

AS Spacecom

2009 CONSOLIDATED ANNUAL REPORT

(Translation of the Estonian original)

Legal address:	Mõisa 4 13522 Tallinn Republic of Estonia
Commercial Register no.:	10940566
Phone:	+372 678 82 40
Fax:	+372 678 82 46
E-mail:	info@spacecom.ee
Auditor:	AS PricewaterhouseCoopers
Beginning and end of financial year:	01.01.2009-31.12.2009

TABLE OF CONTENTS

MANAGEMENT REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS	4
CONSOLIDATED BALANCE SHEET	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9
Note 1. Accounting policies used in the preparation of the financial statements	9
Note 2. Management of financial risks	18
Note 3. Key accounting estimates and judgements	21
Note 4. Cash and bank	22
Note 5. Trade receivables	22
Note 6. Other receivables and prepayments	23
Note 7. Taxes	23
Note 8. Investments in associates	24
Note 9. Property, plant and equipment	25
Note 10. Finance lease and operating lease	26
Note 11. Borrowings and finance lease liabilities	27
Note 12. Trade payables and prepayments	28
Note 13. Other liabilities	28
Note 14. Equity	29
Note 15. Revenue	29
Note 16. Other income and costs	29
Note 17. Operating expenses	29
Note 18. Finance income and costs	30
Note 19. Business combination	30
Note 20. Related party transactions	30
Note 21. Contingent liabilities	32
Note 22. Liquidity of the Group	33
Note 23. Financial information of the parent company	33
Note 24. Events after the balance sheet date.....	35
INDEPENDENT AUDITOR'S REPORT	36
PROFIT ALLOCATION PROPOSAL	37
Signatures of the Management Board and Supervisory Board to the 2009 Annual Report.....	38
AS Spacecom unconsolidated revenue according to EMTAK 2008	39

MANAGEMENT REPORT

AS Spacecom was founded and registered in Estonia in 2003. The parent of AS Spacecom is Globaltrans Investments Holding PLC (Cyprus). AS Spacecom has the following subsidiaries - AS Skinest Veeremi (100%), SIA Hoover (100%) and, starting from 30.12.2009, Ekolinja OY (100%), hereinafter together the "Group". AS Spacecom also has a 25.27% ownership interest in the associate A/S Daugavpils Lokomotivju Remonta Rupnica (Latvia).

The core activity of the Group is renting of railway rolling stock. As at 31.12.2009, the Group had 3,535 railway tanks and 6 locomotives (as at 31.12.2008: 3,286 railway tanks and 8 locomotives). All railway tanks are rented out mainly for a term of 1-3 years.

AS Spacecom has a pending lawsuit against AS Eesti Raudtee (Estonian Railways). The main subject of the litigation is a dispute concerning calculation of a fair railway infrastructure usage fee.

The Group's Management Board has two members and the remuneration paid to them totalled 9,204 thousand kroons in 2009 (2008: 7,045 thousand kroons). No remuneration was paid to the members of the Supervisory Board in 2009 and 2008. The average number of employees in the reporting period was 32 (2008: 66 people) and the number of employees at the year-end was 15 (31.12.2008: 34). In 2009, payroll expenses including taxes amounted to 21,944 thousand kroons (2008: 27,565 thousand kroons).



Oleg Ossinovski
Member of the Management Board



Siarhei Psiola
Member of the Management Board

Tallinn, 30 March 2010

CONSOLIDATED FINANCIAL STATEMENTS**Management Board's confirmation of the consolidated financial statements**

The Management Board confirms the correctness and completeness of AS Spacecom 2009 consolidated financial statements as presented on pages 4-35.

The Management Board confirms that:

1. the accounting policies used in the preparation of the consolidated financial statements are in compliance with International Financial Reporting Standards (IFRS) as adopted in the European Union;
2. the consolidated financial statements present a true and fair view of the financial position, the results of operations and the cash flows of the Group;
3. AS Spacecom and its group entities are going concerns.



