,741 thousand and US$3,671 thousand, respectively. There are no amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits to such persons. The aggregate amount of compensation paid by the Group to the members of the Board of Directors for their services to the Group for the years ended 31 December 2008, 2009 and 2010 was US$170 thousand, US$749 thousand and US$1,122 thousand, respectively.

All members of the management board of VEOS have service contracts which include provisions on severance payments of up to eight months' remuneration. No other director or senior manager is a party to any service contract with the Group where such contract provides for benefits upon termination of employment.

CORPORATE GOVERNANCE

As the Ordinary Shares are not listed on the Cyprus Stock Exchange, the Cypriot corporate governance regime, which only relates to companies that are listed on the Cyprus Stock Exchange, does not apply to the Company and, accordingly, the Company does not monitor its compliance with that regime. The Company's operating subsidiaries in Russia comply with the limited corporate governance requirements applicable to private Russian companies. While the Company has not adopted corporate governance measures of the same standard as those adopted by publicly listed companies in the United Kingdom or the United States, the Company has implemented corporate governance measures under which it has appointed two independent non-executive directors, three executive directors, eight non-executive directors, and has established audit and risk, nomination and remuneration committees of the Board of Directors, as described below.

Board of Directors

The Company has established three committees of the Board of Directors: the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. A brief description of the planned terms of reference of the committees is set out below.

Audit and Risk Committee

The Audit and Risk Committee comprises three non-executive directors, one of whom is independent, and expects to meet at least four times each year. Currently the Audit and Risk Committee is chaired by Ms. Siobhan Walker and is also attended by Mr. Shirokov and Mr. Loganov. The Audit and Risk 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 Audit and Risk Committee supervises the submission by the Company of financial information and a number of other audit-related issues and assesses the efficiency of the performance of the Chairman of the Board of Directors.

Nomination Committee

The Nomination Committee comprises three directors, one of whom is independent, and is chaired by an independent non-executive director. The Nomination Committee meets at least once each year. Currently the Nomination Committee is chaired by Capt. Bryan Smith and the other members are Mr. Nikita Mishin and Mr. Alexander Iodchin. 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 of Directors. In undertaking this role, the committee refers to the skills, knowledge and experience required of the Board of Directors given the Company's stage of development and makes recommendations to the Company's Board of Directors as to any changes. The committee also considers future appointments in respect of 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.

Remuneration Committee

The Remuneration Committee comprises at least three directors, including one independent non-executive director, and expects to meet at least once each quarter. Currently the Remuneration Committee is chaired by Capt. Bryan Smith, and the other members are Mr. Nikita Mishin and Mr. Mikhail Loganov. The Remuneration Committee is responsible for determining and reviewing, among other matters, the remuneration of the executive directors 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.

For details of the procedures for appointment and removal of directors of the Company, see "*Description of Share Capital—Articles of Association—Directors*".

PRINCIPAL AND SELLING SHAREHOLDER

The following table sets forth the ownership of the Company immediately prior to the Offering, immediately following the Offering and immediately following exercise of the Over-Allotment Option in full.

Shareholder	Immediately prior to the Offering		Immediately following the Offering		Immediately following exercise of the Over-Allotment Option in full	
	Number of Ordinary Shares	Percentage	Number of Ordinary Shares	Percentage	Number of Ordinary Shares	Percentage
Transportation Investments Holding Limited[1]	449,999,994	100.0%	●	●	●	●
Minority shareholders[2]	6	0.0%	6	0.0%	6	0.0%
Public float	—	—	●	●	●	●
Total	**450,000,000**	**100.0%**	●	**100.0%**	●	**100.0%**

(1) TIHL is a company organised and existing under the laws of Cyprus with its registered office and principal place of business at 20 Omirou, Agios Nikolaos, P.C. 3095, Limassol, Cyprus. Nikita Mishin, Konstantin Nikolaev and Andrey Filatov beneficially own 95.08% of the voting shares of TIHL, each beneficially owning an equal proportion.

(2) The minority shareholders are under 100% control of the beneficial shareholders of TIHL and hold in aggregate six shares in the Company which is a requirement for incorporating a public company under Cyprus law.

The beneficial owners of TIHL also beneficially own transportation and other businesses that are not part of the Group, including an aggregate 50.1% beneficial interest in Globaltrans, an aggregate 72.5% beneficial interest in Prevo Holdings OÜ which has the right to construct container terminals in the port of Muuga, Estonia on the basis of a cooperation agreement and a construction right agreement with the port of Tallinn. Additionally, TIHL beneficially owns an aggregate 20% beneficial interest in Transoil OOO and a 65.05% beneficial interest in Balttransservis OOO, both of which are engaged in the transportation of oil products. Nikita Mishin, Konstantin Nikolaev and Andrey Filatov beneficially jointly own an aggregate 12.24% effective interest in Mostotrest.

MATERIAL CONTRACTS

The Group believes that it has not entered into any material contracts (not being contracts entered into in the ordinary course of business), during the two years prior to the date of this Prospectus, other than the underwriting agreement referred to in "*Subscription and Sale*", the deposit agreement referred to in "*Terms and Conditions of the Global Depositary Receipts*" and the agreements described below.

CONTAINER FINANCE SHAREHOLDERS AGREEMENTS

Overview

The Company is party to two shareholders agreements with Container Finance Limited Oy (***Container Finance***), each entered into on 19 August 2008. The first is an agreement between the Company, Container Finance and Multi-Link Terminals Ltd. (Ireland) (***Multi-Link***). The second is an agreement between the Company, Container Finance and Container Depot Ltd Oy (Finland) (***Container Depot***, together with Multi-Link the ***CF-JVCs***, each a ***CF-JVC***). These agreements replaced two previous shareholders agreements entered into on 23 October 2007.

Multi-Link is the holding company for Multi-Link Terminals Ltd Oy (Finland), a company that operates port terminals in Helsinki and Kotka, Finland; for Moby Dik, a company that operates a port terminal in St. Petersburg; for Kran-1 OOO, Kran-2 OOO and Kran-3 OOO, which own container-handling cranes and lease them to Moby Dik; and for a 50% interest in Niinisaaren Portti Osakeyhtiö Oy (***NiPO***), which rents a port terminal in the new port of Helsinki, Finland, and further leases it to Multi-Link Terminals Ltd Oy. The other 50% of NiPO is held by Steveco Oy, a competitor in Finland.

Container Depot is an operating company, which operates storage facilities in Helsinki, Kotka and Hamina. Container Depot is also a holding company for Yanino, which owns, develops and operates a logistics park in the Yanino village near St. Petersburg, Container-Depot East OOO and Cargo Connexion East OOO, which currently have no operations.

Contribution of shareholders

Each of the agreements provides that each of Multi-Link and Container Depot is owned as to 75% by the Company and as to 25% by Container Finance.

Under the agreements, Container Finance has granted a call option exercisable by the Company at any time from 1 January 2012 to 31 December 2018 to purchase 25% of the shares in each of Multi-Link and Container Depot, as the case may be, for a price determined in accordance with the agreement, provided that as a result of the exercise of, and completion under such option, the Company will be the owner of 100% of the shares in Multi-Link and Container Depot, as the case may be.

Conduct of business

Except in relation to matters specifically reserved for each of the board and the shareholders under the agreements, the managing director of each of Multi-Link and Container Depot is responsible for the day-to-day activities of the business, while the overall business is supervised and under the direction of the board, except as required by applicable law.

The shareholders agreements provide that each board is to consist of three directors appointed by the Company and two directors appointed by Container Finance, and neither shareholder can remove a director appointed by the other. The quorum for board meetings is four directors (including at least one director appointed by each of the Company and Container Finance) present when the relevant business is transacted.

The managing director is appointed and shall only be dismissed based on instructions given by the Company. The chief financial officer of each of Multi-Link and Container Depot is appointed by a unanimous decision of both the Company and Container Finance from the candidates proposed by Container Finance only. Each party has the right to dismiss the chief financial officer of each of Multi-Link and Container Depot at any time.

In each shareholders agreement certain matters are reserved to the board and require its unanimous consent in respect of Multi-Link or Container Depot, as the case may be, including:

- borrowing, lending, raising money; incurring capital expenditure; entering into any contract, liability, commitment or other transactions or arrangements by or in respect of the CF-JVC; in an amount or

with a value (i) in excess of US$3,000 thousand if based on a specific provision of the business plan or the budget or (ii) in excess of US$300 thousand if not based on a specific provision of the business plan or the budget;

- approving and modifying the terms and conditions for the delegation of authorities of the managing director, chief financial officer or chief accountant or adopting or varying material policies in respect of employees' remuneration, employment terms and/or pension schemes of the CF-JVC that result or are reasonably likely to result in an expenditure in excess of US$300 thousand unless based on a specific provision of the business plan or the budget;
- establishing or closing any branches or representative offices or incorporating any subsidiaries of the CF-JVC resulting in an expenditure in excess of US$300 thousand unless based on a specific provision of the business plan or the budget;
- the CF-JVC entering into any contract, liability or commitment which continues for more than one year;
- major decisions relating to the conduct (including the initiation or settlement) of any legal proceedings to which the CF-JVC is a party, where the amount claimed (either against or by the CF-JVC) in such proceedings exceeds US$300 thousand;
- approving the budgets and business plans for the CF-JVC and the CF-JVC entities;
- any transaction by the CF-JVC with any of its shareholders or any of their affiliates including without limitation any distribution of funds whether as group contribution or otherwise by the CF-JVC to any of its shareholders or any of their affiliates;
- creating any encumbrances of any nature in respect of the CF-JVC's undertaking, property or assets (i) if not based specifically on the business plan or the budget in an amount in excess of US$300 thousand or (ii) if based specifically on the business plan or the budget in an amount in excess of US$3,000 thousand;
- making any material decision relating to the business of the CF-JVC being outside the ordinary course of business and not reflected in the business plan or the budget; and
- the CF-JVC entering into transaction, contract or arrangement not being at arm's length terms.

In addition, certain matters in each CF-JVC shareholders agreement are reserved to the vote of the shareholders and require unanimous shareholder approval, including:

- altering the memorandum and articles of association or other constitutional documents of the CF-JVC;
- changing the authorised or issued share capital of the CF-JVC, splitting and/or consolidating the shares, altering any of the rights attaching to the shares, repaying any amount standing to the credit of any share premium account or capital redemption reserve fund or capitalising any reserves;
- merging or consolidating the CF-JVC with another entity or demerging the CF-JVC;
- materially changing the nature or scope of the business of the CF-JVC;
- the CF-JVC declaring or paying any dividend or distribution;
- election or removal of members of the board;
- election and removal of management of the CF-JVC entities;
- appointing or removing the CF-JVC auditors;
- any proposal to wind up the CF-JVC or commence any other voluntary proceeding seeking liquidation, examinership, reorganisation, readjustment or other relief under any bankruptcy, insolvency or similar law or the consent by the CF-JVC to a decree or order for relief or any filing of a petition under such law or to the appointments of a trustee, examiner, receiver or liquidator or any other voluntary action by the CF-JVC in furtherance of its bankruptcy, reorganisation, examinership, liquidation, dissolution or termination of its corporate status;

- borrowing, lending or raising money; incurring any capital expenditure; entering into any contract, liability or commitment; acquiring or disposing of or entering into any transaction or arrangement that may lead to acquiring or disposing of any undertaking, property (including real estate) or assets; creating any encumbrances of any nature in respect of all or any material part of the CF-JVC's undertaking, property or assets; acquiring or disposing of any business (or any material part of any business) or of any securities or participatory interests in any company in excess of US$10,000 thousand;
- the CF-JVC entering into (or terminating) any partnership, joint venture, profit-sharing agreement, material technology licence or collaboration;
- the CF-JVC issuing bonds or other securities;
- approving the CF-JVC's statutory accounts;
- adjusting or altering the accounting policies, the way the accounting policies are adopted by the CF-JVC and the basis upon which the annual profit and loss account and balance sheet of the CF-JVC and CF-JVC entities is prepared except (i) as required by applicable laws and regulations and (ii) the change of accounting principles agreed in business plan and in the CF-JVC shareholders' agreement itself;
- material financial assistance, interest-bearing or interest-free loans and other related assistance by the CF-JVC to shareholders, directors of the management of the CF-JVC entities or members of their groups; and
- exercising the voting rights in respect of the CF-JVC entities in which the CF-JVC directly holds an interest on the matters set out in the first eleven bullets above (save that for this purpose references in such paragraphs to the CF-JVC shall be construed as references to the relevant CF-JVC entity).

Guarantees

At the time each shareholders agreement was entered into, Container Finance had given guarantees and security for loans drawn by each of Multi-Link and Container Depot, as the case may be. In each shareholders agreement, Container Finance and the Company agree that the guarantees given by Container Finance to DVB Bank AG (currently known as DVB Bank SE), Sampo Bank Plc and other guarantees, comfort letters or other undertakings or liabilities of similar nature issued by Container Finance in respect of each Multi-Link or Container Depot, as the case may be, shall be amended such that these obligations shall be divided between Container Finance and the Company (or a member of their respective groups) on a fifty-fifty basis. The loans from DVB Bank AG and Sampo Bank Plc were repaid in full in 2010 and 2008, respectively. See "—*Loan facilities*".

Distribution of dividends

Unless Container Finance and the Company agree otherwise, each of Multi-Link and Container Depot shall not distribute dividends to the shareholders until 31 December 2011.

Subject to the restrictions approved by Container Finance and the Company imposed by the external debt financing of Multi-Link and Container Depot, as the case may be, if Multi-Link and/or its entities or Container Depot and/or its entities at any time in the year 2012 or thereafter has profits available for distribution relating to the preceding financial year, Container Finance and the Company shall cause, at the request of Container Finance, Multi-Link and/or its entities or Container Depot and/or its entities, as the case may be, to distribute to the shareholders dividends in their respective equity proportions, up to 75% of the annual profit in aggregate, as requested by Container Finance.

Except for as set out above, any payment of dividends, and any other decisions relating to the dividends or distribution of profit by Multi-Link or its entities or Container Depot or its entities, as the case may be, shall be subject to the approval of all shareholders of Multi-Link or Container Depot to the fullest extent permitted by applicable laws.

Change of control

Acquisition of a controlling interest in any shareholder by a third party which is not a member of the shareholder's group requires that shareholder to notify the other shareholder of the change of control.

Under the shareholders agreements, controlling interest is defined as meaning the acquisition of more than 50% of the voting share capital of the relevant undertaking; the ability to cast more than 50% of votes exercisable at general meetings of the relevant undertaking on all or substantially all, matters; the right to appoint or remove directors holding a majority of voting rights at meetings of the board of the relevant undertaking on all, or substantially all, matters; or any other power to exercise a dominant influence over the relevant undertaking.

Transfers

The agreement permits sale of all (but not some) of a party's interest to a third party, subject to the right of first refusal and tag along rights described below as well as the third party agreeing to be bound by the agreement. If a party proposes to sell to a third party, then each other party to the agreement has a right of first refusal to acquire the selling party's interests at the third party price. In addition, such other party, if it does not exercise its right of first refusal, has tag along rights to require, as a condition to the sale to the third party, that such third party also acquire its interest on the same terms. The agreement also includes a "shoot out" provision under which, if one party offers to buy out the other party's interest at a specified price, such other party has the option of either accepting that offer or acquiring the offering party's interest at the same price as provided in the initial offering party's offer.

Duration

Each agreement will remain in full force and effect for so long as at least two shareholders not of the same group continue to hold the Multi-Link or Container Depot shares, as the case may be.

DP WORLD SHAREHOLDERS AGREEMENT

Overview

The strategic partnership in relation to VSC is governed by a shareholders agreement entered into on 20 July 2005 between TIHL, P&O Australia Ltd (now known as DP World Holdings (Australia) Limited (***DP World Holdings Australia***) and Railfleet Holdings Limited (***Railfleet***), an intermediate holding company that holds a 100% interest in the companies that constitute VSC. On 21 November 2005, National Container Holding Company (***NCHC***), a wholly-owned subsidiary of the Company, became party to the shareholders agreement following TIHL's transfer of all of its shares in Railfleet to NCHC and execution of a deed of adherence. On 23 February 2010, DP World (POSN) B.V. (***DP World***), a wholly-owned subsidiary of DP World Holdings Australia, became party to the shareholders agreement following DP World Holding Australia's transfer of all of its shares in Railfleet to DP World and the execution of a deed of adherence.

Purpose of agreement and contribution of shareholders

The agreement provides that Railfleet is owned as to 75% by NCHC and as to 25% by DP World.

The purpose of the partnership is to allow NCHC and DP World to develop jointly VSC's container handling business. The agreement contemplates that NCHC will assist with matters relating to foreign exchange, tax and customs duty, procurement and upkeep of property, employment, operating approvals and permits and relationships with government authorities, while DP World will assist with matters relating to the import and transportation of equipment, systems and vehicles to be purchased and imported by the VSC business, arrangements with technical personnel during the installation and testing of such item, licences held by DP World and the marketing and promotion of the VSC business.

The agreement does not require DP World or NCHC to contribute funds to VSC or participate in any guarantee or similar undertaking.

Conduct of VSC business

Under the agreement, the board of Railfleet is responsible for the day-to-day activities of the business, while the overall business is supervised and under the direction of the shareholders, except as required by applicable law. The agreement provides for the board to consist of three NCHC-appointed directors and one DP World-appointed director, and that neither shareholder can remove a director appointed by the other. The quorum for board meetings is one NCHC-appointed director and one DP World-appointed director.

Under the agreement, certain matters are reserved to the board and require its unanimous consent, including:

- Railfleet and any of its subsidiaries entering into, materially varying the terms of or terminating a contract that is longer than one-year, has a value in excess of US$500 thousand or is entered into out of the course of ordinary business;
- major decisions relating to the conduct of any legal proceedings to which Railfleet and any of its subsidiaries is a party where the judgment may exceed US$100 thousand;
- acquisitions or disposals or series of acquisitions or disposals having a value of more than US$100 thousand;
- making any borrowing or leasing arrangement in excess of US$100 thousand;
- creating any encumbrance over any asset of Railfleet and any of its subsidiaries where the amount required to discharge the encumbrance exceeds US$100 thousand;
- approving statutory accounts of Railfleet and any of its subsidiaries or any change in accounting principles;
- adopting or changing material policies on remuneration, employment terms or pension schemes;
- establishing any branches or representative offices of Railfleet and any of its subsidiaries; and
- forming policies in relation to the environment and health and safety issues for Railfleet and any of its subsidiaries.

In addition, certain matters are reserved to the vote of the shareholders and require unanimous shareholder approval, including:

- alteration of the constitutional documents or authorised or issued share capital of Railfleet and any of its subsidiaries;
- steps in relation to winding up, insolvency or other similar proceedings with respect of Railfleet and any of its subsidiaries;
- acquisition or disposals of Railfleet and any of its subsidiaries;
- appointment, re-appointment or removal of the auditors; and
- approving or varying budgets and business plans of each Railfleet and any of its subsidiaries.

Non-compete and non-solicitation

The agreement also provides that neither NCHC nor DP World may develop, invest in or acquire any interest in any business in the Primorsky Krai region that is in direct or indirect competition with the business of Railfleet and any of its subsidiaries, which includes the VSC business, or employ any person who was employed by Railfleet and any of its subsidiaries who is or is reasonably likely to be in possession of confidential information relating to Railfleet and any of its subsidiaries.

In addition, if one shareholder (either NCHC or DP World) wishes to acquire a business within the Primorksy Krai region that directly or indirectly competes with the Railfleet group's business, it must notify the other shareholder and offer that shareholder the opportunity to jointly participate in the acquisition in the proportion of 75% as to the acquiring shareholder and 25% as to the other shareholder.

Distribution of dividends

Under the agreement, Railfleet's profit shall be distributed among its shareholders according to the decision of an annual or extraordinary general meeting of the shareholders.

NCHC and DP World, unless they otherwise agree, shall take all steps necessary to ensure that, in each financial year, each Railfleet subsidiary distributes to Railfleet, as a dividend, 70% of its profit (after taxation, interest, disbursements and amortisation) that is available for distribution in accordance with applicable law for the respective financial year.

Railfleet's shareholders, unless they otherwise agree, shall also take all steps necessary to ensure that, in each financial year, Railfleet distributes to them, pro rata to their ownership interests, 100% of its profit (after taxation, interest, disbursements and amortisation) that is available for distribution in accordance with applicable law for the respective financial year. To the extent lawfully possible, Railfleet's profit will be distributed in the financial year in which it was earned or, otherwise, in the next financial year.

Change of control

If a shareholder should undergo a change in the person or persons who directly control it, except where the change of control is a transfer to or acquisition by an affiliate of that shareholder, any party who actually becomes aware of the occurrence of a change of control shall immediately notify Railfleet and the other shareholder in writing. After the change of control occurs, the other shareholder may serve written notice on the relevant party and Railfleet within six months of the date on which the party became aware of the change, making an offer to purchase all of Railfleet shares of the shareholder at fair value per Railfleet share. Immediately upon this written notice being served, the shareholder who has undergone a change of control shall be bound, subject to obtaining the necessary governmental approvals or other consents required, to complete the sale and purchase of the Railfleet shares to the other shareholder.

Transfers

The agreement permits sale of all (but not some) of a party's interest to a third party, subject to the right of first refusal and tag along rights described below as well as the third party agreeing to be bound by the agreement. If a party proposes to sell to a third party, then each other party to the agreement has a right of first refusal to acquire the selling party's interests at the third party price. In addition, such other party, if it does not exercise its right of first refusal, has tag along rights to require, as a condition to the sale to the third party, that such third party also acquire its interest on the same terms. The agreement also includes a "shoot out" provision under which, if one party offers to buy out the other party's interest at a specified price, such other party has the option of either accepting that offer or acquiring the offering party's interest at the same price as provided in the initial offering party's offer.

Repatriation obligation

If a shareholder (the ***Transferor***) makes a permitted transfer of its shares in Railfleet to a member of the Transferor's shareholder group (the ***Transferee***), and the Transferee ceases or proposes to cease to become a member of the Transferor's shareholder group, the Transferor must procure that the Transferee transfer its interest in Railfleet to the Transferor or another member of the Transferor's group prior to such cessation. For example, if NCHC ceases to be a member of TIHL's shareholder group or TIHL's indirect interest in NCHC decreases to less than 50%, TIHL must procure that NCHC transfers its shares in Railfleet to TIHL or to another member of the TIHL group.

Duration

The agreement will remain in full force and effect for so long as any of the shareholders continues to hold Railfleet shares.

VEOS SHAREHOLDERS AGREEMENT

Overview

The VEOS strategic partnership is governed by a shareholders agreement entered into on 23 April 2008, as amended and restated on 30 July 2008, by TIHL, its then wholly-owned subsidiary Intercross

Investments B.V. (***Intercross***), the Company, Vopak Holding International B.V. (***VHI***), Tankmaatschappij Dipping B.V. (***Vopak***) and VEOS. Each of Intercross and Vopak is a holding company with a direct 50% interest in VEOS. The obligations of Vopak under the shareholders agreement are guaranteed by VHI.

The VEOS strategic partnership was first created pursuant to a previous shareholders agreement and related framework agreement, both entered into on 23 April 2008 by TIHL, Intercross, VHI and Vopak, among others. Pursuant to these agreements, VEOS was controlled by TIHL as to 75% and by Royal Vopak as to 25%. This was effected by Vopak's contribution to EOS of a 100% interest in Pakterminal, a wholly-owned subsidiary of Royal Vopak, in exchange for consideration consisting of EOS shares issued to Royal Vopak and representing 25% of the share capital of EOS (now VEOS). Pursuant to Royal Vopak's concurrent exercise of its call option under the shareholders agreement, the Group sold an additional 10% interest in EOS to Royal Vopak for US$31.7 million. Following these transactions, the Group and Royal Vopak held 65% and 35%, respectively, of EOS. In July 2008, Royal Vopak exercised an additional call option and purchased a 15% interest in VEOS from the Group, thereby reducing the Group's interest in VEOS to 50%. See "*Presentation of Financial and Other Information*" and "*Business—History and development*".

Purpose of agreement and contribution of shareholders

The agreement provides that VEOS is owned by Intercross and Vopak in equal 50% shares.

The business of VEOS and of its subsidiaries is to undertake terminal activities for liquid and gas products (but excluding container transportation and/or container transhipment) with respect to Estonia and the Russian Baltic coastline.

The agreement does not require the Company or Vopak to contribute funds to the VEOS business or participate in any guarantee or similar undertaking.

Conduct of VEOS business

Under the agreement, the management board is responsible for the day-to-day activities of the business, while the overall business is supervised and under the direction of the council and the Company and Royal Vopak, except as required by applicable law.

The agreement provides that the council shall consist of six members, and in any event a minimum of three, divided into a certain number of members appointed by the Company and by Royal Vopak, according to a sliding scale of each party's interest in VEOS. With each of the Company and Vopak holding a 50% interest in VEOS, the council currently consists of three members appointed by each of the Company and Royal Vopak. Members are appointed for a term of three years and may be re-elected.

The quorum for council meetings is a simple majority of council members, with at least one council member nominated by each shareholder being present.

Certain matters are reserved to the council and require its unanimous consent, including:

- adoption and amendment of the accounting principles of the companies of VEOS group;
- cessation of any business activity that generates in excess of US$500 thousand turnover, or winding-up, or participation in any reorganisation or amalgamation;
- lending of any money to or acquiring of any securities from (A) a subsidiary of VEOS, or (B) third parties (for these purposes being a party that is not a subsidiary of VEOS) in each case in excess of US$500 thousand;
- giving of any guarantees, suretyships or indemnities (A) if in respect of the obligations of a VEOS entity, in excess of US$500 thousand for the same matter or related matters, and (B) if in respect of the obligations of a third party, in excess of US$500 thousand for the same matter or related matters;
- entering into of any financing arrangement (other than a guarantee, suretyship or indemnity), including any borrowing of money, finance lease or operating lease, in excess of US$500 thousand and less than US$10,000 thousand;

- entering into, amendment, or termination of any commercial storage contracts or other contracts, obligations and undertakings with a total value (A) in excess of US$10,000 thousand, unless in the ordinary course of business, and (B) in excess of US$30,000 thousand, if in the ordinary course of business;
- expansion outside the tank terminal business, except for development of railway operations;
- formation of any VEOS subsidiary or the opening or establishing of any branch office or representative of VEOS;
- appointment, suspension and dismissal of the directors and their successors, and their remuneration;
- adoption of an annual business plan and any material amendment thereof;
- adoption of the annual capital and operating budgets and any material changes therein (with exception to the 2008 capital and operating budget);
- taking of decisions of single items in the approved annual capital budget exceeding US$3,000 thousand;
- undertaking of any specific project not covered by a plan or a budget approved by the council;
- providing for any charities, grants, gifts, sponsorship or concluding other transactions of such nature;
- any change in the functional currency of VEOS or any VEOS entity;
- entering into, amendment or termination of any related party transaction, other than at arm's length in the ordinary course of business;
- taking of any decision to the extent that the matter to which the decision relates meets both of the following criteria: (A) is not covered by a respective budget and/or business plan approved by the council, and (B) involves an amount in excess of US$5 thousand in aggregate;
- drawing, acceptance or endorsement of any bill of exchange other than a cheque drawn by VEOS in the ordinary course of business;
- unbudgeted acquiring of assets, property (including real estate) or equity interests in another person for any consideration, or granting any option for such acquisition;
- unbudgeted disposal of assets with any book value;
- any unbudgeted borrowing of money (with or without security);
- approval of interim and annual financial statements of VEOS;
- incurring of any capital expenditure of VEOS in respect of any item or project in an amount from US$100 thousand up to and including US$10,000 thousand;
- any decision relating to the conduct (including the settlement) of any legal proceedings to which VEOS is a party, where the amount claimed in such proceedings exceeds US$100 thousand;
- approving and modifying of the terms and conditions for the delegation of authorities of the directors of VEOS;
- adopting (or varying) of material policies in respect of employees' remuneration, employment terms and/or pension schemes of VEOS;
- forming of policies in relation to the environment and health and safety issues for VEOS;
- making of any acquisition or disposal (including any acquisition or grant of any licence) of or relating to any material intellectual property rights;
- creating of any encumbrance of any nature in respect of all or any material part of the VEOS's undertaking, property or assets;
- resolving of any other matter (other than any reserved shareholders matter) that the council considers appropriate; and

- acquiring or disposing of any undertaking, property or assets by VEOS in an amount in excess of US$500 thousand and no more than US$10,000 thousand.

In addition, certain matters are reserved to the vote of the shareholders and require unanimous shareholder approval, including, among other matters:

- alteration of the articles of association or authorised or issued share capital of any VEOS group member;
- steps in relation to winding up, insolvency or other similar proceedings;
- restructuring of any VEOS group members;
- appointment, re-appointment or removal of the auditors; and
- approving or varying the business plan.

Distribution of dividends

Any payment of dividends and any other decisions relating to the dividends or distribution of profits, by VEOS and its subsidiaries shall be subject to the approval of a duly convened general meeting of the shareholders to the fullest extent permitted by applicable laws.

Unless it has the prior written consent of the Company and Royal Vopak, VEOS shall not declare any dividends until all amounts owed under certain shareholder loans are repaid. By December 2010, these shareholder loans were repaid in full.

Subject to relevant restrictions under applicable law and financing arrangements, the parties to the shareholder agreement, unless they otherwise agree in writing, shall also take all steps to ensure that, in each financial year, VEOS distributes to the Company and Royal Vopak, proportionate to their respective equity stakes at the time of distribution, 100% of its net profit that is available for distribution in accordance with applicable law for the respective financial year.

To the extent possible, VEOS's net profit that is available for distribution in accordance with applicable law for a financial year will be distributed four months after the end of that financial year, but in any event immediately after approval of the relevant annual accounts.

Change of control

In the case of a change of control of any shareholder to an entity not in the same group as that shareholder, that shareholder must notify the other parties to the agreement of the change of control.

Transfers

The agreement permits sale of all (but not some) of a party's interest to a third party, subject to the right of first refusal and tag along rights described below as well as the third party agreeing to be bound by the agreement. If a party proposes to sell to a third party, then each other party to the agreement has a right of first refusal to acquire the selling party's interests at the third party price. In addition, such other party, if it does not exercise its right of first refusal, has tag along rights to require, as a condition to the sale to the third party, that such third party also acquire its interest on the same terms. The agreement also includes a "shoot out" provision under which, if one party offers to buy out the other party's interest at a specified price, such other party has the option of either accepting that offer or acquiring the offering party's interest at the same price as provided in the initial offering party's offer.

Right of first refusal

The shareholders agreement provides for that TIHL or Royal Vopak, as applicable, or their respective affiliates, has a right of first refusal in respect of entering into any terminal activities for liquid and gas products (excluding container transportation and/or container transhipment) with respect to Estonia and the Russian Baltic Coastline. According to the shareholders agreement, the party considering commencement of such activities must offer the other party the opportunity to participate in the activities in equal proportion and on the same conditions.

Duration

The agreement will remain in full force and effect for so long as at least two shareholders not of the same group continue to hold VEOS shares.

Transhipment services contract between Petrolesport and Rolf

On 1 January 2011, Petrolesport entered into a contract with Rolf-Logistic OOO (***Rolf***), under which Petrolesport is to provide transhipment services of Rolf's cars at the PLP terminal. Under the agreement, until 31 December 2013, Rolf undertakes to import a certain guaranteed volume of cars on a take-or-pay basis. Rolf is also required to make monthly advance payments for services provided by Petrolesport in accordance with a payment schedule. If Rolf fails to import the agreed number of cars in a particular year, the advance payments received by Petrolesport for that year are considered to be a penalty and are not to be paid back to Rolf. The prices for these services are fixed for the total number of cars agreed to be imported and extra cars transhipped by Petrolesport are charged in accordance with a price list. The parties have agreed that the number of cars to be imported by Rolf and the applicable prices for 2014 and 2015 will be determined in a separate agreement to be entered into not later than 31 December 2013. The agreement is to remain in force until 31 December 2015, however, it can be terminated if Petrolesport's governmental permissions required to perform its obligations under the agreement are rescinded or otherwise terminated, or if the parties fail to agree on terms for services to be provided in 2014 and 2015 before 1 December 2013.

Collaboration contract between Petrolesport and Rosmorport

On or about 14 April 2011, Petrolesport and Rosmorport entered into a contract on the collaboration with respect to the development of the PLP terminal (the ***Collaboration Contract***). Currently, the Collaboration Contract is being reviewed by the Federal Agency for Maritime and River Transport (the ***Agency***), and it will become effective upon the approval of the Agency. The Collaboration Contract stipulates the list of facilities that need to be constructed and allocates the responsibilities for their construction over the period to 2021. Specifically, pursuant to the Collaboration Contract Petrolesport undertakes, among other matters, to construct different port infrastructure, including certain quays and warehouses, and Rosmorport undertakes, among other matters, to construct and reconstruct certain berths and quays and to reclaim a land plot from the sea. The parties have agreed that all construction works under the contract must be completed by the third quarter of 2021. Under the contract, Rosmorport undertakes to lease the facilities it constructs to Petrolesport under a 49-year lease agreement.

The contract sets out certain minimum container throughput volumes that Petrolesport must meet each year starting from 2011 once Rosmorport has performed specified construction works and Rosmorport has entered into a lease agreement with Petrolesport in relation to certain facilities constructed by Rosmorport. Petrolesport will not be obliged to comply with this minimal container throughput volume if there is a downturn in the container shipping market.

While the parties are free to renegotiate a new construction period for the relevant works, any non-performance by Petrolesport of its construction obligations for 12 months or more, or termination of the Russian government's support for the development of the Petrolesport terminal, entitles Rosmorport to terminate the contract early without suffering any damages or penalties.

Loan facilities

DVB Bank SE loan facility to Multi-Link

On 15 December 2004, Multi-Link (as borrower) and DVB Bank AG (currently known as DVB Bank SE) (as lender) entered into a facility agreement. The agreement, which was amended on 30 June 2007, consists of a €36,583 thousand term loan facility and a €1,976 thousand standby loan facility. The interest rate set out in the agreement is EURIBOR plus a margin from 1.5% to 2.4% per annum, depending on the debt service cover ratio (as defined in the agreement). In October 2010, these facilities were fully repaid.

VEOS bond issues

See "*Related Party Transactions—Loans from TIHL—VEOS bond issues*".

Unicredit Bank loan facility to VEOS

On 9 December 2009, VEOS (as borrower) and UniCredit Bank Estonian Branch AS (as lender) entered into a facility agreement for a total principal amount of €27,000 thousand at an interest rate of three-month EURIBOR plus a margin of 3% per annum, with repayment due on 20 November 2012. In August 2010, this facility was fully repaid.

Loans to Yanino

On 19 September 2008, Yanino (as borrower) and State Corporation "The Bank for Development and Foreign Economic Affairs" (Vnesheconombank) (***VEB***) (as lender) entered into a facility agreement for a total principal amount of US$87,500 thousand (as amended) with repayment due on 28 June 2017. The purpose of the facility is to finance the construction of infrastructure and facilities at Yanino, purchase equipment and refinance certain loans. The agreement provides for the total amount to be available for disbursement in three tranches with interest at specified base rates plus margins ranging from 5.75% to 6.32%. The facility is secured by pledges of 100% of the shares in Yanino, Container-Depot East OOO (the ***Guarantor 1***) and Cargo Connexion East OOO (the ***Guarantor 2***), suretyships from Guarantor 1 and Guarantor 2, and pledges of certain immovable and movable property. Under this facility, Yanino undertakes neither to grant loans or security in favour of third parties without prior written consent of VEB nor to borrow any other loans or facilities except for loans or facilities specified in the facility agreement. As at 31 March 2011, the principal amount outstanding was US$65,524 thousand. The facility contains a requirement that a specified volume of power generating capacity be achieved by October 2010. Although this target has not been achieved to date VEB has agreed not to apply penalties or accelerate the loan for non-performance until after October 2011 and Yanino and VEB are currently in the process of finalising amendments to the facility allowing Yanino to complete construction of the power generating capacity by October 2011. The Company believes that Yanino has the necessary resources and ability to commission the capacity by that time.

On 28 April 2008, 23 May 2008 and 22 November 2008, Yanino (as borrower) and SCL (Benelux) B.V. (as lender) entered into three unsecured loan agreements for a principal amount of €850 thousand, €750 thousand and €688 thousand, respectively, at an annual interest rate of 8.1% each, with the final repayment of each loan due on 30 June 2018. As at 31 March 2011, the total principal amount outstanding was €2,780 thousand.

On 12 June 2008 and 21 August 2008, Yanino (as borrower) and SCL (Benelux) B.V. (as lender) entered into two unsecured loan agreements for a total principal amount of US$4,500 thousand and US$3,500 thousand, respectively, at an annual interest rate of 8.1% each, with the final repayment due on 30 June 2018 (as amended) for both loans. As at 31 March 2011, the total principal amount outstanding was US$9,673 thousand.

On 7 November 2005, 10 January 2006, 8 June 2006 and 4 July 2006, Containerships East OOO (currently known as Yanino) (as borrower) and Tabant Oy (as lender) entered into four unsecured loan agreements for a principal amount of €67 thousand, €710 thousand, €500 thousand and €2,000 thousand, respectively, each at an annual interest rate of 10%, with the final repayments due on 31 December 2008, 31 March 2009, 31 December 2011, 31 December 2011, respectively. These loans were assigned by Tabant Oy to Container Depot on 29 September 2006. On 1 August 2007, Containerships East OOO (currently known as Yanino) (as borrower) and Container Depot (as lender) entered into a unsecured loan agreement for a principal amount of €3,000 thousand at an annual interest rate of 10%, with the final repayment due on 31 December 2012. On 9 September 2008, Yanino and Container Depot entered into additional agreements in relation to each of the loan agreements described above to change the interest rate to 8.1% per annum and the repayment date to 30 June 2018. On 17 December 2008, these five loan agreements were assigned by Container Depot to Container Finance and NCC Pacific Investments Limited in equal shares. As at 31 March 2011, the total principal amount outstanding payable to each of NCC Pacific Investments Limited and to Container Finance was €3,109 thousand.

See also "*Related Party Transactions—Loans to/from related parties and interest income and expenses—Loans to Yanino*".

Nordea Bank loan facility to Moby Dik

On 20 September 2010, Moby Dik (as borrower) and Nordea Bank OAO (as lender) entered into a facility agreement for a total principal amount of US$15,000 thousand at an annual interest rate of LIBOR plus a margin of 4.5% with repayment due on 20 September 2015. The loan is secured by pledges of 100% of the shares in Moby Dik, immovable property and equipment owned by Moby Dik and Kran-1 OOO, Kran-2 OOO and Kran-3 OOO, suretyships from Multi-Link and Multi-Link Terminals Ltd Oy. Under this facility, Moby Dik undertakes, among other matters, to obtain the lender's prior written consent for any change of control in respect of Multi Link and its subsidiaries and any granting or obtaining of finance or guarantees in an amount exceeding US$1,000 thousand. Also, Multi-Link and its subsidiaries must maintain a certain net debt to EBITDA ratio and equity ratio (each as defined in the agreement) based on their financial statements. As at 31 March 2011, the amount of principal outstanding was US$15,000 thousand.

Loan facilities to Petrolesport

On 31 July 2006, Petrolesport (as borrower) and BSGV ZAO (as lender) entered into a financial services agreement under which the lender undertakes to open (i) a line for documentary letters of credit and (ii) a revolving credit facility with a limit of €10,000 thousand. The interest rate for each drawdown is to be agreed by the parties in a separate agreement. The facility is due for repayment on 31 July 2011. Under the facility, Petrolesport undertakes, among other matters, not to borrow any finance other than that specified in the agreement without prior written consent of the lender. Also, the agreement provides that a failure by Petrolesport to perform its financial obligations towards third parties in amounts larger than US$3,000 thousand (or equivalent amount in other currencies) constitutes an event of default. The facility is secured by a number of pledges of some of Petrolesport's equipment. As at 31 March 2011, the amount of principal outstanding was €867 thousand.

On 9 November 2006, Petrolesport (as borrower) and Raiffeisenbank ZAO (formerly known as Raiffeisenbank Austria ZAO) (as lender) entered into a facility agreement for a principal amount of up to €4,876 thousand (as amended) at an annual interest rate of one-month LIBOR plus a margin of 4.25% per annum with the repayment of the facility due on 9 November 2012. Among other matters, the agreement provides that a failure by Petrolesport to perform its payment obligations towards third parties in excess of US$500 thousand (or its equivalent in other currencies), confirmed by a court decision, constitutes an event of default. The facility is secured by the pledge of some of Petrolesport's equipment. As at 31 March 2011, the amount of principal outstanding was €1,102 thousand.

On 24 December 2007, Petrolesport (as borrower) and Mezhdunarodniy Moskovskiy Bank ZAO (now known as UniCredit Bank ZAO) (as lender) entered into a facility agreement for a principal amount of €1,366 thousand at an annual interest rate of EURIBOR plus a margin of 2.95% with the repayment due on 24 December 2012. Among other matters, the agreement provides that a failure by Petrolesport to perform its financial obligations towards third parties constitutes an event of default. In addition, it is an event of default if as a result of changes in the shareholding structure or for other reasons a person (other than those at the date of the agreement) acquires the ability to determine decisions of Petrolesport's management bodies and the lender has grounds to believe that the borrower will not be able to perform its obligations. The facility is secured by the pledge of some of Petrolesport's equipment. As at 31 March 2011, the amount of principal outstanding was €598 thousand.

On 24 December 2007, Petrolesport (as borrower) and Mezhdunarodniy Moskovskiy Bank ZAO (now known as UniCredit Bank ZAO) (as lender) entered into a facility agreement for a total principal amount of €3,278 thousand at an annual interest rate of EURIBOR plus a margin of 2.95% (as amended) with the repayment due on 24 December 2012. As at 31 March 2011, the amount of principal outstanding was €2,254 thousand.

On 29 September 2005, Petrolesport (as borrower) and Mezhdunarodniy Moskovskiy Bank ZAO (now known as UniCredit Bank ZAO) (as lender) entered into a facility agreement for a principal amount of €3,278 thousand at an annual interest rate of EURIBOR plus a margin of 3% (as amended) with the repayment due on 29 September 2010. The loan was repaid in September 2010.

On 25 December 2008, Petrolesport (as borrower) and BNP Paribas Vostok OOO (as lender) entered into a non-revolving facility agreement for a principal amount of up to €10,500 thousand at an annual interest of EURIBOR plus a margin of 6% (as amended) with repayment due on 25 December 2013. According to

the agreement, Petrolesport undertakes, among other matters, not to borrow any finance in an amount exceeding 25% of its total assets without the prior written consent of the lender. Petrolesport also undertakes to maintain certain net debt to EBITDA and net worth to total balance ratios (each as defined in the agreement). In addition, the agreement provides that changes in the direct share holding of Petrolesport of more than 25%, as well as a failure by Petrolesport to perform its financial obligations towards third parties in an amount exceeding US$2,500 thousand (or equivalent in other currencies) constitutes an event of default. The facility is secured by the mortgage of some of Petrolesport's immovable property. The loan was repaid in December 2009.

On 29 December 2008, Petrolesport (as borrower) and Bank VTB OAO (as lender) entered into a facility agreement for a principal amount of up to RUB1,400,000 thousand at an annual interest rate of 19.32%. The loan was repaid in May 2009.

On 15 September 2009, Petrolesport (as borrower) and BNP Paribas Vostok OOO (as lender) entered into a non-revolving facility agreement for a principal amount of up to €3,039 thousand at an annual interest of EURIBOR plus a margin of 6%, with repayment due on 15 March 2014. According to the agreement, Pertolesport undertakes, among other matters, not to borrow any finance other than specified in the agreement without the prior written consent of the lender. In addition, the agreement provides that changes in the direct share holding of Petrolesport of more than 25%, as well as a failure by Petrolesport to perform its financial obligations towards third parties in an amount exceeding US$1,250 thousand (or equivalent in other currencies) constitutes an event of default. Petrolesport also undertakes to maintain certain net debt to EBITDA and net worth to total balance ratios (each as defined in the agreement). The facility is secured by pledges of some of Petrolesport's movable and immovable property. The loan was repaid in December 2009.

On 1 October 2009, Petrolesport (as borrower) and Barclays Bank OOO (as lender) entered into a facility agreement for a principal amount of up to US$15,000 thousand at an annual interest rate of three-month LIBOR plus a margin of 4% per annum (as amended) with repayment due on 1 October 2014. According to the agreement, Petrolesport undertakes, among other matters, to observe certain financial covenants with respect to the ratio of EBITDA (as defined in the agreement) to amounts payable under its debt obligations, the ratio of total credit and leasing indebtedness to capital dimension, and its tangible net worth (as defined in the agreement). The facility is secured by pledges of some movable and immovable property of Petrolesport, Moroz-PLP OOO (a subsidiary of Petrolesport) and ZASM OOO (a subsidiary of Petrolesport) and suretyships from Moroz-PLP OOO and ZASM OOO. As at 31 March 2011, the principal amount outstanding was US$13,235 thousand.

On 24 December 2010, Petrolesport (as borrower) and Raiffeisenbank ZAO (as lender) entered into a facility agreement for a principal amount of up to RUB600,000 thousand or an equivalent amount in US dollars at an interest rate of 9.5% per annum for the rouble-denominated facility and 4.8% for the US dollar denominated facility. The facilities are due for repayment on 24 December 2015. According to the agreement, failure by Petrolesport to perform its financial obligations towards third parties in an amount exceeding US$3,000 thousand constitutes an event of default. The facilities are secured by first and second ranking mortgages over certain of Petrolesport's quays. As at 31 March 2011, in relation to the US dollar denominated facility the amount of principal outstanding was US$12,824 thousand, and there was no amount of principal outstanding in relation to the rouble-denominated facility.

Loan facilities to VSC OOO

On 27 October 2010, Vostochnaya Stevedoring Company OOO (***VSC OOO***) (as borrower) and Sberbank OAO (as lender) entered into a non-revolving facility agreement for a principal amount of up to RUB173,000 thousand. Under the facility, the interest rate prior to 21 December 2010 is 7.6% per annum and is a floating rate, depending on the revenue of VSC OOO and other factors, from 21 December 2010. The facility is due for repayment on 26 March 2012. As at 31 March 2011, the amount of principal outstanding was RUB157,705 thousand.

On 11 May 2010, VSC OOO (as borrower) and Sberbank OAO (as lender) entered into a revolving credit facility for a principal amount of RUB100,000 thousand. Under the facility, the interest rate is 8.8% per annum for drawdowns to 20 June 2010 and is a floating rate, depending on the profits of VSC OOO and other factors, for drawdowns from 21 June 2010. The facility is due for repayment on 10 May 2011. The

facility is secured by the pledge of some of VSC OOO's movable property. In February 2011 the facility was fully repaid.

During the year ended 31 December 2008, VSC OOO was a party to a number of facility agreements with Sberbank OAO for a total amount of RUB342,999 thousand and a revolving facility agreement for a total amount of up to RUB94,000 thousand. In 2009 and 2010, the facilities and the revolving facility were fully repaid.

On 16 February 2011, VSC OOO (as borrower) and Raiffeisenbank ZAO (as lender) entered into a revolving facility agreement for a principal amount of up to €372 thousand at an annual interest rate of LIBOR plus a margin of 3.05%. The facility is due for repayment on 16 February 2012. The agreement provides that, among other matters, a failure by VSC OOO to perform its financial obligations towards third parties in an amount exceeding €1,250 thousand, as well as a court decision against VSC OOO in an amount exceeding €2,500 thousand constitutes an event of default. The facility is secured by the pledge of some of VSC OOO's movable property. As at 31 March 2011, the amount of principal outstanding was €328 thousand.

On 18 March 2011, VSC OOO (as borrower) and Raiffeisenbank ZAO (as lender) entered into a revolving facility agreement for a principal amount of up to US$7,000 thousand at an annual interest rate of 4.8%. The facility is due for repayment on 18 March 2016. The agreement provides that, among other matters, a failure by VSC OOO to perform its financial obligations towards third parties in an amount exceeding €1,250 thousand, as well as a court decision against VSC OOO in an amount exceeding €2,500 thousand constitutes an event of default. The facility is to be secured by the pledge of some of VSC OOO's movable property. As at 31 March 2011, the amount of principal outstanding was US$7,000 thousand.

Shareholders' loans to VEOS

On 28 March 2011, VEOS (as borrower) and Vopak (as lender) entered into a loan agreement for a principal amount of €56,204 thousand at an annual interest rate of 5%, with repayment due on 31 December 2012. On the same date, Vopak assigned its rights under this loan to Royal Vopak. As at 31 March 2011, the total amount of principal outstanding was €47,000 thousand. This loan relates to the repurchase by VEOS of 10% its shares on 16 February 2011. Part of the consideration for this was paid in cash and part was subsequently converted into loans owing to the relevant shareholders in equal principal amounts.

VEOS also has a loan from its other shareholder, Intercross Investments B.V., a wholly – owned subsidiary of the Group. For the description of this loan, see "*Related Party Transactions—Loans to/from related parties and interest income and expenses—Loans from related parties—Shareholders' loans to VEOS*".

On 20 October 2008, Vopak THI B.V. (as lender) and VEOS (as borrower) entered into an unsecured loan agreement for a principal amount of up to US$20,000 thousand at an interest rate of 3 month LIBOR plus a margin of 2.75% per annum, repayable on 22 October 2013. In May 2009, the loan was fully repaid.

Nordea Bank loan facilities to VEOS

On 26 June 2007, Pakterminal AS (***Pakterminal***) (which was subsequently merged into VEOS in May 2010) (as borrower) and Nordea Bank Finland Plc (as lender) entered into a loan agreement for a principal amount of US$20,960 thousand at an annual interest rate of US dollar LIBOR plus a margin of 0.4% per annum, with repayment due on 15 June 2012. According to the agreement, Pakterminal undertakes, among other matters, to observe certain financial covenants with respect to the ratio of EBITDA (as defined in the agreement) to amounts payable under its debt obligations and the ratio of total equity to total assets (as defined in the agreement). According to the agreement, any significant indebtedness of the borrower which is not paid when due or becomes due prior to its stated maturity constitutes an event of default. The loan is secured by a first-priority joint-mortgage of Pakterminal's rights relating to certain land plots. As at 31 March 2011, the total amount of principal outstanding was US$5,409 thousand.

On 14 September 2007, Pakterminal (which was subsequently merged into VEOS in May 2010) (as borrower) and Nordea Bank Finland Plc (as lender) entered into a loan agreement for a principal amount of US$3,751 thousand at an annual interest rate of US dollar LIBOR plus a margin of 0.4% per annum, with repayment due on 27 September 2012. According to the agreement, Pakterminal undertakes, among

other matters, to observe certain financial covenants with respect to the ratio of EBITDA (as defined in the agreement) to amounts payable under its debt obligations and the ratio of total equity to total assets (as defined in the agreement). According to the agreement, any significant indebtedness of the borrower which is not paid when due or becomes due prior to its stated maturity constitutes an event of default. The loan is secured by a first-priority joint-mortgage of Pakterminal's rights relating to certain land plots. As at 31 March 2011, the total amount of principal outstanding was US$1,125 thousand.

Container Finance loans

On 22 December 2009, Container Depot (as borrower) and Container Finance (as lender) entered into an interest-free unsecured loan agreement for a principal amount of €1,036 thousand, with repayment due on 22 December 2014, provided that certain conditions set out in Chapter 12 of the Finnish Limited Liability Companies Act have been met. As at 31 March 2011, the total amount of principal outstanding was €1,036 thousand.

