FAR-EASTERN SHIPPING COMPANY PLC.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2009

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Independent Auditors' Report

To the Board of Directors of FAR-EASTERN SHIPPING COMPANY PLC. (FESCO)

We have audited the accompanying consolidated financial statements of FAR-EASTERN SHIPPING COMPANY PLC. (FESCO) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 principles 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 opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2009, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that the corresponding figures presented, excluding the adjustments described in Note 36, are based on the consolidated financial statements of the Group as at and for the year ended 31 December 2008, which were audited by other auditors whose report dated 1 July 2009 expressed an unmodified opinion on those statements. We have audited the adjustments described in Note 36 that were applied to restate the 2008 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

ZAO KPMG

ZAO KPMG
31 July 2010

FAR-EASTERN SHIPPING COMPANY PLC.
and its subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2009

'000 USD	Note	31 December 2009	31 December 2008 Restated	31 December 2007 Restated
ASSETS				
Non-Current Assets				
Fleet	6	424,589	723,572	776,004
Rolling stock	7	359,828	453,559	337,673
Other tangible fixed assets	8	211,204	207,317	322,945
Goodwill	4	222,285	228,372	410,559
Other intangible assets	5	8,674	10,856	17,450
Investment property	10	6,604	19,836	33,831
Investments	9	704,836	622,593	29,037
Other non-current assets	11	10,547	12,875	22,584
Total non-current assets		1,948,567	2,278,980	1,950,083
Current Assets				
Inventories	12	18,970	18,315	14,519
Accounts receivable	13	159,258	246,084	230,588
Current tax assets		11,967	9,163	13,360
Other current assets	14	33,200	5,928	4,722
Cash and cash equivalents	15	87,815	218,683	113,839
Total current assets		311,210	498,173	377,028
Total Assets		2,259,777	2,777,153	2,327,111
EQUITY AND LIABILITIES				
Shareholders' Equity	20			
Share capital		57,230	57,230	32,044
Share premium		999,494	999,494	392,965
Treasury shares		(336,104)	(336,104)	(59,125)
Retained earnings		402,448	626,906	724,667
Reserves		163,490	116,538	180,630
Total equity attributable to equity holders of the Company		1,286,558	1,464,064	1,271,181
Minority interest		14,123	17,031	18,895
Total equity		1,300,681	1,481,095	1,290,076
Non-current liabilities				
Long term loans and finance lease obligations	17	91,997	550,395	640,205
Deferred tax liability	19	37,723	57,833	88,013
Other long term liabilities	18	24,637	35,121	11,103
Total non-current liabilities		154,357	643,349	739,321
Current Liabilities				
Accounts payable	16	93,404	124,483	130,865
Current tax liabilities		1,602	5,296	4,574
Short term loans and finance lease obligations	17	709,733	522,930	162,275
Total current liabilities		804,739	652,709	297,714
Total liabilities		959,096	1,296,058	1,037,035
Total equity and liabilities		2,259,777	2,777,153	2,327,111

S.V. Generalov, President__________ Y.B. Gilts, Vice President and CFO__________ Date: 30 July 2010

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
and its subsidiaries

Consolidated Income Statement
For the year ended 31 December 2009

'000 USD	Note	2009	2008 Restated
Revenue	23	650,114	1,246,551
Operating expenses	24	(485,948)	(791,269)
Gross profit before depreciation and amortization		164,166	455,282
Depreciation and amortisation	6, 7, 8,10	(95,976)	(163,620)
Administrative expenses	25	(95,098)	(135,678)
Impairment loss on tangible fixed assets	28	(85,459)	(90,351)
(Loss)/profit on disposal of tangible fixed assets	27	(42,409)	1,716
Bad debt (charge)/release		(17,553)	21,501
Goodwill impairment	30	(4,514)	(40,298)
Other income		19,851	11,258
(Loss)/profit from operating activity		(156,992)	59,810
Interest expense		(64,812)	(73,888)
Foreign exchange loss		(6,474)	(67,304)
Other financial income and expense, net	26	(2,582)	(11,535)
Share of profit of associates	9	496	7,689
Loss before income tax		(230,364)	(85,228)
Income tax expense	19	(1,983)	(39,261)
Loss for the year		(232,347)	(124,489)
Attributable to:			
Owners of the Company		(235,985)	(132,659)
Minority interest		3,638	8,170
Basic and diluted loss per share	29	(USD 0.092)	(USD 0.052)

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
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Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

'000 USD		**2009**		**2008 Restated**
Loss for the year		(232,347)		(124,489)
Other comrehensive income/(loss):				
Revaluation of fleet	(13,128)		(82,828)	
Deferred tax charge on revaluation of fleet	1,767		1,398	
Effective portion of changes in fair value of cash flow hedges	-		(584)	
Effect of foreign currency translation	(16,660)		(100,503)	
Revaluation of fixed assets on acquisition of controlling stake in an associate	-		24,895	
Deferred tax charge on revaluation of fixed assets on acquisition of controlling stake in an associate	-		(5,921)	
Revaluation of available - for - sale investments	86,500		134,349	
Other comprehensive income /(loss)for the year		58,479		(29,194)
Total comprehensive loss for the year		(173,868)		(153,683)
Total comprehensive (loss)/income attributable to:				
Ordinary shareholders of the Company		(177,506)		(161,853)
Minority interests		3,638		8,170

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
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Consolidated Statement of Changes in Equity
For the year ended 31 December 2009

'000 USD	Share capital (Note 20)	Share premium (Note 20)	Treasury shares (Note 20)	Retained earnings	Revaluation reserve	Investment fair value reserve	Translation reserve	Cash flow hedge	Total	Minority interest	Total equity
	Attributable to equity holders of the Company										
Balance at 1 January 2008 as previously presented	32,044	392,965	(59,125)	724,667	160,556	-	20,851	(1,835)	1,270,123	18,895	1,289,018
Restatement	-	-	-	-	-		1,058	-	1,058	-	1,058
Balance at 1 January 2008 as restated	32,044	392,965	(59,125)	724,667	160,556	-	21,909	(1,835)	1,271,181	18,895	1,290,076
Profit for the year as previously presented	-	-	-	11,971	-	-	-	-	11,971	8,170	20,141
Restatement, see Note 36	-	-	-	(144,630)	-	-	-	-	(144,630)	-	(144,630)
Loss for the year as restated	-	-	-	(132,659)	-	-	-	-	(132,659)	8,170	(124,489)
Other comprehensive income/(loss)											
Effect of foreign currency translation	-	-	-	-	-		(100,503)	-	(100,503)	-	(100,503)
Revaluation of fleet, net of deferred tax	-	-	-	-	(81,430)		-	-	(81,430)	-	(81,430)
Release from revaluation reserve	-	-	-	34,898	(34,898)		-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-		-	(584)	(584)	-	(584)
Revaluation of fixed assets on acquisition of controlling stake in an associate	-	-	-	-	18,974	-	-	-	18,974	-	18,974
Revaluation of available for-sale investments	-	-	-	-	-	134,349	-	-	134,349	-	134,349
Total other comprehensive income/(loss)	-	-	-	34,898	(97,354)	134,349	(100,503)	(584)	(29,194)	-	(29,194)
Total comprehensive income/(loss) for the year	-	-	-	(97,761)	(97,354)	134,349	(100,503)	(584)	(161,853)	8,170	(153,683)

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
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Consolidated Statement of Changes in Equity
For the year ended 31 December 2009
(Continued)

	Attributable to equity holders of the Company										
'000 USD	**Share capital (Note 20)**	**Share premium (Note 20)**	**Treasury shares (Note 20)**	**Retained earnings**	**Revaluation reserve**	**Investment fair value reserve**	**Translation reserve**	**Cash flow hedge**	**Total**	**Minority interest**	**Total equity**
Transactions with owners, recorded directly in equity											
Contributions by and distribution to owners											
Dividends declared	-	-	-	-	-		-	-	-	(1,771)	(1,771)
Shares issued	25,186	606,529	-	-	-		-	-	631,715	-	631,715
Own shares acquired	-	-	(276,979)	-	-		-	-	(276,979)	-	(276,979)
Total contributions by and distributions to owners	25,186	606,529	(276,979)	-	-		-	-	354,736	(1,771)	352,965
Changes in ownership interests in subsidiaries that don not result in a loss of control											
Decrease in minority interest due to increase of shareholding	-	-	-	-	-	-	-	-	-	(168)	(168)
Decrease in minority interest due to transfer to investments available for sale	-	-	-	-	-	-	-	-	-	(17,216)	(17,216)
Minotity interest on acquisition	-	-	-	-	-	-	-	-	-	9,121	9,121
Total transaction with owners	25,186	606,529	(276,979)	-	-	-	-	-	354,736	(10,034)	344,702
Balance at 31 December 2008 as restated	57,230	999,494	(336,104)	626,906	63,202	134,349	(78,594)	(2,419)	1,464,064	17,031	1,481,095

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
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Consolidated Statement of Changes in Equity
For the year ended 31 December 2009
(Continued)

	Attributable to equity holders of the Company										
'000 USD	**Share capital (Note 20)**	**Share premium (Note 20)**	**Treasury shares (Note 20)**	**Retained earnings**	**Revaluation reserve**	**Investment fair value reserve**	**Translation reserve**	**Cash flow hedge**	**Total**	**Minority interest**	**Total equity**
Balance at 1 January 2009 as restated	57,230	999,494	(336,104)	626,906	63,202	134,349	(78,594)	(2,419)	1,464,064	17,031	1,481,095
Loss for the year	-	-	-	(235,985)	-	-	-	-	(235,985)	3,638	(232,347)
Other comprehensive income/(loss)											
Effect of foreign currency translation	-	-	-	-	-	-	(16,660)	-	(16,660)	-	(16,660)
Revaluation of fleet, net of deferred tax	-	-	-	-	(11,361)	-	-	-	(11,361)	-	(11,361)
Release from revaluation reserve	-	-	-	11,527	(11,527)	-	-	-	-	-	-
Revaluation of available - for - sale investments	-	-	-	-	-	86,500	-	-	86,500	-	86,500
Total other comprehensive income/(loss)	-	-	-	11,527	(22,888)	86,500	(16,660)	-	58,479	-	58,479
Total comprehensive income/(loss) for the year	-	-	-	(224,458)	(22,888)	86,500	(16,660)	-	(177,506)	3,638	(173,868)
Transactions with owners, recorded directly in equity											
Dividends declared	-	-	-	-	-	-	-	-	-	(8,136)	(8,136)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	(8,136)	(8,136)

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
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Consolidated Statement of Changes in Equity
For the year ended 31 December 2009
(Continued)

	Attributable to equity holders of the Company										
'000 USD	**Share capital (Note 20)**	**Share premium (Note 20)**	**Treasury shares (Note 20)**	**Retained earnings**	**Revaluation reserve**	**Investment fair value reserve**	**Translation reserve**	**Cash flow hedge**	**Total**	**Minority interest**	**Total equity**
Minotity interest acquired (note 30)	-	-	-	-	-	-	-	-	-	1,590	1,590
Total transaction with owners	-	-	-	-	-	-	-	-	-	(6,546)	(6,546)
Balance at 31 December 2009	57,230	999,494	(336,104)	402,448	40,314	220,849	(95,254)	(2,419)	1,286,558	14,123	1,300,681

The availability of the Company's retained earnings for distribution to shareholders is determined by the Company's Charter and by Russian law and does not correspond with the figures shown above. The Company's retained earnings available for distribution under Russian Accounting Standards as at 31 December 2009 were USD 220 million (as at 31 December 2008 USD 181 million).

