ANNUAL REPORT

(translation of the Estonian original)

Beginning of the financial year:	01.01.2015
End of the financial year:	31.12.2015
Business name:	AS SPACECOM TRANS
Commercial Registry no.:	11145977
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Management report

AS Spacecom Trans was established in 2005. The main activity of the Company is leasing of rolling stock. Rolling stock is leased partially in Estonia and mostly outside Estonia (Kazakhstan, Finland, Latvia).

As at 31.12.2015, the Company's rolling stock consisted of 1,556 railway tanks designed for the purpose of transporting oil products (as at 31.12.2014: 1,558 tanks). In 2015 Company continued its activities in the same operating area with enlarged capacity, maintaining its market position.

The overall development of environment where the Company was operating during 2015 had a negative impact on the Company's operating results. Political and economic situation in the world and in Russia (and therefore also in Kazakhstan) harmed financial and economic environment of the Company's customers, which in turn affected their paying capacity.

In 2015, the Company's management has been involved in improving its customer base and where necessary, redirecting its main operations from one market to another. In 2016, the Company's management will continue to monitor the composition of lessee base as well as changes therein in response to market demand.

During the year, the Company did not have any employees. Remuneration of the Management and Supervisory Boards amounted to EUR 172 thousand (2014: EUR 387 thousand).

Key ratios characterizing the performance of the Company are as follows:

	2015	2014
Return on assets	0.30 %	5.22 %
Return on equity	0.35 %	7.16 %
Debt to assets ratio	11.12 %	18.18 %
Interest coverage ratio	10.67	13.86

Return on assets = net profit / average assets
Return on equity = net profit / average equity
Debt to assets ratio = liabilities / assets
Interest coverage ratio = operating profit / interest expense

Financial statements

Balance sheet

(in thousands of euros)

	31.12.2015	31.12.2014	Note
Assets			
Current assets			
Cash	121	81	2
Receivables and prepayments	652	2,957	3,4
Total current assets	**773**	**3,038**	
Non-current assets			
Receivables and prepayments	610	0	3
Property, plant and equipment	43,156	45,171	6
Total non-current assets	**43,766**	**45,171**	
Total assets	**44,539**	**48,209**	
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	139	2,760	9
Payables and prepayments	323	2,358	10
Total current liabilities	**462**	**5,118**	
Non-current liabilities			
Borrowings	4,492	3,643	9
Total non-current liabilities	**4,492**	**3,643**	
Total liabilities	**4,954**	**8,761**	
Equity			
Share capital at nominal value	60	60	11
Statutory reserve capital	3	3	
Retained earnings (accumulated losses)	39,385	36,659	
Profit (loss) for financial year	137	2,726	
Total equity	**39,585**	**39,448**	
Total liabilities and equity	**44,539**	**48,209**	

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Income statement

(in thousands of euros)

	2015	2014	Note
Revenue	4,496	11,493	12
Other income	634	566	13
Other operating expenses	-1,721	-5,950	14
Depreciation and impairment charges	-1,916	-1,927	6
Other expenses	-31	-2	
Total operating profit (loss)	**1,462**	**4,180**	
Interest expenses	-137	-302	16
Other finance income and expenses	-1,188	-1,152	17
Profit (loss) before income tax	**137**	**2,726**	
Net profit (loss) for the financial year	**137**	**2,726**	

Statement of cash flows

(in thousands of euros)

	2015	2014	Note
Cash flows from operating activities			
Operating profit (loss)	1,462	4,180	
Adjustments:			
Depreciation and impairment charges	1,916	1,927	6
Profit (loss) on disposal of property, plant and equipment	3	-165	6, 13
Other adjustments	-616	0	13, 18
Total adjustments	**1,303**	**1,762**	
Change in receivables and prepayments related to operating activities	2,312	1,326	3, 4, 5
Change in payables and prepayments related to operating activities	-1,423	2	10
Interest paid	0	-286	16
Other cash generated from operating activities	45	0	
Net cash generated from operating activities	**3,699**	**6,984**	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-1	0	
Proceeds from sale of property, plant and equipment and intangible assets	97	480	
Loans granted	-1,266	0	18
Proceeds from loans granted	102	2,194	18
Interests received	0	38	
Net cash used in investing activities	**-1,068**	**2,712**	
Cash flows from financing activities			
Loans received	2,560	3,521	9, 18
Repayments of loans received	-2,125	0	9, 18
Repayments of finance lease principal	-3,008	-15,537	7, 9
Interest paid	-17	0	
Net cash used in financing activities	**-2,590**	**-12,016**	
Total cash flows	**41**	**-2,320**	
Cash and cash equivalents at the beginning of the year	81	2,266	2
Change in cash and cash equivalents	**41**	**-2,320**	
Effect of exchange rate changes	-1	135	
Cash and cash equivalents at the end of the year	121	81	2

Statement of comprehensive income

(in thousands of euros)

	2015	2014
Net profit (loss) for the financial year	137	2,726
Total comprehensive profit (loss) for the financial year	**137**	**2,726**

Statement of changes in equity

(in thousands of euros)

	Share capital	Statutory reserve capital	Retained earnings (accumulated losses)	Total
Balance as of 31.12.2013	60	3	36,659	36,722
Net profit (loss) for the financial year			2,726	2,726
Balance as of 31.12.2014	60	3	39,385	39,448
Net profit (loss) for the financial year			137	137
Balance as of 31.12.2015	60	3	39,522	39,585

Additional information on share capital and changes in equity is provided in Note 11.

Notes to the financial statements

Note 1 Accounting policies used in the preparation of the financial statements

General information

AS Spacecom Trans (hereinafter the Company) is a company incorporated under the legislation of the Republic of Estonia (Commercial Register no. 11145977; address Mõisa 4, Tallinn), with its main area of activity of the leasing of railway rolling stock.

The parent company of the Company is Globaltrans Investment Plc (GTI) which until July 2012 was owned by Transportation Investments Holding Limited (TIHL), the ultimate controlling party of which was Mirbay International Inc. From July 2012, the ownership interest of TIHL in GTI decreased (as at 31.12.2012: 34.5%), that was finally disposed in March 2013, from July 2012 the legal entity with the highest level of control over the Company is its parent company Globaltrans Investment Plc.

The financial statements have been approved by the Management Board on 31.03.2016. In accordance with the Commercial Code of the Republic of Estonia, the Supervisory Board of the Company shall approve the annual report and it shall be authorised for issue by the Annual General Meeting of Shareholders.