On 9 December 2004, Multi-Link (as borrower) and Container Finance (as lender) entered into an unsecured loan agreement for a total principal amount of €5,317 thousand at an annual interest rate of 3.8%, with repayment due on 31 December 2017 (as amended). On 19 August 2008, the Company (as assignee) acquired from Container Finance (as assignor) the right to receive €2,659 thousand. As at 31 March 2011, the total principal amount of principal outstanding payable to Container Finance was €2,659 thousand.

On 12 December 2005, Container Depot (as borrower) and Container Finance (as lender) entered into an interest-free unsecured loan agreement for a principal amount of €1,500 thousand, with the final repayment due on 21 December 2013 (as amended). On 19 August 2008, the Company (as assignee) acquired from Container Finance (as assignor) the right to receive €750 thousand. As at 31 March 2011, the total principal amount outstanding payable to Container Finance was €750 thousand.

In addition, Container Depot has certain amounts outstanding to Container Finance and TIHL as described in "*Related Party Transactions—Loans to/from related parties and interest income expenses—Loans from TIHL to Container Depot*" and Multi-Link Terminals LTD. Oy has certain amounts outstanding to Container Finance and the Company as described in "*Related Party Transactions—Loans to/from related parties and interest income expenses—Multi-Link Terminals Ltd Oy loans*".

RELATED PARTY TRANSACTIONS

In accordance with EU IFRS, the Company is required to disclose all related party transactions, as defined in IAS 24 "Related Party Disclosures", necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such related parties. In addition, the Company's Russian subsidiaries are required to comply with applicable Russian law with respect to related party transactions. During the periods covered by the Financial Information and to the date of this Prospectus, the Group has entered into a number of transactions with related parties. See Note 35 of the Audited Annual Financial Statements and Note 17 of the Unaudited Interim Financial Information. The following related party transactions are considered to be significant by the Group. Where individual contracts are described, the amounts shown in are presented on a 100% basis. See also "*Presentation of Financial and Other Information*".

SALE OF SERVICES

	For the year ended 31 December			For the three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ in thousands)		
Companies under common control . . .	4,173	—	3	—	—
Other related parties	—	—	—	—	1

In the year ended 31 December 2008, the Group provided transhipment and cargo storage services to SVT Vostochniy OOO, a subsidiary of Severstaltrans ZAO, which was at that time a subsidiary of TIHL, at the VSC terminal. The Group believes that the services were provided to SVT Vostochniy OOO on arm's length terms in all material aspects. In December 2008, SVT Vostochniy OOO ceased to be a related party of the Group.

In the year ended 31 December 2008, the Group provided handling and storage services for coasting containers and foreign cargo held in containers to Vostek OOO, a subsidiary of Severstaltrans ZAO, which was at that time a subsidiary of TIHL, at the VSC terminal. The Group believes that the services were provided to Vostek OOO on arm's length terms in all material aspects. In December 2008, Vostek OOO ceased to be a related party of the Group.

In the year ended 31 December 2010 and in the three months ended 31 March 2011, the Group leased premises to Ohrana Terminalnih Ob'ektov OOO (***OTO***), a company related to a close relative of a member of the Group's management. The Group believes that the lease was conducted on arm's length terms in all material aspects.

PROFIT FROM SALE OF PROPERTY, PLANT AND EQUIPMENT

	For the year ended 31 December			For the three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ thousands)		
Companies under common control . . .	—	—	43	—	—

In the year ended 31 December 2010, the profit from sale of property, plant and equipment arose primarily from the sale by Petrolesport of the equipment to Yanino, representing the part of those transactions that is not proportionally consolidated. The Group believes that the sale was conducted on arm's length terms in all material respects.

PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	For the year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ thousands)		
Companies under common control . . .	—	—	1,185	—	—

In the year ended 31 December 2010, VEOS purchased a locomotive depot from Spacecom AS (***Spacecom***), a subsidiary of Globaltrans Investment PLC, which is controlled by TIHL. The Group believes that this transaction was entered into on arm's length terms in all material respects.

PURCHASES OF SERVICES FROM RELATED PARTIES

	For the year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ thousands)		
Companies under common control . . .	7,807	234	1,099	276	300
Other related parties	—	966	758	318	1,009
Total	**7,807**	**1,200**	**1,857**	**594**	**1,309**

On 29 May 2005, EOS (now known as VEOS) entered into an agreement with Spacecom under which Spacecom provided rail carriage and transportation services to it and purchases of these services represent all of the amounts shown in the table above for the year ended 31 December 2008. In 2008, EOS also rented some locomotives from Spacecom. In 2008, the parties agreed to lower the amount of payments required from VEOS in relation to applicable railway tariffs, such that approximately US$7,200 thousand of payments previously made by VEOS were applied as prepayment for railway locomotives purchased by VEOS from Spacecom pursuant to a sale agreement entered into between the parties on 2 April 2008. The total price of the locomotives under that agreement was US$7,956 thousand.

In the year ended 31 December 2009, the Group purchased services primarily from Spacecom, Transexpert OOO, a company where members of the Company's management are non-controlling shareholders, (***Transexpert***) and Property Management OOO, a subsidiary of TIHL's parent, (***Property Management***) primarily consisting of leases of locomotives and consultancy services. The Group believes that these services were purchased on arm's length terms in all material respects.

In the year ended 31 December 2010, the Group purchased services primarily from Spacecom, Transexpert, Property Services OOO, a subsidiary of TIHL's parent (***Property Services***), IT Services OOO, an affiliate of TIHL's parent, (***IT Services***) and OTO, primarily consisting of leases of property (locomotives, depot and related utilities), consultancy services, lease of office premises and security services. The Group believes that these services were purchased on arm's length terms in all material respects.

In the three months ended 31 March 2011, the Group purchased services primarily from Spacecom, New Forwarding Company OOO, a subsidiary of Globaltrans, which is controlled by TIHL, Transexpert, Property Services, IT Services and OTO, primarily consisting of leases of property (locomotives, depot and related utilities), transportation services, consultancy services, lease of office premises and security services. The Group believes that these services were purchased on arm's length terms in all material respects.

LOANS TO/FROM RELATED PARTIES AND INTEREST INCOME AND EXPENSES

Loans to related parties

The details of loans provided to common ownership companies are presented below:

	For the year ended 31 December			Three months ended 31 March
	2008	2009	2010	2011
		(audited)		(unaudited)
		(US$ in thousands)		
At the beginning of the period	**—**	**14,503**	**5,550**	**6,498**
Loans advanced during the period	20,407	242	769	—
Interest charged	293	509	376	326
Loan receivables from VEOS (non-cash transaction)[(1)]	—	—	—	37,966
Loan and interest repaid during the period	(2,147)	(9,850)	—	(6,855)
Eliminated when becoming a joint venture	(3,609)	—	—	—
Foreign exchange differences	(441)	146	(197)	2,133
At the end of the period	**14,503**	**5,550**	**6,498**	**40,068**

(1) In 2011, VEOS repurchased 10% of its share capital, equally from its two shareholders. The redemption of shares was partially settled in cash and the unsettled balance was converted to an interest-bearing loan repayable by 31 December 2012. This asset consists of the amount owed by VEOS to the Group that is attributable to the other joint venture party.

The details of loans provided to the parent company by various group entities are presented below for the periods indicated:

	For the year ended 31 December		
	2008	2009	2010
		(audited)	
		(US$ in thousands)	
At the beginning of the period	**—**	**5,241**	**—**
Loans advanced during the period	5,100	—	—
Interest charged	141	78	—
Loan and interest repaid during the period	—	(5,319)	—
At the end of the period	**5,241**	**—**	**—**

The details of loans provided to other related parties are presented below for the periods indicated:

	For the three months ended 31 March 2011
	(unaudited) *(US$ in thousands)*
At the beginning of the period	**—**
Loans advanced during the period	857
Interest charged	2
Foreign exchange differences	22
At the end of the period	**881**

The following descriptions of the amounts under particular loan agreements are presented on a 100% basis, consistent with the relevant contractual amounts, rather than as consolidated in the Financial Statements. See "*Presentation of Financial and Other Information*".

Loan from Webeck Holdings Limited to TIHL

On 22 April 2008, Webeck Holdings Limited, a member of the Group at that time, (as lender) and TIHL (as borrower) entered into an unsecured loan agreement for a principal amount of US$5,100 thousand at an annual interest rate of 4%, repayable six months after each disbursement. In May 2009, the loan was fully repaid.

Loan from Petrolesport to Transexpert OOO

On 21 March 2011, Petrolesport (as lender) and Transexpert OOO (as borrower) entered into an unsecured loan agreement for a principal amount of RUB25,000 thousand at an annual interest rate of 10.75%, repayable by 15 June 2011. In May 2011, this loan was fully repaid.

Loans from related parties

The details of loans received from TIHL by various group entities are presented below:

	For the year ended 31 December			Three months ended
	2008	2009	2010	31 March 2011
		(audited) *(US$ in thousands)*		(unaudited)
At the beginning of the period	**90,525**	**155,016**	**48,451**	**44,292**
Loans advanced during the period	182,504	43,460	249	—
Interest charged	(81,629)	(157,574)	(8,220)	(6,097)
Loan and interest repaid during the period	8,580	7,302	4,088	827
Eliminated when becoming a joint venture	(42,749)	—	—	—
Foreign exchange differences	(2,215)	247	(276)	223
At the end of the period	**155,016**	**48,451**	**44,292**	**39,245**

Loans from TIHL to Container Depot

On 1 November 2007, Container Depot (as borrower) and TIHL and Container Finance (as lenders) entered into an unsecured loan agreement in the amount of US$1,000 thousand at an annual interest rate of 7.8% as amended on 30 September 2008, with repayment due on 30 June 2018. As at 31 March 2011, the amount outstanding, including accrued interest, was US$1,298 thousand.

On 21 December 2007, Container Depot (as borrower) and TIHL and Container Finance (as lenders) entered into an unsecured loan agreement in the amount of US$1,500 thousand at an annual interest rate of 7.8% as amended on 30 September 2008, with repayment due on 30 June 2018. As at 31 March 2011, the amount outstanding, including accrued interest, was US$1,929 thousand.

On 7 February 2008, Container Depot (as borrower) and TIHL and Container Finance (as lenders) entered into an unsecured loan agreement in the amount of €800 thousand at an annual interest rate of 7.8% as amended on 30 September 2008, with repayment due on 30 June 2018. As at 31 March 2011, the amount outstanding, including accrued interest, was US$1,492 thousand.

On 28 February 2008, Container Depot (as borrower) and TIHL and Container Finance (as lenders) entered into an unsecured loan agreement in the amount of €600 thousand at an annual interest rate of 7.8% as amended on 30 September 2008, with due on 30 June 2018. As at 31 March 2011, the amount outstanding, including accrued interest, was US$1,115 thousand. The debt outstanding to TIHL in connection with the loans described above was repaid by TIHL assigning the loans to NCC Pacific Investments Limited, a member of the Group, in May 2011. The cash consideration for the assignment was paid to TIHL in May 2011.

Loans from TIHL to the Company

On 18 August 2008, the Company (as borrower) and TIHL (as lender) entered into an unsecured loan agreement for a principal amount of up to €30,000 thousand at an annual interest rate of 8.75%, with repayment due on 18 August 2013. As at 31 March 2011, the total amount of principal outstanding was €942 thousand. In May 2011 this loan was fully repaid.

On 20 October 2008, the Company (as borrower) and TIHL (as lender) entered into a loan agreement for a principal amount of US$20,000 thousand at an interest rate of one-month US dollar LIBOR plus a margin of 2.25% per annum (as amended), with repayment due on 22 October 2013. In February 2009, the loan was fully repaid.

On 11 November 2008, the Company (as borrower) and TIHL (as lender) entered into an unsecured loan agreement for a principal amount of up to US$55,000 thousand at an annual interest rate of 8.5%, with repayment due on 15 December 2013. As at 31 March 2011, the total amount of principal outstanding was US$11,088 thousand. In May 2011 this loan was fully repaid.

On 26 January 2009, the Company (as borrower) and TIHL (as lender) entered into an unsecured loan agreement for a principal amount of up to US$50,000 thousand at an annual interest rate of 9.0%, with repayment due on 30 December 2014. As at 31 March 2011, the total amount of principal outstanding was US$9,000 thousand. In May 2011 this loan was fully repaid.

On 3 April 2009, the Company (as borrower) and TIHL (as lender) entered into an unsecured loan agreement for a principal amount of up to US$5,300 thousand at an annual interest rate of 8.5%, with repayment due on 17 April 2012. In March 2011 the loan was fully repaid.

On 6 April 2009, the Company (as borrower) and TIHL (as lender) entered into an unsecured loan agreement for a principal amount of US$9,200 thousand at an annual interest rate of 7.8%, with repayment due on 30 June 2018. As at 31 March 2011, the total amount of principal outstanding was US$9,200 thousand. In May 2011 this loan was fully repaid.

Loans from TIHL to other group entities

On 17 April 2008, Intercross Investments B.V. (as borrower) and TIHL (as lender) entered into two unsecured loan agreements for a principal amount of US$16,900 thousand and €26,620 thousand, each at an annual interest rate of 8.4%. Under each agreement, the borrower was required to repay each loan disbursement one year after the loan's disbursement. In May 2009, the loans were fully repaid.

On 27 May 2008, 11 June 2008 and 15 August 2008, NCC Pacific Investments Limited (as borrower) and TIHL (as lender) entered into three unsecured loan agreements for principal amounts of US$1,200 thousand, US$4,500 thousand and US$3,500 thousand, respectively, each at an annual interest rate of 8% (as amended), with repayment due on 30 June 2009, 31 August 2009 and 31 August 2009, respectively. By December 2009, these loans were fully repaid.

Multi-Link Terminals Ltd Oy loans

On 23 September 2010, Multi-Link Terminals Ltd Oy (as borrower) and the Company and Container Finance (as lenders) entered into an unsecured loan agreement for a principal amount of €3,000 thousand at an annual interest rate of 5.5%, with repayment due on 31 December 2011 (as amended). As at 31 March 2011, the total amount of principal outstanding payable to Container Finance was €1,927 thousand.

Loan from Valleyfield Investments Ltd. to Akvator ZAO

On 13 December 2006, Akvator ZAO (as borrower), a subsidiary of the Company, and Valleyfield Investments Ltd. (as lender), a company controlled by TIHL, entered into an unsecured loan agreement in the amount of RUB104,079 thousand, which was amended on 24 July 2007. Pursuant to a deed of novation entered into on 19 May 2008, the Company assumed Valleyfield's repayment obligation under the loan agreement. Under the agreement as amended, the loan was granted for a period of three years and six months on an interest-free basis and may be repaid at any time before the expiry of that period. In July 2008, the loan was fully repaid.

Container Depot loans

On 22 December 2009, Container Depot (as borrower) and the Company (as lender) entered into an interest-free unsecured loan agreement for a principal amount of €674 thousand, with repayment due on 22 December 2014, provided that the conditions set by Chapter 12 of the Finnish Limited Liability

Companies Act have been met. As at 31 March 2011, the total principal amount outstanding was €535 thousand.

In addition, Container Depot has certain amounts outstanding to the Company as described in "*Related Party Transactions—Loans to/from related parties and interest income expenses—Container Finance loans*".

Loans to Yanino

On 28 May 2008, 11 June 2008 and 19 August 2008, Yanino (as borrower) and NCC Pacific Investments Limited (as lender), a wholly-owned subsidiary of the Company, entered into three unsecured loan agreements for a principal amount of US$1,200 thousand, US$4,500 thousand and US$3,500 thousand, respectively, each at an annual interest rate of 8.1% (as amended), with the final repayment of each loan due on 30 June 2018. As at 31 March 2011, the total amount outstanding, including accrued interest, capitalised into the principal amount in accordance with the loan agreement, US$11,147 thousand.

On 10 April 2008 and 28 November 2008, Yanino (as borrower) and NCC Pacific Investments Limited (as lender), a wholly-owned subsidiary of the Company, entered into two unsecured loan agreements for a principal amount of €850 thousand and €688 thousand, respectively, each at an annual interest rate of 8.1% (as amended), with the final repayment of each loan due on 30 June 2018. As at 31 March 2011, the total principal amount outstanding including accrued interest, capitalised to the principal amount in accordance with the loan agreements, was €1,862 thousand.

There are certain other loan arrangements between Yanino and NCC Pacific Investments Limited, as described in more detail in "*Material Contracts—Loan facilities—Loans to Yanino*".

Shareholders' loans to VEOS

On 24 February 2011, VEOS (as borrower) and Intercross Investments B.V. (as lender), a wholly-owned subsidiary of the Company, entered into a loan agreement in the amount of €56,204 thousand at an annual interest rate of 5%, with repayment due on 31 December 2012. On 31 March 2011, Intercross Investments B.V. assigned its rights under the loan to the Company. As at 31 March 2011, the total amount outstanding was €47,000 thousand. This loan relates to the repurchase by VEOS of 10% of its shares on 16 February 2011. Part of the consideration for this was paid in cash and part was subsequently converted into loans owing to the relevant shareholders in equal principal amounts.

On 20 October 2008, the Company (as lender) and VEOS (as borrower) entered into an unsecured loan agreement for a principal amount of up to US$20,000 thousand at an interest rate of 3 month LIBOR plus a margin of 2.75% per annum, repayable on 22 October 2013. In May 2009, the loan was fully repaid.

Loan from Ultra Goal Investments to Multi-Link

On 25 June 2010, Multi-Link (as borrower) and Ultra Goal Investments Ltd (as lender), a subsidiary of Valleyfields Investments Ltd., which is controlled by TIHL, entered into an unsecured loan agreement in the amount of €250 thousand at an annual interest rate of 7.0%. The loan is due upon demand after Multi-Link repays the facility from DVB Bank SE. See "*Material Contracts—DVB Bank SE loan facility to Multi-Link*". As at 31 March 2011, the total amount of principal outstanding was €250 thousand. The debt outstanding to Ultra Goal Investments Ltd in connection with this loan was repaid by Ultra Goal Investments Ltd assigning the loan to the Company in May 2011. The cash consideration for the assignment was paid in May 2011.

VEOS bond issues

On 15 January 2007, EOS (now known as VEOS) entered into a subscription and settlement agreement, in respect of a US$84,600 thousand unsecured bond issue under which certain parties, including TIHL, subscribed and paid for bonds. In November 2008, the amount of bonds was increased to US$128,700 thousand, with some of the additional issue being subscribed for by the Company, and the annual interest rate changed to 10%. The bonds were fully repaid in December 2010.

Interest income and expenses

The Group recognised interest income and expenses in connection with the loans to and from related parties for the periods under review as follows. See "—*Loan to related parties*" and "—*Loan from related parties*".

	For the year ended 31 December			Three months ended 31 March	
	2008	2009	2010	2010	2011
		(audited)		(unaudited)	
			(US$ thousands)		
Interest income from loans to common ownership companies	293	509	376	91	326
Interest income from parent company	141	78	—	—	—
Interest income from loans to other related parties	—	—	—	—	2
Interest expense from loans from the parent	(8,580)	(7,302)	(4,088)	(1,004)	(827)

OTHER

Guarantee and share pledge for TIHL bonds

In 2007, Farwater granted a corporate guarantee, against the non-performance by TIHL of bonds in the amount of US$175,000 thousand. This guarantee was provided free of charge and was valid for three years. These bonds were also secured by the pledge of 100% of the shares of Farwater and 80% of the shares of Petrolesport. The guarantee and the pledges were cancelled in August 2008.

Guarantees in favour of TIHL issued in 2009

In 2009, Petrolesport and Farwater granted corporate guarantees against the non-performance by TIHL in respect of a loan with an initial balance of US$45,000 thousand on 31 December 2009. The guarantees were provided free of charge and were valid for 18 months. In April 2010, the guarantees were prolonged for a further period of two years. The guarantees were released in May 2011.

REGULATION

Set forth below are certain provisions of Russian, Finnish and Estonian legislation relating to the sea ports and stevedoring operations that apply to the Group's business activities.

RUSSIA

The activity of port operators in Russia that handle seaborne trade cargo flows is subject to a wide variety of federal and regional laws and acts of secondary legislation, including civil and commercial law, law regulating seaports, licensing, water and land use, anti-monopoly matters, environmental, health and safety concerns, employment and other issues, as well as the regulatory supervision of a number of federal, regional and local authorities.

Applicable law

The regulation of seaport and stevedoring operations in Russia is primarily based on the following laws and regulations.

- The Civil Code. The Civil Code establishes the general legal framework for commercial relations between persons and entities. In particular, the Civil Code (i) regulates property relations between commercial parties, (ii) sets the rules for obtaining and transferring ownership of movable and immovable property and (iii) provides for the main rules for concluding, amending, performing and terminating contracts.
- The Merchant Shipping Code of the Russian Federation No. 81-FZ dated 30 April 1999, as amended (the ***Merchant Shipping Code***). The Merchant Shipping Code establishes the legal basis for commercial shipping along sea routes and inland waterways and regulates stevedoring operations.
- The Water Code of the Russian Federation No. 74-FZ dated 3 June 2006, as amended (the ***Water Code***). The Water Code regulates the use and protection of bodies of water and establishes water use rights. In particular, the Water Code establishes the regime for use of the sea in connection with carrying out seaport operations (such as use of berths, fixed and floating sea platforms, as well as discharging waste and drainage waters into the sea) and specifies the procedure for provision of use rights to bodies of water.
- The Land Code of the Russian Federation No. 136-FZ dated 25 October 2001, as amended (the ***Land Code***). The Land Code regulates the use and protection of land and establishes the legal basis for creation, transfer and termination of title to land plots. In particular, the Land Code sets the rules for provision of land plots for various purposes, including allocation of seaports and facilities.
- Federal Law "On Seaports in the Russian Federation and Introduction of Amendments to Certain Acts of Legislation of the Russian Federation" No. 261-FZ dated 8 November 2007, as amended (the ***Seaports Law***). The Seaports Law regulates commercial shipping in seaports. In particular, the Seaports Law establishes specific procedures for construction, opening and closing seaports, regulates operations performed in seaports and provides for governmental regulation of seaports and seaport activities. See also "*—Seaports Law status*".
- Federal Law "On Inland Sea Waters, Territorial Sea and Contiguous Zone of the Russian Federation" No. 155-FZ dated 31 July 1998, as amended (the ***Law on Waters***). The Law on Waters establishes the legal status and regime of inland sea waters, territorial sea and contiguous zone of the Russian Federation. In particular, the Law on Waters regulates the call procedure for foreign vessels in ports.
- Federal Law "On Special Economic Zones of the Russian Federation" No. 116-FZ dated 22 July 2005, as amended (the ***Law on Special Economic Zones***). The Law on Special Economic Zones sets out the regime of special economic zones in the Russian Federation (meaning the territory on which applies special business performance treatment, including but not limited to, the port special economic zones).
- Federal Law "On the Procedure for Implementing Foreign Investment in Commercial Enterprises Having Strategic Importance for Securing the National Defence and Security of the State" No. 57-FZ dated 29 April 2008, as amended (the ***Law on Strategic Enterprises***). The Law on Strategic Enterprises sets out certain restrictions for foreign investors to acquire control over entities that have strategic importance for the national defence and security of Russia. See "*—Investment to companies of strategic importance for Russia*".

- Federal Law "On Natural Monopolies" No. 147-FZ dated 17 August 1995, as amended (the ***Natural Monopoly Law***). The Natural Monopolies Law establishes the legal basis of state policy with respect to natural monopolies and sets out the natural monopoly spheres which include port services. See also "*—Natural monopoly entity status*".
- Federal Law "On Licensing of Certain Activities" No. 128-FZ dated 8 August 2001, as amended (the ***Law on Licensing***). The Law on Licensing regulates licensing in Russia. It will be substituted by a new federal law regulating the licencing activities in Russia, that will come into force in November 2011. See "*—Licensing*".
- Federal Law "On Environmental Protection" No. 7-FZ dated 10 January 2002, as amended (the ***Environmental Protection Law***). The Environmental Protection Law establishes the state policy on environmental protection. See "*—Environmental matters*".
- Federal Law "On Industrial Safety of Hazardous Industrial Facilities" No. 116-FZ dated 21 July 1997, as amended (the ***Industrial Safety Law***). The Industrial Safety Law provides for the measures for safety protection on industrial hazardous objects. See "*—Health and safety*".
- Resolution of the Government of the Russian Federation "On the State Regulation and Supervision of Prices (Tariffs, Charges) for Services of Natural Monopoly Entities at Transport Terminals, Ports, Airports and the Exploitation of Domestic Waterways" No. 293 dated 23 April 2008, as amended. The resolution determines state regulation and supervision of the pricing for, amongst other things, seaport services and sets out the list of seaport services rendered by natural monopoly entities subject to state regulation.
- Order of the Federal Tariff Service (the ***FTS***) "On the Procedure for Establishing (Change of) Port Prices (Tariffs, Charges) or their Maximum Level for Services of Natural Monopoly Entities in Transport Terminals, Ports, Airports and Services for the Use of Internal Water Infrastructure, as well as Lists of Documents Provided in Relation to their Establishment (Change)" No. 135-t/1 dated 24 June 2009. The Order regulates pricing for seaport services and sets the list of information and documents requisite for determination of port charges and tariffs or their maximum level. See also "*—Tariff regulation*".
- Order of the FTS No. 19-t/4 dated 20 February 2009 "On the Approval of Tariffs for the Services in Seaport Rendered by Vostochnaya Stevedoring Company OOO (***VSC OOO***)" (the ***VSC Order***). The VSC Order establishes tariffs for the services rendered by VSC OOO in seaport, including loading and off-loading services and storage services. See also "*—Tariff regulation*".
- Order of the FTS No. 133-t/1 dated 30 June 2010 "On the Change in State Regulation of the Natural Monopoly Entities in the Bolshoi Port St. Petersburg" (the ***Petrolesport Order***). The Petrolesport Order countermanded the governmental price regulation with respect to services rendered by the port terminals located in the Big Port of St. Petersburg, including Petrolesport. See also "*—Tariff regulation*".

Regulatory authorities

Several governmental agencies participate in regulation of the Russian port industry and form a complex multi-tier system of regulation. Functions and authorities of these agencies are at times ambiguous and unclear. In addition, over the past years, the structure of the Russian government was extensively reorganised. At present, the principal regulatory authorities that provide overall oversight of the Group's business include the following:

- The Government of the Russian Federation decides on construction, expansion and closing of seaports, sets the borders of seaports, establishes the special economic port zone in accordance with the Law on Special Economic Zones and sets the regime for crossing of the borders of the Russian Federation in accordance with the law of the Russian Federation "On the State Border of the Russian Federation" No. 4730-1 dated 1 April 1993, as amended; and
- The Ministry of Economic Development approves: (i) strategic plans for social and economic development; (ii) the list and order of determination of the indexes of economical efficiency for federal state unitary enterprises and joint-stock companies whose shares are owned by the Russian

Federation; and (iii) opinions on drafts of the legal acts which regulate the relationships of business entities or their relationships with the Russian Federation and which also affect macroeconomic indicators of the Russian Federation.

Ports transportation activity is regulated by the Ministry of Transport of the Russian Federation (***MinTrans***), the Federal Service for Transport Supervision, the Federal Agency for Sea and River Transport (***FASRT***) (reporting to the MinTrans), Seaports Authorities (reporting to the FASRT) and Rosmorport:

- The Ministry of Transport generally regulates and supervises the transport industry and infrastructure in Russia. The Ministry of Transport has several agencies specialising in the regulation of specific types of transport;
- The Federal Service for Transport Supervision, which is under the Ministry of Transport, oversees compliance with the laws and regulations governing transport (including seaports), inland water transport, railway transport, motor and electric-powered city transport, civil aviation, industrial transport, and road transport, industrial transport and road facilities and issues licences for certain activities, including loading and unloading of hazardous cargo in seaports, and other authorisation documents, including quay operation permits;
- The Federal Agency of Sea and River Transport carries out state services and manages state-owned property in the field of seas and river transport, holds tenders and enters into government contracts for placement of orders to supply goods, performance of work and provision services for the agency's needs, and conduct of research for the state's needs;
- Seaport Authorities are state organisations that exercise supervising and controlling functions in relation to seaport activities. In particular, they supervise compliance by ports with applicable Russian and international law, maintain the register of vessels operated by ports, control navigation within harbours, provide security and ecological safety control and exercise certain other functions; and
- Rosmorport is a federal state unitary enterprise that manages and controls the use of state-owned infrastructure operated by seaports and quays, including hydrotechnical constructions, on behalf of the Federal Agency for State Property Management, save for infrastructure facilities managed by Seaport Authorities. Rosmorport is responsible for collection of port duties and directing them towards construction and modernisation of port infrastructure. Rosmorport also oversees implementation of certain governmental port development programme and regulates tariffs for the lease of quays lines.

Border and customs activity are regulated by two authorities:

- State Border Control deals with international ships calling at Russian ports; and
- The Federal Customs Service defines the state customs policy, exercises legal regulation and supervisory powers in the customs sphere, provides customs clearance for all export and import goods, exercises the functions of a currency control agent and special functions to counter smuggling, other crimes, and administrative offences.

The financial activity of ports is regulated by the FTS and the FAS:

- The FTS sets maximum tariff rates for the services rendered by natural monopoly entities, including seaport operators. The FTS also acts as a regulatory authority for natural monopoly entities in certain other aspects of their activities. See "*—Tariff regulation*"; and
- The FAS supervises competition and pricing regulations and monitors compliance by the natural monopoly entities with anti-monopoly and natural monopoly law, particularly over the equal access of customers to the services provided by natural monopoly entities.

Other activities are regulated by the following authorities:

- The Federal Service for Supervision over Natural Resources monitors compliance with environmental law and supervises the use of water resources;
- The Federal Service for Environmental, Technological and Nuclear Supervision supervises pollutant discharge in the environment, monitors harmful impact on the atmosphere, maintains the register of

hazardous industrial objects and controls compliance with environmental law and law on hazardous industrial objects;

- The Federal Service for Supervision over Consumer Rights Protection and People's Welfare monitors compliance with sanitary and epidemiological regulations; and
- The Federal Service for Supervision in the Sphere of Mass Communication exercises supervisory powers in the radio broadcasting sphere, performs frequency assignment on the basis of the resolution of the Federal Radio Frequency Committee and registers the frequency assignment.

The federal services and agencies listed above are directly involved in regulating and supervising the Russian seaport industry. Moreover, there are certain other government bodies which, together with their subdivisions, have authority over various general issues relating to the Russian seaport industry or otherwise relating to the Group's business, including emergency procedures, justice, tax and other matters.

Anti-monopoly regulation

Federal Law "On Protection of Competition" No. 135-FZ dated 26 July 2006, as amended (the ***Competition Law***), provides for a mandatory pre-approval by the FAS of the following transactions:

- an acquisition by a person (or by a group of persons) of more than 25% of the voting shares of a joint stock company (⅓ participation interest in a limited liability company) and the subsequent increase of these shares up to more than 50% and more than 75% of the voting shares (½ and ⅔ participation interest in a limited liability company); or
- acquisition by a person (or by a group of persons) of the core production assets (with certain exceptions) and/or intangible assets of an entity if the balance sheet value of such assets exceeds 20% of the total balance sheet value of the core production and intangible assets of such entity; or
- obtaining rights to determine the conditions of an entity's business activity or for one person (or a group of persons) to exercise the powers of the entity's executive body, in each case, if any the following thresholds are met:
  - aggregate asset value of an acquirer (and its group) together with a target (and its group) exceeds RUB7 billion and the total asset value of the target (and its group) exceeds RUB250 million; or
  - the total annual revenue of an acquirer (and its group) and the target (and its group) for the preceding calendar year exceed RUB10 billion and the total asset value of the target (and its group) exceeds RUB250 million; or
  - if an acquirer, and/or a target, or any entity within the acquirer's group or a target's group are included in the register of entities having a market share in excess of 35% on a particular commodity market or having the dominant position on a particular commodity market maintained by the FAS.

The Competition Law envisages certain situations where post-transactional notification instead of FAS pre-approval is required. The Competition Law provides for a mandatory posttranslational notification (within 45 days of closing) to the FAS in connection with the transactions specified above, where the aggregate asset value or total annual revenue of an acquirer and a target and their respective groups for the preceding calendar year exceeds RUB400 million and the total asset value of the target (its group) exceeds RUB60 million. Under the Competition Law intra-group transfers are not subject to prior FAS consent if a post-closing notification of the FAS is made and in certain cases are subject to other conditions. Furthermore, the Competition Law provides for mandatory pre-approval by the FAS of the following actions:

- mergers and consolidations of entities, if any of the following thresholds are met:
  - their aggregate asset value (the aggregate asset value of the groups of persons to which they belong) exceeds RUB3 billion;
  - total annual revenue of such entities (groups of persons to which they belong) for the preceding calendar year exceed RUB6 billion; or

- if one of these entities is included in the register of entities having a market share in excess of 35% on a particular commodity market or having the dominant position on a particular commodity market maintained by the FAS; or
- foundation of an entity, if any the following thresholds are met:
  - its charter capital is paid by the shares (participation interest) and/or the assets of another entity or the newly founded entity acquires the rights in respect of such shares (participation interest) and/or assets as specified in the Competition Law provided that the aggregate asset value of the founders (group of persons to which they belong) and the entities (groups of persons to which they belong) whose shares (participation interest) and/or assets are contributed to the charter capital of the newly founded entity exceeds RUB7 billion;
  - total annual revenue of the founders (group of persons to which they belong) and the entities (groups of persons to which they belong) whose shares (participation interest) and/or assets are contributed to the charter capital of the newly founded entity for the preceding calendar year exceed RUB10 billion; or
  - if an entity whose shares (participation interest) and/or assets are contributed to the charter capital of the newly founded entity is included in the register of entities having a market share in excess of 35% on a particular commodity market or having a dominant position on a particular commodity market maintained by the FAS.

The Competition Law expressly provides for its extraterritorial application to transactions which are made outside of Russia but lead, or may lead, to the restriction of competition in Russia and relate to assets located on the territory of Russia or to the shares (participation interests) in Russian companies or rights in relation to such companies.

Investment in companies of strategic importance for Russia

On 29 April 2008, the then acting Russian President Vladimir Putin signed the Law on Strategic Enterprises, which came into effect in May 2008. The law applies to agreements that were entered into both in and outside of Russia if they lead to the acquisition of ownership interest in a strategic enterprise by a foreign investor. The Law on Strategic Enterprises introduces certain restrictions on acquisition by foreign investors of shares in, or control over, strategic enterprises, and sets out a list of activities considered to be of strategic importance to the national defence and security of Russia. The list includes, among other things, services rendered by companies classified as "natural monopoly entity" under Russian law, including the services rendered in transport terminals and ports. Se also "—*Natural monopoly entity status*".

The Law on Strategic Enterprises requires prior approval by the Foreign Investments Supervision Commission for the acquisition of direct or indirect control over strategic enterprises by a foreign entity or any other person that is a member of a group one of whose members is a foreign entity with the participation of a foreign entity. This process may be quite lengthy and may take up to six months. If a foreign entity acquires 5% or more of shares in a strategic enterprise, it shall notify the FAS in writing and provide information and documents relating to the transaction.

A person is deemed to control a strategic enterprise if such person: (i) controls (directly or indirectly) 50% or more (10% or more for the companies using the subsoil of the strategic importance (the ***Strategic Subsoil User***)) of the total number of votes attributable to the voting shares or stakes making up the charter capital of a strategic enterprise; (ii) has the right (on the basis of an agreement or otherwise) to direct decisions of a strategic enterprise, including the terms of its business operations; (iii) has the right to appoint the sole executive body of a strategic enterprise or 50% or more (10% or more for the Strategic Subsoil User) of the members of its collective executive body; (iv) has an unconditional ability to procure the election of 50% (10% or more for the Strategic Subsoil User) or more of the members of a strategic enterprise's board of directors or other management body; or (v) acts as a management company for a strategic enterprise. Also, a strategic enterprise is deemed to be under control if a controlling foreign entity controls (directly or indirectly) less than 50% of the total number of votes attributable to the voting shares or stakes making up the charter capital of a strategic enterprise provided the proportion between the amount of votes available to the controlling foreign entity and the amount of votes available to other shareholders

provides the controlling foreign entity with an opportunity to determine the decisions of the strategic enterprise.

If the proportion of votes available to the foreign entity changes due to (i) buyback or transfer of shares in a strategic enterprise to it and, consequently, a block of treasury shares is formed, (ii) distribution of treasury shares in a strategic enterprise between its shareholders, (iii) conversion of preferred stock into ordinary stock or (iv) for any other reason, and the foreign entity subsequently obtained control over the respective strategic enterprise, such foreign entity is obliged under the Law on Strategic Enterprises to file an application to the Foreign Investments Supervision Commission within three months of obtaining control over such strategic enterprise.

With respect to transactions aimed at acquisition by a foreign state, international organisation or an organisation controlled by foreign state or international organisation, prior approval is required if such a transaction results in direct or indirect control over more than 25% (or 5% for a Strategic Subsoil User) of the votes represented by the shares in a strategic enterprise or any other ability to block decisions of the management bodies of such entity. Transactions aimed at the acquisition by a foreign state, international organisation or an organisation controlled by a foreign state or international organisation of direct or indirect control over more than 50% (or 10% for a Strategic Subsoil User) of the votes represented by the shares in a strategic enterprise or any other ability to block decisions of the management bodies of such entity are prohibited by the Law on Strategic Enterprises.

Transactions for acquisition of shares in strategic enterprises or leading to obtaining control made in violation of the Law on Strategic Enterprises are considered to be void under Russian law. Moreover, an authorised person may file a claim seeking to: (i) deprive a foreign investor of its right to vote at shareholders' meetings, or (ii) invalidate the decisions of the management bodies of a strategic enterprise and transactions entered into by a strategic enterprise upon acquisition by a foreign investor of control over a strategic enterprise.

If a foreign investor does not receive an approval after a change in the proportion of votes in a strategic enterprise as described above, such foreign investor must dispose of its shares in a strategic enterprise to bring its shareholding into compliance with the requirements of the Law on Strategic Enterprises within three months of a refusal to grant such approval. If a foreign investor fails to do so, an authorised state body may initiate court proceedings in order to deprive the foreign investor of its right to vote at shareholders' meetings. Similarly, if a foreign investor breaches, or systematically fails to comply with, obligations which may be imposed on a foreign investor in connection with granting an approving the acquisition of control, an authorised state body may initiate court proceedings in order to deprive the foreign investor of its right to vote at shareholders' meetings.

Natural monopoly entity status

The Natural Monopoly Law regulates those markets in which "demand is more efficiently satisfied in the absence of competition due to the technological aspects of the production process and the products (including services) produced by the natural monopolies cannot be substituted by other products". The list of regulated activities is provided in the Natural Monopolies Law, which includes the services rendered in transport terminals and ports. The list of entities that are natural monopolies is maintained by the FTS. VSC OOO and Petrolesport are classified as natural monopoly entities.

The key elements of the regime established by the Natural Monopolies Law are:

- natural monopoly entities are not entitled to refuse to enter into an agreement with consumers, provided that the relevant natural monopoly entities have the requisite capacity;
- the competent authorities can (i) regulate the prices for the natural monopoly entity's products and (ii) determine the categories of consumer who are entitled to require the natural monopoly entity to provide them with a certain level or volume of products;
- any transactions resulting in acquisition of more than 10% of voting interest in a natural monopoly entity's charter capital and/or changing of the amount of such interest require a post-completion notification of the FAS;

- if a natural monopoly acquires more than 10% of voting interest in a Russian entity it shall also make a post-completion notification to the FAS of such acquisition;
- certain types of transactions, particularly (i) investments outside the regulated activity of a natural monopoly entity (in the Group's case its regulated activity is the services rendered in ports and stevedoring operations), (ii) any sale, lease or other transaction which results in another entity obtaining title to a part of natural monopoly's fixed assets used for regulated activity, in each case exceeding 10% of the natural monopoly's equity capital, must be approved by the FAS;
- reporting requirements apply to the natural monopoly's regulated activity and projects on capital investments; and
- to provide free access to, among other, the following information about natural monopoly's activities: (i) appreciation of goods and services; (ii) key indicators of financial and business activities; (iii) investment programmes (including of project investment programmes) and their results.

Tariff regulation

As mentioned above, services rendered in transport terminals and ports are included in the list of activities of natural monopoly entities. For the purposes of tariff regulation, the Government of the Russian Federation adopted the list of services rendered by natural monopoly entities in seaports which are subject to tariff regulation. The FTS has exercised its authority with respect to regulated services provided by VSC OOO by instituting the tariffs and tariff setting procedures set out in the VSC Order.

The FTS sets maximum tariff rates for a range of stevedoring (including transhipment from vessel to the yard (first lift) and transpiration to the point of storage, transhipment from the yard/storage point to trucks and railway cars (last lift)) and storage services, including storage within terminal area, rendered by VSC OOO. Hence, the prices established at VCS OOO's terminals shall not exceed the applicable tariffs. However, VSC OOO can set lower tariff rates depending on competitive environment and other factors. Other services (including: repairing of containers; weighting of containers; preparation for customs inspection of containers; stuffing/unstuffing operations; and assuring of compliance with international security standards) rendered by VSC OOO are not regulated. Also, tariffs at other Group terminals are not regulated.

The components of the maximum tariff include the company's fixed and variable costs to provide the service, capital expenditure for planned or commenced projects plus a specified rate of return, and may contemplate automatic adjustments for inflation rates or other macroeconomic or other factors. Tariffs for VSC OOO are set in roubles in relation to coastal freight and in US dollars for export and import freight. These tariffs may be reviewed by the FTS in certain cases, in particular, at the request of VSC OOO or upon the initiative of the FTS. For the purposes of amending the tariffs, VSC OOO may from time to time apply for the amendment of the existing tariffs if the value of any of the cost components of the tariff changes materially or due to capital expenditure requirements.

As mentioned above, pursuant to the Petrolesport Order tariff regulation with respect to stevedoring and storage services at terminals located in the Big Port of St. Petersburg, including such services rendered by Petrolesport, has been abolished. The FTS noted that this abolishment is the first research into deregulation of tariffs for stevedoring and storage services by the FAS, the FTS and the Government of the Russian Federation in relation to seaport operators which are natural monopoly entities and further tariff regulation of these services may be reinstated. In the course of two years, starting from June 2010, the Government of the Russian Federation will be monitoring the Petrolesport's services. Within this period Petrolesport shall report to the FTS on the rendered activities on a three months' basis.

Seaports Law status

The Seaports Law regulates commercial shipping in seaports, determines the procedures of construction, opening and closing of seaports, sets out certain rules applicable to seaport operations, including provision of port services, and establishes the legal basis for state regulation of seaports and port activities in the Russian Federation.

The Seaports Law regulates seaport operations and determines the property which shall be owned by the state, including certain port infrastructure and land plots within the port's territory. The Seaports Law

provides that leasehold or other use rights to such property may be provided to legal entities on the basis of lease or concession agreements, respectively.

The maximum term of such leasehold is 49 years. If a lessee under such a lease agreement undertakes to perform capital repair of the respective leased real estate, the lease term shall be at least 15 years. A seaport infrastructural facility may be sublet upon a lessor's consent. Also, the Seaports Law provides for certain exceptions where the ownership title to land plots within the port's territory can be transferred to private legal entities, for example, if buildings owned by such legal entities are located on the land plots within the port's territory.

Under a concession agreement, possession and use rights to buildings and constructions, including seaports, artificial land plots designed for construction and reconstruction of hydraulic seaport facilities and other seaport infrastructure, may be provided to legal entities. Transfer of the ownership title to real estate under a concession agreement is forbidden.

The Seaports Law determines the status and authority of seaport administration, sets requirements to, and obligations of, seaport operators, regulates seaport services, including transhipment. According to the law, transhipment services are rendered pursuant to a transhipment agreement and are subject to tariff regulation. The law also regulates the receipt and pickup of cargo, determines the port operator's obligations and sets the one year limitation period for claims under a transhipment agreement.

Lease of quays under Russian law

Russian law defines a quay as real estate. In accordance with the Civil Code, real estate is an object which is closely connected with land and cannot be moved without bringing damage to such object and to its further use. The quay is also a hydrotechnical object for the purposes of the Federal Law "On Safety of Hydrotechnical Constructions" No. 117-FZ dated 21 July 1997, as amended (the ***Hydrotechnical Safety Law***). Lease of quays is primarily regulated by:

- the Civil Code;
- the Seaports Law;
- the Hydrotechnical Safety Law; and
- the Federal Law "On State Registration of Rights to and Transactions with Immovable Property" (the ***State Registration Law***).

Under the Seaport Law quays, subject to limited exemptions, are owned by the Russian Federation itself. It is generally possible, for an individual or a legal entity, to obtain leasehold to a quay on terms and conditions set by the Civil Code, the Seaports Law and the Hydrotechnical Safety Law. The term of a quay lease cannot exceed 49 years. If under a quay lease agreement a lessee undertakes to perform capital repair of the leased quay, the lease term shall be at least 15 years. The lessee has the right of first refusal to renew the leasehold, unless the lease agreement provides otherwise.

In accordance with the Seaports Law leasehold to state property in seaports may only be provided on the basis of a tender auction. However, the law contains an exemption from this rule whereby an owner or holder of real estate adjacent to the quay which is used for providing seaport services is by operation of law entitled to obtain leasehold to the respective quay without auction.

A quay lease agreement for a term of at least one year (a long term lease) must be registered in the Unified Register of Rights to and Transactions with Immovable Property. Accordingly, the lease rights to a quay arise only at the time of registration of the relevant quay lease agreement in the register.

A real estate lease with a term less than one year (a short term lease) does not require such registration.

Usually, rental rates for quay leases are not subject to state regulation. However, where the quays are owned by the Russian Federation, rental rates are required to be determined by an independent appraiser in accordance with Russian law.

Licensing

The Russian-incorporated entities within the Group are required to obtain numerous licences from governmental authorities in the conduct of their operations. The Law on Licensing provides for a list of activities, which may only be performed on the basis of a licence issued by the relevant state authorities. This list includes seaport operations, such as loading and off-loading hazardous cargo in seaports, loading and off-loading hazardous cargo onto and from railway vehicles, sea towing and handling hazardous waste and gathering, utilisation, disposing, transportation and distribution of hazardous wastes. Apart from those activities, the Russian-incorporated entities within the Group render certain related services that are also subject to licensing.

Under the Law on Licensing, licences for the activities described above are issued for a minimum period of five years and may be extended upon a licensee's request. A licence can be suspended if a licensee breaches the terms and conditions of such licence. Furthermore, if the licensee fails to rectify such breach within the established timeframe the licensing authority may initiate court proceedings aiming cancellation of the licence.

On 4 May 2011, the President of Russia signed a new Federal Law "On Licensing of Certain Activities" No. 99-FZ, which is due to come into force in November 2011. This law provides that the licensing of loading and unloading hazardous cargo in seaports will be replaced by mandatory insurance of the civil liability as soon as a separate federal law is passed to that effect.

Water use rights

Seas or separate parts thereof (for example, straits, gulfs, harbours), which are part of Russian territory, are state-owned. Pursuant to the Water Code, use of the sea in connection with carrying out seaport activities (such as use of berths, fixed and floating sea platforms, as well as discharging waste and drainage waters into the sea) requires a permit from the relevant regional state or municipal authorities. Normally, such permits are issued for certain period set forth therein.

A permit may be suspended by a court decision or an administrative order in certain cases, including occurrence of a risk to a person's life or health, a radiation accident or other emergency and inflicting harm on the environment. A permit may be cancelled by court if the activities carried out in the seaport fall outside the scope of permitted activities, as set out in the permit, or otherwise violate of Russian law.

Pursuant to the Water Code, if the activities cause harm to the sea, including pollution, water quality degradation, desiccation or depletion of water, the person responsible for inflicting such harm shall compensate for it. Methodology of compensation of the harm to the sea is set out in regulations of the Ministry of Natural Resources and Ecology.

Land use rights

Water use law provides that in order to obtain a permit to use the sea, a document certifying the right to use the land plot adjacent to the sea has to be provided to the relevant regional state or municipal authorities.

Land in Russia is categorised as having a particular use as follows: (i) agricultural land; (ii) settlement land; (iii) industrial land; (iv) protected land; (v) forestry land; (vi) land associated with bodies of water; and (vii) reserve land (land which is owned by the state, which can be transferred to the other categories and may only be used after the category transfer has been completed).

The Land Code requires that each category of land must be used in accordance with its designated purpose. The main procedures for changing the designated purpose of land are set forth in the Land Code and the Federal Law on Change of the Category of Land and Land Plots, which was adopted at the end of 2004.

Designated purpose of land plots is established by 'types of permitted use' that reflect applicable zoning of the relevant area. Land plots of one category could have different types of permitted use assigned to each land plot. Any use of a land plot must comply not only with its category but also its type of permitted use. As a result, in order to initiate construction on a land plot, a company must ensure that the land plot underlying the intended construction has an appropriate permitted use.

Types of permitted use are defined in local rules on land use and development. In practice, a developer often needs to change the permitted use of the land plot to commence development. Under Russian law, prior to the adoption of local rules on land use and development, a decision on changing the permitted use of a land plot should be taken by the head of the local administration on the basis of public hearings. Such rules, once adopted, provide for the types of permitted use of the land plot which may be granted without a necessity to obtain further administrative consents and the types of permitted use in respect of which a resolution of the head of the local administration is requisite. Such resolution should be adopted on the basis of public hearings.

Land within each particular category is also subject to specific requirements established by federal, regional and local laws regarding the use of such land.

A majority of land plots in the Russian Federation are owned by the Russian Federation itself, Russian regions and municipalities which may be sold or leased to persons or entities through a public auction or on an individual basis.

Companies may have a title of ownership or perpetual use of their plots, or enter into long-term lease agreements. The transfer of ownership title in relation to a land plot under a sale and purchase agreement and agreements on the lease of a land plot shall be registered if concluded for a term of one year or more and are subject to state registration.

The lessee normally has a priority right to enter into a new land lease agreement with the lessor upon expiration of the land lease. In order to renew a land lease agreement, the lessee must apply to the lessor (usually state or municipal authority) for a renewal prior to the expiration of the agreement.

Companies may also have a right of perpetual use of land provided that this right was obtained prior to the enactment of the Land Code. However, the Federal Law "On Enactment of the Land Code" No. 137-FZ dated 25 October 2001, as amended, with certain exceptions, requires companies possessing land under the right of perpetual use either to acquire ownership title or leasehold to such land by 1 January 2012. Failure to transfer the title by 1 January 2013 triggers administrative liability.

Owners of land plots and buildings are required to comply with federal, regional and local law, which includes, amongst other matters, fire, residential and town-planning rules and regulations. The owner of a building usually bears all liabilities that may arise in connection with the building. In addition to the requirement to use the land plot in accordance with its permitted use as provided by zoning requirements, owners and lessees are required not to cause harm to the environment, to assume the liability for and financial costs of compliance with various land use standards and not to allow the pollution, littering or degradation of the land. Regional or local law, or an investment or lease contract entered into with regional or local authorities, may also subject the owner, or the developer as the future owner of the buildings, to be constructed under the investment or lease contract, to various financial obligations, such as the financing of local engineering services, transportation and social infrastructure, as well as reimbursing certain expenses to the previous tenants of the land plot.

Land is subject to land tax. Land tax is regulated by the Tax Code and acts of municipal authorities. This tax is payable by individuals and legal entities holding title to land plots in the Russian Federation. The tax rates are established by the acts of municipal authorities, but may not be higher than 0.3% of the cadastre value of a land plot for agricultural land or land plots under residential housing and may not be higher than 1.5% of the cadastre value of a land plot for other land categories. The Tax Code permits municipal authorities to establish tax incentives for certain categories of taxpayers. For legal entities, the tax is payable on a quarterly basis, unless otherwise established by the acts of municipal authorities. If the construction is completed within the first three years, the amount of the land tax paid at a multiplier of 2 in excess of the regular land tax rate is repayable to the taxpayer.