Oleg Ossinovski
Member of the Management Board

Siarhei Psiola
Member of the Management Board

Tallinn, 30 March 2010

Initsialiseeritud ainult identifitseerimiseks initialled for the purpose of identification only	
Initsiaalid/initials	<u>K.L.</u>
Kuupäev/date	<u>30.03.10</u>
PricewaterhouseCoopers, Tallinn	

CONSOLIDATED BALANCE SHEET
(in thousands of Estonian kroons)

	Note	31.12.2009	31.12.2008
ASSETS			
Current assets			
Cash and bank	4	17,866	29,093
Trade receivables	5	71,436	50,992
Other receivables and prepayments	6	48,943	41,172
Total current assets		138,246	121,257
Non-current assets held for sale	9	30,721	0
Non-current assets			
Long-term financial investments			
Investments in associates	8	15,059	9,873
Long-term receivables		59,724	818
Total long-term financial investments		74,783	10,692
Property, plant and equipment	9;10	1,311,497	1,364,016
Total property, plant and equipment		1,311,497	1,364,016
Total non-current assets		1,386,280	1,374,708
TOTAL ASSETS		1,555,246	1,495,965
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings and finance lease liabilities	11	160,446	167,958
Trade payables and prepayments	12	158,446	133,676
Tax liabilities and other current liabilities	7;13	11,996	46,055
Total current liabilities		330,888	347,689
Non-current liabilities			
Borrowings and finance lease liabilities	11	322,582	476,813
Other non-current liabilities	13	1,709	5,157
Total non-current liabilities		324,292	481,970
Total liabilities		648,967	829,659
EQUITY			
Share capital at nominal value	14	400	400
Statutory reserve capital		40	40
Retained earnings		899,627	665,866
Total equity		900,067	666,306
TOTAL LIABILITIES AND EQUITY		1,555,246	1,495,965

The notes to the financial statements presented on pages 9-35 are an integral part of the Consolidated Annual Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Estonian kroons)

	Note	01.01.09 - 31.12.09	01.01.08 - 31.12.08 restated
Operating income			
Revenue	15	420,769	449,013
Other operating income	16	8,533	49,953
Total operating income		429,303	498,966
Operating expenses			
Operating expenses	17	114,969	205,247
Depreciation, amortisation and impairment	9	65,747	61,169
Total operating expenses		180,716	266,415
Operating profit		248,587	232,550
Share of profit/loss of associates	8	5,186	5,630
Finance income and costs	18	-20,012	-89,176
Net profit for the financial year		233,761	149,005
Comprehensive income for the financial year		233,761	149,005

The notes to the financial statements presented on pages 9-35 are an integral part of the Consolidated Annual Report.

Initsialiseeritud ainult identifitseerimiseks
Initialed for the purpose of identification only
Initsiaalid/Initials K.L.
Kuupäev/date 30.03.10
PricewaterhouseCoopers, Tallinn

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Estonian kroons)

	Share capital	Statutory reserve capital	Retained earnings	Total
Balance as at 31.12.2007	400	40	516,861	517,301
Net profit for the financial year	0	0	149,005	149,005
Balance as at 31.12.2008	400	40	665,866	666,306
Net profit for the financial year	0	0	233,761	233,761
Balance as at 31.12.2009	400	40	899,627	900,067

More detailed information on share capital and other equity items is set out in Note 14.

The notes to the financial statements presented on pages 9-35 are an integral part of the Consolidated Annual Report.

Initsialiseeritud ainult identifitseerimiseks
 Initialed for the purpose of identification only
 Initsiaalid/initials _____ K.L.
 Kuupäev/date _____ 30.03.10
 PricewaterhouseCoopers, Tallinn

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Estonian kroons)