Summary of key accounting policies

The key accounting policies used in the preparation of the Company's financial statements are presented below. The accounting policies have been consistently applied to all the periods presented in the financial statements.

The information in the financial statements is presented in thousands of euros, the figures are rounded to the closest thousand.

Bases of preparation, changes in presentation and accounting policies

The financial statements of the Company for 2015 have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS).

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies, and management makes estimates and assumptions regarding the future. Accounting estimates may not coincide with subsequent actual events related to them. 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. The areas involving a higher degree of judgement or complexity, or the areas where assumptions and estimates are significant to the financial statements are presented in Note 20 to these financial statements.

Adoption of new or revised standards and interpretations:

New or revised standards or interpretations that are effective for the first time for the financial year beginning on 1 January 2015 are not expected to have a material impact to the Company.

Certain new or revised standards and interpretations have been issued that are mandatory for the Company's annual periods beginning on or after 1 January 2016, and which the Company has not early adopted.

Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016). The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Company is currently assessing the impact of the amendments on its financial statements.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2019; not yet adopted by the EU).The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of the amendments on its financial statements.

IFRS 16 „Leases" (effective for annual periods beginning on or after 1 January 2019; not yet adopted by the EU). The new standard specifies how an IFRS reporter will recognise, measure, present and disclosure leases. The standard provides a single lessee accounting model requiring lessees to recognise assets and liabilities for all leases unless lease term is 12 months or less or the underlying asset has a low value and (b) recognise depreciation from leased assets and interest expense from lease liabilities in the income statement. Lessors continue to classify leases as operating or finance, with IFRS 16`s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is currently assessing the impact of the standard on its financial statements.

"Disclosure project" – amendments in IAS 7 (effective for annual periods beginning on or after 1 January 2017; not yet adopted by the EU). The amended standard IAS 7 requires disclosure of movements between the opening and closing balance of liabilities occurred from the financing operations. The Company assesses the impact of the amendments on its financial statements.

IFRS 9 "Financial Instruments" – Classification and measurement (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the European Union).

The main rules of the new standard are as follows:

- Financial assets must be classified in one of the three measurement criteria – assets measured at amortised cost, assets measured at fair value through other comprehensive income, and assets measured at fair value with all changes recorded through profit or loss.

- Classification of a debt instrument depends on the Company's business model for managing financial assets and whether the asset's contractual cash flows represent solely payments of principal and interest ("SPPI"). If a debt instrument is being held only to collect and the SPPI condition is met, the instrument can be recognised at amortised cost. Debt instruments that meet the SPPI condition and that are being held in a portfolio where the Company holds assets both to collect and sell, can be recognised at fair value through comprehensive income. Financial assets that do not contain cash flows that are SPPI must be measured at fair value through profit and loss (e.g. derivatives). Embedded derivatives are no longer separated from financial assets, but are involved in assessing whether the SPPI condition is met.

- Equity instruments must always be measured at fair value. At the same time, the management has the ability to make an irrevocable election on initial recognition to present changes at fair value in other comprehensive income on the condition that the instrument is not held for trading. If an equity instrument is held for trading, its changes at fair value must be recognised through profit or loss.

- Most requirements provided in IAS 39 for classification and measurement of financial liabilities have been taken over without changes in IFRS 9. The main change was that in case of financial liabilities that are to be recognised at fair value through profit and loss, the Company must present changes at fair value related to changes in Company's own credit risk in other comprehensive income.

- IFRS 9 establishes a new model for recognising impairment losses – model of expected credit loss. This is a three-tier approach, the basis of which is change of the credit quality of financial assets after initial recognition. In practice, new rules mean that in recognising financial assets for which are no indications of impairment, the Company must recognise initially a loss that is equal to the 12-month expected credit loss (in case of trade receivables the expected credit loss of their whole lifetime). If the credit risk has increased significantly, the impairment must be measured by using the expected credit loss during the lifetime, not the expected 12-month credit loss. The model contains simplifications with regard to lease receivables and trade receivables.

- Requirements of risk hedging accounting were changed in order to improve the link between accounting and risk management. In accordance with the standard, the Company can choose as its accounting policy whether to apply IFRS 9 hedge accounting or to continue applying IAS 39 hedge accounting since at present the standard does not apply on macro hedging.

The Company assesses the impact of the new standard on financial statements.

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Financial assets

Depending on the purpose for which the financial assets were acquired and management's intentions, financial assets are classified at initial recognition in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

As at 31 December 2015 (as well as at 31 December 2014), the Company's financial assets are classified as loans and receivables (see Notes 3 and 4).

Purchases and sales of financial assets are recognised at the trade date, i.e. at the date at which the Company assumes the obligation to purchase or sell a certain financial asset. Financial assets are derecognised when the rights to the cash flows derived from investments expire and all risks and rewards incidental to ownership are transferred to the buyer.

The management makes a decision regarding classification of financial assets upon their purchase.

Cash and cash equivalents, trade and other receivables are recognised at amortised cost. The amortised cost of current financial liabilities normally equals their nominal value (less any repayments and any impairment allowances); therefore current financial liabilities are stated in the balance sheet at their redemption value.

Receivables are generally included within current assets when their due date is within 12 months after the balance sheet date. Receivables the due date of which is later than 12 months after the balance sheet date are classified as non-current assets.

Cash

In the cash flow statement, cash and cash equivalents include cash, bank account balances (except for overdraft), and term deposits with original maturities of three months or less. Overdraft is included within short-term borrowings in the balance sheet. Cash and cash equivalents are reported at amortised cost.

Foreign currency transactions and financial assets and liabilities denominated in foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (functional currency). The financial statements have been prepared in euros (EUR), which is the functional and presentation currency of the Company.

All currencies other than the functional currency are considered to be foreign currencies. Foreign currency transactions are recorded based on the foreign currency exchange rates of the European Central Bank prevailing at the transaction date. Monetary assets and liabilities (cash-settled receivables and loans) denominated in a foreign currency are translated into the functional currency based on the foreign currency exchange rates of the European Central Bank prevailing at the balance sheet date. Foreign exchange gains and losses resulting from translation are recorded in the income statement of the reporting period.

Non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value (e.g. prepayments, inventories accounted for using the cost method; property, plant and equipment as well as intangible assets) are not revalued at the balance sheet date but are accounted for using the official exchange rate of the European Central Bank prevailing at the date of the transaction.