Where land is leased from regional or local authorities in Russia, lessees pay a rent pursuant to the relevant land lease agreement. The general rules for assessing land rent are established by the relevant regional and local authorities. Russian federal law empowers regional and local authorities to establish individual land rent rates for certain categories of land and lessees. Local authorities may also require the payment of a separate, and sometimes significant, fee by the lessee for the right to conclude a lease agreement with them. Where the land is leased from private persons, the lease rent is established and regulated in the agreement between the parties.

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 cleanup 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.

A "pay-to-pollute" regime is administered jointly by federal and local authorities. The Ministry of Natural Resources and Ecology has established environmental impact standards, such as limits on emissions and hazardous waste disposal. A company shall obtain a permit to exceed these limits from the federal or regional authorities, depending on the type and scale of the proposed environmental impact. As a condition to such a permit, the company must develop a plan for the reduction of emissions or hazardous waste disposals and submit it to the applicable government agency for approval.

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.

Health and safety

Due to the nature of the seaport business, much of the relevant activities are conducted at industrial facilities or sites by a large number of workers, and workplace safety issues are of significant importance to the operation of these sites. The principal law regulating industrial safety is the Industrial Safety Law. The Industrial Safety Law applies, in particular, to hazardous facilities where certain activities are conducted, including sites where lifting machines are used and where cargoes are handled.

Any construction, reconstruction, liquidation or other activities in relation to related industrial facilities are subject to a state industrial safety review. Companies that operate such industrial facilities have a wide range of obligations under the Industrial Safety Law. In particular, they must limit access to such facilities to qualified specialists, maintain industrial safety controls and carry insurance for third-party liability for injuries caused in the course of operating industrial sites.

In the event of an accident, a special commission, led by a representative of the relevant state authorities, conducts a technical investigation to establish the cause of the accident at the expense of the company operating the facility where the accident occurred. The relevant state officials have the right to access industrial facilities and may inspect documents to ensure a company's compliance with safety rules. Operations of the company may be suspended as a result of such inspections.

Any company or individual violating industrial safety rules may incur administrative or civil liability, or both, and individuals may also incur criminal liability. A company that violates safety rules in a way that negatively impacts the health of an individual may also be obligated to compensate the individual for loss of earnings, as well as other health-related damages.

Employment matters

Employment matters in Russia are primarily governed by the Employment Code of the Russian Federation No. 197-FZ, dated 30 December 2001, as amended (the ***Employment Code***).

As a general rule, employment agreements are concluded for an indefinite term. An employer may terminate an employment contract only on the basis of the specific grounds enumerated in the Employment Code, including:

- liquidation of the enterprise or redundancy;

- incompetence;
- systematic failure of the employee to fulfil their duties;
- any single material violation by the employee of their duties, including absence from work; and
- submitting false documents or misleading information prior to entry into the employment contract.

An employee dismissed from an enterprise due to redundancy or liquidation is entitled to receive compensation including a severance payment and, depending on the circumstances, salary payments for a certain period of time.

The Employment Code also provides additional protection for specific categories of employees. For example, except in the event of liquidation of an enterprise, an employer cannot dismiss expectant mothers. The ability of a company to dismiss minors, mothers with a child under the age of three, single mothers with a child under the age of 14 or a disabled child under the age of 18 or other persons caring for a child under the age of 14 or a disabled child under the age of 18, is also limited.

Additional benefits in terms of payments, protection from dismissal, reduced working hours and other are provided for some specific categories of employees (minor employees, employees working in the North and similar regions, employees working on difficult and hazardous works, etc.).

Also the additional benefits may be provided to the employees by the collective agreements on federal, regional, industrial and local level. The employees of the relevant level may not refuse participating in the relevant agreements unless they have reasonable grounds for refusal.

Any termination by an employer that is inconsistent with the Employment Code requirements may be invalidated by a court, and the employee may be reinstated. When an employee is reinstated by a court, the employer must compensate the employee for any unpaid salary for the period between the wrongful termination and reinstatement, as well as for moral damage.

The Employment Code generally sets the regular working week at 40 hours. Any time worked above and beyond the regular working week, as well as any work on public holidays or weekends, must be compensated at a higher rate. Annual paid vacation leave under the law is generally 28 calendar days.

The minimum salary in Russia, as established by federal law, is calculated on a monthly basis and is currently RUB4.330 (approximately US$150).

Although recent Russian employment regulations have curtailed the authority of trade unions, they still retain significant influence over employees and, as such, may affect the operations of large companies in Russia.

The activities of trade unions are generally governed by the Federal Law "On Trade Unions, Their Rights and Guaranties of Their Activity" No. 10-FZ dated 12 January 1996, as amended (the ***Trade Union Law***).

The Trade Union Law defines a trade union as a voluntary union of individuals with common professional and other interests that is incorporated for the purposes of representing and protecting the rights and interests of its members. National trade union associations, which coordinate activities of trade unions throughout Russia, are also permitted.

As part of their activities, trade unions may:

- negotiate collective contracts and agreements such as those between the trade unions and employers, federal, regional and local governmental authorities and other entities;
- monitor compliance with labour laws, collective contracts and other agreements;
- access work sites and offices, and request information relating to labour issues from the management of companies and state and municipal authorities;
- represent their members and other employees in individual and collective labour disputes with management;
- participate in strikes; and

- monitor redundancy of employees and seek action by municipal authorities to delay or suspend mass layoffs.

Russian laws require that companies co-operate with trade unions and not interfere with their activities. Trade unions and their officers enjoy certain guarantees as well, such as:

- legal restrictions as to rendering redundant employees elected or appointed to the management of trade unions;
- protection from disciplinary punishment or dismissal on the initiative of the employer without prior consideration of the reasonable opinion of the management of the trade union and, in certain circumstances, the opinion of the relevant trade union association;
- retention of job positions for those employees who stop working due to their election to the management of trade unions;
- protection from dismissal for employees who previously served in the management of a trade union for two years after the termination of the office term; and
- provision of the necessary equipment, premises and transportation vehicles by the employer for use by the trade union free of charge, if provided for by a collective bargaining contract or other agreement.

If a trade union discovers any violation of work condition requirements, notification is sent to the employer with a request to cure the violation and to suspend work if there is an immediate threat to the lives or health of employees. The trade union may also apply to state authorities and employment inspectors and prosecutors to ensure that an employer does not violate Russian employment laws. Trade unions may also initiate collective employment disputes, which may lead to strikes.

To initiate a collective employment dispute, trade unions present their demands to the employer. The employer is then obliged to consider the demands and notify the trade union of its decision. If the dispute remains unresolved, a reconciliation commission attempts to end the dispute. If this proves unsuccessful, collective employment disputes are generally referred to mediation or employment arbitration.

- protection from disciplinary punishment or dismissal on the initiative of the employer without prior consent of the management of the trade union and, in certain circumstances, the consent of the relevant trade union association;

- retention of job positions for those employees who stop working due to their election to the management of trade unions;
- protection from dismissal for employees who previously served in the management of a trade union for two years after the termination of the office term; and
- provision of the necessary equipment, premises and transportation vehicles by the employer for use by the trade union free of charge, if provided for by a collective bargaining contract or other agreement.

If a trade union discovers any violation of work condition requirements, notification is sent to the employer with a request to cure the violation and to suspend work if there is an immediate threat to the lives or health of employees. The trade union may also apply to state authorities and employment inspectors and prosecutors to ensure that an employer does not violate Russian employment laws. Trade unions may also initiate collective employment disputes, which may lead to strikes.

To initiate a collective employment dispute, trade unions present their demands to the employer. The employer is then obliged to consider the demands and notify the trade union of its decision. If the dispute remains unresolved, a reconciliation commission attempts to end the dispute. If this proves unsuccessful, collective employment disputes are generally referred to mediation or employment arbitration.

The Trade Union Law provides that those who violate the rights and guaranties provided to trade unions and their officers may be subject to disciplinary, administrative and criminal liability. Although neither the Code of Administrative Delinquencies of Russia No. 195-FZ dated 30 December 2001 as amended, nor the Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996, as amended, currently has provisions specifically relating to these violations, general provisions and sanctions may be applicable.

ESTONIA

The operation of ports in Estonia is subject to a wide variety of laws and regulations, including general, civil and commercial legislation and special legislation relating to licensing, water and land use, anti-monopoly matters, environmental, health and safety concerns, employment and other issues, as well as the regulatory oversight of a number of national and local authorities.

Regulatory authorities

The principal regulatory authorities responsible for oversight of the Group's activities in Estonia operate at national and local levels and include the following:

- The Ministry of Economic Affairs and Communications is responsible for elaborating, drafting and implementing Estonian economic policy and economic development plans in the fields of industry, trade, energy, housing, construction, telecommunications, postal services, tourism, transport and traffic management. Under transport, the Ministry focuses on transport infrastructure, carriage, transit, logistics, public transport. Goals of the Ministry include increasing road safety, reducing vehicular environmental hazards; co-ordinating the development of state information systems; protecting industrial property, consumers and competition; and promoting export and trade safeguards.
- The Ministry of the Environment organises and co-ordinates environmental policy. It issues permits where necessary for the use of environmental and natural resources, prepares draft legislation, and maintains land and sea registers.
- The Estonian Maritime Administration is an agency under the Ministry of Economic Affairs and Communications whose principal focus is to ensure maritime safety. It issues certificates of competency and endorsements for seafarers, maintains a small craft register, investigates marine casualties, carries out the installation and maintenance of aids to navigation, performs hydrographic surveys, compiles both electronic and paper navigational charts and publishes information publications concerning safe navigation. The Estonian Maritime Administration works in close co-operation with the maritime administrations of neighbouring nations, including Finland and Russia.
- The Estonian Competition Authority operates under the Ministry of Economic Affairs and Communications and is responsible for protecting effective competition in Estonia. It investigates and enforces provisions of competition law in Estonia.
- The Estonian Technical Surveillance Authority operates under the Ministry of Economic Affairs and Communications and its objective is, among other matters, to perform national surveillance in the scope stipulated by the law and apply national enforcement in the railway field. The authority also carries the functions of the implementation agency of the European Union funds, in cases stipulated by law distributes the railway infrastructure capacity and sets the fees for the use thereof.
- The Estonian Police and Border Guard Board is, among other matters, responsible for guarding and defending state borders and ensuring border control, impeding criminal activities and illegal immigration and conducting marine search and rescue operations. The Border Guard Department of the Board also includes an Aviation Group and a Maritime Operations Bureau, which undertake regular aerial observations and sea patrols and perform rescue operations.

The Group's activities in Estonia are also influenced largely by the following state-owned companies:

- Tallinna Sadam AS (the ***port of Tallinn***) is the port authority of Estonia's largest port, which operates as a landlord type of port, managing the harbours belonging to it, with all cargo-handling operations being set up under long-term building title agreements by private entities, including VEOS with its operations at the port of Muuga, one of the five constituent harbours of the port of Tallinn. The port of Tallinn is responsible for enforcing its port regulations, including regulation of port appearance and operations, vessel arrivals/departures and registrations, port safety and the handling of dangerous cargoes, oil and oil products.
- Eesti Raudtee AS (the ***Estonian Railway***) is the owner of practically all Estonian railway infrastructure and the largest provider of rail transport services in Estonia. The Estonian Railway is responsible for

distribution of its railway infrastructure (except for cases when such distribution is in the competence of the Estonian Technical Surveillance Authority) and for establishing and enforcing regulations on the use thereof.

Natural monopoly law

In Estonia, an undertaking is deemed to control essential facilities or to have a natural monopoly if it owns, possesses or operates a network, infrastructure or any other essential facility which other persons cannot duplicate or for whom it is economically inexpedient to duplicate but without access to which it is impossible to operate in the relevant market. The Competition Act sets out restrictions and obligations on activities of an undertaking in control of essential facilities. The Competition Authority has the right to issue a precept to a natural monopoly or legal person if the person did not comply with its obligations as an undertaking in control of essential facilities. If a controlling undertaking denies another undertaking access under reasonable and non-discriminatory conditions or engages in other activities which constitute a violation of its obligations, the controlling undertaking shall be punished by a fine and the relevant natural persons by a fine or a detention. In case of repeated breaches the controlling undertaking and the relevant natural persons may be subject to criminal liability in the form of a fine or imprisonment.

Tariff regulation

The Group's activities in Estonia are not subject to tariff regulation.

Licensing

A licence is required for transportation of cargo by rail and for loading and unloading hazardous cargoes. Estonia also requires a permit for ambient air pollution, the special use of water for sewage and the gathering, utilisation, disposal, transportation and distribution of waste. Storage facilities and warehouses must be customs bonded. Fuel storage services may be provided only by companies registered for operation in the corresponding area of activity in the register of economic activities.

Water use rights

The sea as well as any straits, gulfs and harbours are owned by the state. The use of the sea in connection with port activities, including floating sea platforms, waste discharge and water drainage, requires a permit. Under the Environmental Liability Act, any person responsible for inflicting harm to the sea shall be required to compensate for the damage either voluntarily or pursuant to a court order.

Land use rights

The port of Tallinn operates the port of Muuga as a landlord type of port, where the port of Tallinn enables the terminal operators to use the port land and erect their facilities on the basis of building title agreements. In those instances where the port of Tallinn does not own the land (e.g. where the land is located outside the port territory), the land has generally been sold by the state or a municipal authority through public tenders. Under the building title agreements, the terminal operators generally have the right of use of certain parcels of land for the fixed term of the building title. The terminal operators pay an annual building title fee to the port of Tallinn. The building titles give terminal operators ownership titles to the buildings located on the individual land plots owned by the port of Tallinn encumbered with the building titles. Also, the building title agreements usually provide the terms of compensation of the buildings to the operators upon the termination or expiry of the building titles. This provides terminal operators incentives for investing in improvements to port infrastructure. Further, the rights to use berths, superstructure and pipelines are regulated by co-operation or lease agreements between the operators and the port of Tallinn or by servitudes created in favour of the owners of the infrastructure.

Environmental matters

The Environmental Liability Act, based on Directive 2004/35/CE of the European Parliament and of the Council on environmental liability with regard to the prevention and remedying of environmental change, regulates the prevention and remedy of pollution on the principle that polluters shall pay for pollution. The sectoral rules are established by specific legislation, such as the Water Act, the Ambient Air Protection

Act and the Waste Act. Legal entities that fail to comply with environmental regulations may be subject to administrative and civil liability.

Under Annex I of MARPOL 73/78, the loading and discharging of oil and oil products to tankers shall take place at a berth built or modified for that purpose in accordance with requirements. If the loaded or discharged cargo, depending on its characteristics, remains floating (does not dissolve or evaporate completely), the person in charge of loading operations shall ensure quick deployment of suitable booms for the localisation of pollution. Determination of the mutual obligations of the terminal and the tanker is based on the International Safety Guide for Oil Tankers & Terminals. Tankers and terminal operators are required to ensure worker safety and the prevention of fire and sea pollution. According to the port rules which are confirmed by the Ministry of Economic Affairs and Communications, prior to the commencement of the loading and discharging operations of the tanker, a safety checklist of the vessel/shore shall be filled out. The copy of the safety checklist shall be preserved for at least 30 days.

Health and safety

Any construction, reconstruction or other activities related to industrial sites are subject to state industrial safety review. Sites must limit access to qualified specialists, maintain safety controls and carry insurance for third-party liability for injuries. Legal entities that fail to comply with industrial safety regulations may be subject to administrative and civil liability, and individuals may incur criminal liability.

Employment and labour

Employment contracts are generally for an indefinite term, but according to the law some contracts may be for a fixed term as well. The work week is equal to 40 hours, with an annual paid vacation of 28 calendar days. The minimum monthly salary in Estonia is EUR 278.02 (approximately US$400.57 as at 1 June 2011). Employees have a right to participate in strikes, but participation in illegal strikes is a ground for early termination of an employment contract.

FINLAND

The operation of ports in Finland is subject to a wide variety of laws and regulations, including general, civil and commercial legislation and special legislation relating to licensing, water and land use, anti-monopoly matters, environmental, health and safety concerns, employment and other issues, as well as the regulatory oversight of a number of national and local authorities.

Regulatory authorities

The principal regulatory authorities responsible for oversight of the Group's activities in Finland operate at national and local levels and include the following:

- The Finnish Government has passed acts and issued decrees of Parliament related to the operation of ports, in particular the Act on Municipal Port Ordinances and Traffic Dues (955/1976) and the Act on Private Public Ports (1156/1994), which confer on port authorities the duty of establishing ordinances as required by the Finnish Government for the operation of ports. The Finnish Government holds the responsibility for deciding on permission to establish new ports in Finland.
- The Ministry of Employment and the Economy is responsible for drafting and updating labour legislation and supporting the functionality of markets, the promotion of competition and consumer policy. The Ministry is involved in drafting agreements related to the EU and the International Labour Organisation.
- The Ministry of Transport and Communications implements policy initiatives related to transportation and communications systems. In this role, it prepares acts, decrees and decisions that are made in Parliament, at Presidential sessions of the Government and in the Government itself. The Ministry also issues ministerial decisions and regulations as well as guidelines and instructions on their implementation.
- Finnish Customs, subordinate to the Ministry of Finance, is the nation-wide authority for the internal and external trade of the EU with the tasks of collecting taxes, managing the international flow of goods and providing services, as well as implementing the customs policy of the EU.

- The Finnish Transport Safety Agency is responsible for ship safety, ship and port security, and in collaboration with other authorities, for the protection of the marine environment. It participates in discussions related to EU maritime legislation and in the drafting of national legislation as well as issues rules and regulations and monitors their enforcement. The Finnish Transport Agency takes care of the development, maintenance and improvement of most of Finland's waterway network and hydrographic charting, and it is the national authority of responsible for the assistance of winter navigation, its coordination, development and its nationwide management.
- The Finnish Competition Authority operates under the Ministry of Employment and the Economy and is responsible for protecting sound and effective economic competition and aims to increase economic efficiency in both the private sector and the public sector. It investigates and enforces provisions of competition law in Finland.
- Port authorities in Finland collect port dues and other fees and are generally governed by the municipal ordinances of the city or municipality that owns the port. Port authorities enforce municipal regulations regarding the use and operation of port facilities.
- The Finnish Transport Agency manages the Finnish rail network and is responsible for the planning, construction, maintenance and traffic control of Finnish railroads.
- The Ministry of the Environment is responsible for environmental and housing policies, coordinating local authority planning, strategic administrative planning and the drafting of new legislation, and international cooperation on environmental matters.
- Control of passenger, vessel and road traffic around the ports is handled by local police and the Finnish Border Guard.

Anti-monopoly regulations

Approximately 80% of Finnish ports are operated as a monopoly at the local level, where there is only one operator in most Finnish ports. The Finnish Competition Authority has in certain cases investigated into whether ports have abused their dominant position, and while it has found abuse in a couple of cases, the investigations have not resulted in any sanctions. The majority of the monopolistic ports are small and possibly specialised in handling specific products or types of cargo.

Tariff regulation

Unlike in Russia, there is no nationwide tariff regulation in Finland, and each port operator can freely price its services. Ports issue their own tariffs for mooring and unmooring, cargo handling and storage.

Licensing

Under the ISPS, each port facility that serves ships engaged on international voyages must undergo regular security assessments, which is a risk analysis of all aspects of a port facility's operation in order to determine which parts of it are more susceptible or more likely to be the subject of attack. Ships using port facilities may be subject to inspections by the port authority, which may request information regarding the ship, its cargo, passengers and ship's personnel prior to the ship's entry into port. Under certain circumstances, entry into port could be denied.

Under the Act on the Transport of Dangerous Goods (719/1994) and the Government Decree on the Transport and Temporary Storage of Dangerous Goods in a Port Area (251/2005), port operators must ensure that at least one employee is familiar with regulations on the transport of dangerous goods and must undertake a general training programme for its employees on the handling of dangerous goods and prepare safety reports for ports through which the volume of dangerous goods transported in packaged form exceeds 10,000 tonnes annually, for approval of and review by the port authority and the Finnish Transport Safety Agency. Safety reports must be reviewed and updated at least every five years. Ships must provide information on any dangerous goods at least 24 hours prior to arrival in port to the port operator and port authority. Information to be provided includes, among other things, name of dangerous substance, its hazard class, quantity, number of packages and packaging type.

Finally, according to the Pilotage Act (940/2003) and the Government Decree on Pilotage (982/2003), piloting activities in port facilities require licensing from the Finnish Transport Safety Agency.

Water use rights

The port basin and some water areas surrounding the port are generally owned by the port or the relevant city or municipality. The ships generally pay a shipping route fee upon arrival to a Finnish port from abroad or from another Finnish port. The fee is collected by the customs authority. Connection to the ports, for example, by channels or fairways, is governed by free use, but ships pay dues to use the port facilities.

Land use rights

In Finland, ports are generally owned by the city or municipality where the port is located, and any private property, most often located in industrial ports, typically belongs to factories or logistics centres. Port facilities are generally leased either on an ongoing term with a fixed termination period, on a long term of 10 to 25 years, on a fixed term based on area, or on variable terms depending on traffic and storage days, where the relevant port authority determines the rental and cargo fees.

Environmental matters

According to the Environmental Protection Act (86/2000) and Decree (169/2000), an environmental permit is required for the operation of ports that are suitable for ships exceeding 1,350 tonnes in tonnage and used for merchant shipping. The environmental permit defines the scope (for example, the volume of traffic) and conditions (for example, related to emissions, noise, constructions) for the permitted operations.

The Environmental Protection Act of Navigation (1672/2009) and the Decree on the Environmental Protection of Navigation (76/2010) prohibit the discharge of sewage, dangerous liquids, solid waste and oil or oily mixtures into Finnish territorial waters and in Finland's economic zone generally, with certain exceptions for ships with sewage treatment plants, low concentration of oily mixtures and minimum distance from land. Annex V of the MARPOL 73/78 Convention forbids disposal of food wastes into the sea within 12 nautical miles of land.

Ships calling at Finnish ports are obligated, with certain exceptions, to leave all undisposable waste, including waste oils from ship machinery, bilge water and garbage, into port reception facilities. Ships pay waste dues to the port regardless of whether the vessels deliver waste into the port. The vessel must provide a notice of waste no later than 24 hours before arrival or immediately upon departure from the previous port should the time of travel be less than 24 hours, on a form authorised by the Finnish Transport Safety Agency. Exemptions from the above mentioned requirements can be applied for by ships that are engaged in scheduled traffic and have entered into a waste management agreement with a competent waste management company or a port. Exemptions are granted by the Finnish Transport Safety Agency. The Environmental Protection Act of Navigation (1672/2009) forbids shipboard incineration of ship-generated waste in Finnish territorial waters.

If allowed limits of pollution are exceeded, there is the potential for liability to clean up the affected areas, either in sea or on land. Legal entities that fail to comply with environmental regulations may be subject to administrative and civil liabilities, and individuals may incur criminal liability. Any activities that cause harm to the sea can result in an obligation to pay compensation in the form of, for example, an oil spillage charge.

Health and safety

Any construction or other building activities related to industrial sites are subject to approvals from the relevant municipal building supervision authority, which is authorised to refer the matters to the environmental authorities if necessary. According to the Ship and Port Facility Security Act (485/2004), the port operators and port authorities are responsible for ensuring the safety and security of ports and must limit access to port facilities to persons with proper authorisation and must maintain proper ISPS controls. The ports are subject to a security assessment conducted at least every five years. A ship might also become

subject to a random security check. Civil and criminal liability may be imposed for failure to comply with safety regulations.

Employment and labour

The most relevant statutes to be taken into account with respect to employment relationships in Finland are the Act on Employment Contracts (55/2001, as amended) and the Act on Co-operation within Undertakings (334/2007, as amended). There are also collective bargaining agreements setting out specific rules substituting or supplementing employment law and also setting limits on private contracting. A generally applicable collective bargaining agreement may bind an employer irrespective of whether the employer is a party to the collective bargaining agreement or a member of an association that is a party to such agreement. The terms of a binding collective bargaining agreement supersede any conflicting terms of an employment contract when such terms are to the detriment of the employee. There are generally applicable collective bargaining agreements that shall be followed by the employers also in the field of port services.

In Finland, there are two types of employment contracts: permanent or fixed-term.

Regular working hours are eight hours per day and 40 hours per week, subject to the provisions of applicable collective bargaining agreements, with 30 days' annual paid holiday of four weeks during the summer period from May through September and one week during the winter from October through April.

There are no minimum salary provisions provided in the Finnish employment laws, but the applicable collective bargaining agreements contain salary provisions that shall be followed.

Employees have a right to participate in strikes. Participation in an illegal strike may not be considered by an employer as grounds for terminating an employment contract, although employers are generally not required to pay salaries to striking employees for the duration of the strike.

As a general principle, the Act on Employment Contracts provides that an employer may not terminate an employment contract for a reason due to the employee, unless that reason is relevant and substantial. Under no circumstances may an employee be dismissed on the grounds of illness or injury, unless such illness or injury has resulted in a substantial and long-term reduction of the employee's working capacity so that the employer cannot reasonably be expected to continue the employment. The employee's participation in strike or other industrial action or his/her political, religious or other opinions or participation in community or association activities or recourse to judicial procedure do not constitute a relevant and substantial reason for dismissal. Neither may an employee be dismissed due to pregnancy.

Disputes arising from individual employment contracts or from the employment legislation regarding employment relationships are subject to the competence of the district courts. The competence of the Labour Court is relatively narrow, covering only legal disputes resulting from collective bargaining agreements.

Most of the employees of the Finnish Ports are members of the Transport Workers' Union AKT r.a.

DESCRIPTION OF SHARE CAPITAL

Set forth below is a description of the Company's share capital, the material provisions of the Company's memorandum and articles of association in effect on the date of this Prospectus and certain requirements of Cypriot legislation. Holders of GDRs will be able to exercise their rights with respect to the Ordinary Shares underlying the GDRs only in accordance with the provisions of the Deposit Agreement and the Deed Poll (see "*Terms and Conditions of the Global Depositary Receipts*") and the relevant requirements of Cypriot law.

DESCRIPTION OF THE COMPANY

The Company was incorporated as a private limited liability company limited by shares and was registered in Cyprus on 29 February 2008 under the name Global Ports Investments Ltd, pursuant to the certificate of incorporation issued by the Office of the Registrar of Companies in Cyprus, and has conducted business since that date. The principal legislation under which the Company operates, and under which the Ordinary Shares are created, is the Companies Law, Cap. 113 of Cyprus (as amended). The shareholders of the Company resolved by a special resolution on 18 August 2008 that Global Ports Investments Ltd. be converted into a public company and that its name be changed to Global Ports Investments PLC. The formal registration of the change of name with the Registrar of Companies in Cyprus occurred on 7 October 2008. The Company's registered number is 224289, and its registered office is at Omirou 20, Agios Nikolaos, P.C. 3095, Limassol, Cyprus. The telephone number of the Company's registered office is +357 255 83 600. The Company's principal place of business is located at City House, 3rd floor, 6 Karaiskakis Street, FY-3032, Limassol, Cyprus and the telephone number at the principal place of business is +357 25 503 160.

PURPOSE

The Company's purpose includes, among other things, to undertake business of a commercial nature. The Company's objects are set forth in full in Clause 3 of its Memorandum of Association.

SHARE CAPITAL

The Company's authorised share capital on its incorporation was US$10,000 divided into 100,000 ordinary shares of US$0.10 each, all of which were allotted to TIHL as fully paid.

On 11 June 2008, by way of a written resolution signed by all the shareholders of the Company, the authorised share capital of the Company was increased to 450,000,000 ordinary shares of US$0.10 each by the creation of additional 449,900,000 ordinary shares of US$0.10 each and all 449,900,000 ordinary shares were allotted to TIHL as fully paid.

On 30 May 2011, by way of a written resolution signed by all the shareholders of the Company, the authorised share capital of the Company was further increased from US$45,000,000 to US$53,000,000, divided into 530,000,000 ordinary shares of US$0.10 each par value, by the creation of an additional 80,000,000 ordinary shares of US$0.10 each par value.

The Ordinary Shares are in registered form. Ownership of registered shares is established by an entry into a register of the shareholders of the Company, which is maintained at the registered office of the Company.

As at the date of this Prospectus, the Company's issued share capital is US$45,000,000.00 divided into 450,000,000 Ordinary Shares at US$0.10 each which are fully paid. Assuming ● Ordinary Shares are issued in connection with the Offering the Company's authorised and issued fully paid share capital immediately following the Offering will be ● Ordinary Shares. The Company does not have in issue any listed or unlisted securities not representing its share capital.

Neither the Company nor any of its subsidiaries (nor any party on its behalf) holds any of its Ordinary Shares.

Neither the Company nor any of its subsidiaries has any outstanding convertible securities, exchangeable securities or securities with warrants or any relevant acquisition rights or obligations over the Company's or either of the subsidiaries' authorised but unissued capital or undertakings to increase its issued share capital.

The Company's articles of association and the Companies Law, Cap 113 (as amended), to the extent not disapplied by shareholders' resolution, or otherwise waived by the shareholders, confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash and, following the Offering, will apply to the Company's authorised but unissued share capital. Subject to certain limited exceptions, unless the approval of the Company's shareholders in a general meeting is obtained, the Company must offer shares to be issued for cash to holders of shares on a pro rata basis. None of the Company's shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

ARTICLES OF ASSOCIATION

In this section ***Law*** means the Companies Law, Cap. 113 of Cyprus and any successor statute or as the same may from time to time be amended. The Company's current articles of association were adopted on 10 June 2011.

The following is a brief summary of certain material provisions of the Company's articles of association as will be in effect on and immediately prior to the Closing Date.

Rights attaching to Ordinary Shares

All Ordinary Shares have the same rights attaching to them, a summary of which is set forth below.

Issue of shares

The Ordinary Shares shall be at the disposal of the directors who, upon complying with the provisions of the articles of association and Sections 60A and 60B of the Law, may allot or otherwise dispose of any unissued shares in the appropriate manner as regards the persons, the time and, in general, the terms and conditions as the directors may decide, provided that no share shall be issued at a discount, unless as provided in Section 56 of the Law.

Pre-emption rights

Subject to the provisions of Section 60B of the Law, all new shares and/or other securities giving rights to purchase shares in the Company, or which are convertible into shares in the Company that are to be issued for cash, shall be offered to the existing shareholders of the Company on a pro-rata basis to the participation of each shareholder in the capital of the Company, on a specific date fixed by the directors. Any such offer shall be made upon written notice to all the shareholders specifying the number of the shares and/or other securities giving rights to purchase shares in the Company, or which are convertible into shares in the Company, which the shareholder is entitled to acquire and the time periods (which shall not be less than fourteen days from the dispatch of the written notice), within which the offer, if not accepted, shall be deemed to have been rejected. If, until the expiry of the said time period, no notification is received from the person to whom the offer is addressed or to whom the rights have been assigned that such person accepts all or part of the offered shares or other securities giving rights to purchase shares in the Company, or which are convertible into shares of the Company, the directors may dispose of them in any manner that they deem fit.

According to Section 60(B) of the Cyprus Companies Law, whenever shares will be issued in exchange for a cash consideration, the shareholders have pre-emption rights with respect to such issuance of shares. These pre-emption rights may be disapplied by a resolution of the general meeting which is passed by a two thirds majority if more than half of all the votes are represented at the meeting and by an ordinary resolution if at least half of all the votes are represented at the meeting. The directors have an obligation to present to the relevant general meeting a written report which explains the reasons for the disapplication of the pre-emption rights and justifies the proposed allotment price of the shares.

Voting rights

Subject to any special rights or restrictions as to voting attached to shares (of which there are none at present), every holder of shares who is present (if a natural person) in person or by proxy or, (if a corporation) is present by a representative, not himself being a member, shall have one vote and on a poll

every holder who is present in person or by proxy shall have one vote for each Ordinary Share of which he is a holder. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and that person may exercise the same powers as the corporate shareholder could exercise if it were an individual member.

No shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently owed by him in respect of his shares in the Company have been paid.

Dividend and distribution rights

The Company may in a general meeting of shareholders declare dividends, but no dividend shall exceed the amount recommended by the directors. The directors may from time to time and subject to the provisions of Section 169C of the Law pay to shareholders such interim dividends (including the fixed dividends payable at fixed times) on any preference shares or other shares as appear to the directors to be justified by the Company's profits but no dividend will be paid otherwise than out of profits or reserves available for distribution.

The directors may set aside out of the Company's profits such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the Company's profits may, at their discretion, either be employed in the Company's business or be invested in such investments (other than the Company's shares) as the directors may from time to time think fit. The directors may also, without placing the same in the reserve, carry forward to the next year any profits which they may think prudent not to distribute.

Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class may, subject to the provisions of Sections 59A and 70 of the Law, whether or not the Company is being wound up, be amended or abolished with the sanction of a resolution approved in accordance with the provisions of Section 59A of the Law at a separate general meeting of the holders of the shares of the class. The decision shall be taken by a two-thirds majority of the votes, corresponding either to the represented stock or to the represented share capital. Where at least half of the issued capital is represented, a simple majority shall be sufficient.

Alteration of capital

The Company may by resolution taken in accordance with the provisions of Section 60 of the Law:

- increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- subdivide its existing shares, or any of them, into shares of a smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of Section 60(1)(d) of the Law; and
- cancel any shares which, at the date of the passing of the resolution, have not been taken nor agreed to be taken by any person and diminish the amount of the share capital by the amount of the shares so cancelled.

The Company may also, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and subject to any terms required by the Law but not below the statutory minimum registered capital of €25,629.

Power to issue redeemable preference shares

Subject to the provisions of Section 57 of the Law and if authority is contained in the Articles of Association of the Company, any preference shares may, with the sanction of an ordinary resolution, be issued on the condition that they are, or at the discretion of the Company by special resolution are liable to

be, redeemed on such terms and in such manner as the Company, prior to the issue of such shares, may determine.

Disclosure of interest in GDRs

The European Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 has been transposed into Cypriot law (Law No. 190 (I)/2007). The overview below is a brief and non-exhaustive outline of the probable outcome of the legislative process but is subject to changes, among other things, in relation to the disclosure obligations applying to shareholders.

Where a holder of shares who acquires or directly or indirectly disposes of them it must notify the issuer of the percentage of voting rights of the issuer held by it as a result of the acquisition or disposal where such percentage reaches, exceeds or falls below any of the following the thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The voting rights shall be calculated on the basis of all the shares to which voting rights are attached even if the exercise thereof is suspended. This information shall also be given in respect of all the shares which are of the same class and to which voting rights are attached.

The notification requirements equally apply to a person who has the right to acquire, dispose of or exercise voting rights in various circumstances including without limitation contractual arrangement as to the exercise of voting rights for a common policy as to the management of the issuer, if the person has the usufruct of the relevant shares, if the shares are held by a company controlled by such person, shares held for his account by a third party and the voting rights that can be cast by such third party on his behalf.

Notifiable interests

In addition to any obligation to disclose under Cypriot law and subject, always, to the Law, where a shareholder either:

- to his knowledge acquires, directly or indirectly, an interest in shares of an aggregate nominal value equal to or exceeding 3% of the Company's issued share capital (a ***Notifiable Interest***), or ceases to have a Notifiable Interest in such shares (i.e. if the aggregate nominal value of the shareholding in the Company's issued share capital in which he is directly or indirectly interested is less than 3%); or
- becomes aware that he has acquired a Notifiable Interest in the shares, or that he or she has ceased to have a Notifiable Interest in shares in which he or she was previously interested;
- such shareholder must notify the Company of his interest within the period of four business days following the day on which the obligation arises. A shareholder must notify the Company of his interests (if any) in the relevant share capital of the Company if:
  - he has a Notifiable Interest immediately after the relevant time, but did not have such interest immediately before that time;
  - he had a Notifiable Interest immediately before the relevant time but does not have such an interest immediately after it; or
  - he had a Notifiable Interest immediately before the relevant time, and has such an interest immediately after it, but the percentage levels of his interest immediately before and immediately after the time are not the same.

Winding up

If the Company is wound up, the liquidator shall take into his custody or under his control all the property and things in action to which the Company is or appears to be entitled.

The liquidator has a duty to pay the debts of the Company and adjust the rights of the contributories (shareholders) among themselves.

Under Cyprus insolvency laws, the following debts shall be paid in priority to all other debts of a wound up (bankrupt) company (the ***Wound Up Company***):

(i) local rates and government taxes and dues from the Wound Up Company;

(ii) wages or salary due to persons in the employment of the Wound Up Company;

(iii) compensation payable by the Wound Up Company to its employees for personal injuries sustained in the course of their employment; and

(iv) accrued holiday remuneration becoming payable to the employees of the Wound Up Company.

If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company's shareholders, and any other sanction required by the Law:

- divide among the shareholders in kind or *in specie* all or part of the assets of the Wound Up Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders; and
- vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit, but so that no shareholder shall be compelled to accept any shares or other securities whereon there is any liability.

Form and transfer of shares

The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to be the holder of the share until the name of the transferee is entered into the register of members in relation to such share. Subject to the restrictions in the articles of association, as they may apply, shareholders are entitled to transfer all or any of their shares by instrument of transfer in any usual or common form or in any other form, including electronic form, which the directors may approve.

The directors may refuse to register the transfer of a share which is not fully paid or on which the Company has a lien and may refuse to recognise any instruments of transfer unless:

- the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require, to prove the transferor's right to proceed with the transfer;
- the instrument of transfer is in respect of only one class of shares; and
- where the shares are transferred to no more than four joint holders.

A share or other security issued by the Company may be pledged or given by its holder to secure a loan, debt or obligation, without an approval by the directors. No restrictions shall apply to the transfer of any shares which are transferred pursuant to the enforcement of a pledge.

Other than described above, there are no provisions in the Company's articles of association limiting the transfer of the Ordinary Shares. Accordingly, the Ordinary Shares are freely transferable.

Directors

Number of directors

Unless and until otherwise determined by the Company in general meeting, the number of directors shall be no less than two. The Company may, from time to time, by ordinary resolution of the shareholders, increase or reduce the number of directors, provided that such number shall not be smaller than the minimum number of directors as provided in the articles of association.

Board of Directors

The quorum necessary for the transaction of the business of the directors shall be a majority of the overall number of directors of the Company.

Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes. In the case of equality of votes, the chairman shall not have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of the directors. A

resolution in writing signed or approved by letter, telex, facsimile or telegram by all directors or their alternates, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held. Any such resolution in writing signed as aforesaid may consist of several documents each signed by one or more of the persons aforesaid.

Any notice shall include an agenda identifying in reasonable detail the matters to be discussed at the meeting together with copies of any relevant documents. If any matter to be considered at a meeting of the directors is not identified in reasonable detail, the directors shall not decide on it, unless all directors agree in writing.

The directors may delegate any of their powers to a committee or committees consisting of one or more members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated to it, comply with the rules which may have been imposed on it by the directors, in respect of its powers, composition, proceedings, quorum or any other matter. See "*Directors and Senior Management—Corporate governance—Board of Directors*".

Appointment of directors

No person may be elected as a director at any general meeting unless proposed by the directors, or unless a written notice, signed by a shareholder who is entitled to attend and vote at the said meeting of the Company is delivered to the registered office of the Company, stating his or her intention to propose the said person for election, along with a written notice signed by the said person, stating his readiness to be elected, at least three and no more than twenty-one days before the date fixed for the meeting.

The Company may by ordinary resolution of the shareholders, of which special notice has been given in accordance with Section 136 of the Law, remove any director before the expiration of his period of office notwithstanding anything in the articles of association or in any agreement between the Company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

The shareholders of the Company may, at any time and from time to time appoint by ordinary resolution any person as director either to fill a causal vacancy or as an additional director and specify the period during which the said person shall hold this position.

The office of director shall be vacated if the director:

- becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- becomes prohibited from being a director by reason of any court order made under Section 180 (disqualification from holding the position of director on the basis of fraudulent or other conduct) of the Law; or
- becomes of unsound mind; or
- resigns his office by notice in writing to the Company; or
- shall have been absent, for reasons which are not related to the business of the Company, for more than six months, from at least three consecutive meetings of the board of directors which were duly convened and held, without the permission of the board.

Directors' interests

A director who is in any way directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the directors in accordance with Section 191 of the Law. Directors who have an interest in any contract, agreement or settlement proposed to be concluded between the Company and a third party may attend the meeting at which the matter is discussed but shall not have the right to vote.

A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract with the Company shall declare the nature of his interest at the meeting of the directors at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the directors after he knows that he is or has become so interested.

The directors may hold any other office or profit making position in the Company along with the office of director for such period and on such terms (as to remuneration and other matters) as the directors may determine; and no director or prospective director shall be disqualified on the grounds of holding such office, from contracting with the Company whether with regard to his tenure or any such other office or place of profit or as a vendor, purchaser or otherwise; nor shall any such contract, or any contract or settlement concluded by or on behalf of the Company in which any director has, in any way, interest, be liable to be avoided; nor shall any director so contracting or having such an interest be liable to account to the Company for any profit realised by any such contract or settlement by reason of such director holding that office or of the fiduciary relationship thereby established.

The directors may act either personally or in a professional capacity for the Company, and the director or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company.

Remuneration of Directors

The remuneration of the directors shall be determined from time to time by the shareholders of the Company in a general meeting. Any managing directors shall receive such remuneration as the directors may determine from time to time.

There is no shareholding qualification for directors.

Directors' powers

The business of the Company shall be managed by the directors, who may exercise all such powers of the Company as are not, by the Law or by the articles of association, required to be exercised by the shareholders in general meeting, subject nevertheless to any provisions of the articles of association, of the Law and of any regulations (which are not in conflict with the articles of association or the provisions of the Law) as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

Meetings of shareholders

The first annual general meeting must be held within 18 months of incorporation and thereafter, not more than 15 months shall elapse between the date of one annual general meeting and the next.

The directors may, whenever they think fit, decide by a majority vote to convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on requisition or, in default, they may be convened by such requisitionists as provided by Section 126 of the Law (meaning shareholders holding at least 10% of the issued share capital of the Company). If at any time there are not, within Cyprus, sufficient directors capable of forming a quorum, any director or any two shareholders may convene an extraordinary general meeting in the same manner or as approximately as possible as such meetings would be convened by the directors.

The annual general meeting and a meeting called for the passing of a special resolution shall be called by at least twenty-one days' written notice. The Company's other meetings shall be called by fourteen days' written notice at least. In case of special business, the notice shall specify the general nature of that business. Provided that the meetings of the Company may be called by shorter notice and shall be deemed to have been duly called if it is so agreed:

- in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving the right to attend and vote at the meeting.

A notice convening a general meeting must be sent to each of the shareholders, provided that the accidental failure to give notice of a meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice, shall not invalidate the proceedings at that meeting to which such notice refers.

All shareholders are entitled to attend the general meeting or be represented by a proxy authorised in writing. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present (if a natural person) in person or by proxy or, (if a corporation) is present by a representative not himself being a member, shall have one vote, and on a poll, every member shall have one vote for each Ordinary Share of which he is a holder.

The quorum for a general meeting will consist of such number of shareholders holding in aggregate more than 50% of the issued capital If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved. Subject to the provisions of the Law, a resolution in writing which bears the signature or has been approved by letter, facsimile, electronic mail, telegram or other means of transmission of written documents by each shareholder, who has the right to receive notice of the holding of general meetings, attend and vote (or in the case of legal persons the signature of their authorised representatives), is valid and has the same legal effect as if the resolution had been passed at a meeting of the Company duly convened and held.

Subject to the provisions of the Law, a resolution in writing which bears the signature or has been passed by letter, facsimile, electronic mail, telegram or other means of transmission of written documents by each shareholder, who has the right to receive notice of the holding of general meetings, attend and vote (or in the case of legal persons the signature of their authorised representatives), is valid and has the same legal effect as if the resolution had been passed at a meeting of the Company duly convened and held.

CYPRIOT LAW

General

The principal legislation under which the Ordinary Shares have been created and under which the Company was formed and now operate is the Cyprus Companies Law, Cap 113 (as amended). The liability of shareholders is limited. Under the Cyprus Companies Law, Cap 113 (as amended), a shareholder of a company is not personally liable for the acts of the company, save that a shareholder may become personally liable by reason of his or her own acts.

Takeover protection

Pursuant to Article 5(1) of Directive 2004/25/EC of the Parliament and Council of the European Union dated 21 April 2004 on takeover bids (the ***Takeover Directive***), all member states of the European Union are required to introduce legislation requiring any person who, together with those acting in concert with him, acquires "control" of a company having its registered office in that member state, to make a mandatory offer to all holders of securities of the company. Pursuant to the Takeover Directive, the percentage of voting rights conferring "control" is to be determined by the rules of the member state in which the company has its registered office. Cyprus implemented the Takeover Directive by Law No. 41(I) of 2007, as amended by law No. 47(I) of 2009 (the ***Cyprus Takeover Law***), which contains provisions relating to mandatory offers requiring any person (i) who acquires shares in a company to which such law applies, which together with the shares already held by him and by persons acting in concert with him, carry 30% or more of such company's voting rights; or (ii) whose existing holding represents 30% or more than 30% but less than 50% of the voting rights and intends to increase its holding to make a general offer for that company's entire issued share capital. However, the Cyprus Takeover Law applies only in respect of a takeover bid for the securities of a company registered in Cyprus and all or part of the securities subject to the takeover bid are admitted to trading on a regulated market in Cyprus. While the Company is registered in Cyprus, neither the GDRs nor the Ordinary Shares will be admitted to trading in any regulated market in Cyprus. Accordingly, notwithstanding the requirements of the Takeover Directive, it appears there would currently be no requirement for any person acquiring control of the Company to make an offer to acquire the GDRs or Ordinary Shares held by other holders. As described below, the company law provisions of the United Kingdom City Code on Takeovers and Mergers (the ***City Code***), which include the City Code's mandatory offer rules, do not apply to offers for companies that are registered in another member state of the European Economic Area.

The Cyprus Companies Law, Cap. 113 (as amended) contains provisions in respect of squeeze out rights. The effect of these provisions is that, where a company makes a takeover bid for all the shares or for the whole of any class of shares of another company, and the offer is accepted within four months after the making of the offer by the holders of 90% in value of the shares concerned, the offeror can upon the same terms acquire the shares of shareholders who have not accepted the offer, unless such persons can, within one month from the date on which the notice was given, persuade the court not to permit the acquisition. If the offeror company already holds more than 10% in value of the shares concerned, additional requirements need to be met before the minority can be squeezed out. If the company making the take-over bid acquires sufficient shares to aggregate, together with those which it already holds, more than 90% then, within one month of the date of the transfer which gives the 90%, it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of the notice, require the bidder to acquire their shares and the bidder shall be bound to do so upon the same terms as in the offer or as may be agreed between them or upon such terms as the court may order.

As a company with its registered office in Cyprus whose securities represented by GDRs are listed on a regulated market in the United Kingdom, any offer for such GDRs will be subject to the provisions of the City Code in respect of consideration, disclosure requirements and procedural matters applicable to the offer, but not to company law matters, including the threshold for making a mandatory offer. Pursuant to the Takeover Directive, the percentage of voting rights conferring "control" is to be determined by the rules of the member state in which the company has its registered office. As the relevant Cypriot provisions are expressed to apply only to companies listed on a regulated market in Cyprus (save that Cyprus law applies to such matters as information of the personnel of the company under acquisition and on matters of corporate law, particularly as regards the percentage of voting rights which are required for acquiring control and the exemptions of the obligation to submit a public offer as well as the terms subject to which the board of directors of the company under acquisition could take action which is capable to frustrate the public offer) there is not a relevant threshold for making a mandatory offer for the Company.

There have been no public takeover bids by third parties for all or any part of the Company's equity share capital since its date of incorporation.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (subject to completion and amendment) will apply to the Global Depositary Receipts, and will be endorsed on each Global Depositary Receipt Certificate.

The Global Depositary Receipts (***GDRs***) represented by this certificate are issued in respect of ordinary Shares of nominal value US$ ● each (the ***Shares***) in Global Ports Investments plc (the ***Company***), with each GDR issued in respect of ● Share, pursuant to and subject to an agreement dated ● , and made between the Company and JPMorgan Chase Bank, N.A. as depositary (the ***Depositary***) for the ***Regulation S Facility*** and the ***Rule 144A Facility*** (such agreement, as amended from time to time, being hereinafter referred to as the ***Deposit Agreement***). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed HSBC Securities Services, Greece as Custodian (as defined below) to receive and hold on its behalf the Share certificates in respect of certain Shares and/or, if applicable, Shares in book-entry form (the ***Deposited Shares***) and all rights, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the ***Deposited Property***). The Depositary shall hold Deposited Shares for the benefit of the Holders (as defined below) in proportion to the number of Shares in respect of which the GDRs held by them are issued. In these terms and conditions (the ***Conditions***), references to the ***Depositary*** are to JPMorgan Chase Bank, N.A. and/or any other Depositary which may from time to time be appointed under the Deposit Agreement, references to the ***Custodian*** are to HSBC Securities Services, Greece or any other Custodian from time to time appointed under the Deposit Agreement and references to the ***Office*** mean, in relation to the Custodian, its office at 109-111, Messoghion Avenue, 115 26, Athens, Greece (or such other office as from time to time may be designated by the Custodian with the approval of the Depositary).

References in these Conditions to the "Holder" of any GDR shall mean the person registered as Holder on the books of the Depositary maintained for such purpose. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificate in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 17) and at the Office of the Custodian. Holders are deemed to have notice of and be bound by all of the provisions of the Deposit Agreement, and shall become bound by these Conditions and the Deposit Agreement upon becoming a Holder of GDRs. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. Holders of GDRs are not party to the Deposit Agreement which specifically disallows application of the Contracts (Rights of Third Parties) Act 1999 and thus, under English Law, have no contractual rights against, or obligations to, the Company or the Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the "Depositary" in respect of that number of Deposited Shares to which the GDRs of which he is the Holder relate.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares are validly issued and outstanding, fully paid and non-assessable, that all pre-emptive rights, if any, with respect to such Shares have been validly disapplied, waived or exercised and that each such person making such deposit is duly authorised so to do. Such representations and warranties shall survive the deposit of Shares and the issue of GDRs in respect thereof.

Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement.

1. Deposit of Shares and other securities

(A) After the initial deposit of Shares by the Company in respect of each GDR, unless otherwise agreed by the Depositary and the Company and permitted by applicable law, only the following may be deposited under the Deposit Agreement in respect of such GDR:

(i) Shares issued as a dividend or free distribution on Deposited Shares pursuant to Condition 5;

(ii) Shares subscribed or acquired by Holders from the Company through the exercise of rights distributed by the Company to such persons in respect of Deposited Shares pursuant to Condition 7;

(iii) securities issued by the Company to the Holders in respect of Deposited Shares as a result of any change in the nominal value, sub-division, consolidation or other reclassification of Deposited Shares or otherwise pursuant to Condition 10. References in these Conditions to "Deposited Shares" or "Shares" shall include any such securities, where the context permits; and

(iv) (to the extent not prohibited by applicable law and regulation) any other Shares in issue from time to time.

To the extent any stamp duty or other governmental charge is or becomes payable in connection with, or in any way related to, the initial deposit of Shares hereunder by the Company or the handling of said Shares by the Custodian, the Company agrees to remain liable for, and to pay, such stamp duty or other governmental charge.

(B) The Depositary will issue GDRs in respect of Shares accepted for deposit under this Condition. Under the Deposit Agreement, the Company must inform the Depositary if any Shares issued by it which may be deposited under this Condition do not, by reason of the date of issue or otherwise, rank *pari passu* in all respects with the other Deposited Shares. Subject to the provisions of Conditions 5, 7 and 10, if the Depositary accepts such Shares for deposit it will arrange for the issue of temporary GDRs in respect of such Shares which will form a different class of GDRs from the other GDRs until such time as the Shares which they represent become fully fungible with the other Deposited Shares.