	Note	01.01.09 - 31.12.09	01.01.08 - 31.12.08 restated
Cash flows from operating activities			
Operating profit		248,587	230,132
Adjustments:			
Depreciation, amortisation and impairment	9	65,747	61,169
Amortisation of deferred income	10	-9,550	-17,695
Profit from disposal of non-current assets	16	-475	-29,013
Change in receivables and prepayments related to operating activities		-6,098	13,511
Change in liabilities and prepayments related to operating activities		1,999	-31,700
Interest paid		-58,830	-60,996
Total cash flows from operating activities		241,380	165,408
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-86,168	-3,899
Proceeds from sale of property, plant and equipment		42,641	18,502
Collection of deposit/payment to deposit	21	0	-16,560
Loans granted		-93,626	-2,695
Repayments of loans granted		31,971	8,941
Interest received		3,788	1,882
Total cash flows from investing activities		-101,394	6,171
Cash flows from financing activities			
Proceeds from borrowings		0	69,671
Repayments of borrowings		-147,211	-205,403
Proceeds from refinancing under finance lease		233,816	211,070
Proceeds from overdraft/repayment of overdraft	11	10,244	-32,284
Finance lease principal repayments		-250,488	-210,834
Total cash used in financing activities		-153,638	-167,780
Total cash flows		-13,652	3,799
Cash and cash equivalents at the beginning of the period	4	29,093	20,264
Net decrease/increase in cash and cash equivalents		-13,652	3,799
Cash received from business combinations	19	1,307	0
Effect of exchange rate changes		1,117	5,030
Cash and cash equivalents at the end of the period	4	17,866	29,093

The notes to the financial statements presented on pages 9-35 are an integral part of the Consolidated Annual Report.

NOTES TO THE FINANCIAL STATEMENTS**Note 1. Accounting policies used in the preparation of the financial statements****General information**

AS Spacecom is a company incorporated under the legislation of the Republic of Estonia, with its main areas of activities of the leasing of railway rolling stock.

AS Spacecom (hereinafter the "parent") is registered in the Commercial Register of the Republic of Estonia (Register no. 10940566; address Mõisa 4, Tallinn).

The 2009 consolidated financial statements comprise the following group entities:

	Domicile	Share		Main area of activity	Owner
		31.12.2009	31.12.2008		
AS Skinest Veeremi	Estonia	100%	100%	Lease of railway rolling stock	AS Spacecom
Ekolinja OY	Finland	100%	0%	Sub-lease of railway rolling stock	AS Spacecom
SIA Hoover	Latvia	100%	100%	Sub-lease of railway rolling stock	AS Spacecom

In addition, the parent has a 25.27% ownership interest in the associate A/S Daugavpils Lokomotivju Remonta Rupnica, Latvia.

The 2009 consolidated financial statements comprise the financial data of AS Spacecom (the parent) and its subsidiaries (hereinafter together the "Group") and the Group's participation in associate.

The financial year started at 1 January 2009 and ended at 31 December 2009.

The information in the financial statements is presented in thousands of Estonian kroons.

The Management Board of AS Spacecom approved and signed this consolidated annual report at 30 March 2010. Pursuant to the Commercial Code of the Republic of Estonia, the annual report shall be approved by the Supervisory Board and the general meeting of shareholders of the parent.

Summary of key accounting policies

The key accounting policies used in the preparation of the Group's consolidated financial statements are presented below. The accounting policies have been consistently applied to all the years presented. Group entities use uniform accounting policies.

Bases of preparation

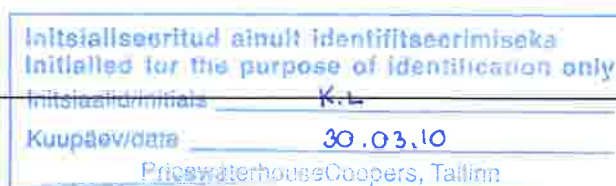
The consolidated financial statements of the Group for 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

The consolidated 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 management to exercise its judgment in the process of applying the Group's accounting policies, and management makes estimates and assumptions regarding the future. Accounting estimates may often 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 consolidated financial statements are presented in Note 3 to these financial statements.

Changes in accounting policies and presentation**Changes in presentation**

As compared to the financial statements for 2008, interest income has been reclassified in the financial statements for 2009 in order to make information comprehensive and unambiguous. In 2008, interest income was recorded under other operating income and in 2009, under finance income. The comparatives for 2008 have been brought in compliance with the new presentation.