Receivables and prepayments

Short-term receivables arising from the ordinary operating activities are classified as trade receivables. Trade receivables are carried at amortised cost (i.e. original invoice amount less repayments and any impairment allowances).

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Evidence of potential impairment includes the bankruptcy or major financial difficulties of the debtor and non-adherence to payment dates. The impairment of the receivables that are individually significant (i.e. need for a write-down) is assessed individually for each customer, based on the present value of expected future collectible amounts. Receivables that are not individually significant or for which no objective evidence of impairment exists, are collectively assessed for impairment using previous years' experience on uncollectible receivables. The amount of the impairment loss is the difference between the carrying amounts of receivables and the present value of expected future cash flows discounted at the effective interest rate. The carrying amount of receivables is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other expenses (Note 14). When a trade receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. The collection of the receivables that have previously been written down is accounted for as a reversal of the allowance for doubtful receivables.

Long-term trade receivables (incl. loans granted) are reported at the present value of probable collection. The difference between the nominal amount and the present value of collectible receivables is recognised as interest income during the time remaining until the collection of the receivables.

Receivables from related parties are disclosed in Note 18.

Property, plant and equipment and intangible assets

Property, plant and equipment are assets that are used in the operations of the Company with a useful life of over 1 year. Spare parts that are used for more than one financial year are also classified as property, plant and equipment. Property, plant and equipment is initially recorded at cost consisting of purchase price (including customs duties and other non-refundable taxes) and other expenses directly associated with the acquisition of those assets, which are necessary for bringing the asset to its operating condition and location. Property, plant and equipment are stated at historical cost less any accumulated depreciation and any impairment losses.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the cost of the asset can be measured reliably. The cost of a major overhaul performed on leased premises will be depreciated over the rental period. Other maintenance and repair costs are expensed when incurred.

The Company has one group of non-current assets – railway tanks. The useful life of railway tanks is 25 years. Railway tanks are depreciated on a straight-line basis over their useful lives.

The expected useful lives of non-current assets are reviewed at each balance sheet date, when recognising subsequent expenditure and in case of significant changes in the Company's development plans. When the estimate of the useful life of the asset differs significantly from the previous estimate, the remaining useful life of the asset is revalued and as a result, the depreciation charge calculated for the asset changes in subsequent periods.

If an item of property, plant and equipment consists of separately identifiable components with different useful lives, these components are accounted for as separate assets and depreciated in accordance with their useful lives.

Depreciation of an asset begins when the asset is available for use for the purpose intended by management and is ceased when the residual value equals the carrying amount.

At each balance sheet date, management estimates whether there is any known indication of impairment of the asset. If there is such an indication of impairment, management determines the recoverable amount (i.e. higher of the asset's fair value less cost to sell and its value in use). If the asset's recoverable amount is less than its carrying amount, the items of property, plant and equipment are written down to their recoverable amount. When the circumstances of assessing the recoverable amount of the asset have changed, the previous impairment loss is reversed up to the carrying amount of the asset.

Gains and losses from the sale of items of property, plant and equipment which are derived by subtracting the residual value from consideration received from the sale are included either within other income or other expenses in the income statement.

Leases

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

A lease is classified as a finance lease, when all substantial risks and returns related to the ownership of the asset are transferred to the lessee. Other lease agreements are classified as operating leases.

The Company is the lessee

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges (interest) so as to achieve a constant rate on the finance balance outstanding. Finance costs are charged to the income statement over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The assets leased under finance leases are depreciated similarly to acquired non-current assets, whereby the depreciation period is the shorter of the expected useful life of the asset and the duration of the lease term (when the transfer of the ownership of the asset is not sufficiently certain).

Payments made under operating leases are charged to the income statement on a straight-line basis over the lease period.

The Company is the lessor

The assets leased out under the operating lease terms are depreciated similarly to purchased non-current assets. Leased assets are depreciated over their expected useful lives on a basis consistent with similar owned assets. Operating lease revenue is recognised on a straight-line basis over the lease term.

Sale-leaseback transactions

All Company's sale and leaseback transactions result in a finance lease, therefore they are recorded as a financing transaction, i.e. the asset "sold" is not derecognised from the balance sheet of the seller and the "sales proceeds" are recognised as a finance lease liability. The difference between the sales price and the present value of minimum lease payments is recognised over the term of the lease as an interest expense similarly to regular finance lease agreements.

Financial liabilities

As at 31 December 2015 (and as at 31 December 2014), the Company's financial liabilities are in the category of other financial liabilities at amortised cost (see Notes 9 and 10).

All financial liabilities (trade payables, borrowings, accrued expenses and other short and long-term borrowings) are initially recorded at their fair value and are subsequently stated at amortised cost, using the effective interest rate method. The amortised cost of current financial liabilities normally equals their nominal value; therefore current financial liabilities are stated in the balance sheet at their redemption value. For calculating the amortised cost of non-current financial liabilities, they are initially recognised at the fair value of the proceeds received (net of transaction costs incurred) and an interest cost is calculated on the liability in subsequent periods using the effective interest rate method.

Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings that are due within 12 months after the balance sheet date, but which are refinanced after the balance sheet date as long-term, are presented as short-term. Also, borrowings are classified as short-term if at the balance sheet date, the lender had a contractual right to demand immediate repayment of the borrowing as a consequence of a breach of contractual terms.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable the meeting of this obligation leads to lower resources embodying economic benefits and the amount of the liability can be measured reliably. The provisions are recognised based on management's estimates regarding the amount and timing of the expected outflows. The amount recognised as a provision is management's best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to a third party at that time. Provisions are only used to cover those expenses which they had been set up for.

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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.

Statutory reserve capital

Pursuant to the Commercial Code, the statutory reserve capital is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be transferred to the statutory reserve capital, until the reserve reaches one-tenth of share capital. The statutory reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from the statutory reserve capital.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, taking into account all discounts and volume rebates. Revenue excludes value added tax, refunds and discounts. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company's estimates are based on historical experience considering the type of each customer and transaction, as well as special terms and conditions.

The Company's revenue does not include gross amounts that are collected from activities where the Company is not responsible for the provision of the service to the customer, does not set the price of the service or bears the credit risk. Only the margins earned in the course of such transactions are recognised as revenue.

Interest income is recognised when the receipt of income is probable and the amount of income can be measured reliably. Interest income is recognised using the effective interest method.