(C) The Depositary will refuse to accept Shares for deposit whenever it is notified in writing by the Company that the Company has restricted the transfer of such Shares to comply with ownership restrictions under applicable Cyprus law or that such deposit would result in any violation of any applicable Cyprus laws or governmental or stock exchange regulations. The Depositary may also refuse to accept Shares for deposit in certain other circumstances as set out in the Deposit Agreement.

(D) Subject to the limitations set forth in the Deposit Agreement, the Depositary may (but is not required to) issue GDRs prior to the delivery to it of Shares in respect of which such GDRs are to be issued.

2. Withdrawal of Deposited Property

(A) Subject as set out above and to Condition 2(B) to 2(E) below, at any time, any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence that such person is the Holder of, and entitled to, the relative GDR as the Depositary may reasonably require at the specified office of the Depositary or any Agent accompanied by:

(i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Office of the Custodian, or (at the request, risk and expense of the Holder) at the specified office from time to time of the Depositary or any Agent (located in a place as permitted under applicable law from time to time) to, or to the order in writing of, the person or persons designated in such order and a duly executed and completed certificate substantially in the form set out in Schedule 4, Part B, to the Deposit Agreement (or an electronic certification through the applicable clearing system in lieu of such executed certification), if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs;

(ii) the payment of such fees, duties, taxes, charges and expenses as may be required under these Conditions or the Deposit Agreement; and

(iii) the surrender (if appropriate) of GDR certificates in definitive registered form to which the Deposited Property being withdrawn is attributable.

(B) Certificates for withdrawn Deposited Shares will contain such legends, including the legends described under "Transfer Restrictions", and withdrawals of Deposited Shares may be subject to such transfer restrictions or certifications, as the Company or the Depositary may from time to time determine to be necessary for compliance with applicable laws.

(C) Upon production of such documentation and the making of such payment as aforesaid in accordance with paragraph (A) of this Condition, the Depositary will direct the Custodian by tested telex,

facsimile or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Office to, or to the order in writing of, the person or persons designated in the accompanying order:

(i) a certificate for, or other appropriate instrument of title to, the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

(ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof as aforesaid;

provided that the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

(i) will direct the Custodian to deliver the certificates for, or other instruments of title to, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraph (C)(i) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its Agent and is attributable to such Deposited Shares); and/or

(ii) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied by such instruments of transfer in blank or to the person or persons specified in such order and such other documents, if any, as are required by law for the transfer thereto),

in each case to the specified office from time to time of the Depositary or, if any, any Agent (located in a place as is permitted under applicable law from time to time) as designated by the surrendering Holder in such accompanying order as aforesaid.

(D) Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

(E) The Depositary may suspend the withdrawal of all or any category of Deposited Property during any period when the register of shareholders or other relevant holders of other securities of the Company is closed, generally or in one or more localities, or in order to comply with any applicable Cyprus law or governmental or stock exchange rules or regulations. The Depositary shall restrict the withdrawal of Deposited Shares whenever it is notified in writing by the Company that such withdrawal would result in a breach of ownership restrictions under applicable Cyprus law, rule or regulation or governmental resolution or the Company's constitutive documents or for any other reason. To the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts representing Shares are listed on a US Securities Exchange or quoted on a US automated inter dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A.

(F) The Depositary may refuse to deliver Deposited Property generally, or in one or more localities, if such refusal is deemed necessary or desirable by the Depositary, in good faith, at any time or from time to time because of any requirement of law or of any government or governmental authority, body or commission, or under any provision of this Agreement or for any other reason, and will ensure that the Deposited Property comprises at least one Share until such time as all the GDRs are cancelled.

3. Transfer and ownership

GDRs are in registered form, with each GDR issued in respect of 3 Shares. Title to the GDRs passes by registration in the records of the Depositary. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of

ownership, trust or any interest in it or any writing on, or the theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.

So long as Rule 144A GDRs are "restricted securities" within the meaning of Rule 144 under the United States Securities Act of 1933, as amended (the ***US Securities Act***), interests in such Rule 144A GDRs corresponding to the Rule 144A Master GDR may be transferred to a person whose interest in such Rule 144A GDRs is to be represented by the Regulation S Master GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act. Issuance of Rule 144A GDRs, including in connection with the transfer of an interest in Regulation S GDRs to a person whose interest is to be represented by the Rule 144A Master GDR, shall be subject to the terms and conditions of the Deposit Agreement, including delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein.

4. Cash distributions

Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property in a currency other than United States dollars, the Depositary, its Agent or Custodian shall as soon as practicable convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the date, determined by the Depositary, for such payment and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11; provided that:

(a) in the event that the Depositary is aware that any Deposited Shares shall not be entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and

(b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16(A)(iv).

5. Distributions of Shares

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend in, or free distribution or bonus issue of, Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such dividend or distribution by an increase in the number of GDRs evidenced by the Master GDR or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs or, to the extent that and for so long as the circumstances described in Condition 1(b) may apply to such Deposited Shares, an issue of temporary global GDRs (in master or definitive form, as appropriate); provided that, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall sell such Shares so received (either by public or private sale and otherwise at its discretion, subject to Cyprus laws, rules and regulations) and distribute the resulting net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. Distributions other than in cash or Shares

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; provided that, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof in such manner as the Depositary may determine to be equitable and practicable, including, without limitation, by way of sale of the securities or property so received, or any part thereof (either by public or private sale and otherwise at its discretion, subject to applicable laws and regulations), and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7. Rights issues

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Company shall give timely notice thereof to the Depositary and, thereafter, the Depositary shall as soon as practicable give notice to the Holders in accordance with Condition 23 of such offer or invitation specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, give details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:

(i) if, at its discretion and subject to any additional agreements the Depositary may require, the Depositary shall be satisfied that it is lawful and reasonably practicable and, to the extent that it is so satisfied, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in United States dollars or other relevant currency determined by the Depositary in each case along with any premium determined by the Depositary to take into account currency fluctuations together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and in the case of Shares so subscribed or acquired to distribute them to the Holders entitled thereto by an increase in the numbers of GDRs evidenced by the Master GDR or an issue of certificates in definitive form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or

(ii) if, at its discretion and subject to any additional agreements the Depositary may require, the Depositary shall be satisfied that it is lawful and reasonably practicable and to the extent that it is so satisfied, the Depositary shall distribute such securities or other assets by way of rights or the rights themselves to the Holders entitled thereto in proportion to the number of Deposited Shares represented by the GDRs held by them respectively in such manner as the Depositary may at its discretion determine; or

(iii) if and in so far as the Depositary is not satisfied that any such arrangement and distribution to all or any Holders is lawful and reasonably practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or is so satisfied that it is unlawful, the Depositary will, provided that Holders, have not taken up rights through the Depositary as provided in (i) above endeavour to sell such rights (either by public or private sale and otherwise at its discretion subject to Cyprus laws, rules and regulations) and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto except to the extent prohibited by applicable law.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in (i), (ii) or (iii) above the Depositary shall permit the rights to lapse. In the absence of its own wilful default or gross negligence the Depositary will not be responsible for any failure to determine that it may be lawful or practicable to make rights available to Holders or owners of GDRs in general or to any Holder or owner of GDRs in particular.

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law, rule or regulation, give its consent to, and, if requested, use its reasonable endeavours (subject to the next paragraph) to facilitate any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Conditions 4, 5, 6, 7 or 10 or the securities to which such rights relate, in order for the Depositary to offer such rights or distribute such securities or other property to the Holders and to sell the securities represented by such rights, the Depositary will not offer such rights or distribute such securities or other property to Holders unless and until the Company procures at the Company's expense, the receipt by the Depositary of an opinion from counsel satisfactory to the Depositary that the necessary registration has been effected or that the offer and sale of such rights, securities or property to Holders are exempt from registration. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and neither the Company nor the Depositary shall be liable for any losses, damages or expenses resulting from any failure to do so.

8. Conversion of foreign currency

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable itself convert or cause to be converted, by sale or in any other manner that it may determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary, with the assistance of the Company, may make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may consider desirable. If at any time the Depositary shall determine that in its judgement any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency (without liability to any person for interest thereon) for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may in its absolute discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance on non-interest bearing accounts for the account of, the Holders entitled thereto and notify the Holders accordingly.

9. Distribution of any payments

(A) Any distribution under Conditions 4, 5, 6, 7 or 10 will be made by the Depositary to those Holders who are Holders of record on the record date established by the Depositary for that purpose (which shall be the same date as the corresponding record date set by the Company or as near as practical) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in

accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDR, according to usual practice between the Depositary and Clearstream Banking, societe anonyme (***Clearstream, Luxembourg***), Euroclear Bank S.A./N.V., as operator of the Euroclear System (***Euroclear***) or DTC, as the case may be. The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law in respect of such GDR or the relevant Deposited Property.

(B) Delivery of any securities or other property or rights other than cash shall be made to the entitled Holder, subject to any laws or regulations applicable thereto.

10. Capital reorganisation

Upon any change in the nominal value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital or upon any takeover, reorganisation, amalgamation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders in accordance with Condition 23 and, at its discretion, may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto or may execute and deliver additional GDRs in respect of Shares or may call for the surrender of outstanding GDRs to be exchanged for new GDRs which reflect the effect of such change or to be stamped in the appropriate manner so as to indicate the new number of Shares and/or the new securities evidenced by such outstanding GDRs or may adopt more than one of these courses of action.

11. Taxation and applicable laws

(A) Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Shares will be subject to deduction of Cyprus and other withholding taxes, if any, at the applicable rates.

(B) If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in Cyprus in order for the Depositary to receive from the Company Shares or other rights, securities, property and cash to be deposited under the Conditions or in order for Shares, other securities or other property to be distributed or otherwise dealt with under Conditions 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company, to the extent permitted by applicable law, shall apply for such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such law. In this connection, the Company has undertaken in the Deposit Agreement, to the extent reasonably practicable and that it does not involve unreasonable expense on behalf of the Company, to take such action as may be required in obtaining or filing the same. The Depositary shall not distribute GDRs, Shares, other securities or other property or cash to be deposited under the Conditions or make any offer of any such rights or sell any securities represented by any such rights with respect to which it has been informed in writing that such authorisation, consent or permit or such report has not been obtained or filed, as the case may be, and shall have no duty to obtain (but shall, where assistance is reasonably requested by the Company and such assistance does not require the Depositary to take any action in conflict with market practice or in a capacity other than its capacity as Depositary, at the expense of the Company, make reasonable endeavours to provide the Company with relevant information necessary in order to enable the Company to obtain) any such authorisation, consent or permit or to file any such report except in circumstances where the same may only be obtained or filed by the Depositary without, in the opinion of the Depositary, unreasonable burden or expense.

12. Voting rights

(A) As soon as practicable after receipt from the Company of notice of any meeting at which the holders of Shares are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other

Deposited Property, the Depositary shall fix the record date (which shall be the same date as the corresponding record date set by the Company or as near as practical) in respect of such meeting or solicitation of consent or proxy. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been timely received by the Depositary prior to the date of such vote or meeting) and at the Company's expense and provided no US legal prohibitions, English legal prohibitions (including, without limitation, the listing rules and prospectus rules of the UK Financial Services Authority and the admission and disclosure standards of the London Stock Exchange) or Cyprus legal prohibitions exist, distribute to Holders as of the record date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business in New York on the record date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the constitutive documents and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Property represented by such Holder's GDRs, and (c) a brief statement as to the manner in which such voting instructions may be given. Voting instructions may be given only in respect of a number of GDRs representing an integral number of Shares or other Deposited Property. Upon the timely receipt from a Holder of GDRs as of the GDR record date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavour, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, the constitutive documents and the provisions of the Deposited Property, to vote or cause the Custodian to vote the Shares and/or other Deposited Property (in person or by proxy) represented by such Holder's GDRs in accordance with such instructions. Notwithstanding anything contained in the Deposit Agreement or any GDR, the Depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the GDRs are listed, in lieu of distribution of the materials provided to the Depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of Deposited Securities, distribute to the Holders a notice that provides Holders with, or otherwise publicizes to Holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

(B) Neither the Depositary nor the Custodian shall, under any circumstances, exercise any discretion as to voting, vote any number of Shares other than an integral number thereof or vote Shares in a manner that would be inconsistent with any applicable law, and neither the Depositary nor the Custodian shall vote or attempt to exercise the right to vote the Shares or other Deposited Property represented by GDRs except pursuant to and in accordance with instructions from Holders. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Property represented by such Holder's GDRs, the Depositary will deem such Holder to have instructed the Depositary not to vote the Deposited Property with respect to the items for which the Holder has failed to specify the manner in which the Depositary is to vote. Deposited Property represented by GDRs for which no specific voting instructions are received by the Depositary from the Holder shall not be voted. The Company agrees to provide timely notice to the Depositary which will enable the timely notification of Holders as to any change in its constitutive documents resulting in limitations on the ability of the Depositary to vote a particular GDR according to the voting instructions received in regard to such GDR.

(C) Notwithstanding anything else contained in the Deposit Agreement, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Property if the taking of such action would violate US legal prohibitions, English legal prohibitions (including, without limitation, the listing rules and prospectus rules of the UK Financial Services Authority and the admission and disclosure standards of the London Stock Exchange) or Cyprus legal prohibitions. The Company agrees that it shall not establish internal procedures that would prevent the Depositary from complying with, or that are inconsistent with, the terms and conditions of Clause 7 of the Deposit Agreement.

13. Documents to be furnished, recovery of taxes, duties and other charges

The Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any

present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. In default thereof, the Depositary may, for the account of the Holder, discharge the same out of the proceeds of sale and subject to Cyprus laws, rules and regulations, of an appropriate number of Deposited Shares (being an integral multiple of the number of Shares in respect of which a single GDR is issued) or other Deposited Property and subsequently pay any surplus to the Holder. Any such request shall be made by giving notice pursuant to Condition 23.

14. Liability

(A) In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or the owners of GDRs except that any funds received by the Depositary for the payment of any amount due, in accordance with these Conditions, on the GDRs shall be held by it in trust for the relevant Holder until duly paid thereto.

(B) None of the Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR, beneficial owner of a GDR or any person with an interest in a GDR if, by reason of any provision of any present or future law, rule or regulation of Cyprus, the United Kingdom or any other country or of any governmental or regulatory authority or any securities exchange or market or automated quotation system, or by reason of the interpretation or application of any such present or future law, rule or regulation or any change therein or by reason of any other circumstances beyond their control or, in the case of the Depositary, the Custodian, any of their agents, officers, directors or employees or any Agent, by reason of any provision, present or future, of the constitutive documents of the Company, or any act of God, war, terrorism or other circumstance beyond any of their controls any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor (save in the case of its own wilful default or gross negligence) shall any of them incur any liability to any Holder, owner of a GDR or person with an interest in any GDR by reason of any non-performance or delay, caused as aforesaid, in performance of any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, caused as aforesaid, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

(C) None of the Depositary, the Custodian nor any Agent shall be liable (except by reason of its own wilful default or gross negligence or that of its agents, officers, directors or employees) to the Company or any Holder or owner of a GDR, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs purporting to be such and subsequently found to be forged or not authentic.

(D) The Depositary and each of its Agents (and any holding, subsidiary or associated company of the Depositary) may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates or in relation to the Deposited Property (including, without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commission and other charges for business transacted and acts done by it as a bank or in any other capacity, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and any sales of property) without accounting to Holders or beneficial

owners of GDRs or a person with an interest in a GDR, or any other person for any profit arising therefrom.

(E) The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures, but shall have no liability (in the absence of its own wilful default or gross negligence or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be possible. In the absence of its own wilful default or gross negligence the Depositary will not be responsible for any failure to determine that it may be lawful or practicable to make rights available to Holders in general or to any Holder in particular pursuant to Condition 7.

(F) The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions nor shall the Depositary be obligated to inform any person or entity (including, without limitation, Holders and Beneficial Owners about the requirements of any laws, rules or regulations or any changes therein or thereto.

(G) The Depositary shall, subject to all applicable laws, have no responsibility whatsoever to the Company, any Holder or owner of GDRs as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.

(H) In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or beneficial owners of GDRs or a person with an interest in a GDR or any other person.

(I) Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

(J) The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, solicitor, counsel, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfer thereof.

(K) The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by the Board of Directors of the Company or by a person duly authorised by the Board of Directors of the Company or such other certificate from persons specified in Condition 14(J) which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence of or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate. The Depositary shall not be responsible for the contents of any materials forwarded to Holders on the Company's behalf or for the investment risks associated with investing in Shares, for the validity of the worth of the Shares or for the creditworthiness of any third party.

(L) Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with the performance or non-performance of or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement, except to the extent that such loss or damage arises from its own wilful default or gross negligence or that of its agents, officers, directors or employees.

(M) No provision of the Deposit Agreement or the Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in

the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.

(N) The Depositary may, in the performance of its obligations hereunder instead of acting personally, employ and pay an agent, whether a lawyer or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money. The Depositary will not be liable to anyone for any misconduct or omission by any such agent so employed by it or be bound to supervise the proceedings or acts of any such agent provided that it is selected with reasonable care.

(O) The Depositary shall not under any circumstances have any liability arising from the Deposit Agreement or the Conditions or from any obligations which relate to the Deposit Agreement or the Conditions, whether as a matter of contract, tort, negligence or otherwise, for any indirect, special, punitive or consequential loss or damage, loss of profit, reputation or goodwill, or trading loss incurred by any person, whether or not foreseeable and regardless of the type of action in which such a claim may be brought. For the purposes hereof:

(i) "consequential loss or damage" means loss or damage of a kind or extent which was not reasonably foreseeable at the time this Agreement was entered into as a serious possibility in the event of the breach of obligation in question; and

(ii) "special loss or damage" means loss or damage of a kind or extent which arises from circumstances special to the person suffering the loss and not from the ordinary course of things, whether or not those circumstances were known to the Depositary either at the time this Agreement was entered into or later.

(P) The Depositary shall not be liable to any person if incorrect, false or misleading information derives from an inspection of the Register.

(Q) Where Deposited Property is held in a jurisdiction outside the United Kingdom, there may be settlement, legal and regulatory requirements in such jurisdiction which are different from those applying in the United Kingdom, and there may be different practices for the separate identification of assets held by a custodian for its clients.

(R) The Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, selected with reasonable care whether being a joint Depositary of this Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by this Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interest of the Holders think fit provided that no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not in any circumstances and the Depositary shall not (provided that it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable, and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate, arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Clause, which includes the power to sub-delegate, shall provide that the delegate or sub-delegate, as the case may be, shall be required to provide the services delegated or sub-delegated in substantially the same manner as such services are required to be provided under this Deposit Agreement and the delegate or the sub-delegate, as the case may be, shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice to the Company and the Depositary.

(S) The Depositary shall be at liberty to hold or to deposit this Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute and the Depositary shall not (in the case of deposit with itself, in the absence of gross negligence, bad faith or wilful default) be responsible for any losses, liabilities or expenses incurred in connection with any such deposit.

(T) The Depositary shall not be liable for the acts or omissions made by any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Property or otherwise. Furthermore, the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A.

15. Issue and delivery of replacement GDRs and exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or in replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the holder) at the specified office of any Agent.

16. Depositary's fees, costs and expenses

(A) The Depositary shall be entitled to charge the following remuneration and receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:

(i) for the issue of GDRs, including on the transfer of GDRs between the Regulation S Master GDR and the Rule 144A Master GDR (or for the cancellation of GDRs upon the withdrawal of Deposited Property including on the transfer of GDRs between the Regulation S Master GDR and the Rule 144A Master GDR) US$0.05 or less per GDR issued or cancelled;

(ii) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;

(iii) for issuing GDR certificates in definitive registered form (other than pursuant to (ii) above): a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs (including, but not limited to, printing costs) and expenses involved;

(iv) for services performed by the Depositary in administering the GDRs and for receiving and paying any cash dividends on or in respect of Deposited Shares, a combined fee of US$0.03 or less per GDR per annum for such services (which fee may be charged on a periodic basis during each year or in full at one time, and shall be assessed against Holders of GDRs as of the record date or record dates set by the Depositary during each year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions);

(v) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution (except where converted to cash): US$0.05 or less per outstanding GDR for each such issue of rights, dividend or distribution;

(vi) for receiving and paying any cash distribution (other than cash dividends) on or in respect of the Deposited Shares: a fee of US$0.05 or less per GDR for each such distribution;

(vii) for the issue of GDRs pursuant to a change for any reason in the number of Shares represented by each GDR, regardless of whether or not there has been a deposit of Shares to the Custodian or the Depositary for such issuance: a fee of US$0.05 or less per GDR (or portion thereof);

together with all expenses, transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian in connection with any of the above including, but not limited to charges imposed by a central depositary and such customary expenses as are incurred by the Depositary in the conversion of currencies other than US dollars into US dollars and fees imposed by any relevant regulatory authority.

(B) The Depositary is entitled to receive from the Company such fees, taxes, duties, charges, costs, expenses and other payments as specified in a separate agreement between the Company and the Depositary concerning such fees, taxes, duties, charges, costs, expenses and other payments.

17. Agents

The Depositary shall be entitled to appoint one or more agents (the ***Agents***) for the purpose, inter alia, of making distributions to the Holders as well as for any other reason under the Deposit Agreement or these Conditions.

18. Listing

The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to obtain and thereafter maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List of the UK Listing Authority and admission to trading on the market for listed securities of the London Stock Exchange. For that purpose the Company will pay all fees and sign and deliver all undertakings required by the UK Listing Authority and the London Stock Exchange in connection therewith. In the event that a listing on the Official List of the UK Listing Authority and admission to trading on the market for listed securities of the London Stock Exchange are not maintained, the Company has undertaken in the Deposit Agreement to use reasonable endeavours to obtain and maintain a listing of the GDRs on another internationally recognised investment exchange in Europe designated as a "recognised investment exchange" for the purposes of the United Kingdom Financial Services and Markets Act 2000.

19. The Custodian

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement, which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian. The Custodian shall be responsible solely to the Depositary; provided that, if at any time the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. Upon the removal of, or upon receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor custodian, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. Whenever the Depositary in its discretion determines that it is in the best interest of the Holders to do so, it may, after prior consultation with the Company if practicable, terminate the appointment of the Custodian and, in the event of the termination of the appointment of the Custodian, the Depositary shall promptly appoint a successor Custodian (after consultation with the Company), which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement on the effective date of such termination. The Depositary shall notify Holders of such change as soon as is practically possible following such change taking effect in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as herein specified; provided that, in the case of such temporary deposit in another place, the Company shall have consented to such deposit and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if, and to the extent that, the obtaining of such insurance is reasonably practicable and the premiums payable are, in the opinion of the Depositary, of a reasonable amount.

20. Resignation and termination of appointment of the Depositary

(A) Unless otherwise agreed to in writing between the Company and Depositary from time to time, the Company may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 60 days' notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving 60 days' notice in writing to the Company and the Custodian. Within 30 days after the giving of such notice, notice thereof shall be duly given by the Depositary to the Holders. The Depositary may resign as Depositary and appoint one of its affiliates as its successor Depositary hereunder by giving written notice to the Company and notice to the Holders in accordance with Condition 23.

The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in the relevant notice provided that no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depositary (other than in the case of any appointment by the Depositary of one of its affiliates as its successor, which shall take effect at such time set by the Depositary), the grant of such approvals as may be necessary to comply with applicable laws and with the constitutive documents for the transfer of the Deposited Property to such successor depositary, the acceptance of such appointment to act in accordance with the terms thereof by the successor depositary and the payment to the Depositary of all fees, taxes, duties, charges, costs, expenses and other payments as agreed by the Depositary and the Company in any agreement concerning such fees, taxes, duties, charges, costs, expenses and other payments. The Company has undertaken in the Deposit Agreement to use its best endeavours to procure the appointment of a successor depositary with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the successor depositary to the Holders in accordance with Condition 23.

(B) Upon the termination of appointment or resignation of the Depositary, the Depositary shall, against payment of all fees, expenses and charges owing to it by the Company under the Deposit Agreement, deliver to its successor depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depositary all Deposited Property held by it under the Deposit Agreement. Upon the date when such termination of appointment or resignation takes effect, the Deposit Agreement provides that the Custodian shall be deemed to be the Custodian thereunder for such successor depositary and shall hold the Deposited Property for such successor depositary and the Depositary shall thereafter have no obligation thereunder.

(C) The Company has agreed not to appoint any other depositary for the issue of depositary receipts so long as JPMorgan Chase Bank, N.A. is acting as Depositary under the Deposit Agreement.

21. Termination of Deposit Agreement

(A) Subject as set out below, either the Company or the Depositary but, in the case of the Depositary, only if the Company has failed to appoint a replacement Depositary within 90 days of the date on which the Depositary has given notice pursuant to Condition 20 that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding in accordance with Condition 23.

If the Company terminates the Deposit Agreement, it will be obligated, prior to such termination, to reimburse to the Depositary all amounts owed to the Depositary as set out in the Deposit Agreement and in any agreement between the Depositary and the Company.

(B) During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to the provisions of paragraph (D) of Condition 2 and upon compliance with Condition 2, and further upon payment by the Holder of any sums payable by the Depositary to the Custodian in connection therewith for such delivery and surrender but otherwise in accordance with the Deposit Agreement.

(C) If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are Holders. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligations to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

22. Amendment of Deposit Agreement and Conditions

All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 22 and Clause 16 of the Deposit Agreement) may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary and any amendment (except as aforesaid) which shall increase or impose fees or charges payable by Holders (other than charges in connection with foreign exchange control regulations and taxes and other governmental charges, delivery expenses or other such expenses) or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders of the outstanding GDRs until the expiry of thirty days after such notice shall have been given. Each Holder at the time when any such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 2, the Deposited Property attributable to the relevant GDR. The Company and the Depositary may at any time amend and supplement the Deposit Agreement or these Conditions in order to comply with mandatory provisions of applicable laws, rules and regulations and such amendments or supplements to the Deposit Agreement and these Conditions may become effective before notice thereof is given to Holders or within any other period required to comply with such laws, rules or regulations.

For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders or beneficial owners if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares provided that temporary GDRs will represent such Shares until they are so consolidated. Notice of any amendment to the Deposit Agreement or form of GDRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the Holders identifies a means for Holders to retrieve or receive the text of such amendment (e.g. upon retrieval from the Depositary's or the Company's website or upon request from the Depositary).

23. Notices

All notices to Holders shall be validly given if mailed to them at their respective addresses in the register of Holders maintained by the Depositary or furnished to them by electronic transmission as agreed between the Company and the Depositary and, so long as the GDRs are listed on the Official List of the UK Listing Authority and admitted to trading on the market for listed securities of the London Stock Exchange and if and to the extent that the rules of the UK Listing Authority or the London Stock Exchange so require, all notices to be given to Holders generally will also be published by the Company in a leading daily newspaper having general circulation in the UK. Any such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the beneficial owners of GDRs held by such other Holders.

All notices required to be given by the Company to the Holders pursuant to any applicable laws, regulations or other agreements shall be given by the Company to the Depositary and upon receipt of any

such notices, the Depositary shall forward such notices to the Holders. The Depositary shall not be liable for any notices required to be given by the Company which the Depositary has not received from the Company, nor shall the Depositary be liable to monitor the obligations of the Company to provide such notices to the Holders. All formal complaints to the Depositary should be made in writing to the compliance officer of the Depositary at the address set out in Clause 17 of the Deposit Agreement.

24. Reports and information on the Company

(A) The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with six copies in the English language by mail, or one copy by facsimile or electronic transmission as agreed between the Company and the Depositary (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of any financial statements or accounts that it makes generally available to its shareholders, including but not limited to any financial statements or accounts that may be required by law or regulation or in order to maintain a listing for the GDRs on the Official List of the UK Listing Authority and admission to trading on the market for listed securities of the London Stock Exchange, or another other stock exchange, in accordance with Clause 10(a) and Condition 18, as soon as practicable following the publication or availability of such communications. If such communication is not furnished to the Depositary in English, the Depositary shall, at the Company's expense, arrange for an English translation thereof to be prepared.

(B) The Depositary shall, upon receipt thereof, give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.

(C) For so long as any Rule 144A GDRs or Rule 144A Shares remain outstanding are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which it is neither a reporting company under, and in compliance with the requirements of, Section 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements of the Exchange Act by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement and the Deed Poll to provide, at its expense, to any Holder, owner of Rule 144A GDRs or of the Rule 144A Master GDRs or the beneficial owner of an interest in such GDRs, and to any prospective purchaser of Rule 144A GDRs or shares represented thereby designated by such person, upon request of such owner, beneficial owner, Holder or prospective purchaser, the information required by Rule 144A(d)(4)(i) and otherwise to comply with Rule 144A(d)(4). If at any time the Company is neither subject to and in compliance with Section 13 or 15(d) of the Exchange Act nor exempt pursuant to Rule 12g3-2(b) under the Exchange Act, the Company shall immediately so notify the Depositary and the Depositary may so notify Holders in writing at the Company's expense. The Company has authorised the Depositary to deliver such information as furnished by the Company to the Depositary during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144A(d)(4) to any such Holder, owner of Rule 144A GDRs, beneficial owner of an interest in Rule 144A GDRs or shares represented thereby or prospective purchaser at the request of such person. The Company has agreed to reimburse the Depositary for its reasonable expenses in connection with such deliveries and to provide the Depositary with such information in such quantities as the Depositary may from time to time reasonably request. Subject to receipt, the Depositary will deliver such information, during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144A(d)(4), to any such holder, beneficial owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

25. Copies of Company notices

The Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary such number of copies of any notice to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, and any other material (which in the opinion of the Company contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company in connection therewith as the Depositary may reasonably request. If such notice is not furnished to the Depositary in English, either by the Company or

the Custodian, the Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem adequate to provide sufficient information) to be prepared. The Depositary shall, as soon as practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to paragraph (A) of Condition 9, and shall make the same available to Holders in such manner as it may determine.

26. Moneys held by the Depositary

The Depositary will hold moneys received by it, in respect of or in connection with the Deposited Property in an account with itself as banker and not as trustee, will not hold such moneys in accordance with the FSA's client money rules, shall be entitled to deal with such moneys in the same manner as other moneys paid to it as a banker to its customers and shall not be liable to account to the Company or any holder or any other person for any interest on any moneys paid to it by the Company for the purposes of the Deposit Agreement, except as otherwise agreed.

27. Severability

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28. Disclosure of beneficial ownership, other information and ownership restrictions

(A) The Depositary may from time to time request Holders or former Holders to provide information as to the capacity in which they hold or held GDRs and regarding the identity of any other persons then or previously interested in such GDRs and the nature of such interest and various other matters. Each such Holder agrees to provide any such information reasonably requested by the Depositary pursuant to the Deposit Agreement whether or not still a Holder at the time of such request.

(B) To the extent that provisions of or governing any Deposited Property, the constitutive documents or applicable law may require the disclosure of, or limitations in relation to, beneficial or other ownership of Deposited Property and other securities of the Company, the Holders, owners of GDRs and beneficial owners, as the case may be, shall comply with the Depositary's instructions to Holders, owners and beneficial owners, as the case may be, of GDRs in respect of such disclosure or limitation, as may be forwarded to them from time to time by the Depositary, to the extent they have knowledge of the identity of such owners or beneficial owners.

29. Governing law

(A) The Deposit Agreement and the GDRs are governed by, and shall be construed in accordance with, English law except that (i) the separate relationship created between the Depositary and the persons making deposits or withdrawals of Shares pursuant to the Deposit Agreement and the Conditions, as it specifically relates to such deposits or withdrawals and the delivery of the required certifications is governed by and shall be construed in accordance with the laws of the State of New York and (ii) the transferability of the GDRs and GDR Certificates shall be governed by the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Cyprus law. The Company has submitted in respect of the Deposit Agreement and these Conditions to the jurisdiction of the English courts. The Company has also agreed in the Deed Poll to allow the Holders to elect that disputes are resolved by arbitration.

(B) The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the GDRs and accordingly any legal action or proceedings arising out of or in connection with the GDRs (***Proceedings***) may be brought in such courts. This submission is made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not.)

(C) The Company irrevocably appoints Law Debenture Corporate Services Limited, currently situated at Fifth Floor, 100 Wood Street, London, EC2V 7EX as its authorised agent for service of process in England. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

30. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce these terms and conditions under the Contracts (Rights of Third Parties) Act 1999 of the United Kingdom except and to the extent (if any) that these terms and conditions expressly provide for such Act to apply.

SUMMARY OF PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILE IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Master Regulation S GDR Certificate in registered form and (ii) a single Master Rule 144A GDR Certificate in registered form. The Regulation S Master GDR has been registered in the name of and held by BNP Paribas as common depositary for Clearstream, Luxembourg and Euroclear, and the Rule 144A Master GDR has been registered in the name of Cede & Co. as nominee for DTC. The Master GDRs contain provisions that apply to the GDRs while they are in master form, some of which modify the effect of the Conditions of the GDRs set out in this Prospectus. The following is a summary of certain of those provisions. Unless otherwise defined herein, the terms defined in the Conditions shall have the same meaning herein.

Any increase or decrease in the number of GDRs evidenced hereby from that initially notified to the Holder, as defined in the Conditions, will promptly be notified to the Holder by the Depositary.

Exchange

The Regulation S Master GDR and the Rule 144A Master GDR will only be exchanged for certificates in definitive registered form evidencing GDRs in the circumstances described in (i), (ii), (iii), or (iv) below in whole but not, except in the case of (iii) below, in part. Subject to the terms and conditions hereof, the Depositary hereby irrevocably undertakes to deliver certificates evidencing GDRs in definitive registered form in exchange for either the Regulation S Master GDR or the Rule 144A Master GDR, as the case may be, to persons entitled to interests in the Regulation S Master GDR or the Rule 144A Master GDR, as the case may be, within 60 days in the event that:

(i) the holder of the Rule 144A Master GDR is unwilling or unable to continue as common depositary (or as nominee thereof) and a successor common depositary (or successor depositary) (or successor nominee thereof), is not appointed within 90 calendar days; or

(ii) DTC or any successor ceases to be a "clearing agency" registered under the Exchange Act; or

(iii) either (a) Clearstream or Euroclear, in the case of the Regulation S Master GDR, or (b) DTC, in the case of the Rule 144A Master GDR, is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so and no alternative clearing system satisfactory to the Depositary is available within 45 calendar days; or

(iv) the Depositary has determined that, on the occasion of the next payment in respect of the GDRs, the Company, the Depositary or its Agent would be required to make any deduction or withholding from any payment in respect of the GDRs which would not be required were the GDRs in definitive form;

Any such exchange shall be at the expense of the relevant Holder.

In case of the Rule 144A Master GDR, in relation to (iii) above any person appearing in the records maintained by DTC as entitled to any interest in this Rule 144A Master GDR shall be entitled to require the Holder to procure the exchange of an appropriate part of this Rule 144A Master GDR for a definitive GDR for an interest held by such person in this Rule 144A Master GDR in the above circumstances upon notice to the Holder. Any such exchange shall be at the expense (including printing costs) of the Holder in the case of such appropriate part or at the expense of the Holders in case of exchange of the whole of the Rule 144A Master GDR for the definitive GDRs.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through DTC.

Upon any exchange of a part of this Rule 144A Master GDR for a certificate evidencing a GDR or GDRs in definitive form or any distribution of GDRs pursuant to Conditions 3, 5, 6, 7 or 10, or any reduction in the number of GDRs evidenced hereby following any withdrawal of any Deposited Property pursuant to Condition 2, or any increase in the number of GDRs following the deposit of Shares pursuant to Condition 1, the relevant details shall be entered on the Register of the Depositary, whereupon the number of GDRs represented by this Rule 144A Master GDR shall be reduced or increased (as the case may be) for all purposes by the amount so exchanged and entered on the Register, provided always that if the number of GDRs evidenced by the Regulation S Master GDR and/or the Rule 144A Master GDR is reduced to zero the Regulation S Master GDR and/or the Rule 144A Master GDR shall continue in

existence until the obligations of the Company under the Deposit Agreement and the obligations of the Depositary pursuant to the Deposit Agreement and the Conditions have terminated.

VOTING RIGHTS, PAYMENTS AND DISTRIBUTIONS

GDR holders will have voting rights in respect of the underlying shares as set forth in Condition 12 and the Deposit Agreement. The Depositary will exercise voting rights only upon receipt of written instructions in accordance with the Conditions and the Deposit Agreement and if permitted by law.

Payments of cash dividends and other amounts (including cash distributions) in respect of the GDRs evidenced by the Regulation S Master GDR or the Rule 144A Master GDR will be made by the Depositary through Clearstream and Euroclear in respect of the Regulation S Master GDR and through DTC in respect of the Rule 144A Master GDR on behalf of persons entitled thereto upon receipt of funds therefor from the Company. Any free distribution or rights issue of Shares to the Depositary on behalf of Holders may result in the number of GDRs being adjusted to reflect the enlarged number of GDRs it thereby evidences.

SURRENDER OF GDRS

Any requirement in the Conditions relating to the surrender of a GDR to the Depositary shall be satisfied by the production by the Common Depository on behalf of a person entitled to an interest therein, of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by the Common Depository. The delivery or production of any such evidence shall be sufficient evidence, in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all moneys or other property payable or distributable, in respect of the Deposited Property represented by such GDRs.

NOTICES

In respect of the Regulation S Master GDR, for so long as it is registered in the name of a common depositary on behalf of Euroclear and Clearstream, Luxembourg, and, in respect of the Rule 144A Master GDR, for as long as it is registered in the name of DTC or its nominee, notices may be given by the Depositary by delivery of the relevant notice to the Common Depositary for communication to persons entitled thereto in substitution for publication required by Condition 23.

INFORMATION

For so long as any Rule 144A GDRs or shares represented thereby are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, during any period in which it is neither a reporting company under, and in compliance with the requirements of, Section 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements of the Exchange Act by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement and the Deed Poll to provide, at its expense, to any Holder, owner of Rule 144A GDRs or of the Rule 144A Master GDRs or the beneficial owner of an interest in such Rule 144A GDRs, and to any prospective purchaser of Rule 144A GDRs or shares represented thereby designated by such person, upon request of such owner, beneficial owner, Holder or prospective purchaser, the information required by Rule 144A(d)(4)(i) and otherwise to comply with Rule 144A(d)(4).

GOVERNING LAW

The Regulation S Master GDR and the Rule 144A Master GDR will be governed by and construed in accordance with English law.

TAXATION

The following summary of material Cyprus, US federal income and United Kingdom tax consequences of ownership of the GDRs is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of GDRs. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of GDRs. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of GDRs, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as at the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

CYPRUS TAX CONSIDERATIONS

Tax residency

A company which is considered to be a resident for tax purposes in Cyprus is subject to corporate income tax in Cyprus on its worldwide income from business activities taking into account certain exemptions. A company is considered to be a resident for tax purposes of Cyprus if its management and control is exercised from Cyprus. With respect to the individual GDR holders, an individual is considered to be a tax resident of Cyprus if he or she is physically present in Cyprus for a period or periods exceeding in aggregate more than 183 days in any calendar year.

Rates of taxation

The rate of corporate income tax in Cyprus is 10%.

Special Contribution to the Defence Fund of the (Cyprus) Republic (the ***Defence Tax***) is levied on certain types of income received by or credited to tax resident companies. Defence Tax applies at 3% on 75% of rental income from immovably property, at 10% on interest income not arising in the ordinary course of the business or closely connected thereto and at 15% on dividend income from non-resident companies unless an exemption applies. Defence Tax is levied on gross income without any deduction for expenses.

Capital gains tax is levied in Cyprus at a rate of 20% on profits from disposal of immovable property situated in Cyprus or shares of companies which own immovable property situated in Cyprus (unless the shares are listed on a recognised stock exchange).

Taxation of income and gains of the Company

Gains from the disposal of securities/titles

Any gain from disposal of securities/titles by the Company shall be exempt from corporate income tax irrespective of the trading nature of the gain, the number of securities/titles held or the holding period. Such gains are not subject to Defence Tax. Such gains are also outside of the scope of capital gains tax provided that the company of which shares are disposed does not own any immovable property situated in Cyprus or the shares are listed on a recognised stock exchange.

The definition of securities includes shares and bonds of companies or legal persons wherever incorporated and options thereon. GDRs are considered as falling within the scope of the definition of securities.

The Tax Treaty grants Cyprus the exclusive right of taxing capital gains realised on the disposal of shares in Russian companies by a Cypriot resident entity, which does not carry on activities in Russia through a permanent establishment (a ***PE***).

Dividends to be received by the Company

Under the Tax Treaty, provided that the Company is a tax resident of Cyprus within the meaning of the Tax Treaty, the beneficial owner of the dividend income and dividends are not attributable to a permanent establishment of the Company in Russia, the rate of Russian withholding tax on dividends should be no more than 10% (provided all treaty clearance procedures are duly performed). This rate is reduced to 5% if the Company has invested in the capital of the Russian tax resident company paying the dividends not

less than the equivalent of US$100,000 (this amount will be increased to €100,000 when the Protocol is duly ratified and put into force).

Dividend income (whether received from Cypriot resident or non-resident companies) is exempt from corporate income tax in Cyprus. Dividend income from Cypriot resident companies is exempt from Defence Tax whereas dividend income received from non-Cypriot resident companies is exempt from Defence Tax provided certain conditions are met. The exemption does not apply if the company paying the dividend engages directly or indirectly for more than 50% in activities which lead to investment income and the foreign tax burden of the company paying the dividend is substantially lower than the tax burden of the company in Cyprus receiving the dividend (in practice "foreign tax burden being significantly lower" means at an effective tax rate of less than 5%). If the exemption for Defence Tax does not apply, dividends received from non-Cypriot resident companies are taxed at a rate of 15% Russian withholding tax assessed at source as well as the Russian underlying tax (meaning corporate profit tax of the Russian subsidiary which is paying the dividends), which can be credited against any such Defence Tax payable in Cyprus. This is provided that proper documentation can be submitted to the Cyprus tax authorities evidencing the foreign tax withheld at source and the profit tax imposed in Russia on the company paying the dividend.

Interest income

Any interest accruing to the Company which is considered to arise in the ordinary course of the business or is considered closely connected thereto shall be subject only to corporate income tax in Cyprus at a rate of 10%. Such interest income is not subject to Defence Tax.

Specifically, interest income arising from the provision of loans to related or associated parties should be considered as income arising from activities in the ordinary carrying on of a business or closely connected thereto and should as such be exempt from Defence Tax and only be subject to corporate income tax.

Interest income not arising in the ordinary course of a business or being considered closely connected thereto is exempt from corporate income tax and shall be subject to Defence Tax at a rate of 10%. The main difference between corporate income tax and Defence Tax is that the latter is levied on gross income received or credited without any deduction for expenses.

Taxation of income and gains of the GDR holders

Gains from disposal of GDRs by the GDR holders

Any gain arising on the sale of GDRs in the Company by its holders shall not be subject to and is exempt from corporate income tax and is (in case the Company is to own immovable property situated in Cyprus) not subject to capital gains tax in Cyprus provided that the GDRs of the Company are listed on a recognised stock exchange. This applies irrespective of the tax residency status of the seller.

Withholding tax on dividends to be received by the GDR holders

Dividends to be received from the Company by non-resident GDR holders and corporate resident GDR holders are not subject to withholding tax in Cyprus. Shareholders must consult their own tax advisers on the consequences of their domicile or residence in relation to the payment of dividends.

Dividends to be received from the Company by resident individual GDR holders are subject to Defence Tax at the rate of 15%. The tax must be withheld by the Company prior to payment to the GDR holders. The Company is obliged to send out a questionnaire (IR 42 Questionnaire) to all of its shareholders (both individuals and corporate bodies) to ascertain their tax residency status. See also "*Risk Factors—Risks relating to taxation—Taxation risks relating to Cyprus—The Company and the GDR holders may be subject to Defence Tax in Cyprus*".

Deemed distribution rules

The Special Contribution for the Defence Fund of the Republic Law includes provisions for the deemed distribution of profits. As per these provisions, if the Company does not distribute within two years from the end of the relevant tax year at least 70% of its after tax accounting profits (excluding revaluations, impairments and fair value adjustments), there will be a deemed distribution of 70% of such profits (reduced by any actual distributions made within a two year period after the end of the relevant tax year).

Defence Tax at 15% is payable to the Cypriot tax authorities on such deemed dividend distribution. The Defence Tax is withheld only on the proportion of the profits that are attributable to shareholders that are residents of Cyprus (both individuals and corporate bodies) as the deemed distribution rules do not apply to non-resident shareholders. The Defence Tax is a tax on shareholders payable by the Company on behalf of its shareholders.

In case a person who is not tax resident in Cyprus receives a dividend from a Cypriot tax resident company and that dividend is paid out of profits which at any stage were subjected to the deemed dividend distribution rule described above, then the Defence Tax paid due of the deemed distribution which relates to the dividends received by such person is refundable. The Company is obliged to send out a questionnaire (IR 42 Questionnaire) to all of its shareholders (both individuals and corporate bodies) to ascertain their tax residency status. Through the questionnaire, the shareholders should inform the Company of their tax residency status. The Company is required to safe-keep these questionnaires and present them to the Cyprus tax authorities upon request.

Withholding taxes on interest payments

No withholding tax is imposed in Cyprus with respect to any payments of interest made by the Company to non-resident lenders (both corporations and individuals).

There is no withholding tax in Cyprus on interest income paid to Cypriot tax resident corporate lenders. This is unless the Company issues a corporate bond, note or any other similar fixed income instrument and the resident lender receiving the interest is not considered to have generated this interest in the course of its ordinary activities or in connection with activities closely connected to the ordinary carrying on of its business in which case the Company would have an obligation to withhold Defence Tax at a rate of 10% on payments made to the holder.

Any payment of interest by the Company to Cypriot tax resident individual lenders is not subject to withholding tax in Cyprus. This is unless the Company has issued a corporate bond, note or any other similar fixed income instrument in which case the Company would have an obligation to withhold Defence Tax at a rate of 10% on payments made in favour of Cypriot tax resident individual holders.

Capital duty

Capital duty in the form of registration fees is payable to the Registrar of Companies in respect of the registered authorised and issued share capital of a Cypriot company upon its incorporation and upon subsequent increases thereon.

The capital duty rates for subsequent changes of the registered authorised and issued share capital are as follows:

- 0.6% on the nominal value of additional registered authorised share capital; and
- €17.09 flat duty on every issue, whether the shares are issued at their nominal value or at a premium.

Stamp duty

Cyprus levies stamp duty on every instrument if:

- it relates to any property situated in Cyprus; or
- it relates to any matter or thing which is performed or done in Cyprus.

There are instruments which are subject to stamp duty in Cyprus at a fixed fee (ranging from three cents to €34) and instruments which are subject to stamp duty based on the value of the instrument (0.15% for amounts up to € 170,860.14 and 0.2% for sums exceeding €170,860.14 plus €256.30). There is a maximum (capped) stamp duty of €17,086.01 per principal agreement/contract where several instruments are used in a single transaction. The above obligation arises irrespective of whether the instrument is executed in Cyprus or abroad.

It is possible for the Company to apply to the Commissioner of Stamp Duty for exemption from stamp duty on any contract by providing an application together with the proposed or signed contract or agreement.

With regard to loans to be provided by the Company to its foreign subsidiaries, the Commissioner of Stamp Duty is usually expected to be satisfied that the loan agreements should not be subject to stamp duty in Cyprus provided the agreement is governed by a foreign law and to be submitted to the courts of a foreign jurisdiction, the contract is executed outside of Cyprus and neither the loan asset nor the shares of the Company are to be secured by way of a registered charge in Cyprus.

Inheritance tax

Cyprus inheritance tax was abolished with effect from 1 January 2000 by virtue of Law N.74(I)/2000.

United States federal income tax considerations

The following discussion is a general summary based on present law of certain US federal income tax consequences of the acquisition, ownership and disposition of GDRs. The discussion is not a complete description of all tax considerations that may be relevant. It applies only to US Holders (as defined below) that acquire GDRs in the Offering, hold GDRs as capital assets and use the US dollar as their functional currency. The discussion is a general summary; it is not a substitute for tax advice. It does not address the tax treatment of investors subject to special rules, such as banks or other financial institutions, tax-exempt entities, insurance companies, dealers, traders in securities that elect to mark-to-market, investors liable for alternative minimum tax, US expatriates, investors that directly, indirectly or constructively own 10% or more of the Company's voting stock, investors that are resident or ordinarily resident or have a permanent establishment outside the US or investors that hold GDRs as part of a straddle, hedging, conversion or other integrated transaction. It also does not address US state and local tax considerations.

THE STATEMENTS ABOUT US FEDERAL TAX CONSIDERATIONS ARE MADE TO SUPPORT THE MARKETING OF GDRs. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE GDRs UNDER THE LAWS OF CYPRUS, RUSSIA, FINLAND, ESTONIA, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

As used here, ***US Holder*** means a beneficial owner of GDRs that for US federal income tax purposes is (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust subject to the control of one or more US persons and the primary supervision of a US court.

The US federal income tax treatment of a partner in a partnership that holds GDRs will depend on the status of the partner and the activities of the partnership. Partners in a partnership that holds GDRs should consult their own tax advisors regarding the specific US federal income tax consequences to them of the partnership's acquisition, ownership and disposition of GDRs.

Holders of GDRs generally will be treated for US federal income tax purposes as holding Ordinary Shares represented by the GDRs. No gain or loss will be recognised on an exchange of Ordinary Shares for GDRs or an exchange of GDRs for Ordinary Shares, provided the Depositary has not taken any action inconsistent with either the material terms of the Deposit Agreement or the US Holder's ownership of the underlying shares.

The Company believes, and the following discussion assumes, that the Company is not, was not in its preceding taxable year and will not become a passive foreign investment company for US federal income tax purposes.

Dividends

Dividends on GDRs (including the amount of Cyprus tax withheld) generally will be includable in a US Holder's gross income as ordinary income from foreign sources when actually or constructively received. Dividends will not be eligible for the dividends received deduction allowable to US corporations. Dividends will also not be eligible for the preferential tax rate applicable to qualified dividend income of eligible non-corporate US Holders for taxable years beginning before January 1, 2013 unless the Company

is eligible for benefits under the income tax treaty between the United States and Cyprus (the ***US-Cyprus Tax Treaty***). The Company has not made a determination of its eligibility for benefits under the US-Cyprus Tax Treaty.

Dividends paid in a currency other than US dollars will be includable in income in a US dollar amount based on the exchange rate in effect on the date of receipt by the Depositary whether or not the payment is converted into US dollars at that time. A US Holder will have a basis in the currency received equal to the US dollar value on the date of receipt by the Depositary. Any gain or loss on a subsequent conversion or other disposition of the currency for a different US dollar amount generally will be US source ordinary income or loss.

Disposition

A US Holder generally will recognise capital gain or loss on the sale, exchange or other disposition of GDRs in an amount equal to any difference between the US dollar value of the amount realised and the US Holder's adjusted tax basis in the GDRs. A US Holder's adjusted tax basis in the GDRs generally will be its US dollar cost. Capital gain or loss generally will be treated as arising from sources within the United States for foreign tax credit limitation purposes. The capital gain or loss will be long-term capital gain or loss if a US Holder has held the GDRs for more than one year. Deductions for capital losses are subject to limitations.