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
and its subsidiaries

Consolidated Statement of Cash Flows
For the year ended 31 December 2009

'000 USD	Note	2009	2008 Restated
Cash flows from operating activities			
Loss for the year		**(232,347)**	**(124,489)**
Adjustments for:			
Depreciation and amortisation		95,976	163,620
Impairment losses		89,689	130,649
Loss/(gain) on disposal of tangible fixed assets		42,409	(1,716)
Loss on disposal of interest in group companies		-	3,556
Foreign exchange differences		6,474	67,304
Net finance costs		60,223	79,838
Share of profit of equity accounted investees		(496)	(7,689)
Income tax expense		1,983	39,261
Cash from operating activities before changes in working capital and provisions		**63,911**	**350,334**
Change in inventories		(494)	(7,252)
Change in trade and other receivables		93,777	8,432
Change in trade and other payables		(23,210)	(35,292)
Cash flows from operations before income taxes paid		**133,984**	**316,222**
Income tax paid		(19,420)	(78,425)
Income tax received		15,309	-
Cash flows from operating activities		**129,873**	**237,797**
Cash flows from investing activities			
Expenditure on vessels under construction	6	(43,104)	(219,687)
Refund from cancellation of construction contract	6	55,039	-
Expenditure on other fixed assets	8	(16,517)	(150,835)
Expenditure on investment property		-	(156)
Expenditure on intangible assets	5	-	(4,877)
Expenditure on drydocking	6	(4,960)	(11,279)
Proceeds on disposal of fleet		68,010	7,873
Proceeds on disposal of other fixed assets		1,856	7,551
Proceeds on disposal of investment properties		-	2,654
Acquisition of subsidiaries, net of cash acquired	30	(136)	(255,538)
Associates (acquired)/disposed		1,592	(8)
Other investments acquired		(1,358)	(6,354)
Proceeds on sale of subsidiaries/business, net of cash disposed of	-	-	8,509
Cash transferred to investments available for sale		-	(28,069)
Proceeds on sale of investments		2	3,414
Dividends received		1,263	26,246

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

FAR-EASTERN SHIPPING COMPANY PLC.
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Consolidated Statement of Cash Flows
For the year ended 31 December 2009
(Continued)

'000 USD	**Note**	**2009**	**2008**
Short-term loans (repaid)/ received		(4,980)	625
Finance lease receipt		374	249
Interest received		4,753	10,932
Net cash generated /(used) in investing activities		**61,834**	**(608,750)**
Cash flows from financing activities			
Issue of own shares		-	631,715
Purchase of own shares		-	(276,979)
Loans drawn down		377,272	1,287,860
Loan repayments		(606,219)	(1,008,295)
Finance charges		(69,059)	(77,595)
Financial instruments liability paid		(10,822)	-
Decrease in overdraft		(1,114)	(938)
Dividends paid		(8,172)	(1,236)
Net cash (used)/generated from financing activities		**(318,114)**	**554,532**
Exchange Differences		(4,461)	(78,735)
Net (decrease)/increase in Cash		(130,868)	104,844
Cash and cash equivalents at 1 January		218,683	113,839
Cash and cash equivalents at 31 December	15	87,815	218,683

The accompanying notes on pages 14 to 62 form an integral part of these consolidated financial statements.

1. Organisation and Trading Activities

Far-Eastern Shipping Company PLC (FESCO) was privatised and became a joint stock company governed by the laws of the Russian Federation on 3 December 1992. The Company's registered office and principal place of business is: 15 Aleutskaya Street, Vladivostok, Primorskiy Kray, Russian Federation 690091.

The Company's immediate parent entity is SVG Holdings S.A. and Mr Sergey Generalov is considered to be the Company's ultimate controlling party.

The principal activity of FESCO and its subsidiaries (the Group) has traditionally been shipping (ship owning, ship management, chartering out and line operating). In recent years FESCO has been transformed into an intermodal logistics Group focused on Russia, offering a full range of logistical solutions through a combination of shipping, rail, trucking and port services.

2. Basis of Accounts Preparation

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of selecting and applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where estimates are significant to the financial statements are disclosed in Note 2c.

The significant accounting policies adopted by the Group have been consistently applied with those of the prior period, except as described in Note 3(y).

The consolidated financial statements are prepared on the historical cost basis except that derivative financial instruments, investments at fair value through profit and loss and financial investments classified as available-for-sale are stated at fair value. Group's vessels are stated at fair value at each reporting date based on valuation performed by an independent professional appraiser as disclosed in Note 6. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(b) Basis of consolidation

These financial statements include the accounts of FESCO and its subsidiaries and a proportionate share in assets and liabilities, income and expenses of the joint ventures. The principal subsidiaries and joint ventures of the Group are as follows:

Name	Country of Incorporation	Percentage Holding	Activity
Bodyguard Shipping Company Limited	Cyprus	100%	Ship owning
Diataxis Shipping Company Limited	Cyprus	100%	Ship owning
Yerakas Shipping Company Limited	Cyprus	100%	Ship owning
Antilalos Shipping Company Limited	Cyprus	100%	Ship owning
Carmina Maritime Ltd	Marshall Islands	100%	Ship owning
Kirdischev Maritime Ltd	Marshall Islands	100%	Ship owning
Angara Maritime Ltd	Marshall Islands	100%	Ship owning
Ob Maritime Ltd	Marshall Islands	100%	Ship owning

Name	Country of Incorporation	Percentage Holding	Activity
Kraynev Maritime Ltd.	Marshall Islands	100%	Ship owning
Udarnik Maritime Ltd.	Marshall Islands	100%	Ship owning
Goldsmith Shipping Company Limited	Cyprus	100%	Ship owning
Marline Shipping Company Limited	Cyprus	100%	Ship owning
Marview Shipping Company Limited	Cyprus	100%	Ship owning
FESCO Agencies N.A., Inc.	USA	100%	Shipping agency
Talgona Shipping Company Limited	Cyprus	100%	Ship owning
Astro-Moon Shipping Company Limited	Cyprus	100%	Ship owning
Natouka Shipping Company Limited	Cyprus	100%	Ship owning
Perouna Shipping Company Limited	Cyprus	100%	Ship owning
Mar Space Shipping Company Limited	Cyprus	100%	Ship owning
Lightview Shipping Company Limited	Cyprus	100%	Ship owning
Star Warm Shipping Company Limited	Cyprus	100%	Ship owning
Anouko Shipping Company Limited	Cyprus	100%	Ship owning
FESCO Lines China, Co., Ltd.	China	100%	Shipping agency
Loversun Shipping Company Limited	Cyprus	100%	Ship owning
“Firm “Transgarant” LLC	Russia	100%	Holding company for transportation services group
FESCO Lines Vladivostok LLC	Russia	100%	Transport and forwarding services
FIT LLC	Russia	100%	Transport and forwarding services
“VKT” LLC	Russia	75%	Container terminal
“TRANSFES” Co., Ltd	Russia	100%	Shipping agency and operations
Dalreftrans Co, Ltd	Russia	100%	Transport and forwarding services
“ES+F”	Russia	100%	Shipping agency and operations
FESCO Lines Hong Kong Limited	China	100%	Shipping agency
FESCO Agency Lines HK Limited	Hong Kong	100%	Shipping agency
FESCO Lines Management Limited	Hong Kong	100%	Financial management
FESCO Container Services Company Limited	Cyprus	100%	Line operator
FESCO Ocean Management Limited	Cyprus	100%	Shipping operations
Maritime and Intermodal Logistics Systems Inc.	USA	100%	Container freight services
Remono Shipping Company Limited	Cyprus	100%	Freight forwarder
Shonstar Limited	British Virgin Islands	100%	Share options for Group’s management
FESCO Transportation Group Ltd	Russia	100%	Managing company
Commercial Port of Vladivostok	Russia	50%	Commercial Port
“Russkaya Troyka”	Russia	50%	Intermodal Container Operations
FESCO Wallem Shipmanagement Limited	Hong Kong	50%	Technical, crewing and safety management services provider
Trans Russia Agency Japan Co. Ltd	Japan	50%	Agency services

Subsidiaries.
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. The consolidated financial statements include the Group's share of joint ventures over which it exercises joint control on a proportional consolidation basis.

Certain subsidiaries, associate companies and joint ventures that are neither individually nor in aggregate material to the results, cash flows or financial position of the Group are not consolidated. These investments are recorded as available-for-sale investments at fair value as estimated by management. Where it is not possible to estimate fair values reliably, they are recorded at historical cost less applicable impairment.

Associates (equity accounted investees).
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in joint venture.
Joint ventures are those companies and other entities in which the Group, directly or indirectly, undertake an economic activity that is subject to joint control. Joint ventures are included in the consolidated financial statements using the proportionate consolidation method, whereby a venturer's share in each of the assets, liabilities, income and expenses of a jointly controlled entity are combined line-by-line with the venturer's line items in the venturer's financial statements, starting from the date, the joint control commences until the date the joint control ceases.

Transactions eliminated on consolidation.
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions from entities under common control.
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

(c) Critical accounting estimates and judgements in applying accounting policies

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

1. Impairment of goodwill and tangible fixed assets, see Note 4 and Notes 7,8
2. Determination of the fair value of the Group's fleet, see Note 6
3. Determination of the fair value of available-for-sale financial instruments, see Note 9
4. Going concern assumptions, see Note 33c
5. Russian taxation contingencies, see Note 32d

(d) Segmental Reporting

The Group has four operating segments: shipping, which operates on a global basis, intermodal services, railway transportation services which operate in Russia and other countries of the CIS and Russian-based port and sea terminal. A segmental analysis has been included in Note 22.

3. Accounting Policies

(a) Functional and Presentation Currency

The presentation currency used in the preparation of these financial statements is the U.S. Dollar ("USD").
The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated to USD as stated below.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are translated into functional currency at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency differences arising in translation are recognised in the income statement, except for differences arising on the translation of available-for-sale equity instruments.

The results and financial position of each Group entity whose functional currency is different from USD, are translated into the presentation currency as follows:

(i) assets and liabilities at each reporting date are translated at the closing rate at this date;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
and
(iii) all resulting exchange differences are recognised as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to the income statement.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

None of the Group entities has a functional currency which is a currency of hyperinflational economy. All financial information presented in USD has been rounded to the nearest thousand.

The Russian rouble is not a fully convertible currency outside of the Russian Federation and, accordingly, any conversion of RUR amounts to USD should not be construed as a representation that RUR amounts have been, could be, or will be in the future, convertible into USD at the exchange rate shown, or at any other exchange rate.

At 31 December 2009, the official rate of exchange, as determined by the Central Bank of the Russian Federation, was USD 1 = RUR 30.24 (31 December 2008 USD 1 = RUR 29.38).

Fleet
The fleet is stated on an individual vessel basis at market value as assessed by independent professional valuers and supported by calculations of value in use.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluations are performed annually.

A revaluation increase is recognised in revaluation reserve in equity except to the extent that it reverses a previous revaluation deficit on the same asset recognised in the income statement, in which case it is recognised in the income statement. A revaluation decrease is recognised in the income statement except to the extent that it reversed the previous revaluation surplus on the same asset recognised directly in equity, in which case it is recognised directly in equity.

At the year end a portion of the revaluation reserve, which is equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Other fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Vessels in course of construction include advances to shipyards, supervision fees, professional fees, finance costs and interest capitalised.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Dry-docking and special survey costs ("Dry-docking costs") are recognised as a separate component of the vessel and are capitalised as incurred during the period of the dry-docking programme.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of that item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Fleet depreciation

Depreciation is charged on a straight-line basis in the income statement on net book value less an estimated scrap value, based on anticipated useful lives of 25 years from date of building of the vessel.