Taxation

Corporate income tax

According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. From 1 January 2015, the tax rate on the net dividends paid out of retained earnings is 20/80 (until 31.12.14 the tax rate was 21/79). In certain circumstances, it is possible to distribute dividends without any additional income tax expense. The corporate income tax paid on dividends is recognised as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date. An income tax liability is due at the 10th day of the month following the payment of dividends.

Due to the nature of the taxation system, the entities registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise upon the payment of dividends is not recognised in the balance sheet. The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in Note 11 to the financial statements.

The Company's costs are impacted by the following taxes:

Social tax	33% on the payroll and fringe benefits paid to the employees
Unemployment insurance premium	1.4% of the payroll paid to the employees
Fringe benefit income tax	20/80 on fringe benefits paid to the employees (until 31.12.2014: 21/79)
Income tax on expenses not related to business activities	20/80 on expenses not related to business activities (until 31.12.2014: 21/79)

Related parties

In preparing the financial statements, the related parties include the Company's owners, other subsidiaries of the owners, members of the Company's Management and Supervisory Boards, and other persons and entities who can control or impact the Company's financial and business decisions.

Note 2 Cash

(in thousands of euros)

	31.12.2015	31.12.2014
Bank accounts	121	81
Total cash	**121**	**81**

According to the credit ratings of the international rating agency Moody's, the Company's monetary funds have been deposited in financial institutions as follows:

(in thousands of euros)

	31.12.2015	31.12.2014
A1	0	81
Aa3	121	0

Note 3 Receivables and prepayments

(in thousands of euros)

	31.12.2015	due in 12 months	Due in 1-5 years	Note
Trade receivables	531	531	0	
Accounts receivable	531	531	0	4
Prepaid and deferred taxes	0	0	0	
Other receivables	616	6	610	
Loan receivables	610	0	610	18
Interest receivables	6	6	0	18
Prepayments	115	115	0	
Accrued expenses	56	56	0	
Other paid prepayments	59	59	0	
Prepayments to suppliers	0	0	0	
Total receivables and prepayments	1,262	652	**610**	
	31.12.2014	**due in 12 months**	**Due in 1-5 years**	**Note**
Trade receivables	2,748	2,748	0	
Accounts receivable	2,748	2,748	0	4
Prepaid and deferred taxes	92	92	0	5
Other receivables	0	0	0	
Loan receivables	0	0	0	
Interest receivables	0	0	0	
Prepayments	59	59	0	
Accrued expenses	0	59	0	
Other paid prepayments	59	58	0	
Prepayments to suppliers	58	58	0	
Total receivables and prepayments	**6,472**	**6,472**	**0**	

As at 31.12.2015, other receivables in the amount of EUR 610 thousand (31.12.2014: EUR 0 thousand) include a loan granted to a related party (see Note 18). As at 31.12.2015, the receivable is classified as "Not overdue" (no provision made) and the loan is being repaid under the agreed schedule.

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Note 4 Trade receivables

(in thousands of euros)

	31.12.2015	31.12.2014	Note
Accounts receivable	**531**	**2,748**	
Trade receivables	531	2,748	3
Total trade receivables	**531**	**2,748**	
Allowance for doubtful receivables			
Allowance for doubtful receivables at the beginning of the period	0	-1,665	
Receivables deemed doubtful during the period	0	-940	
Receivables written-off	0	2,605	
Allowance for doubtful receivables at the end of the period	**0**	**0**	

Accounts receivable include also receivables that at the end of the contract are offset with customer prepayments (see Note 10).

Breakdown of receivables by overdue period:

a) Not overdue (no provision made):

442 thousands of euros (2014: 1,699 thousands of euros)

b) Overdue (no provision made):

Overdue up to 1 month:
7 thousands of euros (2014: 71 thousands of euros)
Overdue by 1 - 3 months:
17 thousands of euros (2014: 78 thousands of euros)
Overdue by 3 - 6 months:
42 thousands of euros (2014: 739 thousands of euros)
Overdue up to 1 year:
2 thousands of euros (2014: 53 thousands of euros)
Overdue over 1 year:
22 thousands of euros (2014: 109 thousands of euros)

The Company's management is confident that all overdue receivables will be collected within the next financial year. More information about overdue receivables is provided in Note 20.

Note 5 Prepaid taxes and tax liabilities

(in thousands of euros)

	31.12.2015		31.12.2014	
	Prepayment	**Liability**	**Prepayment**	**Liability**
Corporate income tax	0	13	0	0
VAT	0	0	92	0
Personal income tax	0	1	0	1
Social security taxes	0	2	0	2
Total prepaid taxes and tax liabilities	**0**	**16**	**92**	**3**

Additional information is disclosed in Notes 3 (receivables) and 10 (liabilities).

Potential liabilities arising from the tax audit are disclosed in Note 21.

Note 6 Property, plant and equipment

(in thousands of euros)

	Means of transportation	Machinery and equipment	Total
31.12.2013			
Cost	54,333	54,333	54,333
Accumulated depreciation	-6,920	-6,920	-6,920
Net book amount	47,413	47,413	47,413
Depreciation charge	-1,927	-1,927	-1,927
Other changes	-315	-315	-315
31.12.2014			
Cost	54,018	54,018	54,018
Accumulated depreciation	-8,847	-8,847	-8,847
Net book amount	45,171	45,171	45,171
Additions and improvements	1	1	1
Depreciation charge	-1,916	-1,916	-1,916
Other changes	-100	-100	-100
31.12.2015			
Cost	53,919	53,919	53,919
Accumulated depreciation	-10,763	-10,763	-10,763
Net book amount	43,156	43,156	43,156

Other changes in the reporting period include the carrying amount of railway tanks damaged in an accident. As a result of reception of the insurance settlement in the amount of EUR 97 thousand, a net loss from write-off of railway tanks is EUR 3 thousand (2014: net profit from write-off of railway tanks EUR 165 thousand). See Notes 13 and 16.

In connection with the decrease of rent prices of rolling stock in 2015, the Company's management has conducted an impairment test of property, plant and equipment for determining its recoverable amount as at the balance sheet date, see Note 20.