A US Holder that receives a currency other than US dollars on the sale or disposition of GDRs generally will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of disposition (or, if the GDRs are traded on an established securities market and a US Holder is a cash-basis or electing accrual basis taxpayer, at the spot rate on the settlement date). Any difference between the US dollar amount realised on the date of disposition and the US dollar value of the currency received at the spot rate on the settlement date will be foreign currency gain or loss. Foreign currency gain or loss generally will be US source ordinary income or loss. A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency received on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the currency for a different US dollar amount generally will be US source ordinary income or loss.

Reporting and backup withholding

Dividends on and proceeds from the disposition of GDRs that are made within the United States or through certain US-related financial intermediaries may be reported to the US Internal Revenue Service (***IRS***) unless the US Holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the US Holder fails to provide an accurate taxpayer identification number or otherwise to establish a basis for exemption. A US Holder can claim a credit against its US federal income tax liability for amounts withheld under the backup withholding rules, and a US Holder can claim a refund for amounts in excess of its tax liability if it provides the required information to the IRS.

A US Holder may be required to report a sale, retirement or other taxable disposition of GDRs to the IRS if it recognises a foreign currency loss from a single transaction that exceeds, in the case of an individual or trust, $50,000 in a single taxable year or, in other cases, various higher thresholds.

Recently enacted legislation requires certain US Holders to report information with respect to investments in GDRs not held through an account with a financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in GDRs.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN GDRs UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

United Kingdom tax considerations

The comments below are of a general nature and are based on current UK law and published HM Revenue & Customs practice as of the date of this Prospectus, both of which are subject to change, possibly with retroactive effect. This summary only covers the principal UK tax consequences for the absolute beneficial owners of GDRs and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for UK tax purposes as those persons' own income, and not the income of some other person, and who are resident, (and, in the case of individuals only, ordinarily resident and domiciled) in the UK for tax purposes and who are not resident in any other jurisdiction and do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of GDRs is connected (***UK holders***). In addition, this summary: (a) only addresses the tax consequences for UK holders who hold the GDRs as capital assets and does not address the tax consequences which may be relevant to certain other categories of UK holders, for example, dealers; (b) does not address the tax consequences for UK holders that are banks, financial institutions, insurance companies, collective investment schemes or persons connected (other than by reason of holding the GDRs) with the Company; (c) assumes that the UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 10% or more of the Ordinary Shares or voting power, rights to profit or capital of the Company; (d) assumes that there will be no register in the UK in respect of any interest in the GDRs or in the underlying Ordinary Shares; (e) assumes that the underlying Ordinary Shares and the GDRs will not be held by, or issued, as applicable, by a depositary incorporated in the UK; (f) assumes that neither the GDRs nor the underlying Ordinary Shares will be paired with shares issued by a company incorporated in the UK; (g) assumes that the UK holder of GDRs is, for UK tax purposes, beneficially entitled to the underlying Ordinary Shares and to dividends on those Ordinary Shares; (h) assumes that the UK holder has not (and is not deemed to have) acquired the GDRs by virtue of an office or employment; and (i) assumes that the Company is not resident for tax purposes in the UK.

THE FOLLOWING IS INTENDED ONLY AS A GENERAL GUIDE AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR UK HOLDER. POTENTIAL INVESTORS SHOULD SATISFY THEMSELVES AS TO THE OVERALL TAX CONSEQUENCES, INCLUDING, SPECIFICALLY, THE CONSEQUENCES UNDER UK LAW AND HM REVENUE & CUSTOMS PRACTICE, OF ACQUISITION, OWNERSHIP AND DISPOSITION OF GDRS IN THEIR OWN PARTICULAR CIRCUMSTANCES, BY CONSULTING THEIR OWN PROFESSIONAL TAX ADVISORS.

Taxation of dividends

Income tax and corporation tax

Withholding tax

Dividend payments in respect of the GDRs should not be subject to UK withholding tax.

UK holders are referred to the statements regarding Cyprus tax in "*—Cyprus tax considerations—Taxation of income and gains of the GDR holders—Withholding tax on dividends to be received by the GDR holders*". The following paragraphs proceed on the basis that no withholding tax is levied in Cyprus on dividend payments in respect of the GDRs.

Individual UK holders of GDRs

Dividends received by individual UK holders will be subject to UK income tax. This is charged on the gross amount of any dividend paid as increased for any UK tax credit available as described below. An individual UK holder who is resident for tax purposes in the UK and who receives a dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend paid which is equivalent to 10% of the aggregate of the dividend and the tax credit. An individual UK holder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the gross dividend at the rate of 10%, so that the tax credit will satisfy the income tax liability of such a holder in full.

An individual UK holder who is subject to income tax at the higher rate will be liable to income tax on the gross dividend at the rate of 32.5% to the extent that such sum, when treated as the top slice of that holder's income, falls above the threshold for higher rate income tax (which is £35,000 in the 2011/2012 tax

year). After taking into account the 10% tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25% of the net dividend.

An individual UK holder who is subject to income tax at the additional rate will be liable to income tax on the gross dividend at the rate of 42.5% to the extent that such sum, when treated as the top slice of that holder's income, falls above the threshold for additional rate income tax (which is £150,000 in the 2011/2012 tax year). After taking into account the 10% tax credit, an additional rate taxpayer will therefore be liable to additional income tax of 32.5% of the gross dividend, equal to approximately 36.1% of the net dividend.

Where the tax credit exceeds the holder's tax liability the holder cannot generally claim repayment of the tax credit from HM Revenue & Customs.

Corporate UK holders of GDRs

Where a corporate UK holder is within the charge to corporation tax, it will be subject to corporation tax on the actual amount of any dividend paid on the GDRs, unless (subject to special rules for such UK holders that are small companies) the dividend falls within an exempt class and certain other conditions are met. Although it is likely that most dividends paid on the GDRs to UK holders within the charge to UK corporation tax would fall within one or more of the classes of dividend qualifying for exemption from corporation tax, the exemptions are not comprehensive and are also subject to anti-avoidance rules.

Provision of information

Persons in the United Kingdom paying "foreign dividends" to, or receiving "foreign dividends" on behalf of, an individual may be required to provide certain information to H.M. Revenue & Customs regarding the identity of the payee or the person entitled to the "foreign dividend" and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Certain payments on or under the GDRs may constitute "foreign dividends" for this purpose.

Taxation of disposals

UK holders are referred to the statements regarding Cyprus tax in "*—Cyprus tax considerations—Taxation of income and gains of the GDR holders—Gains from disposal of GDRs by the GDR holders*". The following paragraphs proceed on the basis that no withholding tax is levied in Cyprus on disposal of GDRs.

The disposal or deemed disposal of GDRs by a UK holder may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the UK holder's circumstances and subject to any available exemption or relief. In the case of a corporate UK holder indexation allowance may be available to reduce or eliminate a chargeable gain, but not generate or increase an allowable loss. In the case of an individual UK holder indexation allowance is not available and chargeable gains are generally liable to capital gains tax at the applicable rate. An individual UK holder is currently entitled to an annual exemption from UK tax on chargeable gains up to £10,600 (in the 2011/2012 tax year).

In addition, UK holders who are individuals and who dispose of their GDRs while they are temporarily non-resident (i.e. not resident and not ordinarily resident) may be treated as disposing of them in the tax year in which they again become resident or ordinarily resident in the UK if (broadly speaking) the period of non-residence is less than five tax years. Any gains or losses in respect of currency fluctuations over the period of holding the GDRs would also be brought into account on the disposal.

Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax should be payable on (i) the issue of the GDRs, (ii) the delivery of the GDRs into DTC, Euroclear or Clearstream, Luxembourg, or (iii) any dealings in the GDRs once they are delivered into such clearance systems, where such dealings are effected in book-entry form in accordance with the procedures of DTC, Euroclear or Clearstream, Luxembourg (as applicable) and not by written instrument of transfer.

No stamp duty reserve tax should be payable in respect of any agreement to transfer the GDRs.

Assuming that any document effecting a transfer of the GDRs, or containing an agreement to transfer an equitable interest in the GDRs is neither (i) executed in the UK, nor (ii) relates to any property situate, or to any matter or thing done or to be done, in the UK (which may include involvement of UK bank accounts in payment mechanics), then no UK stamp duty should be payable on such document.

Even if a document effecting a transfer of the GDRs, or containing an agreement to transfer an equitable interest in the GDRs is (i) executed in the UK and/or (ii) relates to any property situate, or to any matter or thing done or to be done, in the UK, in practice it should not be necessary to pay any UK stamp duty on such document unless the document is required for any purposes in the UK. If it is necessary to pay UK stamp duty, it may also be necessary to pay interest and penalties.

Inheritance tax

UK inheritance tax may be chargeable on the death of, or in certain circumstances on a gift by, the owner of GDRs, where the owner is an individual who is domiciled or is deemed to be domiciled in the UK. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rates apply to gifts where the donor reserves or retains some benefit.

UK holders should consult an appropriate professional adviser if they make a gift or transfer of value of any kind or intend to hold the GDRs through trust arrangements.

SUBSCRIPTION AND SALE

The Offering comprises (i) an offering of GDRs outside the United States in reliance on Regulation S and outside the Russian Federation and (ii) an offering of GDRs within the United States to qualified institutional buyers as defined in, and in reliance on, Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Under the terms of, and subject to, the conditions contained in an underwriting agreement (the ***Underwriting Agreement***) dated ● 2011 entered into by the Company, the Selling Shareholder and the Joint Bookrunners, the Joint Bookrunners named below have severally agreed to procure purchasers for, or to themselves purchase, at the Offer Price, the number of GDRs in the aggregate amount as indicated below. The Company and the Selling Shareholder have agreed to make available, at the Offer Price, to the Joint Bookrunners, the applicable number of Ordinary Shares for such purpose:

Joint Bookrunners	Number of GDRs	Number of GDRs in respect of the Over-Allotment Option
Deutsche Bank AG, London Branch	●	●
Goldman Sachs International	●	●
Morgan Stanley & Co. International plc	●	●
Troika Dialog	●	●
	●	●

The total expenses payable by the Company and the Selling Shareholder for the Offering, other than the Joint Bookrunners' fees and commissions, are estimated to be approximately US$6.3 million.

The Joint Bookrunners will be soliciting non-binding indications of interest in acquiring GDRs in the Offering from prospective investors. Prospective investors will be required to specify the number of GDRs they would be prepared to acquire at the Offer Price. This process is known as book-building. GDRs allocated under the Offering, following the determination of the Offer Price, will be fully underwritten by the Joint Bookrunners as described in this section. Allocations will be determined by the Joint Bookrunners (after consultation with the Company and the Selling Shareholder) after non-binding indications of interest from prospective investors have been received in the book-building process.

All GDRs sold in the Offering will be sold at the Offer Price. The Offer Price for the GDRs will be determined by agreement between the Company, the Selling Shareholder and the Joint Bookrunners. A number of factors may be considered in determining the Offer Price and the bases of allocation under the Offering and notified to the market by posting on the Company's website (at *http://www.globalports.com/investors/investor_index.php*) and publication of the Prospectus in accordance with the Prospectus Rules, including the level and nature of demand for the GDRs and the objective of encouraging the development of an orderly after-market in the GDRs. The Offer Price may be established at a level determined in accordance with these arrangements, taking into account indications of interest received (whether before or after the times and/or dates stated) from persons (including market makers and fund managers) connected with the Joint Bookrunners.

Application has been made to: (i) the FSA for a listing of up to ● GDRs, consisting of ● GDRs to be issued on the closing of the Offering, up to ● additional GDRs to be issued pursuant to the Over-Allotment Option and up to ● additional GDRs to be issued from time to time against the deposit of Ordinary Shares with the Depositary, and to be admitted to the Official List, and (ii) the London Stock Exchange for such GDRs to be admitted to trading on the London Stock Exchange's regulated market for listed securities. Prior to the Offering, there has been no substantial market for the GDRs. Trading in the GDRs on the London Stock Exchange is expected to commence on ● 2011, on a "when and if issued" basis. Closing and settlement are expected to take place on ● 2011, and admission to the Official List of the FSA and to unconditional trading on the London Stock Exchange's regulated market for listed securities are expected to take place on ● 2011.

Investors wishing to enter into transactions in the GDRs prior to the closing of the Offering, whether such transactions are effected on the London Stock Exchange or otherwise, should be aware that the closing of the Offering may not take place on ● 2011 or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or do not occur on or prior to such date. All such transactions will be of no effect if the Offering does not become unconditional.

Underwriting Agreement and Over-Allotment Option

The Underwriting Agreement and related arrangements contain the following provisions, among others:

- The Selling Shareholder has granted an Over-Allotment Option to the Joint Bookrunners to acquire up to ● additional GDRs at the Offer Price for the purpose of covering over-allotments and other short positions, if any, in connection with the Offering. The Over-Allotment Option is exercisable upon written notice to the Selling Shareholder at any time up to and including the thirtieth day following the announcement of the Offer Price. If the Joint Bookrunners exercise the Over-Allotment Option, the Selling Shareholder will be obligated to sell and each Joint Bookrunner will be severally obligated, subject to the conditions contained in the Underwriting Agreement, to purchase, a number of additional GDRs proportionate to that Joint Bookrunner's initial amount indicated in the table above. The Over Allotment Option is granted to the Joint Bookrunners as part of the Underwriting Agreement for no additional consideration to the Selling Shareholder from the Joint Bookrunners.
- The Joint Bookrunners will deduct from the proceeds of the Offering or have reimbursed to them, as the case may be:
  - certain costs and expenses incurred by the Joint Bookrunners in connection with the Offering, including, but not limited to, fees, expenses and disbursements of their legal counsel and out of pocket and other expenses; and
  - underwriting commissions payable by the Company and the Selling Shareholder amounting to 2.15% of the gross proceeds of the Offering and, at the sole discretion of the Company and the Selling Shareholder, an additional fee of up to 0.75% of the gross proceeds of the Offering, including in respect of any GDRs purchased by the Joint Bookrunners pursuant to the Over Allotment Option.
- The Company and the Selling Shareholder have given certain customary representations and warranties to the Joint Bookrunners, including in relation to the business, the accounting records and the legal compliance of the Company, in relation to the Ordinary Shares and the GDRs and in relation to the contents of this Prospectus.
- The obligations of the parties to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, among others, the accuracy of the representations and warranties contained in the Underwriting Agreement and the application for admission to the Official List of the FSA and to trading on the London Stock Exchange having been approved on or prior to the closing of the Offering. The Joint Bookrunners may terminate the Underwriting Agreement prior to the closing of the Offering in certain specified circumstances that are typical for an agreement of this nature. These include the occurrence of certain material changes in the Group's condition, including its financial condition, business affairs and business prospects, and certain changes in financial, political or economic conditions (as set out more fully in the Underwriting Agreement). If any of the above-mentioned conditions are not satisfied (or waived, where capable of being waived) by, or the Underwriting Agreement is terminated prior to, the closing of the Offering, then the Offering will lapse.
- Each of the Company and the Selling Shareholder has given customary indemnities to the Joint Bookrunners in connection with the Offering.
- If a Joint Bookrunner defaults, the Underwriting Agreement provides that in certain circumstances, the purchase commitments of the non-defaulting Joint Bookrunner may be increased or the Underwriting Agreement may be terminated.

The Joint Bookrunners are offering the GDRs when, as and if, delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the GDRs and other conditions contained in the Underwriting Agreement, such as the receipt by the Joint Bookrunners of, among other things, officer's certificates and legal opinions.

Lock-up provisions

Each of the Company and the Selling Shareholder has agreed that neither it, nor any of its subsidiaries, nor any person acting on its or their behalf will, from the date hereof until 180 days after the later of the

Closing Date or the Over-Allotment Option closing date, without the prior written consent of the Joint Bookrunners:

(i) issue (in the case of the Company only), offer, sell, lend, mortgage, assign, contract to sell, pledge, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Ordinary Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Ordinary Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; or

(ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Ordinary Shares; or

(iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described above,

whether any such transaction described above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise, subject in each case to certain limitations. The lock-up arrangement described above do not apply to the Offering, the Over-Allotment Option and any GDRs lent by the Selling Shareholder in connection with the Offering or the Over-Allotment Option.

Stabilisation and other relationships

In connection with the Offering, Deutsche Bank AG, London Branch (the ***Stabilising Manager***) or any agent or other person acting for the Stabilising Manager, may over-allot or effect transactions intended to enable it to satisfy any over-allocations or which stabilise, maintain, support or otherwise affect the market price of the GDRs at a level higher than that which might otherwise prevail for a period of 30 days following the announcement of the Offer Price. However, there is no obligation on the Stabilising Manager or any agent of the Stabilising Manager, to do this. Such transactions may be effected on the London Stock Exchange and any other securities market, over-the-counter-market, stock exchange or otherwise. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end 30 days following the announcement of the Offer Price. Save as required by law, the Joint Bookrunners do not intend to disclose the extent of any over-allotments and/or stabilisation transactions under the Offering.

In accordance with applicable regulations the Joint Bookrunners may also sell GDRs in excess of their Over Allotment Option up to a maximum of 5% of the Offering, creating a naked short position. The Joint Bookrunners must close out any naked short position by purchasing GDRs in the open market.

In connection with the Offering, each of the Joint Bookrunners and any affiliate acting as an investor for its own account may take up the GDRs offered in the Offering and in that capacity may retain, purchase or sell the GDRs for its own account and may offer or sell such securities otherwise than in connection with the Offering. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Joint Bookrunners and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Group. They receive customary fees and commissions for these transactions and services.

SELLING AND TRANSFER RESTRICTIONS

SELLING RESTRICTIONS

The distribution of this Prospectus and the offer and sale of the GDRs in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set forth in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the GDRs, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the GDRs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the GDRs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer, subscription and sale of the GDRs offered in the Offering, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or buy any of the GDRs offered in the Offering to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Australia

Please note that the Prospectus:

(i) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (the Corporations Act);

(ii) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (***ASIC***), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and

(iii) may not be provided in Australia other than to select investors (***Exempt Investors***) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The GDRs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the GDRs may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any GDRs may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for GDRs, you represent and warrant to the Joint Bookrunners that you are an Exempt Investor.

As any offer of GDRs under the Prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those GDRs for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the GDRs you undertake to the Joint Bookrunners that you will not, for a period of 12 months from the date of issue of the GDRs, offer, transfer, assign or otherwise alienate those GDRs to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a ***Relevant Member State***), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the ***Relevant Implementation Date***) no offer to the public of GDRs, which are the subject of the offering contemplated by the Prospectus, has been made or will be made in that Relevant Member State, except that with effect from and including the Relevant Implementation Date, an offer of such GDRs may be made to the public in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of GDRs shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this selling restriction, the expression an "offer to the public" in relation to any GDRs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the GDRs to be offered so as to enable an investor to decide to purchase or subscribe the GDRs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the "2010 PD Amending Directive" means Directive 2010/73/EU.

Russian Federation

Neither the GDRs nor this Prospectus have been, or are intended to be, registered with the FSFM or any other state bodies that may from time to time be responsible for such registration. Each Joint Bookrunner has agreed that the GDRs will not be offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located in the Russian Federation unless and to the extent otherwise permitted under Russian Law; it being understood and agreed that the Joint Bookrunners may distribute this Prospectus in the Russian Federation to "qualified investors" (as defined in Russian law) in a manner that does not constitute an advertisement (as defined in Russian law) of the GDRs and may sell the GDRs to "qualified investors" (as defined in Russian law) in a manner that does not constitute a "placement" or a "public circulation" of the GDRs in the Russian Federation (as defined in Russian law).

United Kingdom

Each Joint Bookrunner has represented, warranted and agreed that:

(i) it has only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any GDRs in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the GDRs in, from or otherwise involving the United Kingdom.

United States

The GDRs have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold

within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act and in compliance with any applicable state securities law. The Joint Bookrunners may directly or through their respective US broker-dealer affiliates (i) offer the GDRs to investors outside the United States in accordance with Regulation S under the US Securities Act and (ii) offer the GDRs to qualified institutional buyers in the United States as defined under and in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the GDRs into or within the United States by a dealer, whether or not such dealer is participating in the Offering, may violate the registration and prospectus delivery requirements of the US Securities Act if such offer or sale is not made in accordance with Rule 144A.

Japan

The GDRs have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "**FIEL**") in reliance upon the exemption from the registration requirements since this offering constitutes a small number private placement as provided for in "*ha*" of Article 2, Paragraph 3, Item 2 of the FIEL. An acquirer of the GDRs shall not transfer or resell the GDRs except where the acquirer transfers or resells all the GDRs "*en bloc*" to one transferee.

Cyprus

Each Joint Bookrunner has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell any GDRs, except in conformity with the provisions of the Public Offer and Prospectus Law, Law 114(I)/2005 and the provisions of the Cyprus Companies Law, cap 113 (as amended);

(ii) it has not and will not offer or sell any GDRs other than in compliance with the provisions of the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007 (the ***ISARM***); and

(iii) it will not be providing from or within Cyprus any "Investment Services", "Investment Activities" and "Non-Core Services" (as such terms are defined in the ISARM) in relation to the GDRs or will be otherwise providing Investment Services, Investment Activities and Non-Core Services to residents or persons domiciled in Cyprus. Each Manager has represented, warranted and agreed that it will not be concluding in Cyprus any transaction relating to such Investment Services, Investment Activities and Non-Core Services in contravention of the ISARM and/or applicable regulations adopted pursuant thereto or in relation thereto.

TRANSFER RESTRICTIONS

Rule 144A GDRs

Each purchaser of GDRs located in the United States, by its acceptance of delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

1. The purchaser (i) is a QIB as that term is defined by Rule 144A under the US Securities Act, (ii) is aware that, and each beneficial owner of such GDRs has been advised that, the sale to it is being made in reliance on Rule 144A under the US Securities Act or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (iii) is acquiring such GDRs for its own account or for the account of one or more QIBs and (iv) if it is acquiring such GDRs for the account of one or more QIBs, has sole investment discretion with respect to each such account and has full power to make the acknowledgements, representations and agreements herein on behalf of each such account.

2. The purchaser is aware that the GDRs purchased pursuant to Rule 144A under the US Securities Act or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act have not been and will not be registered under the US Securities Act and are being offered in the United States only in transactions not involving any public offering in the United States

and are "restricted securities" as defined in Rule 144(a)(3) under the US Securities Act (***Restricted Securities***).

3. In the future, if the purchaser decides to offer, resell, pledge or otherwise transfer the GDRs purchased pursuant to Rule 144A under the US Securities Act or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act, such GDRs may be offered, sold, pledged or otherwise transferred only in accordance with the following legend, which the GDRs purchased pursuant to Rule 144A under the US Securities Act or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act will bear unless otherwise determined by the Company and the Depositary in accordance with applicable law:

   THIS RULE 144A GLOBAL DEPOSITARY RECEIPT AND THE ORDINARY SHARES OF GLOBAL PORTS INVESTMENTS PLC REPRESENTED HEREBY ("**THE SHARES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY RULE 144A GLOBAL DEPOSITARY RECEIPT MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR ANY RULE 144A GLOBAL DEPOSITARY RECEIPTS.

4. For so long as Ordinary Shares are Restricted Securities, it will not deposit such Ordinary Shares into any depositary receipt facility in respect of shares established and maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility.

5. The Company, the Selling Shareholder, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Prospective purchasers are hereby notified that the sellers of the GDRs purchased pursuant to Rule 144A under the US Securities Act may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A under the US Securities Act.

Regulation S GDRs

Each purchaser of the Regulation S GDRs will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. the purchaser is, at the time of the offer to it of GDRs and at the time the buy order originated, outside the United States for the purposes of Rule 903 under the US Securities Act;

2. the purchaser is aware that the Regulation S GDRs have not been and will not be registered under the US Securities Act and are being offered outside the United States in reliance on Regulation S;

3. any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions shall not be recognised by the Company in respect of the Regulation S GDRs; and

4. the Company, the Selling Shareholder, the Joint Bookrunners and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SETTLEMENT AND TRANSFER

Clearing and settlement of GDRs

Custodial and depositary links have been established between Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issue of the GDRs offered in the Offering and cross-market transfers of the GDRs associated with secondary market trading.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

DTC

DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the GDRs holding through DTC will receive, to the extent received by the Depositary, all distributions of dividends or other payments with respect to book-entry interests in the GDRs from the Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant tax laws and regulations of the United States. See "*Taxation—United States Federal Income Tax Considerations*".

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the GDRs, may be limited.

Registration and form of GDRs

Book-entry interests in the GDRs held through Euroclear and Clearstream, Luxembourg will be represented by a Master Regulation S GDR registered in the name of JPMorgan Chase Bank, N.A., as nominee for BNP Paribas Securities Services, Luxembourg Branch, as common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the GDRs held through DTC will be represented by a Master Rule 144A GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by the Depositary as custodian for DTC. As necessary, the Depositary will adjust the amounts of GDRs on the relevant register to reflect the amounts of GDRs held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in the GDRs will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC. The

aggregate holdings of book-entry interests in the GDRs in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interest in the GDRs, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the common depositary for Euroclear and Clearstream, Luxembourg and the nominee for DTC. The Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Euroclear or Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg as the case may be, and the Depositary will also be responsible for ensuring that payments received by it from the Company for holders holding through DTC are received by DTC.

The Company will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC and certain fees and expenses payable to the Depositary in accordance with the terms of the Deposit Agreement. *See* "*Terms and Conditions of the Global Depository Receipts*".

Global clearance and settlement procedures

Initial settlement

The GDRs will be in global form evidenced by the two Master GDRs. Purchasers electing to hold book-entry interests in the GDRs through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to depositary receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the GDRs through DTC will follow the delivery practices applicable to depositary receipts.

Secondary market trading

For a description of the transfer restrictions relating to the GDRs, see "*Selling and Transfer Restrictions—Transfer restrictions*".

Trading between Euroclear and Clearstream, Luxembourg participants. Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear or Clearstream, Luxembourg and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC participants. Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser. When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, Luxembourg, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the Depositary to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to credit the relevant account of the Euroclear or Clearstream, Luxembourg participant, as the case may be. In addition, on the settlement date, DTC will instruct the Depositary to (i) decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR and (ii) increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream, Luxembourg and represented by the Master Regulation S GDR.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser. When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant, as the case may be. On the settlement date, Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of its participant and will instruct the Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, Luxembourg, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, Luxembourg, as the case may be, shall on the settlement date instruct the Depositary to (i) decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Master Regulation S GDR and (ii) increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR.

General

Although the foregoing sets forth the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Group, the Joint Bookrunners, the Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

INFORMATION RELATING TO THE DEPOSITARY

The Depositary is JPMorgan Chase Bank, N.A., a national banking association, organised under the laws of the United States and with its main office in Columbus, Ohio, United States of America. JPMorgan Chase Bank, National Association is the principal banking subsidiary of JPMorgan Chase & Co. The Depositary was organised as a national banking association under the National Bank Act on 13 November 2004. Previously, it had been a banking corporation incorporated under the Banking Law of New York. The Depositary is subject to the regulation of, and supervision by, the Office of the Comptroller of the Currency. The registered office of the Depositary is located at 1111 Polaris Parkway, Columbus, Ohio, United States of America. A copy of JPMorgan Chase & Co.'s by-laws, as amended, together with copies of the most recent consolidated reports of condition and income—FFIEC 031 (call reports) will be available for inspection at the Office of the Secretary, JPMorgan Chase & Co., located at 270 Park Avenue, New York, New York 10017, United States of America.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Group with respect to the laws of England, the Russian Federation and the United States by Freshfields Bruckhaus Deringer LLP and with respect to Cypriot law by Chrysses Demetriades & Co Law Office, Limassol, Cyprus. Certain legal matters in connection with the Offering will be passed upon for the Joint Bookrunners with respect to the laws of England and the United States by Clifford Chance LLP, London, England, with respect to the laws of the Russian Federation by Clifford Chance CIS Limited and with respect to Cypriot law by Mouaimis & Mouaimis Advocates, Limassol, Cyprus.

INDEPENDENT AUDITORS

The Audited Annual Financial Statements have been audited by PricewaterhouseCoopers Limited, independent auditors, as stated in their audit report appearing herein (the ***Independent Auditor's Report***). PricewaterhouseCoopers Limited has registered offices at City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus. PricewaterhouseCoopers Limited is a member of the Institute of Certified Public Accountants of Cyprus.

The Unaudited Interim Financial Information has been reviewed by PricewaterhouseCoopers Limited in accordance with professional standards for a review of such information. Their report dated 30 May 2011 appearing at page F-112 (the ***Independent Auditor's Review Report***) states that they did not audit and they do not express an opinion on this information. Accordingly, the degree of reliance on their review report should be restricted in light of the limited nature of the review procedures applied.

PricewaterhouseCoopers Limited accepts responsibility for the information contained in the Independent Auditor's Review Report and, to the best of PricewaterhouseCoopers Limited's knowledge, having taken all reasonable care to ensure that such is the case, the information contained in the Independent Auditor's Review Report is in accordance with the facts and does not omit anything likely to affect its import.

For the purpose of compliance with Annex X item 23.1 in Appendix 3 to the Prospectus Rules, PricewaterhouseCoopers Limited has given and not withdrawn its written consent to the inclusion of the Independent Auditor's Report and the Independent Auditor's Review Report, in the form and context in which they are included and has authorised the contents of such audit report and review report.

The written consent described above is different from a consent filed with the US Securities and Exchange Commission under Section 7 of the US Securities Act, which is applicable only to transactions involving securities registered under the US Securities Act. As the GDRs have not and will not be registered under US Securities Act, PricewaterhouseCoopers Limited has not filed a consent under Section 7 of US Securities Act.

ADDITIONAL INFORMATION

1. The issuance of the newly issued Ordinary Shares and the Company entering into the Underwriting Agreement and the Deposit Agreement were duly authorised by the Board of Directors on ● 2011 in accordance with the Company's constitutional documents. The board of directors of the Selling Shareholder duly approved and authorised the transfers and sale of the Ordinary Shares and the Selling Shareholder entering into the Underwriting Agreement and a related stock lending agreement on ● 2011.

2. It is expected that listing of the GDRs will take place on or about ● 2011, subject only to the issuance of the Master GDRs. Prior to listing, it is expected that conditional dealings will be permitted by the London Stock Exchange in accordance with its rules. It is expected that unconditional dealings in the GDRs will commence on or about ● 2011. Transactions will normally be effected for settlement in US dollars and for delivery on the third working day after the day of the transaction. Listing of the GDRs on the London Stock Exchange is conditional upon the issuance of the GDRs by the Depositary.

3. There has been no significant change in the Group's financial or trading position since 31 March 2011, the end of the last financial period for which financial information has been published, except as set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent developments—Trading update*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent developments—Dividend*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent developments—Release of Guarantee*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent developments—Repayment of loans owed to TIHL*".

4. In the event that certificates in definitive form are issued in respect of the GDRs, the Company will appoint an agent in the United Kingdom for so long as the GDRs are listed on the London Stock Exchange.

5. Copies in English of the following documents may be inspected at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS, during usual business hours on any weekday, excluding Saturday, Sunday and public holidays, for a period of one year from publication of this Prospectus:

   - the Company's articles and memorandum of association in effect upon completion of the Offering;
   - Russia Container Terminals report prepared by Drewry and dated 25 May 2011;
   - Oil Market Report prepared by Drewry and dated 25 May 2011;
   - the Audited Annual Financial Statements;
   - the Unaudited Interim Financial Information; and
   - all reports, letters, historical financial information, valuations and statements and other documents prepared by any expert at the issuer's request any part of which is included or referred to in this Prospectus.

6. There are no temporary documents of title issued in respect of the GDRs. There is no premium and there are no expenses specifically charged to any purchaser of GDRs in the Offering. The Offering is an institutional offering only in which payment for the GDRs by investors will be arranged with the Joint Bookrunners. Holders may inspect the rules governing the issue of the certificates at the offices of the Depositary from the Closing Date of the Offering. The GDRs have no nominal or par value.

7. The following table sets forth the registered offices of the Group's material subsidiaries and joint ventures:

Name	Country of incorporation	Beneficial ownership/ voting rights	Registered Office
Farwater ZAO	Russia	100%	Russia, 198099, St. Petersburg, Vol'ny ostrov, 4G
Petrolesport OAO	Russia	100%	Russia, 198099, St Petersburg, Gladky ostrov, 1
Multi-Link Terminals Limited	Ireland	75%	Unit 14, Kinsealy Business Park, Dublin, Ireland
Multi-Link Terminals Ltd Oy	Finland	75%	Mannerheimintie 15, 00260 Helsinki, Finland
Moby Dik Company Limited	Russia	75%	Russia, St Petersburg, Kronshtadt, the territory of enterprise "Morskoy Portovy Komplex"
Yanino Logistics Park OOO	Russia	75%	Registered address: Russia, 188689, Leningradskaya oblast, Vsevolzhskiy rayon, Yanino-1, commercial and logistical zone Yanino 1, No.1 Actual address: Russia, 197342, St Petersburg, Ushakovskaya nab., dom 5, business centre President, office 301
Container-Depot Ltd Oy	Finland	75%	Mannerheimintie 15 B, 00260 Helsinki, Finland
National Container Holding Company Limited	Cyprus	100%	Omirou, 20, Agios Nikolaos, P.C. 3095, Limassol, Cyprus
Railfleet Holdings Limited	Cyprus	75%	Omirou, 20, Agios Nikolaos, P.C. 3095, Limassol, Cyprus
Vostochnaya Stevedoring Company OOO	Russia	75%	Russia, 692941, Primorskiy kray, Nakhodka, ul. Vnutriportovaya, 14A
Intercross Investments B.V.	Netherlands	100%	Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands
Vopak EOS AS	Estonia	50%	Regati pst. 1, Tallinn, Estonia

DEFINITIONS AND GLOSSARY

The following terms are used in this Prospectus:

Baltic Sea Basin	the geographic region of northwest Russia, Estonia and Finland surrounding the Gulf of Finland on the eastern Baltic Sea, including St. Petersburg, Kaliningrad, Tallinn, Helsinki and Kotka.
Black Sea Basin	the geographic region of southwest Russia, Romania and Ukraine on the Black Sea, including Novorossiysk, Taganrog, Constanta, Illichivsk and Odessa.
cabotage	the transport of goods between two points in the same country.
cbm	cubic metres.
CBR	the Central Bank of the Russian Federation.
CIS	the countries that formerly comprised the Union of Soviet Socialist Republics and that are now members or associate members of the Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.
Class A warehouse	a one-story rectangular warehouse with systems regulating the temperature, humidity and ventilation and with many exits so that vehicles can enter it as easily as possible.
Class C warehouse	an unheated warehouse meeting only limited minimum standards.
EDI	Electronic Data Interchange: a set of standards for structuring information that is to be electronically exchanged between and within businesses, organisations, government entities and other groups.
euro or ***€***	the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.
Far East Basin	the geographic region of southeast Russia, surrounding the Peter the Great Gulf on the Sea of Japan, including Vladivostok and Nakhodka.
FTS	the Federal Tariff Service, an agency of the Government of the Russian Federation.
Government	the federal government of the Russian Federation.
hinterland	the area that a port or terminal serves.
hinterland connections or ***hinterland connectivity***	the method and inter-modal links which connect a given port or terminal with the hinterland.
ISPS	International Ship and Port Facility Security Code: an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on minimum security arrangements for ships, ports and government agencies, which prescribes responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade.

kroon, ***kroons*** or ***EEK***	the lawful currency of the Republic of Estonia until 31 December 2010.
marine loading arm	quay-side loading arm device facilitating liquid cargo loading on board ship at the port terminal.
MHC	mobile harbour crane: a crane with capability of travelling freely on port surfaces. Rubber-tyred wheels are used when the crane travels, and an outrigger is used to support the crane unit during cargo handling operations.
O&D	origin and destination: cargo throughput for import or export, as opposed to cargo throughput from one ship to another for further shipment.
portal crane	a jib crane carried on a four-legged portal built to run on rails and designed to pick up loads in all or part of a circle around the column to which it is attached.
quay	the location where ships tie up to unload and load cargo.
reach stacker	heavy hoist machine that stacks containers.
reefer	a container with refrigeration for transporting frozen foods (meat, ice cream, fruit, etc.).
RMG	rail mounted gantry crane: a crane equipped with a spreader attached to rails for lifting and stacking containers.
ro-ro	roll on-roll off: cargo that can be driven into the belly of a ship rather than lifted aboard. Includes cars, buses, trucks or other vehicles.
Rosstat	the Federal State Statistics Service in the Russian Federation.
rouble, ***roubles*** or ***RUB***	the lawful currency of the Russian Federation.
RTG	rubber tyre gantry crane: a travelling crane used for the movement and positioning of containers in a container field. It may also be used for loading and unloading containers from railcars.
sorting	interim terminal movements of containers within a terminal, associated with changes in timing or delivery instructions from the customer.
straddle carrier	container terminal equipment, which is motorised and runs on rubber tyres. It can straddle a single row of containers and is primarily used to move containers around the terminal, but also to transport containers to and from the transtainer and load/unload containers from truck chassis.
STS	ship-to-shore crane: a crane with rails extending over the quayside and spreaders for transporting containers from ships.
Rosmorport	FGUP Rosmorport, a federal state unitary enterprise that manages and controls the use of state-owned infrastructure operated by seaports and quays, on behalf of the Federal Agency for State Property Management.
Russian Tax Code	the Tax Code of the Russian Federation.
terminal, ***port***, ***terminal area*** or ***port area***	the area within a given port or terminal.

TEU	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.
tonnes	metric tonnes (equivalent to 1,000 kilograms).
transtainer	a type of motorised crane used in the handling of containers, which is mounted on rubber tyres and can straddle at least four railway tracks, some up to six, with a lifting capacity of 35 tonnes for loading and unloading containers to and from railway cars.
UK	the United Kingdom of Great Britain, Northern Ireland, Guernsey, Jersey and the Isle of Man
US or United States	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US dollar, ***US dollars*** or ***US$***	the lawful currency of the United States of America.
VAT	value added tax.
VLCC	very large crude carrier: a ship that can carry up to two million barrels of crude oil and has a maximum deadweight size of 300,000 metric tonnes.
Western High-Speed Diameter road	the planned eight-lane tollway, expected to be completed in 2012, which will provide direct access from the centre of St. Petersburg, including the port area, to the city ring road.

INDEX TO THE FINANCIAL INFORMATION

Audited consolidated financial statements of the Group for financial years ended 31 December 2010, 31 December 2009 and 31 December 2008 . . . . . F-2

Independent auditor's report F-5

Consolidated income statements F-7

Consolidated statements of comprehensive income F-8

Consolidated balance sheets F-9

Consolidated statements of changes in equity F-10

Consolidated cash flow statements F-14

Notes to the consolidated financial statements F-16

Unaudited interim condensed consolidated financial information of the Group as at and for the Three-Month Period Ended 31 March 2011 . . . . . F-85

Interim condensed consolidated income statement F-87

Interim condensed consolidated statement of comprehensive income F-88

Interim condensed consolidated balance sheet F-89

Interim condensed consolidated statement of cash flows F-90

Interim condensed consolidated statement of changes in equity F-91

Notes to the unaudited interim condensed consolidated financial information F-92

Independent auditor's review report F-112

Global Ports Investments Plc

Report and consolidated financial statements
for financial years ended
31 December 2010, 31 December 2009 and 31 December 2008

Global Ports Investments Plc

TABLE OF CONTENTS

Independent auditor's report . . . F-5

Consolidated income statements . . . F-7

Consolidated statements of comprehensive income . . . F-8

Consolidated balance sheets . . . F-9

Consolidated statements of changes in equity . . . F-10

Consolidated cash flow statements . . . F-14

Notes to the consolidated financial statements . . . F-16

1. General information . . . F-16
2. Basis of preparation and summary of significant accounting policies . . . F-17
3. Financial risk management . . . F-32
4. Critical accounting estimates and judgements . . . F-37
5. Segmental information . . . F-39
6. Expenses by nature . . . F-50
7. Other gains — net . . . F-52
8. Employee benefit expense . . . F-52
9. Finance costs — net . . . F-53
10. Income tax expense . . . F-53
11. Net foreign exchange gains/(losses) . . . F-54
12. Earnings per share . . . F-54
13. Dividend distribution . . . F-55
14. Change in functional currency . . . F-55
15. Property, plant and equipment . . . F-57
16. Intangible assets . . . F-61
17. Financial instruments by category . . . F-62
18. Credit quality of financial assets . . . F-62
19. Inventories . . . F-63
20. Trade and other receivables . . . F-64
21. Bank deposits . . . F-65
22. Cash and cash equivalents . . . F-66
23. Share capital, share premium and capital contribution . . . F-66
24. Common control transaction reserve . . . F-67
25. Borrowings . . . F-67
26. Deferred income tax . . . F-70
27. Provisions for other liabilities and charges . . . F-71
28. Trade and other payables . . . F-72
29. Common control transactions . . . F-72
30. Acquisitions/disposals of interests in joint ventures after restructuring . . . F-76

31. Transactions with non-controlling interest after restructuring F-78
32. Joint ventures F-78
33. Contingencies F-79
34. Commitments F-81
35. Related party transactions F-82
36. Events after the balance sheet date F-84

Independent auditor's report

To the Board of Directors of Global Ports Investments Plc

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Global Ports Investments Plc (the "Company") and its subsidiaries (the "Group") which comprise the consolidated balance sheets as of 31 December 2010, 31 December 2009 and 31 December 2008 and the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the three years then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, 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 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 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 and fair presentation of the financial statements 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 management, 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.

Our work has not been carried out in accordance with Auditing Standards generally accepted in the United States of America or Auditing Standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those Standards.

PricewaterhouseCoopers Ltd, City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus
P O Box 53034, CY-3300 Limassol, Cyprus
T: +357 25 - 555 000, F:+357 - 25 555 001, www.pwc.com/cy

PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity.
PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2010, 31 December 2009 and 31 December 2008, and of its financial performance and its cash flows for each of the three years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.4R (2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all responsible care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions, likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex X of the Prospectus Directive Regulation.

PricewaterhouseCoopers Limited
Chartered Accountants

Limassol, 27 April 2011

Global Ports Investments Plc

Consolidated income statements

(In thousands of US dollars)	Note	For the year ended 31 December 2010	2009	2008
Revenue	5	382,437	274,550	512,294
Cost of sales	6	(198,509)	(160,429)	(244,250)
Gross profit		**183,928**	**114,121**	**268,044**
Administrative, selling and marketing expenses	6	(30,618)	(28,202)	(53,439)
Other gains — net	7	3,641	3,220	17,045
Operating profit		**156,951**	**89,139**	**231,650**
Finance income	9	98	12,145	11,689
Finance costs	9	(14,893)	(24,147)	(46,111)
Finance costs — net	9	**(14,795)**	**(12,002)**	**(34,422)**
Profit before income tax		**142,156**	**77,137**	**197,228**
Income tax expense	10	(23,160)	(8,671)	(42,717)
Profit for the year		**118,996**	**68,466**	**154,511**
Attributable to:				
Owners of the parent		109,390	65,851	122,215
Non-controlling interest		9,606	2,615	32,296
		118,996	**68,466**	**154,511**
Basic and diluted earnings per share for profit attributable to the owners of the parent of the Company during the year	12	**0.24**	**0.15**	**0.27**

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated statements of comprehensive income

(In thousands of US dollars)	Note	For the year ended 31 December 2010	2009	2008
Profit for the year		**118,996**	**68,466**	**154,511**
Other comprehensive loss				
Currency translation differences		(12,712)	(26,356)	(137,659)
Deferred taxation adjustment due to change in rates	26	—	—	686
Other comprehensive loss for the year, net of tax		**(12,712)**	**(26,356)**	**(136,973)**
Total comprehensive income for the year		**106,284**	**42,110**	**17,538**
Total comprehensive income attributable to:				
Owners of the parent		94,091	39,681	(2,489)
Non-controlling interest		12,193	2,429	20,027
Total comprehensive income for the year		**106,284**	**42,110**	**17,538**

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated balance sheets

(In thousands of US dollars)	Note	At 31 December 2010	2009	2008
ASSETS				
Non-current assets		**1,073,931**	**1,095,804**	**1,107,477**
Property, plant and equipment	15	886,691	883,636	880,076
Intangible assets	16	171,791	186,164	193,913
Prepayments for property, plant and equipment		9,693	20,176	19,437
Trade and other receivables	20	5,756	5,828	14,051
Current assets		**124,094**	**91,381**	**193,767**
Inventories	19	6,272	5,703	6,537
Trade and other receivables	20	50,876	35,398	83,726
Income tax receivable		218	2,187	803
Bank deposits with maturity over 90 days	21	19,373	4,000	—
Cash and cash equivalents	22	47,355	44,093	102,701
TOTAL ASSETS		**1,198,025**	**1,187,185**	**1,301,244**
EQUITY AND LIABILITIES				
Equity attributable to the owners of the parent		**816,465**	**764,774**	**747,043**
Share capital	23	45,000	45,000	45,000
Share premium	23	359,920	359,920	359,920
Capital contribution		101,300	101,300	101,300
Translation reserve		(123,370)	(108,071)	(81,901)
Fair value reserve		—	—	38,123
Retained earnings		433,615	366,625	284,601
Non-controlling interest		**20,884**	**20,071**	**17,642**
TOTAL EQUITY		**837,349**	**784,845**	**764,685**
Non-current liabilities		**272,685**	**307,453**	**414,054**
Borrowings	25	170,568	201,980	307,129
Deferred tax liabilities	26	100,829	102,737	106,925
Provisions for other liabilities and charges	27	—	1,717	—
Trade and other payables	28	1,288	1,019	—
Current liabilities		**87,991**	**94,887**	**122,505**
Borrowings	25	36,091	50,203	66,775
Trade and other payables	28	49,318	42,791	48,546
Current income tax liabilities		1,322	1,115	2,833
Provisions for other liabilities and charges	27	1,260	778	4,351
Total liabilities		**360,676**	**402,340**	**536,559**
TOTAL EQUITY AND LIABILITIES		**1,198,025**	**1,187,185**	**1,301,244**

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated statements of changes in equity

(In thousands of US dollars)	Note	Attributable to the owners									
		Share capital	Share premium	Capital contribution	Common control transaction reserve[1]	Translation reserve	Fair value reserve[2]	Retained earnings[3]	Total	Non-controlling interest	Total
Balance at 1 January 2008[1][5]		**45,000**	**359,920**	**—**	**113,162**	**43,489**	**17,169**	**172,026**	**750,766**	**68,852**	**819,618**
Currency translation differences		—	—	—	—	(125,390)	—	—	(125,390)	(12,269)	(137,659)
Deferred taxation adjustment due to change in rates	26	—	—	—	—	—	686	—	686	—	686
Total other comprehensive income		—	—	—	—	(125,390)	686	—	(124,704)	(12,269)	(136,973)
Profit for the year		—	—	—	—	—	—	122,215	122,215	32,296	154,511
Total comprehensive income for the year ended 31 December 2008		**—**	**—**	**—**	**—**	**(125,390)**	**686**	**122,215**	**(2,489)**	**20,027**	**17,538**
Entities acquired/disposed by shareholder before the restructuring	24	—	—	—	(6,837)	—	—	—	(6,837)	—	(6,837)
Acquisitions of additional interests in joint ventures	30(a)	—	—	—	—	—	20,268	—	20,268	—	20,268
Subtotal carried forward to the next page		**45,000**	**359,920**	**—**	**106,325**	**(81,901)**	**38,123**	**294,241**	**761,708**	**88,879**	**850,587**
incl. subtotal carried forward related to transactions with owners		—	—	—	*(6,837)*	—	*20,268*	—	*13,431*	—	*13,431*

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated statements of changes in equity

(In thousands of US dollars)	Note	Attributable to the owners								Non-controlling interest	Total
		Share capital	Share premium	Capital contribution	Common control transaction reserve[1]	Translation reserve	Fair value reserve[2]	Retained earnings[3]	Total		
Subtotal balances brought forward from the previous page		**45,000**	**359,920**	**—**	**106,325**	**(81,901)**	**38,123**	**294,241**	**761,708**	**88,879**	**850,587**
incl. subtotal brought forward related to transactions with owners		—	—	—	*(6,837)*	—	*20,268*	—	*13,431*	—	*13,431*
Transactions with non-controlling interest by shareholder	29(c)	—	—	—	—	—	—	—	—	(8,686)	(8,686)
Transactions with non-controlling interests	31	—	—	—	—	—	—	—	—	(40,626)	(40,626)
Distributions to shareholders/ non-controlling interests before restructuring	13	—	—	—	—	—	—	(25,085)	(25,085)	(8,375)	(33,460)
Distributions to shareholders/ non-controlling interests after restructuring	13	—	—	—	—	—	—	(8,000)	(8,000)	(13,550)	(21,550)
Difference between share capital issued and cost of investments upon restructuring[1]	24	—	—	—	10,120	—	—	—	10,120	—	10,120
Reserve movement from restructuring[4]	24	—	—	93,000	(116,445)	—	—	23,445	—	—	—
Capital contribution by shareholder in cash[4]		—	—	8,300	—	—	—	—	8,300	—	8,300
Total transactions with owners for the year ended 31 December 2008		**—**	**—**	**101,300**	**(113,162)**	**—**	**20,268**	**(9,640)**	**(1,234)**	**(71,237)**	**(72,471)**
Balance at 31 December 2008		**45,000**	**359,920**	**101,300**	**—**	**(81,901)**	**38,123**	**284,601**	**747,043**	**17,642**	**764,685**

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated statements of changes in equity

(In thousands of US dollars)	Note	Attributable to the owners of the Parent							Non-controlling interest	Total
		Share capital	Share premium	Capital contribution	Translation reserve	Fair value reserve[2]	Retained earnings[3]	Total		
Balance at 1 January 2009		**45,000**	**359,920**	**101,300**	**(81,901)**	**38,123**	**284,601**	**747,043**	**17,642**	**764,685**
Currency translation differences		—	—	—	(26,170)	—		(26,170)	(186)	(26,356)
Total other comprehensive income		**—**	**—**	**—**	**(26,170)**	**—**	**—**	**(26,170)**	**(186)**	**(26,356)**
Profit for the year		—	—	—	—	—	65,851	65,851	2,615	68,466
Total comprehensive income for the year ended 31 December 2009		**—**	**—**	**—**	**(26,170)**	**—**	**65,851**	**39,681**	**2,429**	**42,110**
Distributions to shareholders	13	—	—	—	—	—	(20,000)	(20,000)	—	(20,000)
Fair value of guarantee issued for shareholders	35(k)	—	—	—	—	—	(1,950)	(1,950)	—	(1,950)
Total transactions with owners for the year ended 31 December 2009		**—**	**—**	**—**	**—**	**—**	**(21,950)**	**(21,950)**	**—**	**(21,950)**
Fair value reserve transfer[2]		—	—	—	—	(38,123)	38,123	—	—	—
Balance at 31 December 2009		**45,000**	**359,920**	**101,300**	**(108,071)**	**—**	**366,625**	**764,774**	**20,071**	**784,845**

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated statements of changes in equity

(In thousands of US dollars)	Note	Share capital	Share premium	Capital contribution	Translation reserve	Fair value reserve[2]	Retained earnings[3]	Total	Non-controlling interest	Total
		Attributable to the owners of the Parent								
Balance at 1 January 2010		**45,000**	**359,920**	**101,300**	**(108,071)**	**—**	**366,625**	**764,774**	**20,071**	**784,845**
Currency translation differences		—	—	—	(15,299)	—	—	(15,299)	2,587	(12,712)
Total other comprehensive loss		**—**	**—**	**—**	**(15,299)**	**—**	**—**	**(15,299)**	**2,587**	**(12,712)**
Profit for the year		—	—	—	—	—	109,390	109,390	9,606	118,996
Total comprehensive income for the year ended 31 December 2010		**—**	**—**	**—**	**(15,299)**	**—**	**109,390**	**94,091**	**12,193**	**106,284**
Distributions to shareholders	13	—	—	—	—	—	(40,000)	(40,000)	(11,380)	(51,380)
Fair value of guarantee issued for shareholders	35(k)	—	—	—	—	—	(2,400)	(2,400)	—	(2,400)
Total transactions with owners for the year ended 31 December 2010		**—**	**—**	**—**	**—**	**—**	**(42,400)**	**(42,400)**	**(11,380)**	**(53,780)**
Balance at 31 December 2010		**45,000**	**359,920**	**101,300**	**(123,370)**	**—**	**433,615**	**816,465**	**20,884**	**837,349**

(1) The common control transaction reserve arises from the restructuring of the businesses which are included in the consolidated financial statements (Note 24). Before the date of the restructuring, the common control transaction reserve corresponds to the opening equity balances shown in the statement of changes in equity due to the application of the predecessor basis of accounting. Upon restructuring, the net cash received by the Company calculated as the difference between the proceeds from share capital issued and the amounts paid for the acquisition of the investments amounting to US$10,120 thousand, have been credited to the common control transaction reserve (Note 24). On the date of the restructuring the common control transaction reserve is eliminated and any difference is transferred to retained earnings.