Other fixed assets depreciation

Other fixed assets are depreciated on a straight line basis to their residual values at the following annual rates:

Buildings	3 – 10%
Rolling stock	4 – 20%
Machinery, equipment and other fixed assets	5 – 33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. Land is not depreciated.

Residual values
The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

(c) Impairment of non-financial assets.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of material impairment. If any such indication exists, recoverable amounts are estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business acquisition, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the income statement unless it reverses a previous revaluation recognised in equity in which case it is recognised in equity.
Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Dry-docking and special surveys

Dry-docking and special survey costs are capitalised and depreciated on a straight-line basis over a period of five years. Any unamortised amounts are derecognised when the next dry dock / special survey occurs or on disposal of the vessel to which the costs relate.

(e) Investment property

Recognition and measurement:
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in the production or supply goods of goods or services or for administrative purposes. Investment property is measured using the cost model.

Depreciation
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of investment property. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

- Buildings 60 years

(f) Inventories

Inventories are stated at the lower of cost, calculated on a weighted average basis, and net realisable value. Inventories comprise bunkers, victualling stocks, stores, spares and materials for construction. Net realisable value is the estimated amount an item could be sold for less any selling expenses.

(g) Revenue recognition

The Group derives revenue from the following main sources:

- “freight and hire” revenue from sea transportation;
- agency fees for arranging transportation;
- provision of transportation services using own and leased wagons (operators’ business);
- revenue from port and stevedoring services;
- revenue from rentals.

The Group recognises revenue on an accruals basis at the fair value of the consideration received or receivable. Revenue is presented in the income statement net of VAT and discounts.

Freight and hire
Revenue from transportation services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the number of days completed out of the total estimated number of days in a particular transportation route/charter. Estimated losses on transportation in progress are recognised at the time such losses become evident.

Transportation agency fee
In certain cases Group’s subsidiaries act as a legal intermediary for transportation organizations and pay transport fees on behalf of its clients. These fees, which are reimbursed by the Group’s clients, are not included in sales or cost of sales. Consequently, only the Group’s fees for intermediary activities are recognised as sales. Debtors and liabilities that occur in accordance with these activities are recognized as accounts receivable and accounts payable respectively.

Transportation services (operator’s business)
The Group also organizes transportation for clients and provides similar services using its own or leased wagons. Normally, a transportation tariff charged by the Russian Railway is re-charged to the counterparty (the Company acts as an agent). For this type of activity, the Group’s revenue comprises operator’s fee and revenue from rent of wagons.

The costs of sales for this type of activity generally includes transportation fees charged by transportation organizations for transportation of empty wagons (those are not re-charged to the counterparty), depreciation, repairs and maintenance costs for owned and leased wagons and lease payments for wagons rented on the basis of operating leases.

Revenue from port and stevedoring services
Port and stevedoring services represent cargo handling and storage in port and terminal. The revenue is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the surveys of work performed.

Revenues from rentals
Revenue earned by the Group from rentals is recognised on a straight line basis over the term of the rent agreements.

(h) Classification of financial assets

Non-derivative financial instruments.
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Accounting for finance income and expenses is discussed in note 3(x).

Held-to-maturity investments.
If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets.
The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Financial assets at fair value through profit or loss.
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Other.
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Investments in equity securities that are not quoted on a stock exchange are principally valued using valuation techniques such as discounted cash flow analysis, option pricing models and comparisons to other transactions and instruments that are substantially the same. Where fair value cannot be estimated on a reasonable basis by other means, investments are stated at cost less impairment losses.

Derecognition of financial assets.
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(i) Derivative financial instruments

The Group's activities expose it to the financial risks arising from changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. All derivative financial instruments are initially recognised at their fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value.
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion of designated cash flow hedge, changes in the fair value of designated fair value hedges and changes in the fair value of derivatives which do not meet the criteria for hedge accounting including, instances where sufficient hedge documentation is not available, is recognised in the income statement. Amounts recognised in equity are recycled in the income statement in the period in which the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item.

(j) Financial liabilities and equity instruments issued by the Company.

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss or "other financial liabilities".

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Fair value is obtained through discounting future cash flows at the current market interest rate applied to financial instruments with similar terms. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(k) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(l) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(m) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

(n) Operating leases

Where the Group is a lessee
Where a Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments, including those on expected termination, are charged to profit or loss on a straight-line basis over the period of the lease.

Where the Group company is a lessor
Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(o) Finance leases

Where the Group is a lessee
Where a Group company is a lessee in a lease which transfers substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the income statement over the lease period using the effective interest method.

Assets acquired under finance leases are depreciated over the shorter of useful life and the lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

Where the Group is a lessor
Assets leased out under finance lease agreements are recognized in the statement of financial position and presented as receivable at an amount equal to the net investment in the lease. The income on the finance lease is recognized as interest income and is based on the pattern reflecting a constant periodic rate of return on the Company's net investment in the finance lease.

(p) Defined contribution plans.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised in the income statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(q) Current and deferred tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.
Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(s) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Goodwill arising on acquisition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses.

Negative goodwill (excess of the fair value of the share in net assets acquired over consideration paid) is recognised in the income statement.

Any excess of the consideration paid to acquire a minority interest over the book value of the minority interest is recognised in equity.

(u) Other intangible assets

Other intangible assets are recognised at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over the useful life (generally five years), representing management's estimate of the period during which the Group is expected to benefit from these assets.

(v) Dividends

Dividends are recognised as a deduction from equity in the period in which they are approved by the shareholders.

(w) Share –based payments

The Group has a share option scheme to incentivise certain key members of management (see Note 21 for a fuller description of the scheme).
Due to the cash settlement option held by employees, the scheme is treated as creating a liability rather than an equity obligation. The fair value of the options outstanding is estimated by the Group at each balance sheet date using the Black-Scholes option pricing model.
For each option granted a liability based over the vesting period is recognised with a corresponding charge to the income statement(employee expenses).

(x) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss.

Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.
Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they relate to acquisition of qualifying assets, in which case they are capitalized in the cost of such assets.

(y) Reclassifications and restatements

Certain amounts in the consolidated financial statements for the year ended 31 December 2008 have been reclassified to conform to the current period representation. Interest receivable, result from investment activity, changes in fair value of financial instruments, impairment of investments in subsidiaries previously shown separately on the face of Income Statement were grouped under heading Other financial income and expense. Non profit based taxes are now included in operating expenses.

Comparative information.

Comparative information for 2008 contained in the statement in financial position, income statement and statement of changes in equity has been restated. For further details see Note 36.

Standards and interpretations adopted

The Group applied revised IAS 1 *Presentation of Financial Statements* (2007), which became presented in the statement of changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented accordingly.

New Standards and Interpretations not yet adopted

A number of new standards and interpretations are not yet effective as of the reporting date and have not been applied in preparing these consolidated financial information. Potentially the following will have an impact on the consolidated financial statements:

- IAS 24 (Revised) - *"Related Parties Disclosures"* (2009) effective for Group's accounting period beginning on 1 January 2011 with retrospective application required ("Revised IAS 24") introduces a number of changes in respect of presentation of related parties transactions, in particular, with associates of the parent company. The standard will have an impact on the presentation of related parties in the financial information.
- IFRS 9 - *"Financial Instruments"* (effective for Group's accounting period beginning on 1 January 2013). The new standard is to be issued in several phases and is intended to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement* once the project is completed by the end of 2010. The first phase of IFRS 9 was issued in November 2009 and relates to the recognition and measurement of financial assets. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Group's consolidated financial information. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued.

- IFRS 3 (Revised) *"Business Combinations"* (2008) (effective for Group's accounting period beginning on 1 January 2010) ("Revised IFRS 3") introduces a number of changes:
  the definition of a business has been broadened;
  contingent consideration will be measured at fair value;
  transaction costs, other than share and debt issue costs, will be expensed as incurred;
  any pre-existing interest in the acquiree will be measured at fair value; and any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. Future adoption of the revised IFRS 3 is expected to have an impact on the Group's accounting for future business combinations.

4. Goodwill

	Gross amount	Accumulated impairment loss	Carrying amoun
		USD'000s	
At 1 January 2008	410,559	-	410,559
Additions	191,673	-	191,673
Impairment	-	(40,298)	(40,298)
Transferred to available-for-sale investment	(283,042)	-	(283,042)
Translation difference	(50,520)	-	(50,520)
At 31 December 2008	268,670	(40,298)	228,372
Translation difference	(6,087)	-	(6,087)
Additions	4,514	-	4,514
Impairment	-	(4,514)	(4,514)
At 31 December 2009	267,097	(44,812)	222,285

Goodwill has been allocated to groups of cash generating units (CGU's) which represent the lowest level within the Group at which goodwill is monitored by management for internal reporting purposes.

The carrying amount of goodwill, net of impairment, allocated to each CGU is as follows:

	31 December 2009	31 December 2008
	USD'000s	
FIT LLC and its subsidiaries	4,093	4,093
"Firm "Transgarant" LLC and its subsidiaries	48,589	49,891
Commercial Port of Vladivostok and its subsidiaries	18,647	19,194
FESCO ESF Limited and its subsidiaries	6,826	6,826
"VKT" LLC	144,130	148,368
	222,285	228,372

The Group uses discounted cash flow techniques to arrive at the recoverable amounts of the cash generating units for the purposes of an impairment testing.

The particular key assumptions used in the impairment testing, discount and growth rates for each CGU were as follows:

	Discount rate	Terminal growth rate	Key assumptions
FIT LLC and its subsidiaries	14.98%	3%	Container volume: increase from 62,068 TEU in 2010 to 69,854 TEU in 2016
"Firm "Transgarant" LLC and its subsidiaries	12.64%	3%	Revenue growth: increase from USD 164 million in 2009 to USD 264 million in 2016
Commercial Port of Vladivostok and its subsidiaries	13.85%	3%	Throughput growth: increase from 6,7 million ton in 2010 to 7,1 million ton in 2016
FESCO ESF Limited and its subsidiaries	14.86%	3%	Container volume: increase from 77,400 TEU in 2010 to 106,156 TEU in 2016
"VKT" LLC	13.30%	3%	Throughput of containers: increase from 230,020 TEU in 2010 to 353,000 TEU in 2016

Recoverable amount for CGU's exceed carrying values and therefore no impairment was recognised.

Should the discount rate be 1% higher, impairment loss at the amount of USD 24.2 million would have been recognized. Should planned revenue be 1% lower, impairment loss at the amount of USD 3.0 million would have been recognized.

5. Other Intangible Assets

	Cost	Amortisation USD'000s	Net Book Value
At 1 January 2008	20,480	(3,030)	17,450
Additions	4,877	-	4,877
Disposals	(6)	-	(6)
Transferred to investments available-for-sale	(10,945)	1,996	(8,949)
Charge for the year	-	(2,516)	(2,516)
At 31 December 2008	14,406	(3,550)	10,856
Written off	(444)	-	(444)
Charge for the year	-	(1,738)	(1,738)
At 31 December 2009	13,962	(5,288)	8,674

Other intangible assets comprise mainly computer software and contract rights acquired from third parties.