Note 7 Finance lease

(in thousands of euros)

Accounting entity as lessee

	31.12.2015	Breakdown by due date			Interest rate	Base currency	Due date	Note
		due in less than 1 year	due between 1 and 5 years	due after 5 years				
Finance lease liability	2	1	1	0	6 month USD LIBOR + 1.95%	USD	2017	9
Total finance lease liabilities	2	1	1	0				

	31.12.2014	Breakdown by due date			Interest rate	Base currency	Due date	Note
		due in less than 1 year	due between 1 and 5 years	due after 5 years				
Finance lease liability	2,736	2,736	0	0	6 month USD LIBOR + 1.95%	USD	2015	9
Finance lease liability	10	9	1	0	3 month USD LIBOR + 2.1%	USD	2016	9
Total finance lease liabilities	2,746	2,745	1	0				

Carrying amount of leased assets

	31.12.2015	31.12.2014
Machinery and equipment	20,858	28,322
Total	**20,858**	**28,322**

As at 31.12.2015, the Company had 452 railway tanks (as at 31.12 2014: 884 railway tanks) acquired under the finance lease terms. Leased assets (the assets pledged as collateral) are the railway tanks whose financial lease contracts have expired and that have not been registered to the Company's name. If bank financing becomes necessary, it will simplify the financing process and reduce related auxiliary costs.

According to the lease agreements, the Company is not entitled to sublease the assets without a written consent from the lessor. All railway tanks acquired under a finance lease are subleased under the operating lease terms (see Note 8).

Lease agreements do not set any restrictions on the Company's dividend and financing policies; after the expiration of the agreements, ownership is transferred to the Company.

Unrealised financial costs in the financial year amount to EUR 0 thousand (2014: EUR 16 thousand). As a result, the minimum amount of finance lease payments at year-end totals EUR 2 thousand with a term of up to 1 year (2014: EUR 2,761 thousand with a term up to 1 year).

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Note 8 Finance lease

(in thousands of euros)

Accounting entity as lessor

	2015	2014	Note
Lease income from operating leases	4,384	11,416	12

Future minimum lease income under non-cancellable operating leases

	31.12.2015	31.12.2014	Note
in 12 months	1,682	2,470	
between 1-5 years	642	0	

Carrying amount of assets leased out

Machinery and equipment	43,156	45,171	6
Total	43,156	45,171	

As at 31.12.2015, the Company leased out 1,630 railway tanks under the operating lease terms (as at 31.12.2014: 2,093 railway tanks).
As at 31.12.2015, the cost of leased out assets amounted to EUR 53,919 thousand (31.12.2014: EUR 54,018 thousand), accumulated depreciation was EUR 10,763 thousand (31.12.2014: EUR 8,847 thousand), depreciation cost in the financial year was EUR 1,916 thousand (2014: EUR 1,927 thousand), see Note 6.

Accounting entity as lessee

	2015	2014	Note
Operating lease expense	375	3,267	14

Future minimum lease expense under non-cancellable operating leases

	31.12.2015	31.12.2014	Note
in 12 months	110	395	
between 1-5 years	148	0	

As at 31.12.2015, the Company leases 76 railway tanks under the operating lease terms (as at 31.12.2014: 556 railway tanks).

Note 9 Borrowings

(in thousands of euros)

	31.12.2015	Breakdown by due date			Interest rate	Base currency	Due date	Note
		due in less than 1 year	due between 1 and 5 years	due after 5 years				
Long-term loans								
Borrowings	4,629	138	4,491	0	2.28%	USD	2017	18
Total Long-term loans	4,629	138	4,491	0				
Total finance lease liabilities	2	1	1	0				7
Total borrowings	4,631	139	4,492	0				
	31.12.2014	**Breakdown by due date**			**Interest rate**	**Base currency**	**Due date**	**Note**
		due in less than 1 year	**due between 1 and 5 years**	**due after 5 years**				
Total finance lease liabilities	3,657	15	3,642	0	2.28%	USD	2017	18
Total borrowings	3,657	15	3,642	0				
	2,746	2,745	1	0				7
	6,403	2,760	3, 643	0				

In 2015, the Company made finance lease payments in the total amount of EUR 3,026 thousand (2014: EUR 15,535 thousand), loan repayments in the total amount of EUR 2,125 thousand (2014: EUR 0 thousand) and received a loan in the amount of EUR 2,560 thousand (2014: EUR 3,521 thousand)

Interest rates, base currencies and due dates of finance lease obligations are provided in Note 7.

As at 31.12.2015, the fair value of borrowings (IFRS 13: Level 3) was EUR 4,632 thousand (31.12.2014: EUR 6,403 thousand). Additional information is disclosed in Note 19.

Note 10 Payables and prepayments

(in thousands of euros)

	31.12.2015	due in 12 months	Note
Trade payables	265	265	18
Tax liabilities	16	16	5
Customer prepayments	34	34	
Other payables	8	8	
Total payables and prepayments	**323**	**323**	

	31.12.2014	due in 12 months	Note
Trade payables	1,662	1,662	18
Tax liabilities	3	3	5
Customer prepayments	118	118	
Other payables	575	575	
Total payables and prepayments	**2,358**	**2,358**	

The change in trade payables and other payables as compared to the end of the previous period was related to the decrease in the Company's volumes of work.

Note 11 Share capital

(in thousands of euros)

	31.12.2015	31.12.2014
Share capital	60	60
Number of shares	400	400
Nominal value of shares	150	150

As at 31 December 2015, the Company's retained earnings totalled EUR 39,522 thousand (2014: EUR 39,385 thousand). The corporate income tax is 20/80 on the net amount paid out as net dividends. As at the balance sheet date, it would have been possible to pay out EUR 31,617 thousand (31 December 2014: EUR 31,508 thousand) as dividends and the corresponding income tax would have amounted to EUR 7,904 thousand (31 December 2014: EUR 7,877 thousand).

Note 12 Revenue

(in thousands of euros)

	2015	2014	Note
Revenue by geographic location			
Revenue from EU countries			
Finland	3,924	4,388	
Lithuania	63	77	
Estonia	152	126	
Total revenue from EU countries	**4,139**	**4,591**	
Revenue from non-EU countries			
Kazakhstan	357	6,902	
Total revenue from non-EU countries	**357**	**6,902**	
Total revenue	**4,496**	**11,493**	
Revenue by areas of activity			
Lease of rolling stock	4,384	11,416	8
Other revenue	112	77	
Total revenue	**4,496**	**11,493**	

Note 13 Other income

(in thousands of euros)

	2015	2014
Currency exchange gains	0	383
Net profit from write-off of property, plant and equipment	0	165
Other	634	18
Total other income	**634**	**566**

In the reporting period, most of other operating income relates to the withdrawal of a receivable of a subcontractor in the amount of EUR 616 thousand. This income occurred as a result of an amendment made in a sublease agreement entered into with a related party, according to which the related party compensated to a certain extent credit losses generated in the past. The Company's liability to the related party decreased and other operating income was generated (Note 18).