(2) In 2009 the fair value reserve (which mainly arose from the increase in the fair value of a joint venture's or a joint venture's becoming a subsidiary identifiable net assets) was transferred to retained earnings.

(3) Retained earnings in the separate financial statements of the parent is the only reserve that is available for distribution in the form of dividends.

(4) In May 2008, Transportation Investments Holding Limited ("TIHL") contributed the shares of Container-Depot Limited Oy and Multi-Link Terminals Limited for US$93,000 thousand. In addition, during the year TIHL contributed US$8,300 thousand in cash. The Company does not have any contractual obligation to repay these amounts. This however, does not preclude the Company to make a distribution to the shareholders out of this contribution at the discretion of the directors and subject to approval of the shareholders.

(5) On 29 February 2008, the Company issued 100 thousand ordinary shares of US$0.10 each at the price of US$0.10 each. The resulting share capital was US$10 thousand. On 11 June 2008 the Company issued 449,900 thousand shares of US$0.10 each at the price of US$0.90 each. The resulting share capital and share premium are US$44,990 thousand and US$359,920 thousand respectively. For the purposes of these consolidated financial statements the share capital and the share premium which resulted in 2008, is presented on 1 January 2008 as if this share capital always existed. The corresponding amounts are reflected in the common control transaction reserve (Note 24).

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Consolidated cash flow statements

(In thousands of US dollars)	Note	For the year ended 31 December 2010	2009	2008
Cash flows from operating activities				
Profit before income tax		142,156	77,137	197,228
Adjustments for:				
Depreciation of property, plant and equipment	15	45,634	36,906	43,221
(Profit)/loss on sale of property, plant and equipment	15	652	732	(220)
Impairment of property, plant and equipment	15	—	—	14,301
Amortisation of intangible assets	16	7,626	7,643	13,332
Impairment of goodwill	16	—	—	17,759
Loss on disposal of subsidiaries	7	—	—	25,331
Profit from disposal of loss-generating unit in Finnish operations	7	—	(652)	—
Profit from disposal of joint ventures	7	—	—	(22,060)
Fair value gain on call option waived	7	—	—	(12,692)
Guarantees issued to parent company	35(k), (l)	(2,335)	(1,056)	(6,449)
Interest income	9	(888)	(3,300)	(7,389)
Interest costs	9	16,883	22,819	22,768
Foreign exchange gains/(losses) on financing activities		(2,111)	1,244	23,343
Other non-cash items		(638)	1,316	—
Operating cash flows before working capital changes		**206,979**	**142,789**	**308,473**
Changes in working capital				
Inventories		(569)	835	(685)
Trade and other receivables		(15,889)	14,685	15,056
Trade and other payables		5,774	(5,574)	6,706
Cash generated from operations		**196,295**	**152,735**	**329,550**
Tax paid		(21,862)	(11,575)	(60,002)
Net cash from operating activities		**174,433**	**141,160**	**269,548**

Global Ports Investments Plc

Consolidated cash flow statements

(In thousands of US dollars)	Note	For the year ended 31 December 2010	2009	2008
Cash flows from investing activities				
Acquisition of non-controlling interest	29(c), 31	—	—	(97,871)
Cash paid to TIHL on formation of the Group	29(a)	—	—	(394,800)
Disposals of subsidiaries, net of cash disposed	29(b), (i)	—	—	27,834
Acquisition of interests in joint ventures	29(b), (i)	—	—	6,035
Cash received from sale of shares to non-controlling interests	29(c), (i)	—	—	6,415
Cash inflow from disposal of interests in joint ventures after restructuring	30(b)	—	—	45,034
Cash outflow on acquisition of additional interests in joint ventures after restructuring	30(a)	—	—	(59,360)
Purchases of intangible assets	16	(212)	(512)	(347)
Purchases of property, plant and equipment		(52,211)	(58,983)	(179,782)
Proceeds from sale of property plant and equipment	15	987	2,052	5,933
Loans granted to related parties	35(i)	(769)	(242)	(25,507)
Loans granted to third parties		—	(211)	(26,795)
Loan repayments received from related parties		—	14,792	2,147
Loan repayments received from third parties		373	29,078	7,576
Finance lease repayments received from third parties		—		1,475
Interest received		545	2,986	5,936
Investment in bank deposits with maturity over 90 days	21	(19,201)	(4,000)	—
Cash from bank deposits with maturity over 90 days	21	4,000	—	—
Net cash used in investing activities		**(66,488)**	**(15,040)**	**(676,077)**
Cash flows from financing activities				
Proceeds from borrowings		57,452	116,209	275,038
Repayments of borrowings		(90,790)	(228,819)	(170,300)
Interest paid		(10,912)	(21,786)	(10,132)
Finance lease principal payments (third parties)		(8,593)	(14,345)	(15,266)
Dividends paid to the owners of the Parent — before restructuring	13	—	—	(25,085)
Dividends paid to the owners of the Parent — after restructuring	13	(40,000)	(20,000)	(8,000)
Dividends paid to non-controlling interests	13	(11,380)	(4,000)	(17,925)
Proceeds from issue of shares	23	—	—	404,920
Capital contribution by shareholder	29	—	—	8,300
Net cash paid directly by TIHL in the form of equity	24	—	—	(6,837)
Net cash used in financing activities		**(104,223)**	**(172,741)**	**434,713**
Net increase/(decrease) in cash and cash equivalents		**3,722**	**(46,621)**	**28,184**
Cash and cash equivalents at beginning of the year		**44,093**	**102,701**	**71,681**
Exchange gains/(losses) on cash and cash equivalents		**(460)**	**(11,987)**	**2,836**
Cash and cash equivalents at end of the year	22	**47,355**	**44,093**	**102,701**

The notes on pages F-16 to F-84 are an integral part of these consolidated financial statements.

Global Ports Investments Plc

Notes to the consolidated financial statements

1. General information

Country of incorporation

Global Ports Investments Plc (previously Global Ports Investments Ltd, hereafter the "Company" or "GPI") was incorporated on 29 February 2008 and is domiciled in Cyprus as a private limited liability company 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.

Approval of the consolidated financial statements

These consolidated financial statements were authorised for issue by the Board of Directors on 27 April 2011.

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.

Establishment of the Group and Group structure

The Company was incorporated in Cyprus on 29 February 2008 being a 100% subsidiary of Transportation Investments Holding Limited ("TIHL"), a company registered in Cyprus. Following a restructuring of the port businesses of TIHL in June 2008, the Company acquired from TIHL direct and indirect interests in various companies. The main operating companies restructured are mentioned below (insignificant operating and intermediary holding companies are excluded).

				Effective interest (%) as at 31 December		
Company	**Status**	**Country of incorporation**	**Included in segment**	**2010**	**2009**	**2008**
AS V.E.O.S. and its subsidiaries (VEOS)*	Joint venture	Estonia	V.E.O.S.	50	50	50
Vostochnaya Stevedoring Company OOO and its subsidiaries (VSC)	Subsidiary	Russia	Russian ports	75	75	75
OAO Petrolesport, its subsidiaries and ZAO Farwater (PLP)	Subsidiary	Russia	Russian ports	100	100	100
Moby Dik OOO (MD)	Joint Venture	Russia	Russian ports	75	75	75
Yanino Logistics Park OOO (YLP)	Joint Venture	Russia	Russian ports	75	75	75
Container-Depot Ltd Oy (CD)	Joint Venture	Finland	Finnish ports	75	75	75
Multi-Link Terminals Ltd Oy (MLT Oy)	Joint Venture	Finland	Finnish ports	75	75	75

* AS V.E.O.S. was accounted for as a subsidiary of the Group until 30 April 2008. After that date it was accounted for as a joint venture using proportional consolidation method (Note 29(b)(i)).

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).

The consolidated financial statements include the results, assets and liabilities of the entities restructured from TIHL from the date where these entities were under the control of TIHL (see accounting policy on Basis of Consolidation). The Group accounted for the entities restructured in 2008 under GPI as business combinations amongst entities under common control using the predecessor method of accounting for common control transactions.

As of the date of the authorisation of these consolidated financial statements all International Financial Reporting Standards issued by International Accounting Standards Board (IASB) and effective as at 1 January 2010 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 financial statements have been prepared under the historical cost convention as modified by the revaluation of derivatives at fair value through profit and loss.

The preparation of 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 financial statements are disclosed in Note 4.

New standards, interpretations and amendments to published standards

(a) The Group has adopted the following new and amended IFRSs as of 1 January 2010:

The following new standards and interpretations became effective for the Group from 1 January 2010:

- IFRIC 17, Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets should be recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 did not have an impact on these financial statements.
- IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 did not have an impact on these financial statements.
- IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "non-controlling interest") even if this results in the non-controlling interests having a deficit balance (the previous standard required the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date

when control is lost, any investment retained in the former subsidiary has to be measured at its fair value.

As a result of this change all transactions with non-controlling interests will be recorded in equity if there is no change in control, these transactions will no longer result in goodwill or gains and losses in profit or loss. There has been no impact of IAS 27 (revised) in 2010, as none of the non-controlling interests have a deficit balance. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity; there have been no transactions in 2010 with non-controlling interests.

The Group has changed its accounting policy for the accounting for loss of control or significant influence from 1 January 2010. In transactions where there is loss of control or disposal of additional interests in joint ventures, IAS 27 (revised) requires any remaining interest to be remeasured at fair value, and a gain or loss is recognised in profit or loss. Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets. The Group has applied the new accounting policies prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

As per IAS 21 the effects of changes in foreign exchange rates" 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.

Prior to 1 January 2010, when a foreign operation was partially disposed of or sold, exchange differences that were recorded in equity were recognised in the income statement as part of the gain or loss on disposal, irrespective of whether there was a loss of control, joint control or significant influence of the subsidiary, joint venture or associate, respectively.

– IFRIC 12 "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008, EU: 30 March 2009).

– IFRIC 15 "Agreements for the Construction of Real Estate" (effective for annual periods beginning on or after 1 January 2009, EU: 31 December 2009).

– IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008, EU: 30 June 2009).

– IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 allows entities to choose to measure non-controlling interests using the previous IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer has to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs are accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer has to recognise a liability for any contingent purchase consideration at the acquisition date. Changes in the value of that liability after the acquisition date are recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The revised IFRS 3 did not have a significant impact on these financial statements.

- Group Cash-settled Share-based Payment Transactions—Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The amendments did not have a significant impact on these financial statements.
- Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment did not have a significant impact on these financial statements.
- IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The revised standard did not have a significant impact on these financial statements.
- Additional Exemptions for First-time Adopters—Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments did not have a significant impact on these financial statements.
- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. In addition, the amendments clarifying classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary published as part of the Annual Improvements to International Financial Reporting Standards, which were issued in May 2008, are effective for annual

periods beginning on or after 1 July 2009. The amendments did not have a significant impact on these financial statements.

(b) Amendments to standards adopted before their effective date:

There were no standards adopted before their effective date.

New Accounting Pronouncements—not yet effective

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2011 or later and which the Group has not early adopted:

– IFRS 9, Financial Instruments Part 1: Classification and Measurement.* IFRS 9 issued in November 2009 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities. Key features of the standard are as follows:

  - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

    An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.

    All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

  - Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.

  While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group, which is also subject to EU endorsement.

– Classification of Rights Issues—Amendment to IAS 32 (issued on 8 October 2009; effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The Group does not expect the amendments to have any significant effect on its financial statements.

– Amendment to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Group does not expect the amendments to have any significant effect on its financial statements.

– IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in profit or loss based on the fair value

of the equity instruments compared to the carrying amount of the debt. The Group does not expect IFRIC 19 to have any significant effect on its financial statements.

- Prepayments of a Minimum Funding Requirement—Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The Group does not expect the amendments to have any significant effect on its financial statements.
- Limited exemption from comparative IFRS 7 disclosures for first-time adopters—Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). Existing IFRS preparers were granted relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7, Financial Instruments: Disclosures. This amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The Group does not expect the amendments to have any significant effect on its financial statements.
- Improvements to International Financial Reporting Standards endorsed (issued in May 2010 and effective from 1 January 2011). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: IFRS 1 was amended (i) to allow previous GAAP carrying value to be used as deemed cost of an item of property, plant and equipment or an intangible asset if that item was used in operations subject to rate regulation, (ii) to allow an event driven revaluation to be used as deemed cost of property, plant and equipment even if the revaluation occurs during a period covered by the first IFRS financial statements and (iii) to require a first-time adopter to explain changes in accounting policies or in the IFRS 1 exemptions between its first IFRS interim report and its first IFRS financial statements; IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on acquiree's share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3; IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period; IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008); IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity's financial instruments; and IFRIC 13 was amended to clarify measurement of fair value of award credits. The Group does not expect the amendments to have any significant effect on its financial statements.
- The Group has not adopted the amendment to IAS 1, Presentation of Financial Statements, which was issued in May 2010 as part of the Annual Improvements to International Financial Reporting Standards. The amendment clarifies the requirements for the presentation and content of the statement of changes in equity. A reconciliation between the carrying amount at the beginning and the end of the period for each component of equity must be presented in the statement of changes in equity, but its content is simplified by allowing an analysis of other comprehensive income by item for each component of equity to be presented in the notes. The Group does not expect the amendment to have any significant impact on the financial statements.

- Disclosures—Transfers of Financial Assets—Amendments to IFRS 7* (issued in October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. The Group does not expect this amendment to have any significant impact on the financial statements.
- Deferred tax on investment property measured at fair value—Amendments to IAS 12* (issued in December 2010 and effective for annual periods beginning on or after 1 January 2012). The amendment adds another exemption to the principles in IAS 12, the rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The rebuttable presumption also applies to the deferred tax liabilities or assets that arise from investment properties acquired in a business combination, if the acquirer subsequently uses the fair value model to measure those investment properties. The presumption of recovery entirely by sale is rebutted if the investment property is depreciable (eg. buildings, and land held under a lease) and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The presumption cannot be rebutted for freehold land that is an investment property, because land can only be recovered through sale. The amendments also incorporate SIC 21 "Income taxes—recovery of revalued non-depreciable assets" into IAS 12, although this guidance will not be applied to investment property measured at fair value. The SIC 21 guidance has been included because it is applied by analogy in a number of transactions. The amendment is not expected to have any impact on the Group's financial statements.
- Exemption from severe hyperinflation and removal of fixed dates—Amendments to IFRS 1* (issued in December 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment creates an additional exemption when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRSs. When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the exemption allows an entity to elect to measure certain assets and liabilities at fair value and to use that fair value as the deemed cost in the opening IFRS statement of financial position. The amendment is not expected to have any impact on the Group's financial statements.

Basis of consolidation

(a) Subsidiaries

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

Business combinations involving entities under common control (ultimately controlled by the same party, before and after the business combination, and that control is not transitory) are accounted using the predecessor basis of accounting. Under this method, the financial statements of the acquiree are included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies, on the assumption that the Group was in existence from the date where common control was established.

* Denotes standards, interpretations and amendments which have not been endorsed by the European Union by the date of the issue of these financial statements.

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.

Prior to the legal restructuring, the identifiable net assets acquired, including goodwill, arising at the date of acquisition by TIHL is recorded in equity, as common control transaction reserve (Note 24).

The purchase method of accounting is used for the 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, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Before the adoption of IFRS 3 revised on 1 January 2010 the cost of an acquisition was measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

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

From 1 January 2010 due to the adoption of the revised IAS 27 standard the Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

For transactions that occurred before 1 January 2010 the accounting policy of the Group was to record the effect of disposals to non-controlling interests which resulted in gains and losses for the Group in the consolidated income statement. Purchases from non-controlling interest resulted in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Joint ventures

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

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

Where the participation in a joint venture was effected as a result of transactions involving entities under common control, the income and expenses, assets and liabilities and cash flows of the joint venture are proportionately included in the consolidated financial statements using pre-acquisition IFRS carrying

amounts using uniform accounting policies (predecessor basis of accounting), on the assumption that the Group was a venturer from the date where common control was established.

In step acquisitions of joint ventures, goodwill is determined at each stage of acquisition, with no step up of investment to fair value for previously owned share. In step disposals of joint ventures that do nor result in loss of joint control, the proportion of the carrying amount of the investment sold is derecognised and the portion of currency translation reserves relating to the disposed operating is recycled to profit or loss as part of the gain/loss on sale.

Prior to 1 January 2010, goodwill was determined at each stage of acquisition, with step up of investment to fair value for previously owned share. In step disposals of joint ventures that do nor result in loss of joint control, the proportion of the carrying amount of the investment sold is derecognised and the portion of currency translation reserves relating to the disposed operating is recycled to profit or loss as part of the gain/loss on sale.

Upon formation of a joint venture, the income and expenses, assets and liabilities and cash flows of the joint venture are proportionately included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies (predessessor basis of accounting). The Group recognises the portion of a gain or loss attributable to other venturer on transfer of non-monetary assets to the joint venture, in exchange for an equity interest in the joint venture.

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

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), 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.

In 2011, due to the changes in the internal management reporting reviewed by the CODM and the way operations are assessed, the operating and reportable segments disclosure has changed. For comparability purposes the presentation layout of the segment reporting in the current financial statements has been restated accordingly. With the new presentation the VSC, PLP, YLP and MD segments are now included in the "Russian ports" operating segment (Note 5).

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 in accordance with IAS 39, Financial Instruments — Recognition and Measurement. The Group believes that this policy provides a fair representation of the Group's activities.

Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

(a) Sales of services

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

(b) Sales of goods

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

(c) Rental income

See accounting policy for leases below.

(d) Interest income

Interest income is recognized 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 financial statements are presented in United States dollars (US$), which is the Company's functional and presentation currency.

In 2010, the Company has voluntarily changed the accounting policy regarding its functional currency determination and the Company's functional currency has changed from Russian Roubles (RUB) to United States dollars (US$). Previously, the Company used to determine its functional currency based on the economic environment to which its foreign operations were exposed to and was viewed in substance as an extension of its operating subsidiaries. As a result, the functional currency was assessed to be the Russian Rouble, being the functional currency of the main operating subsidiaries.

As from 1 January 2010, and in the light of the wording of the IFRIC rejection published in January 2010, the management reassessed the indicators for the determination of its functional currency and concluded that dividend income should not be considered in isolation in determining the functional currency of the Company. The management has assessed that the Company should not be viewed as an extension of its foreign operations; rather its functional currency depends on the primary economic environment which it is exposed to, which is the currency in which funds are obtained and invested in.

As a result of the above and based on management's judgement, the functional currency of the Company has changed from Russian Roubles to US dollar. Management believes that the new accounting policy for the determination of the functional currency results in a more relevant presentation of the financial performance, financial position and cash flows of the Company.

The new policy is also in accordance with the management accounts and the management's view on the nature and performance of the holding companies.

In addition, as a consequence of the Company's change of the functional currency, various intermediate investment holding companies that are considered to be an extension of the Company have also adopted the US dollar as their functional currency.

Therefore the Company and intermediary investment holding companies adjusted comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. The impact of the change in accounting policy is summarised in Note 14.

(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 borrowings are presented in the income statement within "Finance costs". Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within "Finance income". All other foreign exchange gains and losses are presented in the income statement within "Other gains — 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 the statement of 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.

Prior to 1 January 2010, when a foreign operation was partially disposed of or sold, exchange differences that were recorded in equity were recognised in the income statement as part of the gain or loss on disposal, irrespective of whether there was a loss of control, joint control or significant influence of the subsidiary, joint venture or associate, respectively.

Property, plant and equipment

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.

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

Land is not depreciated.

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.

From 1 January 2009 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 (before 1 January 2009 and the adoption of IAS 23 Revised, these borrowing costs were expensed in the income statement). Other borrowing costs are recognised as an expense in the reporting period incurred. Interest is capitalised at a rate based on the Group's weighted average cost of borrowing or at the rate on project specific debt, where applicable.

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

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/joint venture/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures is included in "intangible assets". Separately recognised goodwill is tested annually for impairment and 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. Prior to 1 January 2010 goodwill relating to partial disposal of an entity was included in the calculation of gains or losses recognised in equity. From 1 January 2010, 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 reassess 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 over their estimated useful lives (3 to 7 years).

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

(c) Client base

Acquired client base (mainly customer relationships) are shown at historical cost. 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 (2010 and 2009: 2 to 7 years; 2008: 1,2 to 10,5 years).

(d) Contractual rights

Acquired contractual rights are shown at historical cost. Contractual rights relate primarily to quay lease agreements and a minor part relates to other land lease arrangements and licenses. These contractual rights are not 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 (4 to 25 years) which are in accordance with the underlying agreements.

Impairment of non-financial assets

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

Leases

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

The Group is the lessee

(a) Finance leases

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

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

Financial assets

The Group classifies its financial assets as: loans and receivables and as financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

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, 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 effective interest rate. The amount of the provision is recognised in the income statement against "administrative, selling and marketing expenses".

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/(losses) — 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.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

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

Cash flow statement

The cash flow statement is prepared under the indirect method. Purchases of property, plant and equipment 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 and share premium

Ordinary shares are classified as equity.

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

Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium.

Trade payables

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

Provisions and contingent liabilities

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

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

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

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

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.

Before 1 January 2009 and the adoption of IAS 23 Revised, these borrowing costs were expensed in the income statement. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007); comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

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.

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 — net'.

Income taxes

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.

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.

On issue of shares following exercise of the options, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

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.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are approved by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

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.

The Group's current policy is not to hedge this foreign exchange risk. Currently the long-term debt of the Group is denominated in US dollars and Euros, as the US dollar and Euro interest rates were relatively more attractive compared to the Russian Rouble interest rate.

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

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

Russian operations

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

In January–October 2008 the exchange rate of Russian Rouble was relatively stable. From November 2008 till May 2009 there was significant depreciation in value of the Russian Rouble against the US dollar and Euro. Starting from May–June 2009 onwards the Russian Rouble stabilised to the level of the end of 2008.

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

	As at 31 December		
(In thousands of US dollars)	**2010**	**2009**	**2008**
Assets	32,208	27,940	71,266
Liabilities	101,072	58,771	32,602
Capital commitments	—	—	—

Had US dollar exchange rate strengthened/weakened by 10% against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2010, would have (decreased)/increased by US$5,509 thousand (2009: 10% change, effect US$2,452 thousand; 2008: 33% change, effect by US$9,684 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 monetary assets and liabilities in Russian operations denominated in Euros as at 31 December 2010, 31 December 2009 and 31 December 2008 are as follows:

	As at 31 December		
(In thousands of US dollars)	**2010**	**2009**	**2008**
Assets	4,705	9,934	15,975
Liabilities	14,228	58,837	73,586
Capital commitments	2,402	4,598	2,795

Had Euro exchange rate strengthened/weakened by 10% against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2010, would have (decreased)/increased by US$762 thousand (2009: 10% change, effect US$3,912 thousand; 2008: 27% change, effect US$11,822 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, loans, borrowings, capital commitments, cash and cash equivalents and accounts receivable denominated in Euros.

Euro zone operations

Euro zone operations' revenues are mainly denominated in Euros and US Dollars, whereas most of expenses are denominated and settled in Euros (or Estonian Kroons which is fixed to Euro). Their long-term borrowings and lease liabilities are denominated in US dollars and Euros.

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

	As at 31 December		
(In thousands of US dollars)	2010	2009	2008
Assets	2,178	2,103	1,626
Liabilities	8,673	22,136	88,817
Capital commitments	—	145	—

Had US dollar exchange rate strengthened/weakened by 10% against the Euro and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2010, would have (decreased)/increased by US$520 thousand (2009: 10% change, effect US$1,603 thousand; 2008: 33% change, effect US$21,868 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of lease liabilities, borrowings, cash and cash equivalents and accounts receivable denominated in US dollars.

(ii) Cash flow and fair value interest rate risk

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

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

Had market interest rates on US dollars and Euro 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$1,004 thousand for the year ended 31 December 2010 (2009: US$1,285 thousand; 2008: US$1,614 thousand).

The Group obtains borrowings at current market interest rates and does not use any hedging instruments to manage interest rate risk. Management monitors changes in interest rates and takes steps to mitigate these risks as far as practicable by ensuring the Group has financial liabilities with both floating and fixed interest rates.

(b) Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables and loans receivable (Note 20), bank deposits with maturity over 90 days (Note 21) and cash and cash equivalents (Note 22).

The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. These policies enable the Group to reduce its credit risk significantly. However, the Group's business is heavily dependent on several large key customers accounting for 45%, 52% and 55% of the Group's revenue for the year ended 31 December 2010, 2009 and 2008, 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.

	Fully performing	Past due	Impaired	Impairment provision	Total
As of 31 December 2010					
Trade receivables	17,832	8,959	5,184	(5,184)	**26,791**
Loans receivable	6,712	—	—	—	**6,712**
Other receivables	1,924	7	—	—	**1,931**
Bank deposits with maturity over 90 days	19,373	—	—	—	**19,373**
Total	**45,841**	**8,966**	**5,184**	**(5,184)**	**54,807**
As of 31 December 2009					
Trade receivables	9,880	3,948	5,209	(5,209)	**13,828**
Loans receivable	5,980	404	—	—	**6,384**
Other receivables	1,300	2	—	—	**1,302**
Bank deposits with maturity over 90 days	4,000	—	—	—	**4,000**
Total	**21,160**	**4,354**	**5,209**	**(5,209)**	**25,514**
As of 31 December 2008					
Trade receivables	14,175	6,336	3,230	(3,230)	**20,511**
Loans receivable	46,407	856	—	—	**47,263**
Other receivables	10,077	—	19	(19)	**10,077**
Total	**70,659**	**7,192**	**3,249**	**(3,249)**	**77,851**

(c) Liquidity risk

The Group has successful credit and refinancing history and maintains enough flexibility ensuring the ability to attract necessary funds either through committed credit facilities or shareholders' loans. Due to availability of cash and cash equivalents amounting to US$47,355 thousand (31 December 2009: US$44,093 thousand; 31 December 2008: US$102,701 thousand) (Note 22), bank deposits over 90 days amounting to US$19,373 thousand (31 December 2009: US$4,000 thousand; 31 December 2008: US$nil thousand) (Note 21), committed credit lines amounting to US$75,153 thousand at 31 December 2010 (US$86,084 thousand at 31 December 2009; US$153,124 thousand at 31 December 2008) together with long-term borrowings (Note 25) the Group has the ability to meet its liabilities as they fall due and mitigate risks of adverse changes in the financial markets environment.

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

The table below summarises the analysis of financial liabilities of the Group by maturity as of 31 December 2010, 2009 and 2008. 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 of 31 December 2010								
Borrowings	4,470	8,407	10,722	19,909	44,851	108,704	130,433	**327,496**
Trade and other payables	8,005	8,098	1,835	3,536	—	—	—	**21,474**
Guarantee (Note 35(k))	40,000	—	—	—		—	—	**40,000**
Total	52,475	16,505	12,557	23,445	44,851	108,704	130,433	**388,970**
As of 31 December 2009								
Borrowings	2,844	7,676	14,193	29,272	49,855	147,644	93,901	**345,385**
Trade and other payables	10,012	9,209	416	3,737	—	—	—	**23,374**
Guarantee (Note 35(k))	45,000	—	—		—	—	—	**45,000**
Total	57,856	16,885	14,609	33,009	49,855	147,644	93,901	**413,759**
As of 31 December 2008								
Borrowings	4,238	9,600	26,061	38,682	43,544	348,548	80,918	**551,591**
Trade and other payables	24,134	3,149	2,761	6,622	—	—	—	**36,666**
Total	28,372	12,749	28,822	45,304	43,544	348,548	80,918	**588,257**

(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. To maintain or change equity structure the Company may vary the amount of dividend paid.

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

The rate of borrowings to total capitalisation is as follows:

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Total borrowings	206,659	252,183	373,904
Total capitalisation	1,044,008	1,037,028	1,138,589
Total borrowings to total capitalisation ratio (percentage)	**20%**	**24%**	**33%**

No external requirements are imposed on the capital of the Group as defined by management.

(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.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and they are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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

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

The estimation of the useful lives and residual values of items of property, plant and equipment is a matter of judgement based on experience with similar assets. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives and residual values in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions. Reviews at each balance sheet date indicate whether there is a need for changes in estimations and assumptions as a result of which the useful lives and residual values need to be adjusted accordingly. The carrying amount of property, plant and equipment of the Group was US$886,691 thousand (31 December 2009: US$883,636 thousand; 31 December 2008: US$880,076 thousand). If depreciation rates were increased by 10%, the carrying amount of property, plant and equipment would decrease by around US$4,563 thousand (2009: US$3,691 thousand; 2008: US$4,322 thousand).

(ii) Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 33).

(b) Critical judgments in applying the Group's accounting policies

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

The Group tests annually whether goodwill has suffered an impairment. In addition the Group reviews long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying amount of an asset does not yet include all the cash outflows to be incurred before it is ready for use or sale, the estimate of future cash outflows includes an estimate of any further cash outflow that is expected to be incurred before the asset is ready for use or sale. If the total of the discounted future cash flows is less than the carrying amount of the asset or group of assets, the asset is not recoverable and the Group recognizes an impairment loss for the difference between the estimated recoverable amount (based on value in use) and the carrying value of the asset or group of assets. The Group assesses long-lived assets for possible impairment upon the occurrence

of a triggering event. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset. Estimating discounted future cash flows requires to make 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. Given the nature of these evaluations and their application to specific assets and specific times, the Group cannot reasonably quantify the impact of changes in these assumptions. Based on the current world-wide economic circumstances, the Group performed a test of the estimated recoverable amount of the cash-generating units (CGUs), compared to their carrying value.

Goodwill has been allocated for impairment testing purposes to seven individual CGUs — four in Russian ports segment (VSC, PLP, MD and YLP), one in VEOS segment and two in Finnish ports segment (MLT and CD). The Group prepared value in use calculation models for identification of potential impairment for each CGU.

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

For all CGUs cash flow projections cover a period of five years. Cash flows beyond that five-year period have been extrapolated using a steady terminal growth rate. The terminal growth rate used does not exceed the long-term average growth rate for the market in which entities operate. For projections prepared in 2008-2010 for CGUs in Russian ports and Finnish ports segments terminal growth rate of 3% has been applied. For projections prepared for VEOS segment as at 31 December 2010 a terminal growth rate of 2% was applied (2009: 3%; 2008: 0%). The discount rate applied for Russian ports CGUs in projections prepared as at 31 December 2010 is 12.1% (2009: 12.2%; 2008: 15.3%), for VEOS the discount rate is 11.98% (2009: 11.8%; 2008: 14.44%) and for Finnish ports — 11.2% (2009: 11.9%; 2008: 12.1%).

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

No impairment was recognised in 2010 and 2009. For all units except for YLP 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 YLP CGU minor changes in any of the abovementioned parameters may lead to substantial changes in the recoverable amount of this CGU. In YLP projections prepared as at 31 December 2010 a decrease of handling volumes by 5% each year as opposed to volume projections used by the management, a decrease of terminal growth rate by 1% and an increase of discount rate by 1% would result in excess of the carrying amount over the recoverable amount of US$2.4 million in (2009: nil), US$7.2 million (2009: nil) and US$11.6 million (2009: US$ 6.2 million) respectively.

In 2008 due to the global crisis an impairment charge on goodwill of US$13,000 thousand arose in the YLP CGU (included in the Russian ports segment), resulting in the carrying amount of the CGU being written down to its recoverable amount. If handling volumes used in cash flow projections of YLP CGU were 5% lower or terminal growth rate was 1% lower or discount rate was 1% higher than management's estimates at 31 December 2008, the excess of the carrying amount over the recoverable amount in addition to an impairment charge already recongnised would have been US$13.6 million, US$8.6 million and US$12.6 million respectively.

Additionally in 2008, an impairment charge of US$19.060 thousand arose in the CGU MLT Oy (included in Finnish ports segment), resulting in the carrying amount of the CGU being written down to its recoverable amount. The impairment charge allocated to goodwill and property, plant and equipment was US$4,759 thousand (Note 16) and US$14,301 thousand (Note 15) respectively.

(ii) Change in functional currency

The functional currency of the Company was changed from Russian Rouble (RUB) to United States dollars (US$) (see Note 14).

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; 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. For the purposes of the internal reporting, joint ventures are assessed on a full consolidation basis. There are no changes in the basis of measurement of segment profit or loss compared to prior years.

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

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

The brief description of segments is as follows:

Russian ports

The segment consists of the following operating units:

- Petrolesport OAO, Farwater ZAO (PLP) and various other entities (including some intermediate holdings) that own and manage a container terminal in St. Petersburg port, North-West Russia. PLP is engaged in handling of containers, ro-ro, general cargo and metal scrap.
- 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.

Finnish ports

The segment consists of container terminals in the ports of Vuosaari (Helsinki) and Kotka, Finland.

VEOS

The segment consists of AS V.E.O.S. and various other entities 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 Investment Plc (GPI) and some intermediate holding and service companies, which do not have direct relationship to the intermediate holdings mentioned above.

Reconciliation adjustments

Reconciliation adjustments consist of two major components:

– Effect of proportionate consolidation — demonstrates the effect of proportionate the consolidation of MD, YLP, Finnish ports and VEOS. In the financial statements the financial position and financial results of these segments are incorporated using the proportionate consolidation method (using respectively 75%, 75%, 75% and 50% proportion). In the current segment reporting the information is presented on the 100% basis and then the portion which is not consolidated is deducted as a "Reconciliation Adjustment".

– Other adjustments — all other consolidation adjustments including but not limited to:

  - elimination of intragroup transactions (mainly intragroup sales and dividends) and balances (mainly intragroup loans and investments in subsidiaries and joint ventures);
  - consolidation adjustments of results of sale or purchase of shares of subsidiaries;
  - other consolidation adjustments.

The Group does not have any regular transactions between segments except for transactions between MD, Finnish ports and YLP. In addition there are several one-off transactions between other segments which mainly relate to financing activities.

Global Ports Investments Plc

Notes to the consolidated financial statements

The segment results for the year ended 31 December 2010 are as follows:

(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group
Sales to third parties	237,294	265,487	24,630	527,411	174	(144,654)	(494)	382,437
Inter-segment revenue	1,890	—	3,632	5,522	—	(1,381)	(4,141)	—
Total revenue	**239,184**	**265,487**	**28,262**	**532,933**	**174**	**(146,035)**	**(4,635)**	**382,437**
Cost of sales	(121,375)	(135,570)	(26,654)	(283,599)	(136)	80,586	4,640	(198,509)
Administrative, selling and marketing expenses	(18,580)	(15,299)	(1,241)	(35,120)	(4,668)	8,675	495	(30,618)
Other gains — net	1,012	562	3,166	4,740	49,070	(1,149)	(49,020)	3,641
Operating profit	**100,241**	**115,180**	**3,533**	**218,954**	**44,440**	**(57,923)**	**(48,520)**	**156,951**
Finance income/(costs) — net	(7,324)	(7,425)	(1,053)	(15,802)	(4,326)	5,475	(142)	(14,795)
incl. interest income	*4,466*	*143*	*1,694*	*6,303*	*1,883*	*(496)*	*(6,802)*	*888*
incl. interest expenses	*(16,819)*	*(3,909)*	*(2,013)*	*(22,741)*	*(5,788)*	*4,844*	*6,801*	*(16,884)*
Profit before income tax	**92,917**	**107,755**	**2,480**	**203,152**	**40,114**	**(52,448)**	**(48,662)**	**142,156**
Income tax expense	(22,199)	—	(940)	(23,139)	(3)	(18)	—	(23,160)
Profit after tax	**70,718**	**107,755**	**1,540**	**180,013**	**40,111**	**(52,466)**	**(48,662)**	**118,996**
CAPEX* on cash basis	**47,738**	**20,714**	**112**	**68,564**	**3**	**(14,851)**	**(1,505)**	**52,211**
CAPEX* on accrual basis	**60,939**	**20,664**	**480**	**82,083**	**3**	**(14,465)**	**(2,592)**	**65,029**

* CAPEX is purchases of property, plant and equipment.

Additions to intangible assets (Note 16) mainly relate to VEOS segment.

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

The segment items operating expenses for the year ended 31 December 2010 are as follows:

(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group
Depreciation of property, plant and equipment	37,312	16,902	2,697	56,911	20	(11,297)	—	45,634
Amortisation of intangible assets	6,735	2,265	17	9,017	—	(1,391)	—	7,626
Staff costs	45,726	24,095	10,453	80,274	1,611	(16,135)	—	65,750
Transportation expenses	7,354	68,368	2,749	78,471	—	(34,989)	—	43,482
Fuel, electricity and gas	6,981	24,140	938	32,059	7	(12,640)	—	19,426
Repair and maintenance of property, plant and equipment	9,408	4,037	1,331	14,776	2	(2,694)	(182)	11,902
Total	113,516	139,807	18,185	271,508	1,640	(79,146)	(182)	193,820
Other operating expenses	26,440	11,061	9,711	47,212	3,165	(10,116)	(4,954)	35,307
Total cost of sales, administrative, selling and marketing expenses	**139,956**	**150,868**	**27,896**	**318,720**	**4,805**	**(89,262)**	**(5,136)**	**229,127**

The segment assets and liabilities as at 31 December 2010 are as follows:

(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group
Property, plant and equipment (including prepayments for PPE)	808,628	241,811	23,588	1,074,027	37	(175,246)	(2,434)	896,384
Other non-current assets	172,117	77,333	37,208	286,658	592,619	(29,443)	(672,287)	177,547
Inventories	5,064	2,243	240	7,547	—	(1,275)	—	6,272
Trade and other receivables (including income tax prepayment and cash deposits over 90 days)	44,863	55,333	9,004	109,200	4,688	(33,191)	(10,230)	70,467
Cash and cash equivalents	39,287	1,871	1,079	42,237	8,353	(3,235)	—	47,355
Total assets	**1,069,959**	**378,591**	**71,119**	**1,519,669**	**605,697**	**(242,390)**	**(684,951)**	**1,198,025**
Long-term borrowings	189,650	12,974	36,962	239,586	74,130	(45,166)	(97,982)	170,568
Other long-term liabilities	105,899	—	(308)	105,591	—	(3,474)	—	102,117
Trade and other payables	39,586	17,124	11,204	67,914	585	(13,968)	(5,213)	49,318
Short-term borrowings	37,007	5,248	11,199	53,454	—	(10,441)	(6,922)	36,091
Other short-term liabilities	3,048	—	—	3,048	3	(469)	—	2,582
Total liabilities	**375,190**	**35,346**	**59,057**	**469,593**	**74,718**	**(73,518)**	**(110,117)**	**360,676**
Non-controlling interest	**20,884**	**—**	**—**	**20,884**	**—**	**—**	**—**	**20,884**

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$44 thousand, US$9,763 thousand and US$566,690 thousand respectively (fully eliminated on consolidation).

The segment results for the year ended 31 December 2009 are as follows:

(In thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments		Group
						Effect of proportionate consolidation	Other adjustments	
Sales to third parties	150,212	222,694	22,844	395,750	—	(121,200)	—	274,550
Inter-segment revenue	1,973	—	3,764	5,737	—	(1,434)	(4,303)	—
Total revenue	**152,185**	**222,694**	**26,608**	**401,487**	**—**	**(122,634)**	**(4,303)**	**274,550**
Cost of sales	(92,093)	(116,319)	(24,336)	(232,748)	—	68,374	3,945	(160,429)
Administrative, selling and marketing expenses	(16,684)	(13,657)	(2,033)	(32,374)	(3,837)	8,009	—	(28,202)
Other gains/(losses) — net	(1,675)	123	4,262	2,710	31,354	(939)	(29,905)	3,220
Operating profit	**41,733**	**92,841**	**4,501**	**139,075**	**27,517**	**(47,190)**	**(30,263)**	**89,139**
Finance income/(costs) — net	(9,249)	(10,152)	(311)	(19,712)	(9,541)	7,974	9,277	(12,002)
incl. interest income	*4,728*	*84*	*1,590*	*6,402*	*1,658*	*(453)*	*(4,307)*	*3,300*
incl. interest expenses	*(16,903)*	*(12,183)*	*(1,739)*	*(30,825)*	*(4,866)*	*8,609*	*4,263*	*(22,819)*
Profit before income tax	**32,484**	**82,689**	**4,190**	**119,363**	**17,976**	**(39,216)**	**(20,986)**	**77,137**
Income tax expense	(7,769)	—	(830)	(8,599)	(2)	(70)	—	(8,671)
Profit after tax	**24,715**	**82,689**	**3,360**	**110,764**	**17,974**	**(39,286)**	**(20,986)**	**68,466**
CAPEX* on cash basis	**53,674**	**7,180**	**843**	**61,697**	**8,000**	**(10,714)**	**—**	**58,983**
CAPEX* on accrual basis	**59,227**	**6,768**	**5,438**	**71,433**	**—**	**(11,676)**	**—**	**59,757**

* CAPEX is purchases of property, plant and equipment

Additions to intangible assets (Note 16) mainly relate to Russian ports segment.

Included within 'Other adjustments' on the line 'Other gains/(losses) — net' is the elimination of intragroup dividends.

The segment items operating expenses for the year ended 31 December 2009 are as follows:

						Reconciliation adjustments		
(In thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Depreciation of property, plant and equipment	27,531	17,019	2,433	46,983	15	(10,092)	—	36,906
Amortisation of intangible assets	6,697	2,360	11	9,068	—	(1,425)	—	7,643
Staff costs	36,167	22,811	11,268	70,246	872	(15,433)	—	55,685
Transportation expenses	5,163	56,131	51	61,345	—	(28,090)	—	33,255
Fuel, electricity and gas	4,326	18,368	719	23,413	4	(9,560)	—	13,857
Repair and maintenance of property, plant and equipment	4,005	4,284	1,022	9,311	1	(2,597)	(125)	6,590
Total	83,889	120,973	15,504	220,366	892	(67,197)	(125)	153,936
Other operating expenses	24,890	9,003	10,864	44,757	2,945	(9,187)	(3,820)	34,695
Total cost of sales, administrative, selling and marketing expenses	**108,779**	**129,976**	**26,368**	**265,123**	**3,837**	**(76,384)**	**(3,945)**	**188,631**

Global Ports Investments Plc

Notes to the consolidated financial statements

The segment assets and liabilities as at 31 December 2009 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
Property, plant and equipment (including prepayments for PPE)	805,824	256,213	24,815	1,086,852	45	(180,791)	(2,294)	903,812
Other non-current assets	187,002	85,374	37,061	309,437	592,938	(34,194)	(676,189)	191,992
Inventories	5,263	202	563	6,028	—	(325)	—	5,703
Trade and other receivables (including income tax prepayment and cash deposits over 90 days)	38,452	13,845	10,639	62,936	1,550	(13,775)	(9,126)	41,585
Cash and cash equivalents	38,276	2,100	284	40,660	6,204	(2,771)	—	44,093
Total assets	**1,074,817**	**357,734**	**73,362**	**1,505,913**	**600,737**	**(231,856)**	**(687,609)**	**1,187,185**
Long-term borrowings	190,988	71,379	47,188	309,555	68,705	(74,751)	(101,529)	201,980
Other long-term liabilities	110,941	—	(1,098)	109,843	—	(4,311)	(59)	105,473
Trade and other payables	36,010	15,790	10,530	62,330	1,221	(13,679)	(7,081)	42,791
Short-term borrowings	43,081	17,813	6,173	67,067	—	(15,176)	(1,688)	50,203
Other short-term liabilities	2,308	—	—	2,308	—	(261)	(154)	1,893
Total liabilities	**383,328**	**104,982**	**62,793**	**551,103**	**69,926**	**(108,178)**	**(110,511)**	**402,340**
Non-controlling interest	**20,071**	**—**	**—**	**20,071**	**—**	**—**	**—**	**20,071**

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$44 thousand, US$9,763 thousand and US$569,134 thousand respectively (fully eliminated on consolidation).

Global Ports Investments Plc

Notes to the consolidated financial statements

The segment results for the year ended 31 December 2008 are as follows:

						Reconciliation adjustments		
(In thousands of USD)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Sales to third parties	397,310	162,587	28,820	588,717	—	(76,423)	—	512,294
Inter-segment revenue	2,716	—	10,098	12,814	—	(5,459)	(7,355)	—
Total revenue	**400,026**	**162,587**	**38,918**	**601,531**	**—**	**(81,882)**	**(7,355)**	**512,294**
Cost of sales	(147,495)	(104,721)	(64,149)	(316,365)	—	64,436	7,679	(244,250)
Administrative, selling and marketing expenses	(34,566)	(10,745)	(3,617)	(48,928)	(11,319)	6,662	146	(53,439)
Other gains/(losses) — net	2,194	(1,511)	6,144	6,827	46,632	(1,270)	(35,144)	17,045
Operating profit	**220,159**	**45,610**	**(22,704)**	**243,065**	**35,313**	**(12,054)**	**(34,674)**	**231,650**
Finance income/(costs) — net	(22,305)	(25,478)	(1,085)	(48,868)	(6,547)	21,077	(84)	(34,422)
incl. interest income	*7,312*	*419*	*2,220*	*9,951*	*438*	*(1,248)*	*(1,752)*	*7,389*
incl. interest expenses	*(13,437)*	*(16,128)*	*(2,084)*	*(31,649)*	*(1,740)*	*9,158*	*1,752*	*(22,479)*
Profit before income tax	**197,854**	**20,132**	**(23,789)**	**194,197**	**28,766**	**9,023**	**(34,758)**	**197,228**
Income tax expense	(44,273)	—	5,195	(39,078)	(7)	(3,632)	—	(42,717)
Profit after tax	**153,581**	**20,132**	**(18,594)**	**155,119**	**28,759**	**5,391**	**(34,758)**	**154,511**
CAPEX* on cash basis	**164,164**	**30,639**	**4,615**	**199,418**	**60**	**(19,696)**	**—**	**179,782**
CAPEX* on accrual basis	**206,370**	**30,912**	**16,386**	**253,668**	**60**	**(30,057)**	**—**	**223,671**

* CAPEX is purchases of property, plant and equipment

From the total amount of additions to intangible assets (Note 16) amounting to US$107 million US$57 million were attributable to VEOS segment, US$40 million — to Russian ports segment and US$10 million to Finnish ports segment.

Global Ports Investments Plc

Notes to the consolidated financial statements

The segment items operating expenses for the year ended 31 December 2008 are as follows:

						Reconciliation adjustments		
(In thousands of USD)	**Russian ports**	**VEOS**	**Finnish ports**	**Total operating segments**	**Holdings**	**Effect of proportionate consolidation**	**Other adjustments**	**Group**
Depreciation of property, plant and equipment	32,167	15,096	4,736	51,999	7	(8,785)	—	43,221
Amortisation of intangible assets	12,561	1,989	313	14,863	—	(1,531)	—	13,332
Staff costs	54,092	15,846	18,606	88,544	206	(15,578)	—	73,172
Impairment of goodwill	13,000	—	4,759	17,759	—	—	—	17,759
Impairment of property, plant and equipment	—	—	14,301	14,301	—	—	—	14,301
Transportation expenses	5,976	48,265	785	55,026	—	(13,013)	—	42,013
Fuel, electricity and gas	9,091	20,536	1,293	30,920	1	(8,458)	—	22,463
Repair and maintenance of property, plant and equipment	8,479	3,790	2,068	14,337	—	(2,683)	—	11,654
Total	135,366	105,522	46,861	287,749	214	(50,048)	—	237,915
Other operating expenses	46,696	9,944	20,905	77,545	11,105	(21,051)	(7,825)	59,774
Total cost of sales, administrative, selling and marketing expenses	**182,062**	**115,466**	**67,766**	**365,294**	**11,319**	**(71,099)**	**(7,825)**	**297,689**

The segment assets and liabilities as at 31 December 2008 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
Property, plant and equipment (including prepayments for PPE)	795,313	260,032	23,380	1,078,725	54	(179,773)	507	899,513
Other non-current assets	163,389	115,717	35,098	314,204	614,790	(71,055)	(649,975)	207,964
Inventories	6,277	233	429	6,939	—	(402)	—	6,537
Trade and other receivables (including income tax prepayment)	83,174	10,851	9,538	103,563	14,008	(13,734)	(19,308)	84,529
Cash and cash equivalents	94,598	4,572	832	100,002	5,984	(3,285)	—	102,701
Total assets	**1,142,751**	**391,405**	**69,277**	**1,603,433**	**634,836**	**(268,249)**	**(668,776)**	**1,301,244**
Long-term borrowings	166,366	178,323	42,463	387,152	106,301	(125,439)	(60,885)	307,129
Other long-term liabilities	113,796	—	(3,067)	110,729	—	(3,775)	(29)	106,925
Trade and other payables	34,447	9,833	15,898	60,178	2,205	(11,956)	(1,881)	48,546
Short-term borrowings	58,150	10,396	5,429	73,975	—	(6,269)	(931)	66,775
Other short-term liabilities	22,352	—	2,285	24,637	7	(1,396)	(16,064)	7,184
Total liabilities	**395,111**	**198,552**	**63,008**	**656,671**	**108,513**	**(148,835)**	**(79,790)**	**536,559**
Non-controlling interest	**17,642**	**—**	**—**	**17,642**	**—**	**—**	**—**	**17,642**

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$44 thousand, US$10,073 thousand and US$588,779 thousand respectively (fully eliminated on consolidation).

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

	For the year ended 31 December		
(In thousands of US dollars)	**2010**	**2009**	**2008**
Revenues related to container, bulk and other cargoes	249,692	163,203	399,049
Revenues related to oil products	132,745	111,347	113,245
Total consolidated revenue	**382,437**	**274,550**	**512,294**

Major clients of the Group are internationally operating companies. The break-down below is prepared based on the registered addresses of contract holders of the clients. These registered addresses are usually not relevant to the location of their operations.

	For the year ended 31 December		
(In thousands of US dollars)	**2010**	**2009**	**2008**
Revenue from domestic customers — Cyprus	**22,318**	**12,201**	**36,364**
Revenue from foreign customers by countries:			
Russia	218,750	146,209	274,981
Netherlands	35,269	36,661	809
Finland	24,725	23,203	33,191
UK	23,758	15,799	51,922
Other	57,617	40,477	115,027
Revenue from foreign customers total	**360,119**	**262,349**	**475,930**
Total revenue	**382,437**	**274,550**	**512,294**

In 2010 and 2009 there was only one customer representing more than 10% of consolidated revenue (2008: nil). This customer originates from VEOS segment, domiciled in Russia and contributed 13% to the 2010 consolidated revenue (2009: 15.2%).