6. Fleet

	Carrying value		
	31 December 2009	31 December 2008	31 December 2007
		USD'000s	
(a) Fleet	339,716	505,197	673,021
(b) Deferred dry docking expenses	18,671	24,386	22,305
(c) Vessels under construction	66,202	193,989	80,678
	424,589	723,572	776,004

	Valuation	Depreciation USD'000s	Net Book Value
At 1 January 2008	673,021	-	673,021
New buildings acquired during the year	101,974	-	101,974
Vessels acquired during the year	7,100	-	7,100
Depreciation charge for the year	-	(101,968)	(101,968)
Disposals	(8,751)	-	(8,751)
Revaluation	(268,147)	101,968	(166,179)
At 31 December 2008	505,197	-	505,197
New buildings acquired during the year	89,767	-	89,767
Depreciation charge for the year	-	(38,532)	(38,532)
Disposals	(92,849)	3,700	(89,149)
Revaluation	(133,419)	34,832	(98,587)
Transfers to current assets as vessels available-for-sale	(28,980)	-	(28,980)
At 31 December 2009	339,716	-	339,716
Total deadweight tonnage			699,653

The Group reviews the carrying value of the fleet on an annual basis. In determining an appropriate carrying value the Company relies on the opinion of expert third party valuers. The valuers determine by reference to recent sales transactions of similar vessels the amount a vessel could be sold for, assuming that the vessel is in a reasonable condition. Management critically reviews the valuation arrived at by the valuers and also produces calculations of value in use based on discounted anticipated future cash flows.

The valuation basis utilised implicitly includes the value of dry docking in the overall valuation. Management therefore deduct the net book value of capitalised dry dock from the valuation and account for such dry dock at historical cost less accumulated depreciation.

During the year the following vessels were transferred from the shipyard (see Note 6(c)):

mv “Fesco Diomid”	3100 TEU Container vessel	April 2009
mv “Fesco Vladimir”	1730 TEU Container vessel	July 2009

At 31 December 2009, the estimated scrap value of the Group’s fleet was calculated based on an estimate of USD 320 per LWT (2008: USD 250). This change in accounting estimate was made in reaction to the increase in international steel prices. This change in accounting estimate resulted in an decrease of depreciation charge for the year ended 31 December 2009 by USD 6 million.

The fleet includes 14 vessels fully depreciated with an aggregate scrap value of USD 32 million at 31 December 2009 (14 vessels with scrap value of USD 22 million at 31 December 2008).

Had the vessels been carried at the historical cost, the carrying amount would have been USD 330 million at 31 December 2009 (31 December 2008 – USD 447 million).

The fleet was revalued as at 31 December 2009 by independent professional brokers with reference to the observable market transactions with the comparable vessels. . The resulting revaluation decrease of USD 98 million has been recognised in the revaluation reserve (USD 13 million decrease) and the income statement (USD 85 million decrease).

At 31 December 2009, 22 vessels in the Group’s fleet with a net book value of USD 288 million were insured for hull and machinery risks with western underwriters. Further 27 vessels with a net book value of USD 81 million were insured with Russian underwriters. The total insured value amounted to USD 525 million.

46 vessels with a net book value of USD 361 million are pledged as a security to guarantee the Group’s obligations under ING Bank N.V., Calyon Bank, Citibank International plc and Vneshtorgbank loans (Note 17).

Movements during the period on deferred dry docking expenses were:

	Cost	**Depreciation**	**Net Book Value**
		USD’000s	
At 1 January 2008	38,720	(16,415)	22,305
Additions	11,279	-	11,279
New buildings acquired during the year	1,040	-	1,040
Charge for the year	-	(9,653)	(9,653)
Amortised dry dock write off	(2,538)	2,538	-
Release on disposal of fleet	(4,181)	3,596	(585)
At 31 December 2008	44,320	(19,934)	24,386
Additions	5,701	-	5,701
New buildings acquired during the year	950	-	950
Charge for the year	-	(9,254)	(9,254)
Amortised dry dock write off	(5,316)	5,316	-
Release on disposal of fleet	(9,004)	5,892	(3,112)
At 31 December 2009	36,651	(17,980)	18,671

Movements during the period on vessels under construction were:

	31 December 2009	31 December 2008
	USD'000s	
At 1 January 2009	193,989	80,678
Expenditure incurred during the year	43,104	219,294
Capitalised borrowing costs	2,375	4,031
Transferred to fleet during the year	(90,717)	(103,014)
Impairment	-	(7,000)
Cancelled	(82,549)	-
At 31 December 2009	66,202	193,989

Details of the Group's commitments in respect of vessels under construction are given in Note 32(a).

During the year the Group cancelled contracts for construction of three vessels and received refund of prepayments in the amount of USD 55 million. Outstanding amount of USD 23.4 million was in the dispute with KUKE, Polish government agency at the balance sheet date. Cancellation of contracts was due to the failure of shipyard to deliver vessels on agreed term. See note (note 35(g) regarding the settlement of the dispute.

7. Rolling Stock

	Cost	Depreciation	Net Book Value
		USD'000s	
At 1 January 2008	356,128	(18,455)	337,673
Additions in the year	102,930	-	102,930
Additions on acquisition of subsidiary	147,845	(6,326)	141,519
Depreciation charge for the year	-	(28,500)	(28,500)
Disposals	(4,646)	595	(4,051)
Disposals on sale of subsidiary	(42,700)	1,888	(40,812)
Translation difference	(46,235)	(8,965)	(55,200)
At 31 December 2008	513,322	(59,763)	453,559
Additions in the year	590	-	590
Transfer	476	-	476
Depreciation charge for the year	-	(25,308)	(25,308)
Disposals	(2,339)	2,306	(33)
Cancelation of financial lease contracts	(56,217)	2,664	(53,553)
Translation difference	(17,110)	1,207	(15,903)
At 31 December 2009	438,722	(78,894)	359,828

Rolling stock includes assets held under finance leases with a net book value of USD 70 million (at 31 December 2008 – USD 149 million).

At 31 December 2009 rolling stock with a carrying amount of USD 214 million (31 December 2008 - USD 50 million) are subject to registered debenture to secure bank loans (Note 17).

As at 31 December 2009 rolling stock with a net book value of USD 274 million was insured with Russian insurance companies. The total insured value is USD 316 million (at 31 December 2008 – USD 320 million with a net book value of USD 222 million).

8. Other Tangible Fixed Assets

	Buildings and Infrastructure	Plant, Machinery and Other	Assets under construction	Total
	USD'000s			
Cost				
At 1 January 2008	144,837	178,643	62,061	385,541
Additions	6,254	33,688	74,293	114,235
Additions on acquisition of subsidiary	28,950	28,120	366	57,436
Transfer from investment property	6,508	-	-	6,508
Transfer	3,476	1,436	(4,912)	-
Transfer to available-for-sale investments	(104,820)	(62,377)	(104,009)	(271,206)
Disposals	(132)	(2,727)	-	(2,859)
Disposals on sale of subsidiary	-	(242)	(318)	(560)
Other movements	2,029	-	-	2,029
Translation difference	(356)	(12,715)	(1,370)	(14,441)
At 31 December 2008	86,746	163,826	26,111	276,683
Additions	422	8,572	6,413	15,407
Additions on acquisition of JV	2,678	864	25	3,567
Transfer from investment property	11,624	-	-	11,624
Transfer	10,128	14,402	(25,006)	(476)
Disposals	(674)	(4,366)	(358)	(5,398)
Translation difference	617	(2,155)	(1,751)	(3,289)
At 31 December 2009	111,541	181,143	5,434	298,118
Depreciation				
At 1 January 2008	15,497	47,099	-	62,596
Depreciation charge for the year	3,858	16,701	-	20,559
Additions on acquisition of subsidiary	636	4,197	-	4,833
Transfer to available-for-sale investments	(3,455)	(8,159)	-	(11,614)
Eliminated on disposal	(89)	(2,217)	-	(2,306)
Eliminated on disposal of subsidiary	-	(38)	-	(38)
Translation difference	(194)	(4,470)	-	(4,664)
At 31 December 2008	16,253	53,113	-	69,366
Depreciation charge for the year	3,251	17,691	-	20,942
Eliminated on disposal	(22)	(3,069)	-	(3,091)
Translation difference	8	(309)	-	(301)
At 31 December 2009	19,490	67,424	-	86,914
Net Book Value				
At 31 December 2007	129,340	131,544	62,061	322,945
At 31 December 2008	70,493	110,713	26,111	207,317
At 31 December 2009	92,051	113,718	5,434	211,204

Plant, machinery and other fixed assets include containers held under finance lease with a net book value of USD 24 million (at 31 December 2008– USD 28 million).

At 31 December 2009 fixed assets with a carrying amount of USD 6.5 million (31 December 2008 -nil) are pledged as a security to guarantee the Group's loan obligations. (Note 17).

9. Investments

	31 December 2009	31 December 2008
	USD'000s	
(a) Investments available-for-sale	700,000	613,500
(b) Investments in associates	1,509	4,361
(c) Other investments	3,327	4,732
	704,836	622,593

(a) Investments available-for-sale

Investments available for sale are comprised of 50% interests in NCC Group Limited and Ealingwood Ltd, respectively. Prior to July 2008 investments in these entities were accounted for on a proportional consolidation basis as management believed that Group had joint control.
From 1 July 2008 investments in these entities have been reclassified to available -for- sale investments as significant restrictions were imposed on the Group's ability to exercise joint control, including lack of available financial reporting information. .
Investments are shown at their fair value as estimated by management and supported by independent valuer (level 3 of the hierarchy of the fair values). The fair value was arrived at using the discounted cash flow approach. The following key assumptions were applied in the valuation:

- USD-denominated discount rate of 12.56%;
- Terminal growth rate of 2.5%;
- EBITDA/Revenue margin of 45%-55%

The cash flow forecasts resulted in the Group's share in total business enterprise value in the range of USD 760 million –USD 850 million, before deduction for long-term debt. Additional analysis of comparable transactions and similar public companies was carried out confirming the reasonableness of this range.

The valuation is particularly sensitive to the following assumptions: should the discount rate be 1% higher/lower, the fair value would have been USD 81/99 million lower/higher. See note 35 regarding subsequent sale of the interests in NCC Group Limited and Ealingwood Ltd.

(b) Investments in associates

Name	Country of Incorporation	Percentage Holding	Activity
International Paint (East Russia) Limited	Hong Kong	49%	Ship Paint Production
"SHOSHTRANS" JVCSC	Uzbekistan	25%	Forwarding services
Transorient Shipping Co., Ltd	South Korea	49%	Maritime general agency

10. Investment Property

	Cost	Depreciation	Net Book Value
		USD'000s	
At 1 January 2008	33,831		33,831
Additions	155		155
Disposals	(2,421)	23	(2,398)
Reclassified to other fixed assets	(7,344)	51	(7,293)
Depreciation charge	-	(426)	(426)
Translation difference	(4,087)	54	(4,033)
At 31 December 2008	20,134	(298)	19,836
Business combinations	71		71
Transfers from CIP	8		8
Disposals	(146)	5	(141)
Reclassified to other fixed assets	(12,098)	283	(11,815)
Depreciation charge	-	(201)	(201)
Translation difference	(1,167)	13	(1,154)
At 31 December 2009	6,802	(198)	6,604

The Group's share in fair value of investment property was approximately USD 6 million and USD 21 million at 31 December 2009 and 2008.

Investment properties with a total carrying value of USD 2.5 million (31 December 2008: USD 5.9 million) are pledged as security to guarantee the Group's obligations under loans (Note 17).