(in thousands of Estonian kroons)

Items in the Annual Report	2008 financial statements	Change	2009 financial statements
Statement of comprehensive income			
Other operating income (Note 16)	2,418	-2,418	0
Finance income (Note 18)	0	2,418	2,418
Cash flow statement			
Operating profit	232,550	-2,418	230,132
Interest income	-2,418	2,418	0

i. Standards, amendments to published standards and interpretations that became effective for the Group's reporting period beginning on 1 January 2009.

IAS 1, Presentation of Financial Statements, revised in September 2007 (effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 affected the presentation of the Group's financial statements but had no impact on the recognition or measurement of specific transactions and balances or accounting principles.

Improvements to International Financial Reporting Standards, issued in May 2008 (effective for annual periods beginning on or after 1 January 2009). The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary (effective for annual periods beginning on or after 1 July 2009); possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments had no material impact on the financial statements, except:

IAS 16, Property, Plant and Equipment (and consequential amendments to IAS 7). Under the amended standard, entities that routinely sell assets previously held for rental are required to classify such assets as inventories from the point that the assets cease to be leased and become held for sale, while the proceeds from sale are recognised as revenue. The rent and proceeds from sale have to be classified as cash flows from operating activities. The Group amended its accounting policies accordingly.

Improving Disclosures about Financial Instruments - Amendment to IFRS 7, Financial Instruments: Disclosures, issued in March 2009 (effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. As the Group has no assets at fair value, the adoption of the standard had no impact on the Group's financial statements.

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate—IFRS 1 and IAS 27 Amendment (effective for annual periods beginning on or after 1 January 2009). The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognised in profit or loss rather than as a recovery of the investment. The amendment had no impact on the financial statements.

IAS 27, Consolidated and Separate Financial Statements, revised in January 2008 (effective for annual periods beginning on or after 1 January 2009). The revised standard requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if it results in a negative balance of minority interest (the current standard requires 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 will have to be measured at its fair value. The Group estimates that the revised standard will have no major impact on its financial statements because the Group has no minority interest in its subsidiaries.

IFRS 3, Business Combinations, revised in January 2008 (effective for annual periods beginning on or after 1 January 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing 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 will have 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. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be 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. IFRS 3 will have no impact on the Group because no business combinations with minority interest have been set up during the reporting period.

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1) (effective for annual periods beginning on or after 1 January 2009). This amendment to IFRS 5 has been made as part of the annual improvement project of IASB, issued in May 2008. The amendment clarifies that an entity committed to a sale plan involving loss of control of a subsidiary would classify the subsidiary's assets and liabilities as held for sale. The revised guidance should be applied prospectively from the date at which the entity first applied IFRS 5. The Group is assessing the impact of the amended standard on its financial statements.

ii. New standards, revisions to standards and interpretations to standards that became effective for the Group's reporting period beginning on 1 January 2009, but are not relevant to the Group's operations.

IFRS 8 Operating Segments

IFRIC 11 IFRS 2 Group and Treasury Share Transactions

IFRIC 17 Distributions of Non-Cash Assets to Owners

IAS 23 Borrowing Costs

Puttable Financial Instruments and Obligations Arising on Liquidation, IAS 32 and IAS 1 Amendment

Vesting Conditions and Cancellations, Amendment to IFRS 2

IFRIC 13 Customer Loyalty Programmes

IFRIC 15 Agreements for the Construction of Real Estate

Embedded Derivatives, Amendments to IFRIC 9 and IAS 39, issued in March 2009

IFRIC 18 Transfers of Assets from Customers

Eligible Hedged Items, Amendment to IAS 39

IFRS 1, First-time Adoption of International Financial Reporting Standards, revised in December 2008

iii. New standards, revisions to standards and interpretations to standards that will become effective for the reporting periods beginning on or after 1 January 2010 which the Group has not applied early.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2 (effective for annual periods beginning on or after 1 January 2010, not yet adopted by the EU). 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 Group is currently assessing the impact of the amendments on its 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 have not yet been adopted by the EU). 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;