6. Expenses by nature

	For the year ended 31 December		
(In thousands of US dollars)	**2010**	**2009**	**2008**
Staff costs (Note 8)	65,750	55,685	73,172
Depreciation of property, plant and equipment (Note 15)	45,634	36,906	43,221
Amortisation of intangible assets (Note 16)	7,626	7,643	13,332
Transportation expenses	43,338	33,255	42,013
Fuel, electricity and gas	19,426	13,857	22,463
Repair and maintenance of property, plant and equipment	11,902	6,590	11,654
Taxes other than on income	6,139	5,328	4,992
Legal, consulting and other professional services	2,336	2,965	12,900
Auditors' remuneration	1,935	1,986	1,698
Operating lease rentals	6,494	5,428	5,087
Purchased services	2,902	3,491	8,829
Insurance	1,833	2,386	2,324
Impairment charge of property, plant and equipment (Note 15)	—	—	14,301
Impairment charge of goodwill (Note 16)	—	—	17,759
Other expenses	13,812	13,111	23,944
Total cost of sales, administrative, selling and marketing expenses	**229,127**	**188,631**	**297,689**

The above expenses are analysed by function as follows:

Cost of sales

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
Staff costs	51,446	42,822	54,434
Depreciation of property plant and equipment	44,809	36,241	41,420
Amortisation of intangible assets	7,583	7,617	13,174
Impairment charge of property, plant and equipment	—	—	14,301
Impairment charge of goodwill	—	—	17,759
Transportation expenses	43,338	33,255	42,013
Fuel, electricity and gas	19,048	13,518	22,083
Repair and maintenance of property plant and equipment	11,210	6,110	10,958
Taxes other than on income	5,422	4,830	3,755
Operating lease rentals	4,599	4,356	4,465
Purchased services	2,902	3,491	8,829
Insurance	1,493	1,831	1,820
Other expenses	6,659	6,357	9,239
Total cost of sales	**198,509**	**160,429**	**244,250**

Administrative, selling and marketing expenses

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
Staff costs	14,304	12,863	18,738
Depreciation of property, plant and equipment	825	665	1,801
Amortisation of intangible assets	43	26	158
Fuel, electricity and gas	377	339	380
Repair and maintenance of property, plant and equipment	692	479	696
Taxes other than on income	717	498	1,237
Legal, consulting and other professional services	2,336	2,965	12,900
Auditors' remuneration	1,935	1,986	1,698
Operating lease rentals	1,895	1,072	622
Insurance	340	555	503
Other expenses	7,154	6,754	14,706
Total administrative, selling and marketing expenses	**30,618**	**28,202**	**53,439**

7. Other gains — net

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
Other gains/(losses) — net	574	2,052	(71)
Foreign exchange gains/(losses) — net (Note 11)	732	(540)	1,246
Amortisation of guarantee issued to the parent company (Note 35(k)(l))	2,335	1,056	6,449
Profit from disposal of loss-generating unit in Finnish ports segment	—	652	—
Profit from sale of subsidiaries (Note 29(b)(i) and Note 29(c)(i))	—	—	(25,331)
Fair value gain on call option waived (Note 30(b))	—	—	12,692
Profit from disposal of joint ventures (Note 30(b) and 29(b)(i))	—	—	22,060
Total	**3,641**	**3,220**	**17,045**

8. Employee benefit expense

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
Wages and salaries	52,345	44,413	58,899
Social insurance costs	11,716	10,252	12,959
Other staff costs	1,689	1,020	1,314
Total	**65,750**	**55,685**	**73,172**

Included within 'social insurance costs' for 2010 are contributions made to the state pension funds in the total amount of US$7,701 thousand (2009: US$5,796 thousand; 2008: US$7,542 thousand).

Global Ports Investments Plc

Notes to the consolidated financial statements

9. Finance costs — net

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
Included in finance income:			
Interest income on bank balances	134	278	3,754
Interest income on short-term bank deposits	99	329	2,023
Interest income on loans to related parties (Note 35 (i))	376	587	434
Interest income on loans to third parties and bank deposits with the maturity over 90 days	279	2,106	1,178
Other financial income	50	—	183
Net foreign exchange gains/(losses) on cash and cash equivalents	(840)	8,845	4,117
Finance income total	**98**	**12,145**	**11,689**
Included in finance costs:			
Interest expenses on bank borrowings	(7,158)	(7,273)	(7,602)
Interest expenses on finance lease	(3,474)	(4,126)	(2,590)
Interest expenses on loans from related parties (Note 35(j))	(4,088)	(7,302)	(8,580)
Interest expenses on loans from third parties	(2,164)	(4,118)	(3,707)
Other finance costs	(120)	(84)	(289)
Net foreign exchange gains/(losses) on borrowings and other financial items	2,111	(1,244)	(23,343)
Finance costs total	**(14,893)**	**(24,147)**	**(46,111)**
Finance costs — net	**(14,795)**	**(12,002)**	**(34,422)**

10. Income tax expense

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
Current tax	23,432	11,036	60,344
Deferred tax (Note 26)	(272)	(2,365)	(17,627)
Total	**23,160**	**8,671**	**42,717**

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 2010	2009	2008
Profit before tax	**142,156**	**77,137**	**197,228**
Tax calculated at the applicable tax rates — 20% (2009: 20%; 2008: 24%)	28,431	15,427	47,335
Losses not subject to tax	—	(1,175)	(4,534)
Income not subject to tax — Estonian operations	(10,864)	(8,241)	(7,623)
Tax effect on deferred tax of change in applicable tax rates of Russian subsidiaries	—	—	(22,905)
Tax effect of expenses not deductible for tax purposes	3,929	1,027	12,153
Tax effect of difference in withholding tax rates	3,694	3,468	10,647
Tax effect of change in intention for distribution of profits in subsidiaries	—	—	13,185
Tax effect of reduced tax rates of OAO Petrolesport	(2,030)	(1,835)	(5,541)
Tax charge	**23,160**	**8,671**	**42,717**

The applicable tax rate used for 2010 and 2009 is 20% (2008: 24%) as this is the income statutory tax rate applicable to Russian operating subsidiaries, where a substantial part of the taxable income arises. In the end of 2008 the applicable tax rate for the Russian subsidiaries was reduced from 24% to 20% effective from 1 January 2009.

The statutory tax rate for OAO Petrolesport (included in Russian ports segment) is 15.5% (2009: 15.5%; 2008: 20%) because of tax benefits granted by the authorities of St. Petersburg. Effective from 31 December 2009 the tax rate for PLP is 15.5% for the three years that the benefit is granted and 20% thereafter. The effect of this benefit is shown in the tax reconciliation note above as "Tax effect of reduced tax rates of OAO Petrolesport". This benefit expires in three years unless additional investments in qualifying assets over RUR 300 million (approximately US$10 million) will be made in the following year.

For subsidiaries in Estonia the annual profit earned by enterprises is not taxed and thus no income tax or deferred tax asset/liabilities arise. Instead of taxing the net profit, the distribution of statutory retained earnings is subject to a dividend tax rate of 21/79 of net dividend paid. The effect is included within income not subject to tax in the tax reconciliation note.

The statutory tax rate for the Finnish entities is 26%.

Deferred tax is provided on the undistributed profits of subsidiaries and joint ventures, except when the policy of the Group is not to distribute dividends from the specific investment in the foreseeable future and the Group can control the payment of dividends.

The Company is subject to corporation tax on taxable profits at the rate of 10%. Up to 31 December 2008, under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%. From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

11. Net foreign exchange gains/(losses)

The exchange differences (charged)/credited to the income statement are as follows:

	For the year ended 31 December		
(In thousands of US dollars)	**2010**	**2009**	**2008**
Included in 'finance costs — net' (Note 9)	1,271	7,601	(19,226)
Included in 'other gains/(losses) — net' (Note 7)	732	(540)	1,246
Total	**2,003**	**7,061**	**(17,980)**

12. Earnings per share

Basic and diluted

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the company by the number of ordinary shares issued in 2008 (Note 23) that are considered to be the weighted average number in issue during the year.

	For the year ended 31 December		
	2010	**2009**	**2008**
Profit attributable to the owners of the parent of the company — in thousands of US dollars	109,390	65,851	122,215
Weighted average of ordinary shares in issue (thousand)	450,000	450,000	450,000
Basic and diluted earnings per share for profit attributable to the owners of the parent (expressed in US$ per share)	0.24	0.15	0.27

13. Dividend distribution

2010

During 2010 the Group has declared and paid dividends to the equity holders for the years 2009-2010 amounting to US$40,000 thousand (US$0.089 per share).

During the year 2010 dividend payments to non-controlling interests for previous periods amounted to US$11,380 thousand.

The Board of Directors of the Company did not recommend a payment of a final dividend for the year 2010.

2009

During 2009 the Group has declared and paid dividends to the equity holders for the years 2008-2009 amounting to US$15,000 thousand (US$0.033 per share) and US$5,000 thousand (US$0.011 per share) respectively.

During the year 2009 dividend payments to non-controlling interests for previous periods amounted to US$4,000 thousand.

The group also issued a corporate guarantee, covering the non-performance of the parent company (Note 35(k)). This was treated as a transaction with equity holders.

2008

In 2008 dividend distributions made to TIHL from the Group's subsidiaries before the formation of the Group amounted to US$25,085 thousand. These have been charged within retained earnings in these consolidated financial statements. The corresponding dividend distribution to non-controlling interests amounted to US$8,375 thousand.

Further to the establishment of the Group, dividend distributions made to TIHL from the Company amounted to US$8,000 thousand (US$0.018 per share). From the dividend distributions made by the subsidiaries of the Company the corresponding dividend distribution to non-controlling interests was US$13,550 thousand.

14. Change in functional currency

During 2010 the functional currency of the Company and intermediate investment holding companies was changed from Russian Roubles (RUB) to United States dollars (US$). The Company and each of the investment holding and intermediary investment holding companies have revised the method of determination of their functional currency and have adjusted comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. For further information please refer to Note 2 *Basis of preparation and summary of significant accounting policies—Foreign currency translation—(a) Functional and presentation currency*.

Global Ports Investments Plc

Notes to the consolidated financial statements

The following table highlights the impact of the change in accounting policy for each of the periods presented in these financial statements:

(In thousands of US dollars)	At 31 December 2010	2009	2008
	Increase/(Decrease)		
Consolidated balance sheet			
Property, plant and equipment	6	9	—
Total — assets	**6**	**9**	**—**
Translation reserve	(8,229)	(8,751)	(1,689)
Retained earnings	8,235	8,760	1,689
Total — equity	**6**	**9**	**—**

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
	Increase/(Decrease)		
Consolidated income statement			
Other gains/(losses) — net	(654)	(1,441)	(1,390)
Finance income	28	7,601	—
Finance costs	—	743	1,821
Total	**(626)**	**6,903**	**431**
Attributable to:			
Owners of the parent	(525)	7,071	431
Non-controlling interest	(101)	(168)	—
Total	**(626)**	**6.903**	**431**

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
	Increase/(Decrease)		
Consolidated statement of comprehensive income			
Currency translation differences	—	—	—
Total	**—**	**—**	**—**
Attributable to:			
Owners of the parent	—	168	—
Non-controlling interest	—	(168)	—
Total	**—**	**—**	**—**

The impact of the change in functional currency on basic and diluted earnings per share is as follows:

(In thousands of US dollars)	At 31 December 2010	2009	2008
	Increase/(Decrease)		
Basic earnings per share	(0.0012)	0.0157	0.0010
Diluted earnings per share	(0.0012)	0.0157	0.0010

15. 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 2008							
Cost	380,949	307,966	54,469	116,818	43,738	13,968	917,908
Accumulated depreciation and impairment	—	(28,702)	—	(25,285)	(6,676)	(2,197)	(62,860)
Net book amount	**380,949**	**279,264**	**54,469**	**91,533**	**37,062**	**11,771**	**855,048**
Additions	10,304	50,623	67,418	55,693	28,286	11,347	223,671
Transfers	(1)	(2,228)	(2)	2,325	12 132	(12,226)	—
Acquisitions of subsidiaries and joint ventures	23,159	57,642	27,262	12,795	8,562	1,757	131,177
Disposals	—	(3,711)	(45)	(2,587)	(104)	(162)	(6,609)
Disposals of subsidiaries and joint ventures	(1,500)	(87,412)	(15,916)	—	(16,125)	(346)	(121,299)
Depreciation charge	—	(19,529)	—	(15,468)	(5,378)	(2,846)	(43,221)
Impairment charge	—	—	—	(14,301)	—	—	(14,301)
Translation reserve	(67,553)	(33,495)	(15,851)	(20,046)	(903)	(6,542)	(144,390)
Closing net book amount	**345,358**	**241,154**	**117,335**	**109,944**	**63,532**	**2,753**	**880,076**
At 31 December 2008							
Cost	345,358	284,609	117,335	138,772	77,000	5,510	968,584
Accumulated depreciation and impairment	—	(43,455)	—	(28,828)	(13,468)	(2,757)	(88,508)
Net book amount	**345,358**	**241,154**	**117,335**	**109,944**	**63,532**	**2,753**	**880,076**

Global Ports Investments Plc

Notes to the consolidated financial statements

(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 2009							
Cost	345,358	284,609	117,335	138,772	77,000	5,510	968,584
Accumulated depreciation and impairment	—	(43,455)	—	(28,828)	(13,468)	(2,757)	(88,508)
Net book amount	**345,358**	**241,154**	**117,335**	**109,944**	**63,532**	**2,753**	**880,076**
Additions	—	129,063	(85,851)	2,741	13,655	149	59,757
Transfers	(899)	899	—	60	1,166	(1,226)	—
Disposals	—	(783)	(1,119)	(398)	(812)	(6)	(3,118)
Depreciation charge	—	(17,402)	—	(10,862)	(7,970)	(672)	(36,906)
Translation reserve	(9,840)	3,808	(6,801)	(2,113)	(1,075)	(152)	(16,173)
Closing net book amount	**334,619**	**356,739**	**23,564**	**99,372**	**68,496**	**846**	**883,636**
At 31 December 2009							
Cost	334,619	433,354	23,565	140,588	100,539	2,929	1,035,594
Accumulated depreciation and impairment	—	(76,615)	—	(41,216)	(32,044)	(2,083)	(151,958)
Net book amount	**334,619**	**356,739**	**23,565**	**99,372**	**68,495**	**846**	**883,636**

(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 2010							
Cost	334,619	433,354	23,565	140,588	100,539	2,929	1,035,594
Accumulated depreciation and impairment	—	(76,615)	—	(41,216)	(32,044)	(2,083)	(151,958)
Net book amount	**334,619**	**356,739**	**23,565**	**99,372**	**68,495**	**846**	**883,636**
Additions	10,629	21,268	18,120	11,328	3,354	330	65,029
Transfers	30	8,617	(11,610)	7,001	(3,926)	(112)	—
Disposals	—	(103)	(105)	(1,814)	(241)	(5)	(2,268)
Depreciation charge	—	(25,402)	—	(12,814)	(6,964)	(454)	(45,634)
Translation reserve	(2,795)	(9,499)	(798)	(2,000)	(1,850)	(6)	(16,948)
Other	—	—	—	2,876	—	—	2,876
Closing net book amount	**342,483**	**351,620**	**29,172**	**103,949**	**58,868**	**599**	**886,691**
At 31 December 2010							
Cost	342,483	453,997	29,172	155,846	94,384	2,943	1,078,825
Accumulated depreciation and impairment	—	(102,377)	—	(51,897)	(35,516)	(2,344)	(192,134)
Net book amount	**342,483**	**351,620**	**29,172**	**103,949**	**58,868**	**599**	**886,691**

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		
	2010	2009	2008
Net book amount	2,268	3,118	6,609
Less: Write-offs	(629)	(334)	(896)
	1,639	2,784	5,713
Loss on sale of property, plant and equipment[1]	(652)	(732)	220
Proceeds from sale of property, plant and equipment	**987**	**2,052**	**5,933**

(1) Loss 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		
	2010	2009	2008
Buildings and constructions	14,684	12,661	15,576
Loading equipment	18,716	33,952	42,040
Other production equipment	18	3,184	66
Other assets	—	6	18
Total	**33,418**	**49,803**	**57,700**

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		
	2010	2009	2008
Land	39,560	41,242	34,632
Buildings and constructions	104,585	168,504	102,188
Construction in progress	—	661	62,884
Loading equipment and machinery	42,089	31,862	23,507
Other production equipment	8,297	34,560	19,206
Office equipment	—	—	439
Total	**194,531**	**276,829**	**242,856**

Depreciation expense amounting to US$44,809 thousand in 2010 (2009: US$36,241 thousand; 2008: US$41,420 thousand) has been charged to 'cost of sales' and US$825 thousand in 2010 (2009: US$665 thousand; 2008: US$1,801 thousand) has been charged to 'administrative, selling and marketing' expenses.

The amount of the borrowing costs capitalised during the period was US$157 thousand (2009: US$305 thousand; 2008: US$ nil), the average capitalisation rate was 5.75% (2009: 12%; 2008: nil).

Lease rentals relating to the lease of machinery and property amounting to US$4,599 thousand in 2010 (2009: US$4,356 thousand; 2008: US$4,465 thousand) have been charged to 'cost of sales' and US$1,895 thousand in 2010 (2009: US$1,072 thousand; 2008: US$622 thousand) has been charged to 'administrative, selling and marketing expenses'.

In 2008, the carrying amount of the MLT Oy CGU (included in Finnish ports segment) has been reduced to its recoverable amount (Note 16). As a result an impairment charge of US$14,301 thousand has been recognised against property, plant and equipment. This loss has been included in "cost of sales" in the consolidated income statement.

Global Ports Investments Plc

Notes to the consolidated financial statements

16. Intangible assets

(In thousands of US dollars)	Goodwill	Contractual rights	Client base	Computer software	Total
At 1 January 2008					
Cost	125,703	56,821	47,676	1,997	232,197
Accumulated amortisation	—	(7,752)	(10,958)	(220)	(18,930)
Net book amount	**125,703**	**49,069**	**36,718**	**1,777**	**213,267**
Additions	—	—	—	347	347
Acquisitions of subsidiaries and joint ventures	87,529	14,715	4,768	35	107,047
Disposals of subsidiaries and joint ventures	(52,712)	(13,989)	(1,969)	(46)	(68,716)
Amortisation charge (Note 6)	—	(4,631)	(8,162)	(539)	(13,332)
Impairment charge	(17,759)	—	—	—	(17,759)
Translation reserve	(19,865)	(2,070)	(4,779)	(227)	(26,941)
Closing net book amount	**122,896**	**43,094**	**26,576**	**1,347**	**193,913**
At 31 December 2008					
Cost	140,655	55,493	45,699	2,106	243,953
Accumulated amortisation and impairment	(17,759)	(12,399)	(19,123)	(759)	(50,040)
Net book amount	**122,896**	**43,094**	**26,576**	**1,347**	**193,913**
Additions	—	—	—	512	512
Amortisation charge (Note 6)	—	(3,666)	(3,670)	(307)	(7,643)
Translation reserve	914	(1,332)	(205)	5	(618)
Closing net book amount	**123,810**	**38,096**	**22,701**	**1,557**	**186,164**
At 31 December 2009					
Cost	141,365	54,161	45,494	2,640	243,660
Accumulated amortisation and impairment	(17,555)	(16,065)	(22,793)	(1,083)	(57,496)
Net book amount	**123,810**	**38,096**	**22,701**	**1,557**	**186,164**

(In thousands of US dollars)	Goodwill	Contractual rights	Client base	Computer software	Total
At 1 January 2010					
Cost	141,365	54,161	45,494	2,640	243,660
Accumulated amortisation and impairment	(17,555)	(16,065)	(22,793)	(1,083)	(57,496)
Net book amount	**123,810**	**38,096**	**22,701**	**1,557**	**186,164**
Additions	—	—	—	212	212
Amortisation charge (Note 6)	—	(3,449)	(3,780)	(397)	(7,626)
Translation reserve	(5,490)	(1,121)	(336)	(12)	(6,959)
Closing net book amount	**118,320**	**33,526**	**18,585**	**1,360**	**171,791**
At 31 December 2010					
Cost	135,423	49,457	33,832	9,500	228,212
Accumulated amortisation and impairment	(17,103)	(15,931)	(15,247)	(8,140)	(56,421)
Net book amount	**118,320**	**33,526**	**18,585**	**1,360**	**171,791**

As at 31 December 2010 the remaining useful lives for contractual rights and client base were 4-25 years and 5.5 years respectively (2009: 5-26 years and 6.5 years respectively; 2008: 7-27 years and 7.5 years respectively).

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to their operating segment. An operating segment-level summary of the goodwill allocation is presented below:

(In thousands of US dollars)	As at 31 December 2010	2009	2008
VSC (Russian ports segment)	10,885	10,969	11,154
AS V.E.O.S.	50,397	54,265	52,420
PLP (Russian ports segment)	8,296	9,138	8,742
Moby Dik (Russian ports segment)	37,711	38,001	39,118
Yanino (Russian ports segment)	6,462	6,511	6,703
Container-Depot Ltd Oy (Finnish ports segment)	4,569	4,926	4,759
Total	**118,320**	**123,810**	**122,896**

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 for details of assumptions used.

17. 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 2010	2009	2008
Loans and receivables			
Financial assets as per balance sheet			
Trade and other receivables[1]	35,435	21,515	77,851
Bank deposits with maturity over 90 days	19,373	4,000	—
Cash and cash equivalents	47,355	44,093	102,701
Total	**102,163**	**69,608**	**180,552**
Financial liabilities measured at amortised cost			
Financial liabilities as per balance sheet			
Borrowings	206,659	252,183	373,904
Trade and other payables[2]	23,474	24,728	36,666
Total	**230,133**	**276,911**	**410,570**

(1) Trade and other receivables do not include taxes and prepayments.

(2) Trade and other payables do not include taxes, advances and deferred gains.

18. 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 2010	2009	2008
Trade and other receivables			
Core customers — new (less than one year of working history with the Group)	2,424	1,005	1,168
Core customers — existing (more than one year of working history with the Group)	11,140	7,222	13,007
Related party loans	6,498	5,550	19,744
Loans to third parties	214	430	26,663
Bank deposits with maturity over 90 days	19,373	4,000	—
Trade and other receivables from other customers (third parties)	6,192	2,953	10,077
Total	**45,841**	**21,160**	**70,659**

Loans granted to third parties, trade and other receivables and loans granted to related parties are related to the highly reputable counterparties with no external credit rating.

See Note 21 for the ratings of banks holding deposits with maturity over 90 days.

Cash at bank and short-term bank deposits:

(In thousands of US dollars) Agency	Rating	As at 31 December 2010	2009	2008
Moody's*	A1-Aa2	10,730	4,161	58,752
Moody's*	Baa1-Baa2	36,182	39,622	42,161
Ekspert RA**	A	147	—	—
Ekspert RA**	B+	134	—	—
***	No rating	162	310	1,788
Total		**47,355**	**44,093**	**102,701**

* International rating agency Moody's Investors Service.

** Russian rating agency Ekspert RA Rating Agency.

*** Cash and cash equivalents with banks for which there is no rating are highly reputable local banks in the country of operation.

19. Inventories

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Spare parts	5,122	5,281	6,097
Goods for resale	1,150	167	316
Other	—	255	124
Total	**6,272**	**5,703**	**6,537**

All inventories are stated at cost.

20. Trade and other receivables

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Trade receivables — third parties	31,975	19,037	23,678
Trade receivables — related parties (Note 35(i))	—	—	82
Less: Provision for impairment of receivables	(5,184)	(5,209)	(3,249)
Trade receivables — net	**26,791**	**13,828**	**20,511**
Other receivables	1,931	1,302	10,077
Prepayments for goods and services	11,673	6,696	9,171
Loans to third parties	214	835	27,519
Loans to related parties (Note 35(i))	6,498	5,550	19,744
VAT and other taxes recoverable	9,525	13,015	10,755
Total trade and other receivables	**56,632**	**41,226**	**97,777**
Less non-current portion:			
Loans to related parties	(5,422)	(5,274)	(14,007)
Other receivables	(334)	(554)	(44)
Total non-current portion	**(5,756)**	**(5,828)**	**(14,051)**
Current portion	**50,876**	**35,398**	**83,726**

According to management estimates the fair values of trade and other receivables do not materially differ from their carrying amounts.

The effective interest rate on loans receivable from third parties and related parties were in the range from 3.8% to 8.1% (2009: from 3% to 9%; 2008: from 3.8% to 12%).

Trade receivables and other receivables amounting to US$19,756 thousand (31 December 2009: US$11,180 thousand; 31 December 2008: US$24,252 thousand), were fully performing.

Trade receivables are impaired only when there is an indication that the customer is unable to repay the balance. Trade and other receivables amounting to US$8,966 thousand (31 December 2009: US$3,950 thousand; 31 December 2008: US$6,336 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 ageing analyses of past due trade and other receivables is as follows:

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Less than 1 month	6,209	2,804	3,942
From 1 to 3 months	2,347	721	1,986
From 3 to 6 months	323	242	263
Over 6 months	87	183	145
Total	**8,966**	**3,950**	**6,336**

As of 31 December 2010 trade and other receivables amounting to US$5,184 thousand (31 December 2009: US$5,209 thousand; 31 December 2008: US$3,249 thousand) were impaired and provided for. It was assessed that a portion of these receivables will be recovered. Trade receivables amounting to US$104 thousand (31 December 2009: US$459 thousand; 31 December 2008: US$2,875 thousand) were impaired and written off in full.

The movement on the group provision for impairment of trade receivables is as follows:

(In thousands of US dollars)	For the year ended 31 December 2010	2009	2008
At the beginning of the year	**5,209**	**3,249**	**—**
Provision for receivables impairment	376	1,950	3,249
Unused amounts reversed	(253)	(682)	—
Receivables written off during the year as uncollectible	(104)	(459)	—
Foreign exchange differences	(44)	1,151	—
At the end of the year	**5,184**	**5,209**	**3,249**

There are no past due but not impaired loans to third parties as at 31 December 2010. As at 31 December 2009 and 31 December 2008 the amount of loans to the third parties which were past due but not impaired were US$405 thousand and US$856 thousand respectively.

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 for 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 carrying amounts of the group's trade and other receivables are denominated in the following currencies:

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Currency:			
US dollar	11,484	8,414	22,975
Russian Rouble	31,956	20,215	57,944
Euro	9,137	9,071	14,270
Estonian Kroons	4,055	3,526	2,588
Total	**56,632**	**41,226**	**97,777**

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.

21. Bank deposits

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Bank deposits with maturity over 90 days	19,373	4,000	—
Total	**19,373**	**4,000**	**—**

Bank deposits have a maturity 95 days (2009: 121 days). The bank credit rating according to International rating agency Moody's Investors Service is A1 (2009: B3), is denominated in Euro (2009: US dollars) and the interest rate is 1.8% (2009: 3.25%) p.a.

22. Cash and cash equivalents

(in thousands of US dollars)	As at 31 December 2010	2009	2008
Cash at bank and in hand	18,387	21,311	29,635
Short term bank deposits (less than 90 days)	28,968	22,782	73,066
Total	**47,355**	**44,093**	**102,701**

The effective interest rate on short-term deposits was 1.5% in 2010 (2.4% in 2009; 14.2% in 2008) and these deposits have a maturity of 44 days in 2010 (2009: 69 days; 2008: 60 days).

Cash and cash overdrafts include the following for the purposes of the cash flow statement:

(in thousands of US dollars)	As at 31 December 2010	2009	2008
Cash and cash equivalents	47,355	44,093	102,701
Total	**47,355**	**44,093**	**102,701**

23. Share capital, share premium and capital contribution

(in thousands of US dollars)	Number of shares ‘000	Share capital	Share premium	Total
Ordinary shares issued on incorporation	100	10	—	10
Ordinary shares issued on 11 June 2008	449,900	44,990	359,920	404,910
At 31 December 2008/2009/2010	**450,000**	**45,000**	**359,920**	**404,920**

On incorporation the authorised share capital of the Company amounted to US$ 10 thousand, divided into 100 thousand ordinary shares of US$0.10 each. On incorporation the Company issued 100 thousand ordinary shares of US$0.10 each at par.

On 11 June 2008 the authorised share capital of the Company was increased to US$45,000 thousand, divided into 450 000 thousand ordinary shares of US$0.10 each. On 11 June 2008 the Company issued 449 900 thousand ordinary shares of US$0.10 each at the price of US$0.90 per share. The resulting share capital and share premium were US$44,990 thousand and US$359,920 thousand respectively. As a result the total issued share capital of the Company became 450 000 thousand shares of US$0.10 each (total share capital US$45,000 thousand).

24. Common control transaction reserve

The common control transaction reserve arises from the application of the predecessor basis of accounting on the businesses which are included in these consolidated financial statements before the date of the restructuring, as follows:

(in thousands of US dollars)	
Balance at 1 January 2008[1]	**113,162**
Business combinations acquired/disposed by shareholder in 2008[2]	(6,837)
Difference between share capital issued and the cost of investments upon restructuring (Note 29 (a))	10,120
Contributions of business by shareholders (treated as common control transactions) upon restructuring (Note 29 (d))	(93,000)
Transfer to retained earnings[3]	(23,445)
Balance at 31 December 2008	**—**

(1) The opening balance of the "common control transaction reserve" includes the share capital and share premium issued in 2008 which has been treated as if it always existed and the effect on TIHL's equity from the date when common control was established until the date of the restructuring.

(2) This amount represents cash outflows/inflows by TIHL to acquire/dispose shares in subsidiaries and joint ventures during the year ended 2008, before the restructuring.

(3) During 2008 the balance remaining in the common control transaction reserve after the restructuring has been eliminated and the difference has been transferred to retained earnings.

25. Borrowings

	As at 31 December		
(in thousands of US dollars)	2010	2009	2008
Non-current borrowings			
Bank loans	80,056	94,903	72,191
Finance lease liabilities	26,140	31,459	36,245
Loans from third parties	20,026	27,019	57,745
Interest payable to third parties	314	148	803
Loans from related parties (Note 35(j))	39,632	47,353	138,720
Interest payable to related parties (Note 35 (j))	4,400	1,098	1,425
Total non-current borrowings	**170,568**	**201,980**	**307,129**
Current borrowings			
Bank loans	24,295	36,967	33,696
Interest payable on bank loans	826	1,109	349
Finance lease liabilities	5,458	9,510	15,525
Interest payable on finance lease liabilities	504	53	546
Loans from third parties	3,883	2,564	1,687
Interest payable to third parties	865	—	101
Loans from related parties (Note 35 (j))	251	—	13,963
Interest payable to related parties (Note 35 (j))	9	—	908
Total current borrowings	**36,091**	**50,203**	**66,775**
Total borrowings	**206,659**	**252,183**	**373,904**

The loans from third parties relate mainly to loans from other venturers that exist in the joint ventures where the Group is a participant.

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

	As at 31 December		
(in thousands of US dollars)	**2010**	**2009**	**2008**
Between 1 and 2 years	30,636	34,497	24,348
Between 2 and 5 years	82,636	110,304	230,487
Over 5 years	31,156	25,720	16,049
Total	**144,428**	**170,521**	**270,884**

Bank borrowings mature until 2017 (31 December 2009: 2017; 31 December 2008: 2012), loans from third parties — until 2018 (31 December 2009: 2018; 31 December 2008: 2013).

Finance lease liabilities — minimum lease payments:

	As at 31 December		
(in thousands of US dollars)	**2010**	**2009**	**2008**
Not later than 1 year	7,723	12,776	19,939
Later than 1 year and not later than 5 years	17,210	24,357	31,557
Later than 5 years	91,925	60,182	62,981
Total	**116,858**	**97,315**	**114,477**
Future finance charges of finance leases	(84,756)	(56,293)	(62,161)
Present value of finance lease liabilities	**32,102**	**41,022**	**52,316**
The present value of finance lease liabilities is analysed as follows:			
Not later than 1 year	5,962	9,562	16,071
Later than 1 year and not later than 5 years	10,762	15,945	21,937
Later than 5 years	15,378	15,515	14,308
Total	**32,102**	**41,022**	**52,316**

According to the management's estimates the carrying amount of borrowings do not materially differ from their fair value as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the appropriate Libor and Euribor rates.

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):

	As at 31 December		
(in thousands of US dollars)	**2010**	**2009**	**2008**
6 months or less	103,245	111,847	132,362
6-12 months	670	28,035	22,785
1-5 years	69,530	62,618	193,261
Over 5 years	26,296	47,275	21,364
Total	**199,741**	**249,775**	**369,772**

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

	As at 31 December		
(in thousands of US dollars)	**2010**	**2009**	**2008**
Russian Rouble	15,649	14,152	26,216
US Dollar	143,674	115,165	184,333
Euro	45,135	120,399	160,874
Estonian Kroons	2,201	2,467	2,481
Total	**206,659**	**252,183**	**373,904**

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

	As at 31 December		
(percentage)	**2010**	**2009**	**2008**
Bank borrowings	5.67	5.98	8.13
Loans from third parties	7.11	7.49	8.67
Loans from related parties	8.38	8.62	8.66
Finance lease liabilities — third parties	9.04	9.09	6.50

The Group has the following undrawn borrowing facilities:

	As at 31 December		
(in thousands of US dollars)	**2010**	**2009**	**2008**
Floating rate:			
Expiring within one year	—	—	96,587
Expiring after one year	34,113	45,044	—
Fixed rate:			
Expiring within one year	41,040	41,040	55,532
Expiring after one year	—	—	1,005
Total	**75,153**	**86,084**	**153,124**

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

V.E.O.S. has signed a rental agreement for 30 years (with maturity in the beginning of 2033) for renting tank reservoirs and related infrastructure. This agreement is accounted for as a finance lease because the rental period covers the major part of the useful life of the rented assets. The rental agreement is carried in the balance sheet at the present value of minimum rental payments. The fixed rental payment is paid once a quarter. The lease agreement contains various restrictions related to the sub-rent and use of the rented land and assets.

The bank loans and overdrafts are secured as follows:

- by the pledge on the property, plant and equipment with carrying amount as at 31 December 2010 of US$194,531 thousand (31 December 2009: US$276,829 thousand; 31 December 2008: US$242,856 thousand) (see Note 15); and
- the bank loan given to a group entity in Russian ports segment is secured also by the pledge on shares of that group entity.

The bank loan agreements 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 by the end of each reporting period.

26. Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

(In thousands of US dollars)	As at 31 December		
	2010	2009	2008
Deferred tax assets:			
Deferred tax asset to be recovered after more than 12 months	—	—	29
Deferred tax liabilities:			
Deferred tax liability to be recovered after more than 12 months	(100,829)	(102,737)	(106,954)
Deferred tax liabilities (net)	**(100,829)**	**(102,737)**	**(106,925)**

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

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
At the beginning of the year	**(102,737)**	**(106,925)**	**(133,076)**
Income statement charge (Note 10):			
Deferred tax charge	272	2,365	(5,278)
Change in applicable tax rates	—	—	22,905
Disposal of loss generating unit in Finnish operations	—	31	—
Acquisition of subsidiaries and joint ventures	—	—	(15,163)
Currency translation differences	1,061	1,304	23,001
Charged directly to equity:			
Deferred tax charge related to guarantee issued to the parent (Note 35(k))	575	488	—
Change in applicable tax rates	—	—	686
At the end of the year	**(100,829)**	**(102,737)**	**(106,925)**

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	Other assets	Other liabilities	Total
At 1 January 2008	**(118,062)**	**(1,197)**	**(15,386)**	**(43)**	**1,472**	**140**	**(133,076)**
Income statement (Note 10)	27,101	(12,729)	4,377	(11)	(1,143)	32	17,627
Charged directly to equity	750	—	—	(19)	(50)	5	686
Acquisition of subsidiaries and joint ventures	(13,121)	—	(1,991)	(15)	(49)	13	(15,163)
Translation differences	18,719	2,151	2,144	6	(3)	(16)	23,001
At 31 December 2008	**(84,613)**	**(11,775)**	**(10,856)**	**(82)**	**227**	**174**	**(106,925)**
Income statement (Note 10)	(2,663)	4,762	1,194	(97)	(142)	(689)	2,365
Charged directly to equity	—		—	—	—	488	488
Disposal of loss-generating unit in Finnish operations	—	—	—	21	—	10	31
Translation differences	2,784	(2,436)	366	(4)	581	13	1,304
At 31 December 2009	**(84,492)**	**(9,449)**	**(9,296)**	**(162)**	**666**	**(4)**	**(102,737)**
Income statement (Note 10)	482	(999)	1,223	21	119	(574)	272
Charged directly to equity	—	—	—	—	—	575	575
Translation differences	(396)	431	212	2	(78)	890	1,060
At 31 December 2010	**(84,406)**	**(10,017)**	**(7,861)**	**(139)**	**707**	**887**	**(100,829)**

Deferred income tax liabilities of US$58,540 thousand (2009: US$35,726 thousand; 2008: US$18,437 thousand) have not been recognised for the withholding taxes that would be payable on the unremitted earnings of certain subsidiaries. It is the current intention of the management of the Group that such amounts are reinvested. Unremitted earnings totalled US$278,761 thousand as at 31 December 2010 (2009: US$170,124 thousand; 2008: US$87,795 thousand).

27. Provisions for other liabilities and charges

The provisions for the liabilities and charges represent provisions for certain legal claims brought against the Group and probable tax risks. The provision charge is recognised in profit or loss within "administrative, selling and marketing expenses".

(In thousands of US dollars)	At 31 December 2010	2009	2008
Opening net book amount	**2,495**	**4,351**	**6,013**
Additional provisions	—	—	2,487
Acquisition of subsidiaries and joint ventures	—	—	1,708
Unused amounts reversed	(1,220)	(1,939)	(5,844)
Exchange differences	(15)	83	(13)
Closing net book amount	**1,260**	**2,495**	**4,351**

Analysis of total provisions by ageing:

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Current	1,260	778	4,351
Non-current	—	1,717	—
Total	**1,260**	**2,495**	**4,351**

28. Trade and other payables

(In thousands of US dollars)	As at 31 December		
	2010	2009	2008
Trade payables — third parties	8,281	8,799	12,061
Trade payables — related parties (Note 35 (f))	126	30	33
Payables for property, plant and equipment	1,215	2,322	4,580
Other payables — third parties	6,685	6,062	11,419
Other payables — related parties (Note 35 (f))	—	535	672
Payroll payable	5,017	4,120	3,618
Accrued expenses and deferred gains	3,094	3,879	4,283
Advances received	18,342	11,635	8,492
Taxes payable (other than income tax)	7,846	6,428	3,388
Total trade and other payables	**50,606**	**43,810**	**48,546**
Less non-current portion:			
Accrued expenses and deferred gains	(788)	(1,019)	—
Other payables — third parties	(500)	—	—
Total non-current portion	**(1,288)**	**(1,019)**	**—**
Current portion	**49,318**	**42,791**	**48,546**

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

29. Common control transactions

(a) Establishment of Group

The Group has been created following a restructuring of TIHL in June 2008. The results, assets and liabilities of these companies are included in these consolidated financial statements from the date of their acquisition by TIHL using the predecessor basis of accounting.

Upon restructuring the difference between the share capital issued and the cash consideration paid to TIHL for the acquisition of the subsidiaries and joint ventures as part of the restructuring were as follows:

(In thousands of US dollars)	
Proceeds from issuance of ordinary shares (Note 23)	404,920
Less:	
Cash consideration paid for the acquisition of entities under common control	(394,800)
Difference adjusted in equity (Note 24)	**10,120**

(b) Business combinations acquired/disposed by shareholder before restructuring

(i) Transactions in 2008

Joint venture arrangement with Koninklijke Vopak N.V.

In April 2008, TIHL entered into a joint venture arrangement with affiliates of Koninklijke Vopak N.V. (“Royal Vopak”) (a global market leader in handling of liquid oil products, chemicals, vegetable oils and liquified gases). Based on this arrangement:

- AS E.O.S. (renamed thereafter as AS V.E.O.S.) became a joint venture entity of TIHL and Royal Vopak.
- Royal Vopak contributed to AS V.E.O.S. the entire share capital of Dipping OÜ, and in return AS V.E.O.S. issued new shares to Royal Vopak equivalent to 25% of the share capital of AS V.E.O.S. after such issuance. At the final stage the effective interest in Dipping OU became 75%. Dipping OÜ is the 100% shareholder of AS Pakterminal, the third largest oil terminal in Estonia.

- TIHL granted a call option to Royal Vopak to acquire additional AS V.E.O.S. shares. Under the terms of the option, Royal Vopak had the right to request TIHL to sell and transfer as many shares so that Royal Vopak increases its shareholding in AS V.E.O.S. up to a 75% stake. Under any economic interest AS V.E.O.S. will be managed as a joint venture. The call option's expiry date was on 30 August 2008.
- Upon the contribution of Dipping OU to the joint venture entity, Royal Vopak exercised part of the call option and acquired an additional 10% shareholding in AS V.E.O.S. The price paid for exercising the call option for the 10% shareholding amounted to US$31,696 thousand.
- In July 2008, Royal Vopak exercised the remaining call option acquired an additional stake of 15% in AS V.E.O.S (Note 30(b)).

Upon TIHL's restructuring in June 2008, GPI became a party to the above joint venture arrangement and assumed TIHL's participation in the agreement.

The above arrangement has been reflected as follows in these consolidated financial statements:

Acquisition of 75% effective interest in Dipping OÜ

Details of net assets acquired and goodwill are as follows:

(In thousands of US dollars)	
Consideration paid:	
Fair value of the proportionate interest obtained in the acquiree	44,118
Costs directly attributable to the acquisition	2,525
Total	**46,643**
Less:	
Fair value of net assets acquired (effective interest 75%)	(30,381)
Goodwill	**16,262**

The goodwill is attributable to the V.E.O.S. CGU and has arisen mainly due to the workforce of the business acquired and the synergies expected from the combined operations of AS V.E.O.S. and AS Pakterminal.

For the purposes of calculating the gain/(loss) on disposal of 25% of AS V.E.O.S., the Group has determined the consideration receivable by reference to the proportional interest in the fair value of the acquiree. The fair value of the acquiree was determined on the basis of a business valuation of Dipping OU which was performed using projections of discounted operating cashflows. The main assumptions used in this valuation were a discount rate of 11.3% and a growth rate at terminal value of 2%.

The assets and liabilities as of 30 April 2008 arising from this acquisition were as follows:

(In thousands of US dollars)	Fair value	Acquiree's carrying amount
Property, plant and equipment	74,297	50,233
Intangible assets	11,980	7,306
Trade and other receivables	3,406	3,406
Cash and cash equivalents	8,047	8,047
Borrowings	(54,347)	(54,347)
Trade and other payables	(2,875)	(2,875)
Net assets	**40,508**	**11,770**
Net assets acquired (effective interest 75%)	**30,381**	
Impact on consolidated cash-flow statement:		
Cash and cash equivalents in joint venture acquired (75%)		6,035
Cash inflow on acquisition		**6,035**

The acquired business contributed revenues of US$2,163 thousand and net profit of US$2,841 thousand to the Group for the period from acquisition to 31 December 2008. If the acquisition had occurred on 1 January 2008, consolidated revenue and consolidated profit for the year ended 31 December 2008 would have been US$8,041 thousand and US$2,864 thousand respectively.

Disposal of 25% and proportionate consolidation of AS V.E.O.S.

The loss on disposal of 25% of AS V.E.O.S. was recorded in 'other gains/(losses) — net':

(In thousands of US dollars)	
Consideration received:	
Fair value of the proportionate interest in the acquiree	44,118
Fair value of option as at the date of grant	(21,073)
Total	**23,045**
Book value of 25% of AS V.E.O.S	(45,068)
Costs directly attributable to the disposal	(2,525)
Loss on disposal	**(24,548)**

The share of net assets attributable to the 25% disposed is as follows:

(In thousands of US dollars)	
Property, plant and equipment	50,298
Goodwill	23,486
Intangible assets	6,485
Trade and other receivables	3,620
Cash and cash equivalents	2,184
Borrowings — non current	(36,039)
Trade and other payables	(2,852)
Borrowings — current	(2,114)
Share of net assets disposed	**45,068**
Impact on consolidated cash-flow statement:	
Cash and cash equivalents disposed	(2,184)
Cash outflow on disposal	**(2,184)**

After the exchange of shares, the Group ceased consolidating AS V.E.O.S as a subsidiary and started accounting for it as a joint venture using the proportionate consolidation method.

Exercise of option by Royal Vopak for the acquisition of additional 10% stake in AS V.E.O.S.

In May 2008, following the exercise of the option granted by TIHL to Royal Vopak, Royal Vopak acquired from TIHL additional 10% shares in AS V.E.O.S. for US$31,696 thousand.

The details of the transaction are as follows:

(In thousands of US dollars)	
Consideration received:	
Cash	31,696
Fair value of the option released due to the exercise for the acquisition of 10% interest	4,215
Total	**35,911**
Less:	
Share of net assets disposed	(26,523)
Profit on disposal	**9,388**

The Group's share in the net assets disposed were as follows:

(In thousands of US dollars)	
Property, plant and equipment	27,549
Goodwill	11,562
Intangible assets	3,793
Trade and other receivables	1,788
Cash and cash equivalents	1,678
Borrowings	(18,416)
Trade and other payables	(1,431)
Net assets disposed	**26,523**
Consideration received	31,696
Cash and cash equivalents in subsidiary disposed	(1,678)
Cash inflow on disposal	**30,018**

(c) Transactions with non-controlling interest before restructuring

(i) Disposal of 3.14% of OAO Petrolesport

In January 2008 the persons who obtained the call options on OAO Petrolesport shares in 2007 have exercised them. The exercise of the call options was accounted for as sale of OAO Petrolesport share to non-controlling interests. The details of transactions were as follows:

(In thousands of US dollars)	
Consideration received	6,415
Less:	
Share of net assets disposed	(7,198)
Loss on disposal	**(783)**

The consideration was received by one of the intermediary holding companies.

(ii) Acquisition of non-controlling interests in AS V.E.O.S.

In April 2008, before the deal with Royal Vopak (Note 29 (b) (i)), TIHL acquired the remaining 18.4% of AS V.E.O.S. The transaction has been paid by cash.

(In thousands of US dollars)	
Consideration paid	47,962
Less:	
Carrying amount of non-controlling interest acquired	(15,884)
Goodwill	**32,078**

The purchase consideration was paid by one of the intermediary holding companies. The goodwill has arisen mainly due to the workforce of the acquired businesses and the increase of the Group's participation and influence in the business.

The effect in the statement of changes in equity of the above transactions is as follows:

(In thousands of US dollars)	Note 29 (c)	Non-controlling interest	Total
At 31 December 2008			
Disposal of 3.14% of OAO Petrolesport	(i)	7,198	7,198
Acquisition of 18.4% of AS V.E.O.S.	(ii)	(15,884)	(15,884)
Total		**(8,686)**	**(8,686)**

(d) Capital contribution by shareholder

In May 2008 TIHL contributed Container-Depot Ltd Oy and Multi-Link Terminals Limited for US$93,000 thousand. In addition, during 2008 TIHL contributed US$8,300 thousand in cash.

30. Acquisitions/disposals of interests in joint ventures after restructuring

(a) Acquisition of additional 25% stake in Container-Depot Ltd Oy (CD) and Multi-Link Terminals Limited (MLT)

In August 2008 the Group signed an agreement for the acquisition of an additional 25% stake in CD and MLT groups (comprising of entities in Finnish ports segment and MD and YLP in Russian ports segment, see Note 5). As a result the shareholding of the Group in CD and MLT groups increased to 75%. The other shareholder owns the remaining 25%. The main terms of the agreement are as follows:

– The Group acquires an additional 25% ownership interest in CD and MLT groups for US$58,882 thousand;

– The Group has an option to acquire the remaining 25% of the share capital of CD and MLT groups. The option may be exercised by the Group between 1 January 2012 and 31 December 2018; and

CD and MLT groups will be operated as a joint venture and developed jointly by the two shareholders.

Details of net assets acquired and goodwill are as follows:

(In thousands of US dollars)	CD	MLT	Total
Purchase price paid on acquisition	23,255	37,512	60,767
Less:			
Fair value of net assets acquired	(15,563)	(15,298)	(30,861)
Goodwill	**7,692**	**22,214**	**29,906**

The cash outflow arising from the acquisitions are as follows:

(In thousands of US dollars)	CD	MLT	Total
Purchase consideration	23,255	37,512	60,767
Cash and cash equivalents in joint venture acquired	(533)	(874)	(1,407)
Cash outflow on acquisition	**22,722**	**36,638**	**59,360**

The assets and liabilities arising from the acquisition are as follows:

	CD		MLT		
(In thousands of US dollars)	Fair value of net assets acquired	Carrying amount	Fair value of net assets acquired	Carrying amount	Total fair value attributable to the Group
Property, plant and equipment	113,402	73,402	96,764	90,938	52,541
Intangible assets	74	74	25,993	17,961	6,517
Other non-current assets	7,660	7,660	651	651	2,078
Trade and other receivables	10,666	10,666	18,949	18,949	7,404
Cash and cash equivalents	2,130	2,130	3,496	3,496	1,407
Other current assets	691	691	767	767	365
Long-term borrowings	(24,087)	(24,087)	(49,832)	(49,832)	(18,480)
Deferred tax	(17,627)	(8,049)	(13,602)	(8,470)	(7,807)
Trade and other payables	(10,238)	(10,238)	(9,921)	(9,921)	(5,040)
Short-term borrowings	(20,181)	(20,181)	(4,338)	(4,338)	(6,130)
Other liabilities	(239)	(239)	(7,737)	(7,737)	(1,994)
Net assets acquired	**62,251**	**31,829**	**61,190**	**52,464**	**30,861**

The goodwill arising on the acquisition of CD group is attributable to YLP CGU — US$2,692 thousand — and CD Oy CGU — US$5,000 thousand. The goodwill arising on the acquisition of MLT group is attributable to MD CGU — US$17,214 thousand — and MLT Oy CGU — US$5,000 thousand. The goodwill has arisen mainly due to the workforce of the acquired businesses and the increase of the Group's participation and influence in the business located in regions that is of strategic importance to the Group.

The increase in the fair value of the property, plant and equipment and intangible assets, net of deferred tax attributable to the percentage previously proportionately consolidated, amounting to US$20,268 thousand, has been credited to the fair value reserve.

The acquired businesses contributed additional revenues of US$5,668 thousand and net loss of US$480 thousand to the Group for the period from acquisition to 31 December 2008. If the acquisition had occurred on 1 January 2008, consolidated revenue and consolidated profit for the year ended 31 December 2008 would have increased by US$16,970 thousand and US$112 thousand respectively.

(b) Disposal of 15% in AS V.E.O.S.

Further to joint venture agreement described in Note 29 (b) in July 2008 Royal Vopak exercised part of its call option and increased its stake in AS V.E.O.S. by 15% to 50%.

The details of this transaction were as follows:

(In thousands of US dollars)	
Consideration received:	
Cash	47,058
Fair value of option released due to exercise for the acquisition of 15% interest	4,166
Total	**51,224**
Less:	
Share of net assets disposed	(38,552)
Profit on disposal	**12,672**
Property, plant and equipment	43,452
Goodwill	17,664
Intangible assets	5,726
Trade and other receivables	2,562
Cash and cash equivalents	2,024
Borrowings	(31,251)
Trade and other payables	(1,625)
Share of net assets disposed	**38,552**
Consideration received	47,058
Cash and cash equivalents in subsidiary disposed	(2,024)
Cash inflow on disposal	**45,034**

Upon exercise of the part of the call option above, Royal Vopak waived its rights to the remaining of the call option which would allow Royal Vopak to acquire an additional 25% stake in AS V.E.O.S. The fair value gain on the call option waived was US$12,692 thousand was recognised in 2008 under 'other gains — net'.