Residual value of the railway tanks injured in a crash in 2014 amounted to 315 thousand euros (Note 6). As a result of receiving insurance damages in the amount of 480 thousand euros, net profit on railway tanks write-off amounts to 165 thousand euros in 2014.

Note 14 Other operating expenses

(in thousands of euros)

	2015	2014	Note
Lease of rolling stock	375	3,267	8
Maintenance of rolling stock	203	1,059	
Impairment charge for receivables	0	-71	4
Staff costs	208	387	15, 19
Other operating expenses	661	772	
Miscellaneous operating expenses	274	536	
Total other operating expenses	**1,721**	**5,950**	

Sublease agreement entered into with a Related party in 2014 was subject for an additional agreement, according to which the Related party beard to some extent the credit losses arisen from the initial agreement. Income in the amount of 1,012 thousand euros was recognised in 2014, recorded as a reduction of period impairment charge for receivables.
Other operating expenses include expenses related to the downtime costs, insurance expenses, agency fees and other expenses.

Note 15 Staff costs

(in thousands of euros)

	2015	2014	Note
Wages and salaries	156	291	
Social security tax	52	96	
Total staff costs	**208**	**387**	14, 18

In the financial year and in 2014, the Company had no paid staff. Staff costs represent fees paid to the members of the Management and Supervisory Board. Additional information is disclosed in Note 18.

Note 16 Interest expenses

(in thousands of euros)

	2015	2014	Note
Interest expenses from loans	120	15	18
Interest expenses from finance lease	17	287	
Total interest expenses	**137**	**302**	

Note 17 Other finance income and expenses

(in thousands of euros)

	2015	2014	Note
Foreign exchange gains (losses)	-1,253	-1,177	
Interest income	65	25	18
Total other finance income and expenses	**-1,188**	**-1,152**	

Note 18 Related parties

(in thousands of euros)

Parent company of the accounting entity	Globaltrans Investment Holdings PLC
Country of registration of the parent company of the accounting entity	Cyprus
The Group which the Parent is part of	Globaltrans Investment Holdings PLC
Country of registration of the Company's ultimate parent company	Cyprus

Balances with related parties by groups

	31.12.2015		31.12.2014	
	Receivables	Payables	Receivables	Payables
Trade receivables (group entities) (Note 4)	455	0	1,452	0
Trade receivables (other related entities) (Note 4)	4	0	225	0
Loans granted (other related entities) (Note 4)	610	0	0	0
Short-term payables (group entities) (Note 10)	0	51	0	874
Short-term payables (other related entities) (Note 10)	0	160	0	783
Interest receivables (other related entities)	6	0	0	0
Interest liabilities (group entities) (Note 9)	0	138	0	15
Received loans (Note 9)	0	4,491	0	3,641

Remuneration and other significant benefits paid to the members of the Management and Supervisory Board		
	2015	2014
Remuneration	172	387

Upon expiration or premature termination of an employment contract, the members of the Management Board are not paid any compensation.

In the financial year, sale transactions made with related parties totalled EUR 3,998 thousand (2014: EUR 5,170 thousand), incl.:

EUR thousand	2015	2014
Lease of rolling stock (group entities)	3,870	4,436
Lease of rolling stock (other related entities)	28	709
Other services (other related entities)	35	0
Interest income (group entities)	0	25
Interest income (other related entities)	65	0
Other services (other related entities, Note 13)	616	0

No impairment loss from receivables was recognised in the reporting period or in the comparative period.

In the financial year, purchase transactions made with related parties totalled EUR 992 thousand (2014: EUR 4,057 thousand), incl.:

EUR thousand	2015	2014
Lease of rolling stock (group entities)	227	2,527
Lease of rolling stock (other related entities)	32	319
Maintenance of rolling stock (group entities)	210	913
Maintenance of rolling stock (other related entities)	3	0
Other services (group entities)	400	282
Other services (other related entities)	0	1
Interest expense (group entities)	120	15

Loan transactions made with group entities during the financial year:

EUR thousand	2015	2014
Loans received	2,560	3,641
Repayments of loans granted	2,544	2,221
Loans granted	1,266	0
Proceeds from loans granted	102 *	0

*impact from currency exchange rates amounted to EUR 544 thousand (2014:0)
The loan is granted at the interest rate of 12%, underlying currency is KZT, due date is 2019.

Note 19 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (includes currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on changes in the financial markets and it attempts to alleviate potential unfavourable effects on the Company's financial activities. The goal of the management of financial risks is to mitigate financial risks and lower the volatility of financial performance.

Market risks

The Company is exposed to currency risk and interest rate risk. The Company is not exposed to price risk, because it does not hold any securities traded in the open market.

Currency risk

The Company's functional currency is the euro (EUR). The Company's financial instruments which are affected by market risk include cash and cash equivalents, trade receivables (invoices in US dollars and in RUB), other receivables (loans granted in Kazakhstan tenge (KZT)) and borrowings.

An overview of the financial assets and financial liabilities denominated in foreign currencies is presented below. The tables present the amounts in thousands of euros:

31.12.2015	USD	RUB	EUR	KZT	Total
Cash and cash equivalents (Note 2)	107	10	4	0	121
Trade receivables (Note 4)	242	289	0	0	531
Other receivables	0	0	0	616	616
Loans and finance lease liabilities (Note 9)	4,631	0	0	0	4,631
Trade payables (Note 10)	223	38	4	0	265
Total net position	-4,505	261	0	616	-3,628
31.12.2014					
Cash and cash equivalents (Note 2)	17	20	44	0	81
Trade receivables (Note 4)	2,447	301	0	0	2,748
Loans and finance lease liabilities (Note 9)	6,401	0	0	0	6,401
Trade payables (Note 10)	1,513	130	21	0	1,664
Total net position	-5,450	191	23	0	-5,236

For financial assets and liabilities that are denominated in a foreign currency, the Company maintains exposure to exchange rate fluctuations on an accepted level, depending on the current situation. To achieve this, the Company, if necessary, buys and sells foreign currency at current prices with a view of mitigating negative effects of short-term fluctuations of exchange rates. The currency risk is managed by holding amounts of USD or RUB on settlement accounts that are sufficient for at least meeting short-term liabilities for respective suppliers/creditors. The Company does not use derivative instruments for hedging currency risks.