Operating lease receivable by the Group under non-cancellable operating lease contracts are as follows:

	31 December 2009	31 December 2008
	USD'000s	
Within one year	376	497
In two to five years	188	713
Total operating lease receivable	564	1,210

11. Other Non-Current Assets

	31 December 2009	31 December 2008
	USD'000s	
Non-current portion of finance lease receivable, at amortized cost	3,919	4,732
Long term bank deposit, at cost	3,480	630
Prepayments, at cost	2,084	1,331
Long term loan to related party, at cost	667	-
Prepayments for investment, at cost	263	6,182
Interest swap	134	-
	10,547	12,875

Prepayments for fixed assets represent prepayments for equipment.

The Group leases railroad platforms to one of its joint ventures. The lease agreement provides for ownership transfer of assets to the lessee at the end of the lease term for nominal consideration. The Group recognises a 50% share in finance lease receivable relating to other venturer.
The average effective interest rate on the platforms leased is 9 %.

Lease receivables as at 31 December are scheduled as follows:

	31 December 2009		31 December 2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	USD'000s		USD'000s	
Within one year	1,844	1,159	1,407	720
Two to five years	4,921	3,919	5,630	4,062
Over five years	-	-	699	670
	6,765	5,078	7,736	5,452
Less: future finance charges	(1,687)		(2,283)	
Present value of lease obligations	5,078		5,453	
Less current portion		(1,159)		(720)
Non-current portion		3,919		4,732

12. Inventories

	31 December 2009	31 December 2008
	USD'000s	
Bunkers	11,660	8,103
Stores and spares	4,856	6,282
Victualling	420	404
Other stocks and raw materials	2,034	3,526
	18,970	18,315

13. Accounts Receivable

	31 December 2009	31 December 2008
	USD'000s	
Trade debtors	69,350	99,654
VAT receivable	44,537	69,329
Receivable from KUKE (Note 6(c))	23,400	-
Prepayments to OAO "Russian Railways"	12,756	18,539
Receivable from shipyard	5,171	-
Amounts due from associates	1,330	4,584
Amounts due from non-consolidated subsidiaries	890	3,193
Other debtors and prepayments	34,888	40,136
Amount in dispute with tax authorities	-	24,758
Allowance for impairment	(33,064)	(14,109)
	159,258	246,084

The balance of value added tax receivable includes tax receivable totalling USD 10 million, which was incurred on acquisition of rolling-stock by "Firm "Transgarant" LLC subsidiary from "Firm "Transgarant" LLC. Management expects this amount will be disputed by the Russian Tax Authorities and its recovery can be delayed. However, based on effective tax legislation and his experience, management also believes that the recovery of this balance will be completed within 12 months after the year end, so this amount is included in current assets and no discounting has been applied.

14. Other Current Assets

	31 December 2009	31 December 2008
	USD'000s	
Vessels available-for-sale	28,980	-
Loans and promissory notes issued to related parties, at cost	2,457	-
Short term finance lease receivable, at amortized cost	1,159	720
Short term portion of interest rate swap, at fair value	483	4,093
Loans and promissory notes issued to third parties, at cost	121	1,115
	33,200	5,928

15. Cash and Cash Equivalents

	31 December 2009	31 December 2008
	USD'000s	
Bank accounts and cash in hand	85,593	217,415
Restricted deposits	2,222	1,268
	87,815	218,683

16. Accounts Payable

	31 December 2009	31 December 2008
	USD'000s	
Trade creditors	35,191	65,713
Fair value of interest swap contracts (Note 31)	9,477	6,559
Taxes payable, other than income tax	6,518	5,177
Interest payable	5,047	6,919
Amounts due to associates	1,498	1,043
Current portion of liability for share – based payments (Note 21)	815	6,879
Amounts due to non-consolidated subsidiaries	84	-
Other creditors and accruals	34,774	21,193
Currency swap, at fair value (Note 31)	-	11,000
	93,404	124,483

17. Loans Payable and Finance Leases Obligations

(a) Loans payable

	31 December 2009	31 December 2008
	USD'000s	
Loans and other obligations comprise:		
Secured loans		
At fixed rate 3.1%-5%	93,127	148,866
At fixed rate 5% - 10%	110,085	177,065
At fixed rate 10% -15%	136,557	61,723
At fixed rate 15% -20%	53,717	1,793
At variable rates 0.95%-5% above Libor/Euribor /Mosprime	231,165	544,838
At variable rates 5%-9.5% above Libor/Euribor /Mosprime	103,337	-
	727,988	934,285
Unsecured loans		
At fixed rate 10.58%-13.5%	-	7,476
At variable rates 3.65%-4.15% above Libor	9,990	18,912
Interest free	2,375	-
	12,365	26,388
Obligations under finance leases at fixed rate 6%	25,325	28,800
Obligations under finance leases at fixed rate 11.3% - 18.3%	36,052	83,852
	61,377	112,652
	801,730	1,073,325
Repayable within the next twelve months	709,733	522,930
Long term balance	91,997	550,395
	801,730	1,073,325

For currency and maturity analysis of loans and other obligations see Note 33.

Fixed assets pledged as a security for loans are disclosed in Notes 6, 7, 8.

As at 31 December 2009 the Group was not able to meet financial ratio covenants contained in several loan agreements with an aggregate total outstanding principal amount of USD 407 million of which USD 333 million was long term. According to the terms of these agreements the total amount became payable on demand of the lenders as a result of the breach. As a consequence USD 333 million was reclassified to short term liability in these financial statements. See Note 35 regarding the process of negotiation with the banks on the receipt of waivers. .

(b) Finance Leases obligations

The Group partially finances the purchase of wagons and containers through leasing and sale-leaseback transactions with leasing companies.

All the lease agreements provide for ownership transfer of assets to the Group at the end of the lease terms for a nominal consideration.

The Group's finance leases mainly relate to acquisition of containers and railroad platforms.
The average effective interest rate on the wagon lease liability is 14.35% (2008: 14.35%) and on the container lease liability it is 6%. Minimum lease payments and future interest element are estimated based on the rates applicable to each individual lease contract.

Lease payments as at 31 December are scheduled as follows:

	31 December 2009		31 December 2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	USD'000s		USD'000s	
Within one year	20,220	13,831	29,732	15,936
Two to five years	53,066	37,329	88,428	50,642
Over five years	13,123	10,217	56,005	46,074
	86,409	61,377	174,165	112,652
Less: future finance charges	(25,032)		(61,513)	
Present value of lease obligations	61,377		112,652	
Less current portion		(13,831)		(15,936)
Non-current portion		47,546		96,716

18. Other Non-Current Liabilities

	31 December 2009	31 December 2008
	USD'000s	
Fair value of interest rate swap (Note 31)	19,606	23,429
Defined benefit obligations	2,031	2,024
Share based payments (Note 21)	1,190	8,532
Other non-current payables	1,810	1,136
	24,637	35,121

19. Current and Deferred Tax

Companies within the Group are subject to taxation in different jurisdictions. The most significant tax expense arises in entities incorporated in the Russian Federation. In 2008, the Russian government enacted a change in national profit tax rate from 24% to 20% with the effect from 1 January 2009. Consequently, current tax expense for 2008 is calculated at the rate of 24%, whereas the deferred tax is calculated at the rate of 20%.

	31 December 2009	31 December 2008
	USD'000s	
Current tax expense		
Current year	19,892	61,629
Adjustment for prior years	(252)	-
	19,640	61,629
Deferred tax expense		
Origination and reversal of temporary differences	(17,657)	(22,368)
	(17,657)	(22,368)
Total income tax expense	1,983	39,261

Reconciliation of effective tax rate:

	31 December 2009		31 December 2008	
	USD'000s	%	USD'000s	%
Loss before income tax	(230,364)	100	(85,228)	100
Income tax at applicable tax rate of 20% (2008: 24%)	(46,073)	20	(20,455)	24
Effect of income taxed at (lower)/higher rates	38,826	(17)	23,414	(27)
Reduction in tax rate	-	-	11,567	(14)
Income tax on intra group dividends	2,411	(1)	-	-
Foreign currency translation differences	-		17,160	(20)
Non-deductible temporary differences, net	7,071	(3)	7,575	(9)
Under/(over) provided in prior years	(252)	-	-	
	1,983	(1)	39,261	(46)

The Group's deferred tax liability mainly arises in entities incorporated in Russia and the effect of deferred taxation in other jurisdictions is not material.

Movements in temporary differences during 2009 and 2008 were the following:

	Balance 31 December 2008 (Restated)	Increase on acquisition of joint venture in the year	(Charge) / release to income for the year	Translation differences	Charge to equity for the year	Balance 31 December 2009
	USD'000s					
Vessels	(19,917)	-	3,237	-	1,767	(14,913)
Deferred dry docking	(2,954)	-	641	-	-	(2,313)
Other fixed assets	(39,661)	(475)	(554)	(429)	-	(41,119)
Assets under construction	(12)	-	315	-	-	303
Inventories	(36)	-	64	(7)	-	21
Accounts receivable	4,960	-	6,141	641	-	11,742
Accounts payable	(801)	-	191	849	-	239
Provisions, accruals and deferred income	223	-	386	121	-	730
Other	365	-		(367)	-	(2)
Tax loss carry forward	-	-	7,236	353	-	7,589
	(57,833)	(475)	17,657	1,161	1,767	(37,723)

	Balance 31 December 2007	Acquisition of subsidiaries	(Charge) / release to income for the year (Restated)	Transferred to available for sale investments	Charge to equity for the year	Currency translation effect	Balance 31 December 2008 (Restated)
	USD'000s						
Vessels	(36,656)	-	15,341	-	1,398	-	(19,917)
Deferred dry docking	-	-	(2,954)	-	-	-	(2,954)
Other fixed assets	(62,871)	(11,732)	10,648	28,822	-	(4,528)	(39,661)
Assets under construction	527	7	(246)	(298)	-	(2)	(12)
Inventories	1,083	(21)	(1,098)	7	-	(7)	(36)
Accounts receivable	15,321	(3,498)	(6,638)	(1,167)	-	942	4,960
Accounts payable	(6,609)	(471)	6,719	(288)	-	(152)	(801)
Provisions, accruals and deferred income	679	10	736	(1,245)	-	43	223
Other	513	(7)	(141)	(69)	-	69	365
	(88,013)	(15,712)	22,367	25,762	1,398	(3,635)	(57,833)

Unrecognised deferred tax liability

A temporary difference of USD 144 million relating to investments in subsidiaries and joint ventures has not been recognised as the Group is able to control the timing of reversal of the difference, and reversal is not expected in the foreseeable future.

20. Shareholders' Equity

	31 December 2009	31 December 2008
	USD'000s	
Authorised number of shares (1 Rouble per share)	3,643,593,000	3,643,593,000
Issued number of shares	2,951,250,000	2,951,250,000
Share capital (USD'000)	57,230	57,230

As at 31 December 2009 the Group held 393,705,807 of its own shares which were purchased for USD 336 million, being approximately 13% of the shares in issue (at 31 December 2008 – 393,692,807 shares for USD 336 million, being 13% of the shares in issue).

	31 December 2009	31 December 2008
	Number of shares	
Treasury shares held by:		
FES Invest	55,783	41,783
Shonstar Limited	-	124,401,921
Neteller Holdings Limited	393,650,024	269,249,103
	393,705,807	393,692,807

21. Share – Based Payments

In order to provide an incentive to key members of management, the Group introduced a share option scheme during 2007.

Selected employees of the Group were granted options to acquire a specified number of Company's shares at a price ranging from USD 0.33 to USD 1.08 per share at the expiry of two to five years.