31. Transactions with non-controlling interest after restructuring

Buy-out of non-controlling interests in OAO Petrolesport

In November 2008 the Group acquired from TIHL 15% of the share capital of OAO Petrolesport increasing its participation to 100%. The details of these transactions were as follows:

(In thousands of US dollars)	
Total consideration paid	49,909
Less:	
Carrying amount of non-controlling interest acquired	(40,626)
Goodwill	**9,283**

The goodwill has arisen mainly due to the workforce of the acquired businesses and the increase of the Group's participation and influence in the business.

32. Joint ventures

(i) Container-Depot Limited Oy (CD)/Multi-Link Terminals Limited (MLT)

The following amounts represent the Group's 75% share of the assets and liabilities, sales and results for the joint ventures of CD and MLT groups (comprising of entities in Finnish ports segment and MD and YLP in Russian ports segment, see Note 5). They are included in the balance sheet and the income statement:

	As at 31 December		
(In thousands of US dollars)	2010	2009	2008
Assets			
Non-current assets	180,819	176,845	215,857
Current assets	17,298	19,482	24,372
Total assets	**198,117**	**196,327**	**240,229**
Liabilities			
Non-current liabilities	110,534	105,292	89,610
Current liabilities	33,252	30,085	28,796
Total liabilities	**143,786**	**135,377**	**118,406**
Net assets	**54,331**	**60,950**	**121,823**
Income	36,318	32,358	37,870
Expenses	(41,971)	(38,256)	(67,293)
Loss after income tax	**(5,653)**	**(5,898)**	**(29,423)**
Proportionate interest in joint venture's commitments	**1,822**	**4,177**	**19,030**

(ii) AS V.E.O.S.

The following amounts represent the Group's 50% share of the assets and liabilities, sales and results for the joint venture. They are included in the balance sheet and the income statement:

(In thousands of US dollars)	As at 31 December 2010	2009	2008
Assets			
Non-current assets	163,282	174,819	198,266
Current assets	29,720	8,072	7,851
Total assets	**193,002**	**182,891**	**206,117**
Liabilities			
Non-current liabilities	3,480	32,913	89,162
Current liabilities	11,184	16,793	12,671
Total liabilities	**14,664**	**49,706**	**101,833**
Net assets	**178,338**	**133,185**	**104,284**
Income	133,024	111,341	57,866
Expenses	(78,706)	(70,137)	(57,796)
Profit after income tax	**54,318**	**41,204**	**70**
Proportionate interest in joint venture's commitments	**662**	**916**	**680**

33. Contingencies

Operating environment of the Group

The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates. The recent global financial crisis has had a severe effect on the Russian economy and the financial situation in the Russian financial and corporate sectors significantly deteriorated since mid-2008. In 2010, the Russian economy experienced a moderate recovery of economic growth. The recovery was accompanied by a gradual increase of household incomes, lower refinancing rates, stabilisation of the exchange rate of the Russian Rouble against major foreign currencies, and increased liquidity levels in the banking sector.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management determines whether any impairment provisions are necessary by considering the economic situation and outlook at the end of balance sheet date (Note 4). Provisions for trade receivables are determined using the 'incurred loss' model required by the applicable accounting standards.

These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

Tax legislation in Russia

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This includes them following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

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

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

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

Russian tax legislation does not provide definitive guidance in certain areas. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

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 2010, 2009 and 2008 management believes that no additional tax liability has to be accrued in the financial statements

Insurance policies

The Group holds insurance policies in relation to its loading machinery and facilities and in respect of public third party liability. The Group does not have full insurance for business interruption or third party liability in respect of environmental damage except for AS V.E.O.S.

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 cleanup 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.

Guarantees to Parent company

During 2010 PLP prolonged the corporate guarantee that was granted in 2009, covering the non-performance by Transportation Investments Holding Limited in respect to its borrowings (Note 35 (k)).

In 2007 a company in 'Russian ports' segment granted a corporate guarantee, covering the non-performance by Transportation Investments Holding Limited in respect of its borrowings (Note 35 (l)). The guarantee was cancelled in August 2008.

34. 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)	**2010**	**2009**	**2008**
Property, plant and equipment	8,406	12,320	29,385
Total	**8,406**	**12,320**	**29,385**

Operating lease commitments — Group as lessee

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)	**2010**	**2009**	**2008**
Not later than 1 year	1,163	1,145	1,130
Later than 1 year and not later than 5 years	3,534	3,484	4,631
Later than 5 years	10,403	11,021	9,331
Total	**15,100**	**15,650**	**15,092**

35. Related party transactions

The Group is controlled by Transportation Investments Holding Limited incorporated in Cyprus, which owns 90% of the Company's shares (2009: 90%; 2008: 100%). The ultimate controlling party of the Group is Mirbay International Inc., a company incorporated in Bahamas.

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

	For the year ended 31 December		
(In thousands of US dollars)	2010	2009	2008
Companies under common control	3	—	4,173

(b) Profit from sale of property, plant and equipment

	For the year ended 31 December		
(In thousands of US dollars)	2010	2009	2008
Companies under common control	43	—	—

(c) Purchase of property, plant and equipment

	For the year ended 31 December		
(In thousands of US dollars)	2010	2009	2008
Companies under common control	1,185	—	—

(d) Purchases of services

	For the year ended 31 December		
(In thousands of US dollars)	2010	2009	2008
Companies under common control	1,099	234	7,807
Other related parties	758	966	—
Total	**1,857**	**1,200**	**7,807**

(e) Interest income and expenses

	For the year ended 31 December		
(In thousands of US dollars)	2010	2009	2008
Interest income:			
Parent company	—	78	141
Common ownership companies	376	509	293
Total	**376**	**587**	**434**
Interest expense:			
Parent company	4,088	7,302	8,580
Total	**4,088**	**7,302**	**8,580**

(f) Trade and other payables

(In thousands of US dollars)	As at 31 December		
	2010	2009	2008
Common ownership companies	—	410	705
Companies under common control	31	155	—
Other related parties	95	—	—
Total	**126**	**565**	**705**

(g) Trade and other receivables

(In thousands of US dollars)	As at 31 December		
	2010	2009	2008
Companies under common control	—	—	82
Total	**—**	**—**	**82**

(h) Key management compensation/directors' remuneration

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
Key management compensation:			
Salaries, payroll taxes and other short term employee benefits	3,671	2,741	3,332
Directors' remuneration:			
Salaries, payroll taxes and other short term employee benefits	1,122	749	170

(i) Loans to related parties

The details of loans provided to common ownership companies are presented below (see also Note 20):

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
At the beginning of the year	**5,550**	**14,503**	**—**
Loans advanced during the year	769	242	20,407
Interest charged	376	509	293
Loan and interest repaid during the year	—	(9,850)	(2,147)
Eliminated when becoming a joint venture	—	—	(3,609)
Foreign exchange differences	(197)	146	(441)
At the end of the year (Note 20)	**6,498**	**5,550**	**14,503**

The loans are not secured, bear interest at 3.8–8.1% (2009: 3.8–8.1%; 2008: 3.8–10%) and are repayable between 2011 and 2018.

The details of loans provided to the parent company by various group entities are presented below:

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
At the beginning of the year	**—**	**5,241**	**—**
Loans advanced during the year	—	—	5,100
Interest charged	—	78	141
Loan and interest repaid during the year	—	(5,319)	—
At the end of the year (Note 20)	**—**	**—**	**5,241**

The loan with 4% interest was repaid in 2009.

(j) Loans from related parties

The details of loans received from TIHL by various group entities are presented below:

(In thousands of US dollars)	For the year ended 31 December		
	2010	2009	2008
At the beginning of the year	**48,451**	**155,016**	**90,525**
Loans received during the year	249	43,460	182,504
Loan and interest repaid during the year	(8,220)	(157,574)	(81,629)
Interest charged	4,088	7,302	8,580
Eliminated when becoming a joint venture	—	—	(42,749)
Foreign exchange differences	(276)	247	(2,215)
At the end of the year (Note 24)	**44,292**	**48,451**	**155,016**

The loans were provided at interest rates of 7–10% (2009: 7.8–10%; 2008: 6.6–10%) with repayment dates during 2011–2018.

(k) Guarantees and pledges in favour of TIHL issued in 2009

During 2009 PLP granted a corporate guarantee covering the non-performance by TIHL in respect of a bank loan with a balance US$45 million on 31 December 2009, and US$40 million on 31 December 2010. The guarantee was provided free of charge and was valid for 18 months. The fair value of the guarantee on initial recognition was US$1,950 thousand. As at 31 December 2009 the unamortised balance of the guarantee was US$1,354 thousand.

In April 2010 the guarantee was prolonged for a further period of two years. The prolongation of the guarantee was recognised at an estimated fair value of US$3,000 thousand (deferred tax — US$600 thousand; net of deferred tax — US$2,400 thousand), through retained earnings in equity as it is a transaction with the shareholders. The fair value of the guarantee is amortised through the income statement (2010: US$2,335 thousand; 2009: US$1,056 thousand) (deferred tax effect — 2010: US$467 thousand; 2009: US$211 thousand). As at 31 December 2010 the unamortised balance of the guarantee is US$2,000 thousand. The liability is measured at the higher of (a) the probability to incur the expenditure required to settle the obligation, and (b) the amount initially recognized less cumulative amortisation.

(l) Guarantees and pledges in favour of TIHL issued in 2007

In 2007 a group entity in "Russian ports" segment granted a corporate guarantee, covering the non-performance by Transportation Investments Holding Limited in respect of bonds for the amount of US$175,000 thousand. Guarantee was provided free of charge and was valid for 3 years. These bonds were also secured by the pledge of 100% of the shares of that group entity and 80% of the shares of another group entity in Russian ports segment. The guarantees were recognised at an estimated fair value US$6,449 thousand, through retained earnings in equity as it is a transaction with the shareholders in their capacity as shareholders. The fair value of the guarantee was amortised through the income statement. These guarantees were cancelled in August 2008. The guarantee's remaining balance was released through the income statement (Note 7).

36. Events after the balance sheet date

There were no material events after the balance sheet date which have a bearing on the understanding of the financial statements.

Independent Auditors' report is on pages F-5 and F-6.

Global Ports Investments Plc

Interim condensed consolidated financial information (unaudited)
for the three month period ended 31 March 2011

Global Ports Investments Plc

TABLE OF CONTENTS

Interim condensed consolidated income statement F-87

Interim condensed consolidated statement of comprehensive income F-88

Interim condensed consolidated balance sheet F-89

Interim condensed consolidated statement of cash flows F-90

Interim condensed consolidated statement of changes in equity F-91

Notes to the interim condensed consolidated financial information

1. General information F-92
2. Basis of preparation F-92
3. Accounting policies F-92
4. Estimates F-93
5. Seasonality of operations F-93
6. Segmental information F-93
7. Expenses by nature F-102
8. Finance (costs)/income — net F-103
9. Income tax F-103
10. Property, plant and equipment and intangible assets F-104
11. Trade and other receivables F-105
12. Share capital, share premium and dividends F-105
13. Borrowings F-106
14. Trade and other payables F-107
15. Provisions for other liabilities F-108
16. Earnings per share F-108
17. Related party transactions F-108
18. Contingencies and commitments F-111
19. Events occurring after the balance sheet date F-111

Independent Auditor's Review Report F-112

Global Ports Investments Plc

Interim condensed consolidated income statement

(In thousands of US dollars)	Note	Three month period ended 31 March 2011	2010
Revenue	6	122,892	76,438
Cost of sales	7	(60,510)	(49,963)
Gross profit		**62,382**	**26,475**
Administrative, selling and marketing expenses	7	(9,779)	(7,208)
Other (losses)/gains — net	6	(148)	693
Operating profit		**52,455**	**19,960**
Finance (costs)/income — net	8	2,869	2,055
Profit before income tax		**55,324**	**22,015**
Income tax expense	9	(21,892)	(3,452)
Profit for the period		**33,432**	**18,563**
Profit attributable to:			
Owners of the Company		30,567	17,435
Non-controlling interest		2,865	1,128
		33,432	**18,563**
		(US$ per share)	**(US$ per share)**
Basic and diluted earnings per share for profit attributable to the owners of the parent of the Company during the period	16	**0.068**	**0.039**

The notes on pages F-92 to F-111 are an integral part of these interim condensed consolidated financial information.

Global Ports Investments Plc

Interim condensed consolidated statement of comprehensive income

(In thousands of US dollars)	Three month period ended 31 March	
	2011	2010
Profit for the period	**33,432**	**18,563**
Other comprehensive income		
Currency translation differences	61,345	9,655
Other comprehensive income for the period, net of tax	**61,345**	**9,655**
Total comprehensive income for the period	**94,777**	**28,218**
Total comprehensive income for the period attributable to:		
Owners of the parent	90,433	23,831
Non-controlling interest	4,344	4,387
	94,777	**28,218**

The notes on pages F-92 to F-111 are an integral part of these interim condensed consolidated financial information.

Global Ports Investments Plc

Interim condensed consolidated balance sheet

(In thousands of US dollars)	Note	As at 31 March 2011	As at 31 December 2010
ASSETS			
Non-current assets		**1,186,446**	**1,073,931**
Property, plant and equipment	10	946,001	886,691
Intangible assets	10	181,752	171,791
Prepayments for property, plant and equipment		19,276	9,693
Trade and other receivables	11	39,417	5,756
Current assets		**159,950**	**124,094**
Inventories		7,078	6,272
Trade and other receivables	11	61,121	50,876
Income tax receivable		595	218
Bank deposits with maturity over 90 days		—	19,373
Cash and cash equivalents		91,156	47,355
TOTAL ASSETS		**1,346,396**	**1,198,025**
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent		**906,898**	**816,465**
Share capital	12	45,000	45,000
Share premium	12	359,920	359,920
Capital contribution		101,300	101,300
Translation reserve		(63,504)	(123,370)
Retained earnings		464,182	433,615
Non-controlling interest		**21,728**	**20,884**
TOTAL EQUITY		**928,626**	**837,349**
Non-current liabilities		**322,443**	**272,685**
Borrowings	13	201,447	170,568
Deferred tax liabilities		120,075	100,829
Trade and other payables	14	921	1,288
Current liabilities		**95,327**	**87,991**
Borrowings	13	39,798	36,091
Trade and other payables	14	53,138	49,318
Current income tax liabilities		1,310	1,322
Provisions for other liabilities and charges	15	1,081	1,260
Total liabilities		**417,770**	**360,676**
TOTAL EQUITY AND LIABILITIES		**1,346,396**	**1,198,025**

The notes on pages F-92 to F-111 are an integral part of these interim condensed consolidated financial information.

Global Ports Investments Plc

Interim condensed consolidated statement of cash flows

(In thousands of US dollars)	Note	Three month period ended 31 March 2011	2010
Cash flows from operating activities			
Cash generated from operations		56,460	27,149
Tax paid		(8,854)	(2,290)
Net cash from operating activities		**47,606**	**24,859**
Cash flows from investing activities			
Purchases of intangible assets		(65)	(8)
Purchases of property, plant and equipment	6	(15,984)	(6,105)
Proceeds from sale of property, plant and equipment		22	163
Loans granted to related parties	17(g)	(857)	—
Loan and interest repayments received from related parties	17(g)	6,855	—
Interest received from third parties (incl. bank current accounts and deposits)		118	149
Cash from bank deposits with maturity over 90 days		19,590	—
Net cash from (used in) investing activities		**9,679**	**(5,801)**
Cash flows from financing activities			
Proceeds from borrowings	13	9,802	2,159
Repayments of borrowings	13	(18,250)	(12,108)
Finance lease principal payments (third parties)	13	(1,489)	(2,817)
Interest paid	13	(3,191)	(3,310)
Dividends paid to non-controlling interests	12	(3,050)	(600)
Net cash used in financing activities		**(16,178)**	**(16,676)**
Net increase in cash and cash equivalents		**41,107**	**2,382**
Cash and cash equivalents at beginning of the period		47,355	44,093
Exchange gains on cash and cash equivalents		2,694	737
Cash and cash equivalents at end of the period		**91,156**	**47,212**

The notes on pages F-92 to F-111 are an integral part of these interim condensed consolidated financial information.

Global Ports Investments Plc

Interim condensed consolidated statement of changes in equity

(In thousands of US dollars)	Note	Attributable to owners of the Company						Non-controlling interest	Total
		Share capital	Share premium	Capital contribution	Translation reserve	Retained earnings	Total		
Balance at 1 January 2011		**45,000**	**359,920**	**101,300**	**(123,370)**	**433,615**	**816,465**	**20,884**	**837,349**
Currency translation differences		—	—	—	59,866	—	59,866	1,479	61,345
Total other comprehensive income		**—**	**—**	**—**	**59,866**	**—**	**59,866**	**1,479**	**61,345**
Profit for the period		—	—	—	—	30,567	30,567	2,865	33,432
Total comprehensive income for the period ended 31 March 2011		**—**	**—**	**—**	**59,866**	**30,567**	**90,433**	**4,344**	**94,777**
Distributions to non-controlling interests	12	—	—	—	—	—	—	(3,500)	(3,500)
Total transactions with owners		**—**	**—**	**—**	**—**	**—**	**—**	**(3,500)**	**(3,500)**
Balance at 31 March 2011		**45,000**	**359,920**	**101,300**	**(63,504)**	**464,182**	**906,898**	**21,728**	**928,626**
Balance at 1 January 2010		**45,000**	**359,920**	**101,300**	**(108,071)**	**366,625**	**764,774**	**20,071**	**784,845**
Currency translation differences		—	—	—	6,396	—	6,396	3,259	9,655
Total other comprehensive income		**—**	**—**	**—**	**6,396**	**—**	**6,396**	**3,259**	**9,655**
Profit for the period		—	—	—	—	17,435	17,435	1,128	18,563
Total comprehensive income for the period ended 31 March 2010		**—**	**—**	**—**	**6,396**	**17,435**	**23,831**	**4,387**	**28,218**
Distributions to non-controlling interests	12	—	—	—	—	—	—	(1,500)	(1,500)
Total transactions with owners		**—**	**—**	**—**	**—**	**—**	**—**	**(1,500)**	**(1,500)**
Balance at 31 March 2010		**45,000**	**359,920**	**101,300**	**(101,675)**	**384,060**	**788,605**	**22,958**	**811,563**

The notes on pages F-92 to F-111 are an integral part of these interim condensed consolidated financial information.

Global Ports Investments Plc

Notes to the interim condensed consolidated financial information

1. General information

Country of incorporation

Global Ports Investments Plc (hereinafter the "Company") was incorporated and domiciled in Cyprus on 29 February 2008 as a private limited liability company 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.

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.

Approval of the interim condensed consolidated financial information

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 30 May 2011.

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

2. Basis of preparation

This interim condensed consolidated financial information for the three month period ended 31 March 2011 has been prepared in accordance with IFRS as adopted by the European Union (EU) applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). The interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010 which have been prepared in accordance with IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

3. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as described below. Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings for each material tax jurisdiction and applied individually to the interim period pre-tax income of the relevant jurisdiction. Adjustments due to changes in estimates of prior year taxes are not taken into account in the calculation of the estimated average annual tax rate but are charged in full in the interim period which it becomes probable that such adjustment is needed.

The following accounting pronouncements have been issued but were not yet effective and were not early adopted by the group.

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group does not expect any significant effect on the financial statements arising from the adoption of IFRS 9.

IFRS 10 'Consolidation', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' provide for the following:

(a) A revised definition of control for the purposes of determining which arrangements should be consolidated, including guidance on participating and protective rights;

(b) A reduction in the types of joint ventures to two: joint operations and joint ventures, and classification based on rights and obligations rather than legal structure;

(c) Elimination of the policy choice of proportional consolidation for joint ventures;

(d) Introduction for new requirements to disclose significant judgements and assumptions in determining whether an entity controls, jointly control or significantly influences its interests in other entities.

The standards are not applicable until January 2013, but are available for early adoption subject to endorsement by the European Union. The Group is yet to assess the impact of IFRS 10, IFRS 12, IAS 27 and IAS 28.

The Group is also yet to assess whether its current joint arrangements meet the new definition of joint ventures or are joint operations. The adoption of IFRS 11 is likely to affect the accounting policy followed by the Group for accounting its joint arrangements. A joint venture gives the Group rights to the net assets or profit of the joint arrangement. A joint operation gives the Group direct rights to the assets and obligations for the liabilities of the joint arrangement.

Investments that meet the definition of a joint operation will be accounted for by recognising assets, liabilities, revenues and expenses according to the entity's shares in the assets, liabilities, revenues and expenses of the joint operation as determined and specified in the contractual arrangement. For investments that meet the new definition of a joint venture proportionate consolidation will no longer be applicable. Under IFRS 11 joint ventures will be accounted for using the equity method of accounting. This change would impact the presentation of joint ventures with the effect that revenues and costs in the consolidated income statement and assets and liabilities in the consolidated balance sheet would be reflected in a single line through the application of the equity method.

The adoption of IFRS 11 will not affect the layout and presentation of the segment reporting (see Note 6, Segmental information) where assets, liabilities, revenues and costs of joint ventures (as per existing standard IAS 31) are currently presented on a 100% basis.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements 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 consolidated financial statements for the year ended 31 December 2010, with the exception of the estimate of deferred tax on the undistributed profits of subsidiaries/ joint ventures (see Note 9).

5. Seasonality of operations

The demand for the Group's services and certain of its expenses tend to be seasonal. Historically, unless impacted by other factors, the Group's container throughput has been lower during the first half of each year (and in particular, the first quarter of each year) and higher in the second half of the year. This has been due primarily to higher demand for consumer goods in the months prior to the winter holiday season. In case of VEOS segment, gas consumption is normally higher in the winter period. The Group's staff costs reflect the payment of bonuses in the second half of the year.

6. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), 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. They review the Group's internal reporting in order to assess performance and allocate resources. The operating segments were determined based on these reports.

In 2011, due to the changes in the internal management reporting reviewed by the CODM and the way operations are assessed, the operating and reportable segments disclosure has changed. The VSC, PLP, YLP and MD segments previously disclosed separately are now included in the Russian ports operating segment.

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 adopted by 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 adopted by EU. For the purposes of the internal reporting, joint ventures are assessed on a full consolidation basis. There are no changes in the basis of measurement of segment profit or loss compared to prior years.

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

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

The brief description of segments is as follows:

Russian ports

The segment consists of the following operating units:

- Petrolesport OAO (PLP), Farwater ZAO 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 metal scrap.
- 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.

Finnish ports

The Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki (in port of Vuosaari), and three container depots.

VEOS

The segment consists of AS V.E.O.S. and various other entities (including an intermediate holding) that own and manage an oil products terminal in Muuga port near Tallinn, Estonia.

The 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 Investment Plc (GPI) and some intermediate holding and service companies, which do not have direct relationship to the intermediate holdings mentioned above.

Reconciliation adjustments

Reconciliation adjustments consist of two major components:

– Effect of proportionate consolidation — demonstrates the effect of proportionate consolidation of MD, YLP, Finnish ports and VEOS. In the financial statements the financial position and financial results of these segments are incorporated using the proportionate consolidation method (using respectively 75%, 75%, 75% and 50% proportion). In the current segment reporting the information is presented on the 100% basis and then the portion which is not consolidated is deducted as a "Reconciliation Adjustment".

– Other adjustments — all other consolidation adjustments including but not limited to:

  - elimination of intragroup transactions (mainly intragroup sales and dividends) and balances (mainly intragroup loans and investments in subsidiaries and joint ventures);
  - consolidation adjustments of results of sale or purchase of shares of subsidiaries;
  - other consolidation adjustments.

The Group does not have any regular transactions between segments except for transactions between MD, Finnish ports and YLP. In addition there are several one-off transactions between other segments which mainly relate to financing activities.

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

	Three month period ended 31 March	
(In thousands of US dollars)	**2011**	**2010**
Revenues related to container, bulk and other cargoes	84,429	44,264
Revenues related to oil products	38,463	32,174
Total consolidated revenue	**122,892**	**76,438**

The segment results for the three month period ended 31 March 2011 are as follows:

(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group
Sales to third parties	81,291	76,925	6,952	165,168	—	(42,276)	—	122,892
Inter-segment revenue	470	—	873	1,343	87	(336)	(1,094)	—
Total revenue	**81,761**	**76,925**	**7,825**	**166,511**	**87**	**(42,612)**	**(1,094)**	**122,892**
Cost of sales	(38,974)	(38,843)	(6,827)	(84,644)	(77)	22,970	1,241	(60,510)
Administrative, selling and marketing expenses	(6,303)	(3,854)	(482)	(10,639)	(1,565)	2,335	90	(9,779)
Other (losses)/gains — net	8	(295)	91	(196)	115,852	68	(115,872)	(148)
Operating profit	**36,492**	**33,933**	**607**	**71,032**	**114,297**	**(17,239)**	**(115,635)**	**52,455**
Finance income/(costs) — net	4,852	(141)	419	5,130	(1,146)	(972)	(143)	2,869
incl. interest income	*1,116*	*303*	*465*	*1,884*	*496*	*(160)*	*(1,774)*	*446*
incl. interest expenses	*(3,932)*	*(768)*	*(563)*	*(5,263)*	*(1,455)*	*1,255*	*1,774*	*(3,689)*
Profit before income tax	**41,344**	**33,792**	**1,026**	**76,162**	**113,151**	**(18,211)**	**(115,778)**	**55,324**
Income tax expense	(9,556)	(24,843)	(121)	(34,520)	(3)	12,631	—	(21,892)
Profit after tax	31,788	8,949	905	41,642	113,148	(5,580)	(115,778)	33,432
CAPEX* (cash basis)	15,481	2,042	135	17,658	—	(1,674)	—	15,984
CAPEX* (accrual basis)	8,533	1,981	31	10,545	—	(1,167)	—	9,378

* CAPEX is purchases of property, plant and equipment

Included within 'Other adjustments' on the line 'Other (losses)/gains — net' is the elimination of intragroup dividends.

Global Ports Investments Plc

Notes to the interim condensed consolidated financial information

The segment operating expenses for the three month period ended 31 March 2011 are as follows:

(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group
Depreciation of property, plant and equipment	10,251	4,763	845	15,859	5	(3,185)	—	12,679
Amortisation of intangible assets	1,739	583	5	2,327	—	(358)	—	1,969
Staff costs	15,546	6,612	2,701	24,859	444	(4,505)	—	20,798
Transportation expenses	2,592	18,552	798	21,942	—	(9,499)	—	12,443
Fuel, electricity and gas	3,145	8,499	385	12,029	3	(4,520)	—	7,512
Repair and maintenance of property, plant and equipment	1,771	1,059	271	3,101	1	(721)	—	2,381
Total	35,044	40,068	5,005	80,117	453	(22,788)	—	57,782
Other operating expenses	10,233	2,629	2,304	15,166	1,189	(2,517)	(1,331)	12,507
Total cost of sales, administrative, selling and marketing expenses	**45,277**	**42,697**	**7,309**	**95,283**	**1,642**	**(25,305)**	**(1,331)**	**70,289**

Global Ports Investments Plc

Notes to the interim condensed consolidated financial information

The total segment assets and liabilities as at 31 March 2011 are presented below:

						Reconciliation adjustments		
(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Property, plant and equipment (including prepayments for PPE)	874,275	254,444	24,225	1,152,944	33	(185,268)	(2,432)	965,277
Other non-current assets	183,702	81,693	39,555	304,950	654,006	(31,185)	(706,602)	221,169
Inventories	5,760	2,385	289	8,434	—	(1,356)	—	7,078
Trade and other receivables (including income tax prepayment)	55,948	13,873	10,077	79,898	7,840	(13,089)	(12,933)	61,716
Cash and cash equivalents	31,739	9,706	233	41,678	54,995	(5,600)	83	91,156
Total assets	**1,151,424**	**362,101**	**74,379**	**1,587,904**	**716,874**	**(236,498)**	**(721,884)**	**1,346,396**
Long-term borrowings	196,239	139,455	39,239	374,933	72,047	(112,165)	(133,368)	201,447
Other long-term liabilities	112,685	24,843	(258)	137,270	15	(16,273)	(16)	120,996
Trade and other payables	43,589	13,723	12,252	69,564	974	(12,524)	(4,876)	53,138
Short-term borrowings	40,597	5,263	9,998	55,858	—	(10,382)	(5,678)	39,798
Other short-term liabilities	6,029	—	1	6,030	—	(438)	(3,201)	2,391
Total liabilities	**399,139**	**183,284**	**61,232**	**643,655**	**73,036**	**(151,782)**	**(147,139)**	**417,770**
Non-controlling interests	21,728	—	—	21,728	—	—	—	21,728

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$44 thousand, US$9,763 thousand and US$566,467 thousand respectively (fully eliminated on consolidation).

Global Ports Investments Plc

Notes to the interim condensed consolidated financial information

The segment results for the three month period ended 31 March 2010 are as follows:

						Reconciliation adjustments		
(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Sales to third parties	41,192	64,349	5,397	110,938	—	(34,500)	—	76,438
Inter-segment revenue	500	—	949	1,449	—	(362)	(1,087)	—
Total revenue	**41,692**	**64,349**	**6,346**	**112,387**	**—**	**(34,862)**	**(1,087)**	**76,438**
Cost of sales	(28,737)	(36,902)	(6,948)	(72,587)	—	21,544	1,080	(49,963)
Administrative, selling and marketing expenses	(4,594)	(3,054)	(328)	(7,976)	(1,026)	1,794	—	(7,208)
Other (losses)/gains — net	1,056	(196)	102	962	4,138	(265)	(4,142)	693
Operating profit/(loss)	**9,417**	**24,197**	**(828)**	**32,786**	**3,112**	**(11,789)**	**(4,149)**	**19,960**
Finance income/(costs) — net	6,389	(3,548)	(496)	2,345	(1,298)	926	82	2,055
incl. interest income	*1,167*	*5*	*433*	*1,605*	*445*	*(111)*	*(1,692)*	*247*
incl. interest expenses	*(4,089)*	*(1,175)*	*(496)*	*(5,760)*	*(1,439)*	*1,235*	*1,692*	*(4,272)*
Profit/(loss) before income tax	**15,806**	**20,649**	**(1,324)**	**35,131**	**1,814**	**(10,863)**	**(4,067)**	**22,015**
Income tax (expense)/income	(3,805)	—	138	(3,667)	—	215	—	(3,452)
Profit/(loss) after tax	**12,001**	**20,649**	**(1,186)**	**31,464**	**1,814**	**(10,648)**	**(4,067)**	**18,563**
CAPEX* on cash basis	**5,528**	**2,334**	**15**	**7,877**	**—**	**(1,772)**	**—**	**6,105**
CAPEX* on accrual basis	**12,560**	**3,400**	**26**	**15,986**	**—**	**(1,918)**	**—**	**14,068**

* CAPEX is purchases of property, plant and equipment

Included within 'Other adjustments' on the line 'Other (losses)/gains — net' is the elimination of intragroup dividends.

Notes to the interim condensed consolidated financial information

The segment operating expenses for the three month period ended 31 March 2010 are as follows:

						Reconciliation adjustments		
(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Effect of proportionate consolidation	Other adjustments	Group
Depreciation of property, plant and equipment	9,501	4,362	1,128	14,991	4	(3,005)	—	11,990
Amortisation of intangible assets	1,732	585	2	2,319	—	(358)	—	1,961
Staff costs	10,745	6,020	2,387	19,152	356	(3,983)	—	15,525
Transportation expenses	1,395	17,843	591	19,829	—	(9,082)	—	10,747
Fuel, electricity and gas	1,757	7,670	222	9,649	2	(3,980)	—	5,671
Repair and maintenance of property, plant and equipment	1,486	1,294	261	3,041	—	(787)	—	2,254
Total	26,616	37,774	4,591	68,981	362	(21,195)	—	48,148
Other operating expenses	6,715	2,182	2,685	11,582	664	(2,143)	(1,080)	9,023
Total cost of sales, administrative, selling and marketing expenses	**33,331**	**39,956**	**7,276**	**80,563**	**1,026**	**(23,338)**	**(1,080)**	**57,171**

The total segment assets and liabilities as at 31 December 2010 are presented below:

(In thousands of US dollars)	Russian ports	VEOS	Finnish ports	Total operating segments	Holdings	Reconciliation adjustments: Effect of proportionate consolidation	Reconciliation adjustments: Other adjustments	Group
Property, plant and equipment (including prepayments for PPE)	808,628	241,811	23,588	1,074,027	37	(175,246)	(2,434)	896,384
Other non-current assets	172,117	77,333	37,208	286,658	592,619	(29,443)	(672,287)	177,547
Inventories	5,064	2,243	240	7,547	—	(1,275)	—	6,272
Trade and other receivables (including income tax prepayment and cash deposits over 90 days)	44,863	55,333	9,004	109,200	4,688	(33,191)	(10,230)	70,467
Cash and cash equivalents	39,287	1,871	1,079	42,237	8,353	(3,235)	—	47,355
Total assets	**1,069,959**	**378,591**	**71,119**	**1,519,669**	**605,697**	**(242,390)**	**(684,951)**	**1,198,025**
Long-term borrowings	189,650	12,974	36,962	239,586	74,130	(45,166)	(97,982)	170,568
Other long-term liabilities	105,899	—	(308)	105,591	—	(3,474)	—	102,117
Trade and other payables	39,586	17,124	11,204	67,914	585	(13,968)	(5,213)	49,318
Short-term borrowings	37,007	5,248	11,199	53,454	—	(10,441)	(6,922)	36,091
Other short-term liabilities	3,048	—	—	3,048	3	(469)	—	2,582
Total liabilities	**375,190**	**35,346**	**59,057**	**469,593**	**74,718**	**(73,518)**	**(110,117)**	**360,676**
Non-controlling interest	20,884	—	—	20,884	—	—	—	20,884

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$44 thousand, US$9,763 thousand and US$566,690 thousand respectively (fully eliminated on consolidation).

7. Expenses by nature

(In thousands of US dollars)	Three month period ended 31 March	
	2011	2010
Staff costs	20,798	15,525
Depreciation of property, plant and equipment (Note 10)	12,679	11,990
Amortisation of intangible assets (Note 10)	1,969	1,961
Transportation expenses	12,443	10,747
Fuel, electricity and gas	7,512	5,671
Repair and maintenance of property, plant and equipment	2,381	2,254
Taxes other than on income	1,644	1,070
Legal, consulting, auditing and other professional services	2,694	1,114
Operating lease rentals	1,685	1,501
Purchased services	2,607	1,538
Other expenses	3,877	3,800
Total cost of sales, selling and administrative expenses	**70,289**	**57,171**

Cost of sales

(In thousands of US dollars)	Three month period ended 31 March	
	2011	2010
Staff costs	16,422	12,188
Depreciation of property, plant and equipment	12,439	11,762
Amortisation of intangible assets	1,966	1,877
Transportation expenses	12,401	10,725
Fuel, electricity and gas	7,391	5,570
Repair and maintenance of property, plant and equipment	2,163	2,124
Taxes other than on income	1,535	957
Operating lease rentals	1,196	1,047
Purchased services	2,607	1,538
Other expenses	2,390	2,175
Total cost of sales	**60,510**	**49,963**

Administrative and selling expenses

(In thousands of US dollars)	Three month period ended 31 March	
	2011	2010
Staff costs	4,376	3,337
Depreciation of property, plant and equipment	240	228
Amortisation of intangible assets	3	84
Transportation expenses	42	22
Fuel, electricity and gas	121	101
Repair and maintenance of property, plant and equipment	218	130
Taxes other than on income	109	113
Legal, consulting and other professional services	2,694	1,114
Operating lease rentals	489	454
Other expenses	1,487	1,625
Total administrative and selling expenses	**9,779**	**7,208**

8. Finance (costs)/income — net

The main items are as follows:

(In thousands of US dollars)	Three month period ended 31 March	
	2011	2010
Included in finance income:		
Interest income	446	247
Net foreign exchange losses on cash and cash equivalents	(759)	(1,042)
Finance income total	**(313)**	**(795)**
Included in finance costs:		
Interest expenses	(3,689)	(4,272)
Net foreign exchange gains on borrowings and other financial items	6,871	7,122
Finance costs total	**3,182**	**2,850**
Finance income — net	**2,869**	**2,055**

9. Income tax

Income tax expense is recognised based on management's best estimates of annual effective income tax rates determined for each taxing jurisdiction and applied individually to the interim period pre-tax income of each jurisdiction. The main reason for the increase in the estimated average tax rate in 2011 is the change in intention for distribution of profits of entities in VEOS segment (the applicable dividend tax rate is 21%). The income tax effect of this change which relates to the profits of the period ended 31 March 2011 is an additional tax charge of US$3,508 thousand.

(In thousands of US dollars)	Three month period ended 31 March	
	2011	2010
Profit before tax	**55,324**	**22,015**
Tax calculated at the applicable tax rate — 20% (2010: 20%)	11,065	4,403
Income not subject to tax — Estonian operations	—	(1,914)
Tax effect of expenses not deductible for tax purposes	944	1,154
Tax effect of difference in withholding tax rates	2,323	58
Tax effect of change in intention for distribution of profits of entities in VEOS segment(1)	8,914	—
Tax effect of reduced tax rates of OAO Petrolesport	(1,082)	(140)
Other movements	(272)	(109)
Tax charge	**21,892**	**3,452**

(1) In 2011 there was a change in intention for distribution of profits in VEOS segment (the applicable dividend tax rate is 21%) which resulted in the recognition of one-off deferred tax provision in the amount US$8,914 thousand (relates to the profits earned in the prior periods). Thus together with the tax charge relating to the profits earned during the three month period ended 31 March 2011, the total tax charge caused by the change in intention for distribution of profits of entities in VEOS segment amounted to US$12,422 thousand.

10. Property, plant and equipment and intangible assets

(In thousands of US dollars)	Property, plant and equipment	Intangible assets
Period ended 31 March 2011		
Opening net book amount as at 1 January 2011	**886,691**	**171,791**
Additions	9,378	65
Disposals	(25)	—
Depreciation and amortisation (Note 7)	(12,679)	(1,969)
Exchange differences	62,636	11,865
Closing net book amount as at 31 March 2011	**946,001**	**181,752**

(In thousands of US dollars)	Property, plant and equipment	Intangible assets
Period ended 31 March 2010		
Opening net book amount as at 1 January 2010	**883,636**	**186,164**
Additions	14,068	8
Disposals	(471)	—
Depreciation and amortisation (Note 7)	(11,990)	(1,961)
Exchange differences	12,815	(2,485)
Closing net book amount as at 31 March 2010	**898,058**	**181,726**

Additions to property, plant and equipment and to intangible assets are of ordinary nature in both periods.

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

	As at	
(In thousands of US dollars)	31 March 2011	31 December 2010
Property, plant and equipment	30,644	8,406

Non-financial assets that have an indefinite life (e.g. goodwill) are not subject to amortisation, but are tested for impairment annually at the year end (31 December) or whenever there is any indication of impairment. Non-financial assets that are subject to amortisation or depreciation are tested for impairment whenever there is an indication for impairment. No impairment indicators were identified and therefore no impairment testing was carried out for the period ended 31 March 2011.

11. Trade and other receivables

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Trade receivables — third parties	35,178	26,791
Other receivables	2,367	1,931
Prepayments for goods and services	11,249	11,673
Prepayments for goods and services — related parties (Note 17 (e))	246	—
Loans to third parties	227	214
Loans to related parties (Note 17(g))	40,949	6,498
VAT and other taxes recoverable	10,322	9,525
Total trade and other receivables	**100,538**	**56,632**
Less non-current portion:		
Loans to related parties (Note 17(g))	(39,063)	(5,422)
Other receivables	(354)	(334)
Total non-current portion	**(39,417)**	**(5,756)**
Current portion	**61,121**	**50,876**

12. Share capital, share premium and dividends

On incorporation the authorised share capital of the Company amounted to US$ 10 thousand, divided into 100 thousand ordinary shares of US$0.10 each. On incorporation the Company issued 100 thousand ordinary shares of US$0.10 each at par.

On 11 June 2008 the authorised share capital of the Company was increased to US$45,000 thousand, divided into 450,000 thousand ordinary shares of US$0.10 each. On 11 June 2008 the Company issued 449,900 thousand ordinary shares of US$0.10 each at the price of US$0.90 per share. The resulting share capital and share premium were US$44,990 thousand and US$359,920 thousand respectively. As a result the total issued share capital of the Company became 450,000 thousand shares of US$0.10 each (total share capital US$45,000 thousand).

During the first three months of 2011 no dividends were declared and paid to the shareholders of the Group. From the dividend distribution made by the subsidiaries of the Company for the three month period ended 31 March 2011 the corresponding dividend distribution and payment to non-controlling interests was US$3,500 and US$3,050 respectively.

During the first three months of 2010 no dividends were declared and paid to the shareholders of the Group. From the dividend distribution made by the subsidiaries of the Company for the three month period ended 31 March 2010 the corresponding dividend distribution and payment to non-controlling interests was US$1,500 and US$600 thousand respectively.

13. Borrowings

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Non-current	201,447	170,568
Current	39,798	36,091
Total borrowings	**241,245**	**206,659**

The weighted average effective interest rates:

(percentage)	As at 31 March 2011	As at 31 December 2010
Bank borrowings	5.69	5.67
Loans from third parties	5.89	7.11
Loans from related parties	8.36	8.38
Finance lease liabilities — third parties	9.16	9.04

Movements in borrowings are analysed as follows:

(In thousands of US dollars)	Three month period ended 31 March 2011	Three month period ended 31 March 2010
At beginning of period	**206,659**	**252,183**
Proceeds from borrowings	9,802	2,159
Loan payable to the other VEOS joint venture venturer (non-cash transaction)[(1)]	37,966	—
New finance leases	—	51
Repayments of borrowings, leases and interest	(22,930)	(18,235)
Interest charged	3,689	4,272
Exchange differences	6,059	(6,016)
At end of period	**241,245**	**234,414**

(1) In 2011 AS VEOS repurchased 10% of its share capital in total equally from its two venturers. The redemption of shares was partly settled in cash and the unsettled balance was converted to the interest bearing loan repayable by 31 December 2012. This liability comprises of the share of the Group in the amount owed by AS VEOS to the other venturer.

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

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Between 1 and 2 years	59,228	30,636
Between 2 and 5 years	86,336	82,636
Over 5 years	29,330	31,156
Total	**174,894**	**144,428**

The maturity of non-current financial lease liabilities is analysed as follows:

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Between 1 and 2 years	5,247	5,018
Between 2 and 5 years	4,997	5,744
Over 5 years	16,309	15,378
Total	**26,553**	**26,140**

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

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Russian Rouble	18,268	15,649
US Dollar	142,152	143,674
Euro	80,825	45,135
Estonian Kroons	—	2,201
Total	**241,245**	**206,659**

The Group has the following undrawn borrowing facilities:

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Floating rate:		
Expiring after one year	7,238	34,113
Fixed rate:		
Expiring within one year	41,000	41,040
Total	**48,238**	**75,153**

14. Trade and other payables

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
Current		
Trade payables — third parties	10,653	8,281
Trade payables — related parties (Note 17(f))	134	126
Payables for property, plant and equipment	2,523	1,215
Other payables — third parties	7,269	6,685
Payroll payable	4,680	5,017
Accrued expenses and deferred gains	5,140	3,094
Advances received	17,280	18,342
Taxes payable (other than income tax)	6,380	7,846
Total trade and other payables	**54,059**	**50,606**
Less non-current portion:		
Accrued expenses and deferred gains	(796)	(788)
Other payables — third parties	(125)	(500)
Total non-current portion	**(921)**	**(1,288)**
Current portion	**53,138**	**49,318**

Global Ports Investments Plc

Notes to the interim condensed consolidated financial information

15. Provisions for other liabilities

Provision for legal claims and tax contingencies:

(In thousands of US dollars)	As at 31 March 2011	As at 31 December 2010
At beginning of period/year	**1,260**	**2,495**
Unused amounts reversed	(262)	(1,220)
Exchange differences	83	(15)
At end of period/year	**1,081**	**1,260**

16. Earnings per share

The basic and diluted earnings per share attributable to the equity holders of the Company are as follows:

(US$ per share)	Three month period ended 31 March 2011	Three month period ended 31 March 2010
Basic and diluted earnings per share for profit from continuing operations attributable to the owners of the Company during the period	0.068	0.039

The weighted number of shares used for calculating earnings per share is 450,000 thousand for both periods.

17. Related party transactions

The Group is controlled by Transportation Investments Holding Limited (TIHL), a company incorporated in Cyprus. The ultimate controlling party of the Group is Mirbay International Inc., a company incorporated in Bahamas.

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) Sales of services

(In thousands of US dollars)	Three month period ended 31 March 2011	Three month period ended 31 March 2010
Other related parties	1	—

(b) Purchases of services

(In thousands of US dollars)	Three month period ended 31 March 2011	2010
Companies under common control	(300)	(276)
Other related parties	(1,009)	(318)
Total	**(1,309)**	**(594)**

(c) Interest income and expenses

(In thousands of US dollars)	Three month period ended 31 March 2011	2010
Interest income from loans to common ownership companies	326	91
Interest income from loans to other related parties	2	—
Total	**328**	**91**
Interest expense from loans from the parent	(827)	(1,004)

(d) Key management compensation

(In thousands of US dollars)	Three month period ended 31 March 2011	2010
Salaries and other short term employee benefits	(1,487)	(879)

(e) Trade, other receivables and prepayments

(In thousands of US dollars)	As at 31 March 2011	31 December 2010
Companies under common control	137	—
Other related parties	109	—
Total	**246**	**—**

(f) Trade and other payables

(In thousands of US dollars)	As at 31 March 2011	31 December 2010
Companies under common control	12	31
Other related parties	122	95
Total	**134**	**126**

(g) Loans to related parties

The details of loans provided to common ownership companies are presented below:

(In thousands of US dollars)	Three month period ended 31 March 2011	Year ended 31 December 2010
At beginning of period/year	**6,498**	**5,550**
Loans advanced during the period/year	—	769
Loan and interest repaid during the period/year	(6,855)	—
Interest charged	326	376
Loan receivable from VEOS (non-cash transaction)[(1)]	37,966	—
Foreign exchange differences	2,133	(197)
At end of period/year	**40,068**	**6,498**

(1) In 2011 AS VEOS repurchased 10% of its share capital in total equally from its two venturers. The redemption of shares was partly settled in cash and the unsettled balance was converted to the interest bearing loan repayable by 31 December 2012. This asset comprises of the amount owed by AS VEOS to the Group that is attributable to the other venturer.

The loans are not secured, were provided at average fixed interest rate 5.4% (2010: 6.7%) with repayment dates 2011-2018.

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

(In thousands of US dollars)	Three month period ended 31 March 2011	Year ended 31 December 2010
At beginning of period/year	**—**	**—**
Loans advanced during the period/year	857	—
Interest charged	2	—
Foreign exchange differences	22	—
At end of period/year	**881**	**—**

The loan is not secured, was provided at average fixed interest rate 10.8% with repayment date in 2011.

(h) Loans from TIHL and companies related to TIHL

The details of loans received from TIHL are presented below:

(In thousands of US dollars)	Three month period ended 31 March 2011	Year ended 31 December 2010
At beginning of period/year	**44,292**	**48,451**
Loans advanced during the period/year	—	249
Loan and interest repaid during the period/year	(6,097)	(8,220)
Interest charged	827	4,088
Foreign exchange differences	223	(276)
At end of period/year	**39,245**	**44,292**

The loans are not secured, were received at average interest rate of 8.4% (2010: 8.4%) with varying repayment dates during 2011-2018.

(i) Guarantees and pledges set for TIHL

During 2009 PLP granted a corporate guarantee covering the non-performance by TIHL in respect of a bank loan with a balance US$40 million on 31 December 2010, and US$40 million on 31 March 2011. The guarantee was provided free of charge and was valid for 18 months.

In April 2010 the guarantee was prolonged for a further period of two years. The prolongation of the guarantee was recognised at an estimated fair value of US$3,000 thousand (deferred tax — US$600 thousand; net of deferred tax — US$2,400 thousand), through retained earnings in equity as it is a transaction with the shareholders. The fair value of the guarantee is amortised through the income statement (three month period ended 31 March 2011: US$375 thousand; three month period ended 31 March 2010: US$406 thousand) (deferred tax effect — three month period ended 31 March 2011: US$75 thousand; three month period ended 31 March 2010: US$81 thousand). As at 31 March 2011 the unamortised balance of the guarantee is US$1,625 thousand. The liability is measured at the higher of (a) the probability to incur the expenditure required to settle the obligation, and (b) the amount initially recognized less cumulative amortisation.

18. Contingencies and commitments

There are no other significant contingencies and commitments as at 31 March 2011 other than those disclosed in the annual consolidated financial statements for the year ended 31 December 2010.

19. Events occurring after the balance sheet date

In May 2011, the guarantees granted by Petrolesport and Farwater in respect of TIHL's indebtedness under a bank loan (see Note 17(i)) were released. The unamortised balance of the guarantee of US$1,625 thousand was recycled through retained earnings in equity.

In May 2011, the Group also repaid all outstanding loans owed to TIHL and companies under control of TIHL, which as at 31 March 2011 amounted to US$39,245 thousand (see Note 17(h)). These loans were due for repayment in 2011-2018.

In May 2011, VEOS and the port of Tallinn entered into a preliminary land lease agreement. Subject to occurrence of certain events VEOS will proceed with the lease in respect of a total area of approximately 21 hectares in the port of Muuga. VEOS is planning to develop new storage facilities on this land plot to expand its storage capacity.

Report on review of Interim Financial Information
to the Board of Directors of
Global Ports Investments Plc

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Global Ports Investments Plc and its subsidiaries (the "Group") as of 31 March 2011 and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers Limited
Chartered Accountants

Limassol, 30 May 2011

PricewaterhouseCoopers Ltd, City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus
P O Box 53034, CY-3300 Limassol, Cyprus
T: +357 25 - 555 000, F:+357 - 25 555 001, www.pwc.com/cy

PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.

REGISTERED OFFICE OF THE COMPANY

Global Ports Investments PLC
Omirou 20
Agios Nikolaos
P.C. 3095
Limassol
Cyprus

SELLING SHAREHOLDER

Transportation Investments Holding Limited
Omirou 20
Agios Nikolaos
P.C. 3095
Limassol
Cyprus

JOINT GLOBAL COORDINATORS AND BOOKRUNNERS

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Troika Dialog

TD Investments Limited
2-4 Arch. Makarios III
Avenue,
Capital Centre
9th Floor, 1505, Nicosia
Cyprus

CJSC "Investment Company
"Troika Dialog"
4 Romanov Pereulok
Moscow 135009
Russia

LEGAL ADVISERS TO THE COMPANY

as to English and United States law

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

as to Russian law

Freshfields Bruckhaus Deringer LLP
14/2 Kadashevskaya
Embankment
Moscow 119017
Russian Federation

as to Cypriot law

Chrysses Demetriades & Co Law Office
13 Karaiskakis Street
CY3032 Limassol
Cyprus

LEGAL ADVISERS TO THE JOINT GLOBAL COORDINATORS AND BOOKRUNNERS

as to English and United States law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

as to Russian law

Clifford Chance CIS Limited
Ducat Place III
Gasheka Street 6
Moscow 125047
Russian Federation

as to Cypriot law

Mouaimis & Mouaimis Advocates
16-18 Zinas Kanther Street
3035 Limassol
Cyprus

INDEPENDENT AUDITORS TO THE COMPANY

PricewaterhouseCoopers Limited
City House
6 Karaiskakis Street
CY-3032 Limassol
Cyprus

DEPOSITARY

JPMorgan Chase Bank, N.A.
1 Chase Manhattan Plaza, Floor 58
New York, NY, 10005-1401
The United States of America

globalports™

Merrill Corporation Ltd, London
11ZBS42801