Based on the movements and volatility of the variables presented below in previous periods as well as management's knowledge and experience of the financial markets, the Company considers the following changes reasonable over the following 12 months.

- Proportionate movement in the USD exchange rate - 10% appreciation of USD (depreciation of EUR) and 10% depreciation of USD (appreciation of EUR);
- Proportionate movement in the RUB exchange rate - 20% appreciation of RUB (depreciation of EUR) and 20% depreciation of RUB (appreciation of EUR);
- Proportionate movement in the KZT exchange rate - 20% appreciation of KZT (depreciation of EUR) and 20% depreciation of KZT (appreciation of EUR);

The following table presents the effects of currency and interest rate risks on the Company's operations.

		Currency risk					
	31.12.2015	**USD appreciates 10%**	**USD depreciates 10%**	**RUB appreciates 20%**	**RUB depreciates 20%**	**KZT appreciates 20%**	**KZT depreciates 20%**
	Carrying amount	Effect on net profit					
Financial assets	1,268						
Total effect from financial assets		35	-35	60	-60	123	-123
Financial liabilities	4,896						
Total effect from financial liabilities		-485	485	-8	8	0	0
Total effect on net profit		-450	450	52	-52	123	-123

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		Currency risk	
	31.12.2014	USD appreciates 10%	USD depreciates 10%
	Carrying amount	Effect on net profit	Effect on net profit
Financial assets	2,829		
Total effect from financial assets		246	-246
Financial liabilities	8,065		
Total effect from financial liabilities		-791	791
Total effect on net profit		-545	545

Interest rate risk

As at 31.12.2015, the Company is not exposed to interest rate risk since the Company had no bank borrowings, the outstanding balance of the financial lease liability is EUR 2 thousand and interest rates of a loan received from a related party and a loan granted to a related party are fixed.
No financial instruments have been used for hedging the interest rate risk in the reporting period or in the previous financial year.

Credit risk

Credit risk is the risk that the Company's customers and counterparties fail to fulfil their obligations. The following financial instruments are exposed to credit risk: cash at bank and trade receivables and other receivables. Cash is deposited in commercial banks with a high credit rating, bank ratings are presented in Note 2.

The Company has limited number of customers; consequently, concentration of credit risk may me high. Monitoring credit risk is an important task of the management and related estimates are disclosed in Note 20. However, the Company's sales transactions are concluded with business partners that the Company has long-term collaboration experience with and whose solvency has been tested, and management has not deemed it necessary to assign credit limits to them. Two-week payment terms are valid for the buyers, providing fast feedback to the Company in case of payment difficulties and enabling the Company to apply measures on time to collect the accounts receivable according to the original terms of receivables (Analysis of receivables is disclosed in Note 3 and 4).

The Company's maximum amount exposed to credit risk as at the balance sheet date is as follows:

	31.12.2015	31.12.2014
Bank accounts and short-term deposits in banks	121	81
Trade receivables	531	2,748
Loan receivable	616	0
Total amounts exposed to credit risk	1,268	2,829

Liquidity risk

Liquidity risk is risk that the Company is unable to settle the financial liabilities it has assumed. Liquidity risk is mitigated by various financial instruments such as loans from banks. In its daily activities, management attempts to maintain adequate liquid assets to meet its financial obligations, continuously monitoring cash flow forecasts for the following three months.

The following table shows the liquidity analysis of the Company's current and non-current financial liabilities according to the terms of the contracts. All amounts presented in the table are undiscounted cash flows. The amounts of financial liabilities payable in 12 months of the balance sheet date are equal to their carrying amounts.

	Up to 3 months	Between 4 months and 1 year	Between 1 and 5 years	Total undiscounted cash flows	Carrying amount
As at 31.12.2015					
Borrowings (Note 9)	140	0	4,668	4,808	4,632
Trade payables (Note 10)	265	0	0	265	265
Total cash flows related to financial obligations	405	0	4,668	5,073	4,897

	Up to 3 months	Between 4 months and 1 year	Between 1 and 5 years	Total undiscounted cash flows	Carrying amount
As at 31.12.2014					
Borrowings (Note 9)	1,099	1,661	3,885	6,645	6,401
Trade payables (Note 10)	1,664	0	0	1,664	1,664
Total cash flows related to financial obligations	2,763	1,661	3,658	8,081	8,065

The cash flows presented in the table have not been discounted and therefore, these amounts do not correspond to the amounts disclosed in Note 9. As the bank loans and the loans from the owners are denominated in US dollars, the exchange rate of USD 1 =EUR 0.9185 prevailing at 31.12.2015 has been used (31.12.2014: 1 USD = EUR 0.8237).

Undiscounted cash flows have been determined according to the current payment schedules valid as at the end of the period. Information about the Company's exposure to the risk of interest rate changes is disclosed in Note 9.

Capital risk management

The goal of the Company's capital risk management is to continue as a going concern in order to generate returns for the owners and maintain the optimal capital structure, in order to lower the cost of capital. For the Company, capital includes loans and equity.

	31.12.2015	31.12.2014
Total borrowings (Note 9)	4,632	6,401
Less: cash and cash equivalents (Note 2)	-121	-81
Net debt	4,511	6,320
Total equity	39,585	39,447
Total capital	44,095	45,768
Financial leverage ratio	10%	14%

The Company has successfully met its objective of reducing net debt and, in the estimation of the Company's management, the Company's capital structure was at an optimal level as at 31.12.2015 and 31.12.2014.

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Fair value

The Company estimates that the fair values of assets and liabilities reported at amortised cost do not materially differ from the carrying amounts reported in the Company's balance sheet as at 31.12.2015 and 31.12.2014.

The carrying amounts of trade receivables (less any impairment losses) and trade payables equal their estimated fair value.

The fair value of borrowings is determined for disclosure purposes by discounting the future contractual cash flows with the market interest rate which is available for similar financial instruments of the Company. The fair values are presented in Note 9. In 2015 and 2014, the Company received a loan from other entity in the same consolidation group (Note 18). For determining the fair value of the loans received, the Company used market interest rates of similar transactions. The Company estimates that the fair value of liabilities does not significantly differ from their carrying amount as reported in the Company's balance sheet.