The Group's obligations may be settled in shares or in cash at the choice of the employee.
Vesting of the options is subject to the individuals concerned remaining employees at the end of the specified period, although leavers may have a pro-rata entitlement. The employees are not required to achieve any other non-market or market based performance conditions.

At 31 December 2009 the Group recognised a reduction of USD 6.4 million in respect of grants under this share option scheme (31 December 2008 – increase of USD 4.9 million).

The decrease in fair value of the share options is due to decline in fair value of the share in 2009.

In 2009 the Group settled its liability related to share options exercised in 2008, resulting in a total cash-settled payment of USD 6.9 million in 2009 (2008: nil)

The accumulated liability from recognised grants amounts to USD 2 million (31 December 2008 – USD 15.3 million), of which USD 0.8 million are included within short term liabilities (31 December 2008 – 6.9 million) (Note 16).

The fair values of options granted under the Group's share option scheme were calculated at the period end using a Black-Scholes option pricing model with the following key assumptions:

	2009	2008
Stock price, USD	0.36	0.32
Exercise price, USD	0.33-1.08	0.33-1.08
Risk – free rate	0.20%-1.42%	0.57%-1.14%
Volatility	79.05%-177.93%	125.42%-161.64%
Time to expiration	0.5-2.5 years	1.5-3.5 years

The stock price was obtained from Russian Trading System (RTS) data on the balance sheet date. The risk – free rate is based on an estimate of returns on US two-four year Treasury bonds. Volatility is based upon historical record of share price with reference to the period of time from the reporting date to expected exercise date ranging from 0.5 to 2.5 years. The method corresponds to level 3 of the hierarchy of determination of the fair values.

The variables set out above resulted in a value per option of 10.01 cents. This value is sensitive to changes in volatility. An increase in the assumed volatility to 200% will result in an increase in price to 14.63 cents. A decrease to 50% volatility will result in a decrease of price by 3.07 cents.

The movement in options to subscribe for shares under the Group's share option scheme is shown in the table below.

	2009		2008	
	Number of share option	Weighted average exercise price, USD	Number of share option	Weighted average exercise price, USD
Outstanding at 1 January	27,941,076	0.5385	82,179,640	0.4513
Granted during the year	-	-	4,930,779	1.08
Forfeited during the year	-	-	16,435,930	-
Exercised during the year	-	-	42,733,413	0.9281
Expired during the year	-	-	-	-
Outstanding at 31 December	27,941,076	0.5385	27,941,076	0.5385
Exercisable at 31 December	-	-	-	-

Options granted to 6 directors and senior executives were outstanding at 31 December 2009. The scheme is funded by shares held by a Group company (Note 20).

22. Business Segmental Analysis

For management purposes, the Group is organised into four major operating divisions – shipping, liner and logistics, railway services and ports. The Group also includes certain companies that cannot be allocated to a specific division; these include investing and managing companies. These divisions are the basis on which the Group reports its operating segment information. The services provided by each of these divisions are as follows:

Shipping	The shipping division is involved in ship ownership, ship management, chartering out and provision of agency services. These activities are carried out on a cabotage, cross trade and import-export basis. The vessels operated by the shipping division are largely container vessels and bulk carriers.
Liner and Logistics	The Liner and logistics division operates liner services and provides freight forwarding services both for containers and break-bulk cargoes.
Railway Services	The railway services division provides services both as an operator and an agent. When acting as an operator it renders services for containerised and bulk cargoes using locomotives, railway wagons, hoppers, steel-pellet wagons and tank wagons owned by the division or leased by it under finance leases. In addition it uses rolling stock hired on short term operating leases.

Ports — The ports division owns and operates port facilities and container terminals in Russia and provides cargo handling, stevedoring, container storage and rental and related port services and facilities.

Segmental reporting information is submitted to management of the Group on a regular basis as part of the management reporting process. It is used to assess the efficiency of the segments and to take decision on the allocation of resources.

Segment information for the main reportable segments of the Group for the year ended 31 December 2009 is set out below.

	Shipping	Liner and Logistics	Railway services	Ports	Corporate	Eliminations/ Adjustments	Total
				USD'000			
External sales	142,210	314,173	136,368	56,821	-	542	650,114
Inter-segment sales	40,426	2,406	1,812	18,411	-	(63,055)	-
Segment revenue	182,636	316,579	138,180	75,232	-	(62,513)	650,114
Segment operating expenses	(140,701)	(280,987)	(92,609)	(37,499)	(117)	65,965	(485,948)
Segment administrative expenses	(23,228)	(30,733)	(25,629)	(10,616)	(17,124)	12,232	(95,098)
Segment result	18,707	4,859	19,942	27,117	(17,241)	15,684	69,068
Segment non-cash items:							
Depreciation and amortization	(50,388)	(11,478)	(26,404)	(6,318)	(1,387)	(1)	(95,976)
Impairment loss on tangible fixed assets	(85,459)	-	-	-	-	-	(85,459)
Bad debt (charge) / release	1,210	(2,857)	(16,448)	542	(1,330)	1,330	(17,553)
Goodwill impairment	-	-	-	(4,514)	-	-	(4,514)
Other material items of income/expense:							
(Loss)/profit on disposal of tangible fixed assets	(23,916)	1,454	(19,464)	(479)	(3)	(1)	(42,409)
Interest expense, share of profit/(loss) of associates and income tax expense:							
Interest expense	(16,568)	(4,004)	(44,616)	(1,005)	(41,287)	42,668	(64,812)
Share of profit of associates	690	(194)	-	-	-	-	496
Income tax expense	(3,869)	(1,976)	11,858	(8,360)	364	-	(1,983)

Segment information for the main reportable segments of the Group for the year ended 31 December 2008 is set out below.

	Shipping	Liner and Logistics	Railway services	Ports	Corporate	Eliminations/ Adjustments	Total
	USD'000						
External sales	196,573	630,942	263,935	155,101	-	-	1,246,551
Inter-segmental sales	68,939	2,950	19,744	12,335	-	(103,968)	-
Segment revenue	265,512	633,892	283,679	167,436	-	(103,968)	1,246,551
Segment operating expenses	(138,091)	(557,463)	(137,227)	(63,459)	(302)	105,273	(791,269)
Segment administrative expenses	(31,361)	(38,090)	(40,338)	(17,396)	(27,129)	18,636	(135,678)
Segment result	96,060	38,339	106,114	86,581	(27,431)	19,941	319,604
Segment non-cash items:							
Depreciation and amortization	(114,263)	(8,730)	(30,313)	(9,908)	(406)	-	(163,620)
Impairment loss on tangible fixed assets	(90,351)	-	-	-	-	-	(90,351)
Bad debt (charge) / release	23,549	(1,452)	-	(454)	(143)	1	21,501
Goodwill impairment	-	-	(40,298)	-	-	-	(40,298)
Other material items of income/expense:							
(Loss)/profit on disposal of tangible fixed assets	(1,079)	1,101	1,728	(178)	144	-	1,716
Interest expense, share of profit/(loss) of associates and income tax expense:							
Interest expense	(21,749)	(3,259)	(42,902)	(5,279)	(31,648)	30,949	(73,888)
Share of profit of associates	403	534	2,237	4,515	-	-	7,689
Income tax benefit / (expense)	(22,423)	(7,877)	4,496	(13,433)	(24)	-	(39,261)

Segmental assets and liabilities

	Assets		Liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	USD'000s			
Shipping (Global)	571,586	949,847	368,241	543,982
Liner and logistics (Global)	140,421	192,834	64,509	45,464
Railway services (Russia)	465,551	618,194	323,660	387,643
Ports (Russia)	255,569	266,972	46,021	42,713
Total of all segments	1,433,127	2,027,847	802,431	1,019,802
Goodwill	222,285	228,372	-	-
Other items not attributable to a specific segment	604,365	520,934	156,665	276,256
Consolidated	2,259,777	2,777,153	959,096	1,296,058

Other segmental information

	Acquisition of segment assets		Investments in equity accounted investees	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	USD'000s			
Shipping (Global)	53,709	257,271	911	1,115
Liner and logistics (Global)	763	6,161	598	540
Railway services (Russia)	1,681	263,431	-	2,706
Ports (Russia)	8,650	100,398	-	-
	64,803	627,261	1,509	4,361

23. Revenue

	2009	2008
	USD'000s	
Transportation services (operators' business)	434,327	854,933
Hire and freight	142,590	196,522
Port and stevedoring services	52,128	155,101
Revenue from rentals	12,405	29,307
Agency fees	8,664	10,688
	650,114	1,246,551

24. Operating Expenses

	2009	2008
	USD'000s	
Railway infrastructure tariff and transportation services	266,936	519,354
Voyage and vessel running cost	100,572	90,319
Payroll expenses	59,119	82,496
Stevedoring services	26,190	39,201
Operating lease of rolling stock	24,841	49,349
Non profit based taxes	8,290	10,550
	485,948	791,269

25. Administrative Expenses

	2009	2008
	USD'000s	
Salary and other staff related costs	48,271	72,701
Professional fees	12,455	6,925
Office rent	7,939	7,754
Other administrative expenses	26,433	48,298
	95,098	135,678

26. Other Financial Income and Expense

	2009	2008
	USD'000s	
Interest income	4,618	9,479
Dividends income	-	26,246
Changes in fair value of financial instruments	(2,241)	(35,108)
Other expenses	(4,959)	(12,152)
	(2,582)	(11,535)

27. (loss) / Profit on Disposal of Tangible Fixed Assets

	2009	2008
	USD'000s	
Loss on sale of vessels	(24,251)	(1,463)
Profit on disposal of other fixed assets and investment property	1,306	3,179
Loss on disposal of fixed assets due to cancellation of finance lease contracts	(19,464)	-
	(42,409)	1,716

During the year the Group cancelled some of its finance lease agreements for the rent of wagons. The net book value of leased wagons at the moment of cancellation was USD 54 million whereas the book value of finance lease liability was USD 35 million, resulting in a net loss of USD 19 million.

28. Impairment Loss on Tangible Fixed Assets

	2009	2008
	USD'000s	
Fleet impairment (Note 6)	(85,459)	(83,351)
Impairment of vessels under construction (Note 6)	-	(7,000)
	(85,459)	(90,351)

29. Loss per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held by Group companies . For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. These represent share options granted to management. Share options issued do not result in a dilution as a result diluted earnings per share equals basic earnings per share.

	31 December 2009	31 December 2008
	USD	
Loss for the year	(235,985,000)	(132,659,000)
Weighted average number of shares in issue (note 20)	2,557,533,776	2,526,945,693
Basic and diluted loss per share	(0.092)	(0.052)

The dilutive effect of management's share options is not significant.

30. Joint Venture Companies

The following amounts represent the Group's share in the assets and liabilities, and sales and results of joint ventures in which it participates. The amounts are included within the relevant items in the income statement and the balance sheet.

2009

	"Russkaya Troyka"	FESCO Wallem Shipmanagement Limited	M-Port Ltd and its subsidiaries	Trans Russia Agency Japan Co, Ltd	Total
	USD'000s				
Current assets	4,345	805	9,998	983	16,131
Non-current assets	29,969	75	87,187	89	117,320
Current liabilities	(2,067)	(152)	(8,797)	(874)	(11,890)
Non-current liabilities	(9,933)	(3)	(18,506)	-	(28,442)
Net assets	22,314	724	69,882	198	93,118
Income	4,053	1,413	42,770	895	49,131
Expenses	(7,834)	(1,390)	(42,434)	(1,317)	(52,975)
Net result	(3,781)	23	(336)	(422)	(3,844)

2008

	"Russkaya Troyka"	NCC Group Limited and its subsidiaries	Ealingwood Ltd. and its subsidiaries	Fesco Wallem Management Limited	M-Port Ltd and its subsidiaries	Trans Russia Agency Japan Co. Ltd	Total
	USD'000s						
Current assets	11,569	-	-	744	5,767	1,843	19,923
Non-current assets	28,626	-	-	104	82,941	392	112,063
Current liabilities	(2,440)	-	-	(69)	(10,008)	(1,186)	(13,703)
Non-current liabilities	(10,461)	-	-	(25)	(13,405)	-	(23,891)
Net assets	27,294	-	-	754	65,295	1,049	94,392
Income	12,001	71,829	20,396	1,437	51,941	1,121	158,725
Expenses	(11,637)	(53,328)	(15,237)	(1,382)	(41,676)	(1,081)	(124,341)
Net result	364	18,501	5,159	55	10,265	40	34,384

During 2009 one of Joint ventures, M-Port Ltd acquired shares of several companies for total cash consideration of USD 12 million from a related party.

Summarised information of the assets and liabilities of acquired companies on the date of acquisition were as follows:

	Net book value	50% Share
	USD'000s	
Cash	916	458
Inventories	298	149
Property, plant and equipment	7,066	3,533
Accounts receivable	1,614	807
Accounts payable	(2,360)	(1,180)
Deferred tax liabilities	(950)	(475)
	6,584	3,292
Minority Interest		(1,590)
Net assets attributable to the Group		1,702
Cash consideration:		6,216
Goodwill arising on acquisition (not recognised)		4,514

The profit of newly acquired companies included on consolidation amounts to USD 0.2 million.

31. Derivatives

To manage its exposure to variability in cash flows arising from interest rate and exchange rate fluctuations, the Group uses a number of derivative financial instruments:

	31 December 2009		31 December 2008	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
	USD'000s		USD'000s	
Non-current				
Interest rate swaps	134	(11,551)	-	(12,498)
Cross currency interest rate swaps	-	(8,055)		(10,931)
	134	(19,606)	-	(23,429)
Current				
Interest rate swaps	483	(8,791)	4,093	(3,094)
Cross currency interest rate swaps	-	(686)	-	(3,465)
Currency swaps	-	-	-	(11,000)
	483	(9,477)	4,093	(17,559)
	617	(29,083)	4,093	(40,988)

As at 31 December 2009, the Group entered into a number of interest rate swap contracts for hedging the interest rate risk, namely:

- Interest rate swap contract with ING Bank. The Group entered into an interest rate swap contract with ING Bank for hedging the interest rate risk arising from the loan facility which bears interest at Libor. The swap contract sets out at a fixed interest rate of 4.77% with the maturity date of 31 May 2012. Notional amount of hedged facilities equals to USD 60.0 million (2008: USD 72.0 million);

- Interest rate swap contracts with VTB intended for hedging the interest rate risk arising from external borrowings. The contracts swap Libor against fixed rates vary from 3.62% to 6.04% per annum with maturities on 1 May 2012, 29 September 2013, 31 January 2016, 30 October 2022 and 30 December 2022. Notional amount of hedged facilities equals to USD 139.4 million (2008: nil);

- Interest rate swap contracts with Citibank. The swap contracts set out Libor floor rate and cap rate at 4.70% and 5.95% respectively. The Group is required to make payment to Citibank when Libor is below the floor rate and receive payment when Libor exceeds the cap rate. Maturity date of the agreement is 30 June 2022 and 30 September 2022. Notional amount of hedged facilities equals to USD 39.4 million (2008: USD 15.8 million);

- Interest rate swap contracts with international bank: the contracts swap Libor 3M against fixed rate of 2.64% with the maturity date during 2013. Notional amount of hedged facilities equals to USD 80.3 million.

Additionally, the Group has entered into cross currency interest rate swap contract with Merrill Lynch Bank, intended for hedging the exchange rate and interest rate risks. In accordance with the swap contract terms, the company pays 3-month London Interbank Offered Rate ("Libor") + 4.35% and 3-month Libor + 4.05% in United States Dollars in exchange for 3-month Mosprime + 2.85% and 3-month Mosprime + 3.15% in Russian Roubles. The agreement is valid for the period from 20 June 2008 to 5 September 2012. Notional amount of hedged facilities equals to USD 53.1 million (2008: USD 75.2 million).

In prior year, management assessed the hedge of interest rate risk to be effective and the hedge of foreign exchange rate risk to be ineffective. Accordingly, the change in fair value of derivatives in respect of the interest rate swap portion was recognised as a cashflow hedge reserve, and the change in fair value of derivatives in respect of the exchange rate swap portion was recognised in the income statement.

Currently, the management considered that these financial instruments do not meet all the required characteristics of hedge accounting and all changes in the fair value of derivatives are recognised in the income statement in current year.

The fair value of swap is determined by brokers using financial models which correspond to level "3" of the hierarchy of the fair values.

For maturity analysis of cash flows hedges see Note 33.

The fair value of the swaps is as follows:

	31 December 2009	31 December 2008
	USD'000s	
Current liability	9,477	6,559
Non-current liability	19,606	23,429
	29,083	29,988

32. Contingencies and Commitments

(a) Capital commitments

The Group's commitments which mainly relate to new buildings fall due as follows:

	31 December 2009	31 December 2008
	USD'000s	
In one year	58,412	196,507
In two to five years	34,974	43,725
Total outstanding commitment	93,386	240,232

(b) Operating lease commitments – where a Group company is the lessee

The Group leases rolling stock, berths and office premises under non-cancellable lease agreements. As at the year end all non-cancellable operating lease agreements are for a period of less than 12 months with renewal options.

The Group leases berths under non cancellable operating lease agreements. These agreements expire in 2011 and are subject to the renewal. The Group will participate in an open auction renew these agreements.

At 31 December 2009, the Group had the following outstanding commitments under non-cancellable operating leases.

	31 December 2009	31 December 2008
	USD'000s	
Within one year	22,698	9,486
In two to five years	33,033	274
	55,731	9,760

(c) Operating lease commitments – where a Group company is the lessor

Operating lease proceeds receivable by the Group under a non-cancellable operating lease contract (including long-term time charter) are as follows:

	31 December 2009	31 December 2008
	USD'000s	
Within one year	44,429	38,946
In two to five years	2,719	15,084
After more than five years	209	236
Total charter receivable	47,357	54,266

(d) Taxation contingencies

The Group operates in several jurisdictions with significantly different taxation systems. Generally, in most high tax rate jurisdictions the foreign legal entity may be required to pay income tax if it is a tax resident of such jurisdiction or if its activities constitute a permanent establishment in such jurisdiction. Management believes that the Group's shipping and holding companies incorporated in low-tax jurisdictions are not subject to taxes outside their countries of incorporation. However, the concept of permanent establishment and tax residency for legal entities introduced by domestic and international law is subject to interpretation. As a result, there is a risk that the taxation authorities of higher tax jurisdictions may attempt to subject the Group's earnings to income taxes of a particular jurisdiction.

Should the taxation authorities be successful in assessing additional taxes, late payment interest and imposing fines on this basis, the impact on these financial statements could be significant.

Russian tax law and practice are not as clearly established as those of more developed market economies. Russian tax laws, regulations and court practice are subject to frequent change, varying interpretation and inconsistent and selective enforcement. As a result, sometimes taxpayers are being challenged as to structures and transactions which have not been challenged or litigated as a result of prior tax audits. Taxation of companies in the transportation and freight forwarding industry in particular has historically been a vague area in the Russian tax legislation. Recently, the Russian Supreme Arbitration Court issued a ruling # 8133/09 of 8 December 2009 upholding the position of lower courts that there is no basis to apply 0% VAT to unloading of imported goods unless the goods have been placed under the customs regime of free customs zone and stating that the Russian Tax Code does not unequivocally require application of 0% VAT rate to services with respect to unloading and storage of imported goods. Based on that line of reasoning, the court confirmed the importer's entitlement to recovery of 18% input VAT on respective services.

During 2007, 2008, and 2009 the Group's port subsidiaries provided services related to unloading and storage of imported goods and applied VAT at the rate of 0% to such services. For a number of years the tax authorities have confirmed the entitlement of Group port subsidiaries to apply such 0% VAT rate. In 2010 the tax inspectorate disallowed the application of 0% VAT for the second half of 2009 for Vladivostok container terminal, the Group's subsidiary, in the amount of USD 0,8 million, referring to the above decision of the Russian Supreme Arbitration . Although the decision is adopted in respect of a different taxpayer and the facts may differ, the tax authorities used it as a basis for their challenge. Even though in the past the tax authorities confirmed that supplies of respective services should be taxable at 0% VAT rate, following the above decision of the Supreme Arbitration Court the tax inspectorate may assess additional VAT on Group port subsidiaries for prior periods during fieldwork audits for periods technically open for audit (2007, 2008, and 2009). In case of such a challenge, the amount of such additional assessments and potential impact on these financial statements may be significant.

The Group's forwarding subsidiary FESCO Lines Vladivostok LLC (FLV) provided multimodal transportation services for goods imported into Russia and applied 0% VAT rate to such services. In the past the tax authorities confirmed FLV's right to benefit from 0% VAT rate with respect to such services during fieldwork audits for 2007 and 2008 as well as desktop audits for respective tax periods. However, in February 2010 following the desktop audit of adjusted VAT returns for respective tax periods of 2007, 2008 and third quarter of 2009 the tax authorities issued decisions challenging the application of the 0% VAT to such services and assessing additional VAT of USD 19.4 million. The decisions with respect to VAT returns for the first quarter 2009, the second quarter, and the fourth quarter of 2009 are still pending.

In arguing that the 0% VAT rate could only be applied to the supply of services directly related to manufacturing and sale of goods placed under the customs regimes of export or free customs zone, the tax authorities seem to have drawn their conclusion on the above decision of the Supreme Arbitration Court. The Russian Tax Code is vague as to what services related to imported goods should be taxable at 0% VAT rate. In the above case the Supreme Arbitration Court considered the VAT taxation of services with respect to unloading and storage of imported goods and did not express its opinion as to the VAT treatment of organisation of transportation of imported goods. The Russian Ministry of Finance recently issued a clarification supporting the application of 0% VAT rate to services on organisation of transportation of goods brought into Russia from a departure point located in a foreign country to a destination point located in Russia irrespective of the customs regime under which the goods are placed. Management believes that application of 0% VAT to such services is justified and no provision is required. Should, however, the court take a different view and rule in favour of the tax authorities, the impact on these financial statements may be significant. Moreover, the tax authorities may bring similar challenges against other Group companies engaged in transportation or freight forwarding of imported goods. In case of such challenges the amount of additional tax assessments and the potential impact on these financial statements may be significant.

The taxation system in the Russian Federation and countries of the former Soviet Union is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, different interpretations exist amongst numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are able by law to impose severe fines, penalties and interest charges. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These facts may create tax risks in Russia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(e) Operating environment of the company.

In recent years a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of recent market turmoil in capital and credit markets both globally and in Russia, notwithstanding any potential economic stabilisation measures that are been put in place by the Russian Government, there existed as at the date these financial statements were authorised for issue economic uncertainties surrounding the continuing availability, and cost, of credit both for the Group and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may not be recovered at their carrying amount in the ordinary course of business, and a corresponding impact on the Group's profitability.

See further information regarding the Group liquidity in Note 33(c) and 35(b).