Long-term receivables (loan receivables, see Note 3) are recognised at the present value of the probable collection. Since the Company's estimation criteria (see Note 20) do not refer to an impairment of the receivable and the impact of currency exchange rate, as a result of revaluation, the fair value of long-term receivables does not significantly differ from the carrying amount recognised in the balance sheet.

Note 20 Management estimates

According to International Financial Reporting Standards, management needs to make certain decisions and pass judgement, which may impact the assets and liabilities reported in the financial statements in the next financial year. Management estimates and judgements have been reviewed on an ongoing basis and they are based on historical experience and other factors considered reasonable under current circumstances. In addition to estimates, management exercises its judgement regarding the application of accounting policies. The areas which require more significant management decisions and which have the most significant impact on the amounts recognised in the financial statements and estimates which may lead to major adjustments to the carrying amount of assets and liabilities in the next financial year include: Valuation of doubtful receivables (Notes 3,4), Evaluation of useful lives of property, plant and equipment (Note 6), Impairment of property, plant and equipment and Provisions and contingent liabilities (Note 21).

Valuation of doubtful receivables

The impairment of the receivables that are individually significant is assessed individually for each receivable. Evidence of potential impairment includes the bankruptcy or major financial difficulties of the debtor and non-adherence to payment dates. The amount of doubtful receivables is adjusted as at each balance sheet date, using information based on prior experience in respect of how many of the receivables deemed as doubtful will be collected in subsequent periods and how many of them will be not. In the financial year, the Company had not recognised any receivables (2014: EUR 940 thousand). In the reporting period, the Company had not written any receivables off (2014: EUR 1,594 thousand) (Notes 4 and 14).

The Company's management has taken timely measures to ensure that overdue receivables recognised as at the end of the year are collected.

With regard to long-term receivables (loan receivables, see Note 3), the Company's management estimates the value of the receivables on the basis of the financial condition of the borrower and the loan repayment discipline. Since the management has not detected that the borrower has financial problems, is in bankruptcy or in liquidation, the probability of collecting such receivables has not decreased and there is no need for impairment. In the reporting period and in 2014, the Company has not classified any loan receivables as doubtful or uncollectible.

Evaluation of useful lives of property, plant and equipment

Management has evaluated the useful lives of items of property, plant and equipment while considering business conditions and volumes, historical experience in this area and potential future use. The depreciation charge of the Company in the reporting period totalled EUR 1,916 thousand (2014: EUR 1,927 thousand). If the depreciation rates were increased/reduced by 10%, the annual depreciation charge would increase/decrease by approximately EUR

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192 thousand (2014: depreciation would increase/decrease by about EUR 193 thousand). Depreciation rates that are based on Management estimates are brought in Note 1, under accounting policies of Property, plant and equipment.

Possible impairment of property, plant and equipment

If indications of impairment of property, plant and equipment exist as at the balance sheet date, the Company's management has to assess whether the recoverable amount of property, plant and equipment assets has fallen below their carrying amount. Circumstances that indicate possible impairment of assets include, among others:

- decrease of market value of similar assets;

- deterioration in the general economic environment and in the market situation that increases the probability that the revenue generated from the assets will decrease;

- increase of market interest rates;

- sharp deterioration in physical condition of assets;

- smaller than planned revenue earned from assets.

In connection with the decrease in rent prices of rolling stock in 2015, the Company's management carried out an impairment test to determine its recoverable amount as at balance sheet date. The recoverable amount of property, plant and equipment was determined on the basis of its carrying amount less possible costs to sell. Fair value of property, plant and equipment was determined by using the cost method (Level 3). In the management opinion, it was not possible to apply the income approach because of high uncertainty in forecasting cash flows at the current market situation. It was also not possible to apply the market approach because there was no information on comparable market transactions as at the balance sheet date – to the management's best knowledge, transactions are not being concluded due to the low price of oil and low lease tariffs, as market participants are postponing transactions until there are clear signs in which direction the market is developing.

For calculation of fair value, the management has taken into account the following significant inputs:

- sale price of new rolling stock on the basis of price lists of Ukrainian and Russian manufacturers;

- one-off customs duties for operating rolling stock in the Eurasian Customs Union in accordance with the legislation of the Eurasian Customs Union and the transport costs based on official tariffs of Russian Railways in connection with the registration of rolling stock in Estonia, that were added to the sales price. These are the item-specific costs that are necessary for operating the property in the Eurasian Customs Union;

- adjustment made according to the management assessment with regard to the remaining lifetime and economic wear of the rolling stock, based on depreciation rates approved by the order of the Russian Machine Building Ministry.

Carrying amount of property, plant and equipment as at 31.12.2015 (Note 6): EUR 43,156 thousand.

Recoverable amount of property, plant and equipment as at 31.12.2015: EUR 43,958 thousand.

Since the recoverable amount of property, plant and equipment is larger than its carrying amount, there is no need to recognise impairment of property, plant and equipment as at 31.12.2015.

If sales prices of rolling stock manufacturers change 10%, the recoverable amount of property, plant and equipment will change by EUR 4,172 thousand.

Contingent liabilities

In estimating the probability of realisation of contingent liabilities, the management considers historical experience, general information about the economic and social environment, and the assumptions and conditions of possible future events based on the best knowledge of the situation (see Note 21).

Business environment impacts

During 2015 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. This adversely affects the debtors of the Company which could in turn impact their ability to repay the amounts owed. Deteriorating operating and economic conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in its impairment assessments; however management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business in the current circumstances.

Note 21 Contingent liabilities

Potential liabilities arising from the tax audit

The tax authorities have the right to verify the Company's tax records up to 5 years from the time of submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines.

The Company's management estimates that there are no circumstances which may lead the tax authorities to impose additional significant taxes on the Company.

INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholders of AS Spacecom Trans

We have audited the accompanying financial statements of AS Spacecom Trans (the Company), which comprise the consolidated balance sheet as of 31 December 2015 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management Board's Responsibility for the Consolidated Financial Statements

Management Board 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 Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AS Spacecom Trans as of 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

AS PricewaterhouseCoopers

/signed/ /signed/

Tiit Raimla
Auditor's Certificate No. 287

Jüri Koltsov
Auditor's Certificate No. 623

1 April 2016

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* *This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

Signatures of the Management to the 2015 Annual Report

Signing of AS SPACECOM TRANS 2015 Annual Report on 31 March 2016:

/signed/

Member of the Management Board
Jekaterina Psiola (Pištšalkina)

/signed/

Member of the Management Board
Boriss Pereskokov