33. Financial Risk Management Objectives and Policies

Capital Risk Management

The Group manages its capital to ensure that it can continue to operate and expand their operations while at the same time maximising returns to shareholders through the optimisation of the debt-equity balance. This strategy remains unchanged from prior year.

The Group is financed by a combination of borrowing and equity attributable to shareholders. Borrowing comprises long and short term loans (as disclosed in Note 17) and is monitored net of cash and cash equivalents. Equity attributable to shareholders comprises issued share capital, share premium, retained earnings and other reserves less treasury shares held (as disclosed in notes 20 and 21).

The Group is not subject to externally imposed capital requirements other than those included, from time to time, in the financial covenants associated with bank borrowing and those, imposed by the Russian legislation.

The Board of Directors monitors the capital structure of the Group taking into account the costs and risks associated with each category of capital. The Group's net debt to equity ratio is the primary tool used in the monitoring process. No formal targets have been set but the Board intends to maintain a net debt to equity ratio of less than 70% in the period to 31 December 2009.

The Group's net debt to equity ratio at the year end was as follows: -

	31 December 2009	31 December 2008
	USD'000s	
Net debt		
Long term borrowing	91,997	550,395
Short term borrowing	709,733	522,930
Less bank and cash balances	(87,815)	(218,683)
	713,915	854,642
Equity attributable to equity shareholders of the Company	1,286,559	1,464,065
Net debt to equity ratio	55%	58%

Major categories of financial instruments.

The Group's principle financial liabilities comprise borrowings, finance leases, trade and other payables.

The main risks arising from the Group's financial instruments are market risk which includes foreign currency and interest rate risk, credit and liquidity risks.

The Board of Directors has overall responsibility for the establishment and overseeing of the Group's risk management framework. The Group Audit Committee is responsible for developing and monitoring the Group's risk management policies.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which the customer operates, has less of an influence on a credit risk.

Each company within the Group establishes its own credit policy taking into account the specifics of the sector and the company's customer base.

The majority of the Group's customers have been transacting with the Group companies for many years and losses arising from this category of customer are infrequent.

Policies established by Group companies for new customers will generally involve some form of credit check based on the available information. Where a customer is not deemed creditworthy the Group will generally only offer services on a prepayment basis.

The Group has provided fully for all receivables over one year because historical experience is such that receivables that are past due beyond one year are generally not recoverable.

The Group's maximum exposure to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the balance sheet. At the balance sheet date, there was significant concentration of receivables from the shipyard, see Note 13.

The ageing profile of trade receivables was:

	31 December 2009		31 December 2008	
	USD'000			
	Total book value	Allowance for impairment	Total book value	Allowance for impairment
Current	36,177	131	57,730	-
Overdue 90 days	4,989	672	19,506	207
Overdue 91 days to one year	2,910	1,041	16,894	693
Overdue more than one year	25,274	25,274	5,524	5,524
	69,350	27,118	99,654	6,424

During the year, the Group had the following movement on allowance for trade receivables:

	31 December 2009	31 December 2008
	USD'000	
Balance as at 1 January	6,424	20,533
Uncollectible receivables written off during the year	-	(16,059)
Increase in allowance	20,694	1,950
Balance as at 31 December	27,118	6,424

During the year two of the Group's counterparties substantially decreased the volume of trade with one of the Group's subsidiaries and it is uncertain if they will be able to redeem the receivables. Consequently, full provision was recognized in respect of such counterparties in the amount of USD 14 million.

The remaining impairment allowance is mainly attributable to VAT receivable from tax authorities. Historically, it has not always been possible to obtain the supporting documents required to recover these amounts.

Other assets of the Group with exposure to credit risk include cash and advances to suppliers. Cash is placed with reputable banks. Advances to suppliers mainly include prepayments to shipyards in respect of new buildings, which are covered by a refund guarantee, and prepayments to Russian Railway. As such, management does not expect these counterparties to fail to meet their obligations.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases, finance leases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the RUR and USD.

Borrowings and interest thereon are generally denominated in currencies that match the cash flows generated by the underlying operations of the Group, this providing an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

At 31 December 2009, the Group had the following monetary assets and liabilities denominated in currencies other than the functional currency of the respective Group entity:

	USD	RUR	Other currencies
		USD 000's	
Assets			
Other non-current assets	3,919	-	1,496
Accounts receivable	5,584	16,104	5,326
Other current assets	1,159	-	-
Bank and cash balances	9,305	18,000	1,812
Intra-group assets	46,638	2,401	1,003
	66,605	36,505	9,637
Liabilities			
Accounts payable	3,450	4,516	5,117
Loans and other obligations	254,153	24,293	4,184
Intra-group liabilities	16,934	9,622	313
	274,537	38,431	9,614
	(207,932)	(1,926)	(23)

Other currencies include EURO and UK Pound primarily.

At 31 December 2008, the Group had the following monetary assets and liabilities denominated in currencies other than the functional currency of the respective Group entity

	USD	RUR	Other currencies
		USD 000's	
Assets			
Other non-current assets	4,732	-	-
Accounts receivable	16,197	24,244	4,465
Other current assets	720	-	-
Bank and cash balances	27,057	47,365	4,832
Intra-group assets	36,941	78,348	910
	85,647	149,957	10,207
Liabilities			
Accounts payable	3,585	3,291	4,323
Loans and other obligations	278,426	111	2,396
Intra-group liabilities	34,190	2,126	972
	316,201	5,528	7,691
	(230,554)	144,429	2,516

The Group has entered into a number of currency options as a part of managing its exposure to foreign currency risks. The option contracts are stated at their fair value with the movements in fair value recognised in the income statement, see Note 31.

Foreign currency sensitivity analysis

The table below details the Group's sensitivity to strengthening/weakening of USD against the RUR by 10% which represents management's assessment of the possible change in foreign currency exchange rates.

	RUR/USD impact	
	31 December 2009	**31 December 2009**
	RUR/USD +10%	**RUR/USD -10%**
	USD'000	
Profit or loss	20,793	(20,793)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest risk mainly arises from its debt obligations in particular non-current borrowings. Borrowing at variable rates exposes the Group to cash flow interest rate risk. Lending at fixed rates or the purchase of debt instruments at fixed rates expose the Group to changes in the fair value.

The Group constantly reviews its debt portfolio and monitors the changes in the interest rate environment to ensure that interest payments are within acceptable levels. Information relating to interest rates on the Group's borrowings is disclosed in Note 17.

Structure of interest rate risk.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments, excluding the effect of derivative financial instruments, was:

	Carrying amount	
	2009	**2008**
	USD'000	
Fixed rate instruments		
Cash and cash equivalents	4,350	395
Finance lease receivable	5,078	5,453
Borrowings and finance lease obligations	(454,863)	(509,575)
Receivables from KUKE and shipyard	30,508	-
	(414,927)	(503,727)
Variable rate instruments		
Borrowings	(344,492)	(563,750)
	(344,492)	(563,750)

Interest rate sensitivity analysis
The table below details the Group's sensitivity to increase or decrease of floating interest rates by 1%. The analysis was applied to loans and borrowings (financial liabilities) based on the assumption that the amount of liability outstanding as at the balance sheet date was outstanding for the whole year.

	LIBOR impact		EURIBOR impact		MOSPRIME impact	
	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit/ (loss)	(3,296)	3,296	(163)	163	(24)	24

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group has in place a detailed budgeting and cash flow forecasting process to help ensure that it has sufficient cash to meet its payment obligations. In the year ended 31 December 2009 the Group breached certain covenants contained in its loan agreements with major Russian and International banks, see also Note 17 (a).

As a result, USD 333 million have been re-classified to short-term liabilities at the balance sheet date.

Further, recent volatility on the capital and commodity markets resulted in a change in the operating environment, including increases in the borrowing rates, lack of available sources of financing and decrease in the demand for Group's services.

The Group realized a net loss for the year in the amount of USD 232 million (2008: loss of USD 124 million) and its current liabilities exceed current assets by USD 494 million. These factors indicate that there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Management analyzed these factors and has taken the following measures in order to enable the Company to continue as going concern:

- The Group cancelled some of its finance and operating lease agreements for wagons in order to reduce cash outflow;
- The Group cancelled some of its shipbuilding agreements which resulted in a cash inflow of USD 55 million during the year;
- Management negotiated with major Russia banks provision of new loans. In particular, subsequent to the balance sheet date the Group signed loan agreements for a provision of a facilities in the amount of USD 48 million;
- Management negotiates with the syndicate of banks the receipt of waivers for the breached covenants;
- Subsequent to the balance sheet date the Group sold several vessels for the amount of USD 43 million;
- Subsequent to the balance sheet date the Group sold ice-breaking supply vessel Fesco Sakhalin for a consideration of USD 77 mln (see note 35(b)). The vessel is not critical to the Group's operations.
- Subsequent to the balance sheet date the Group sold its investment in NCC Group Limited and Ealingwood Limited for a consideration of USD 900 mln and received USD 800 mln in cash. NCC Group Limited and Ealingwood Limited were not part of the core operations of the Group, see note 35 (h).

With the cash proceeds received from the sale of Fesco Sakhalin, NCC Group Limited and Ealingwood Limited, the Group's liquidity position has substantially improved. The Group's management believes that the negotiations with the banks regarding the receipt of waivers will be completed shortly.

In accordance with its business plan, management believes that the Group will be able to continue as going concern. In management's view the market is showing positive signs of recovery and the volumes of transportation are increasing compared to 2009. Accordingly, no adjustments have been made in these financial statements should the Group be unable to continue as going concern. Summaries of the maturity profile of the Group's financial liabilities as at 31 December 2009 and 31 December 2008 based on contractual payments are presented below.

Loans, borrowings, finance lease and other payables

	Carrying value	**Minimum future payment**	**Less than 3 month**	**3-6 month**	**6-12 month**	**1-5 years**	**Later than 5 years**
				USD'000			
As at 31 December 2009							
Loans	738,822	738,822	157,449	190,750	346,171	44,432	20
Interest payable on loans	5,047	44,101	8,074	17,016	15,836	3,175	-
Bank Overdraft	1,530	1,530	1,530	-	-	-	-
Finance Leases	61,377	86,409	4,394	5,171	10,655	53,066	13,123
Interest swap	29,083	29,083	2,072	1,823	5,582	19,328	278
Trade and other payables	78,065	78,065	65,388	4,010	8,667	-	-
Share-based payments	2,005	2,005	-	815	-	1,190	-
Defined benefit obligations	2,031	2,031	-	-	-	2,031	-
Other non-current payables	1,810	1,810	-	-	-	1,810	-
Total	919,770	983,856	238,907	219,585	386,911	125,032	13,421
As at 31 December 2008							
Loans	958,029	958,029	209,056	214,214	81,080	312,707	140,972
Interest payable	6,919	139,728	11,685	10,367	16,409	80,994	20,273
Bank Overdraft	2,644	2,644	2,644	-	-	-	-
Finance Leases	112,652	174,165	7,727	7,658	14,347	88,428	56,005
Currency swap	11,000	11,000	4,500	3,250	3,250	-	-
Interest swap	29,988	29,988	1,523	1,656	3,380	18,317	5,112
Trade and other payables	93,126	93,128	84,706	2,517	5,903	-	-
Share-based payments	15,411	15,411	6,879	-	-	8,532	-
Defined benefit obligations	2,024	2,024	-	-	-	2,024	-
Other non-current payables	1,136	1,136	-	-	-	1.136	-
Total	1,232,929	1,427,251	328,720	239,662	124,369	512,138	222,362

34. Related Party Transactions

For the purposes of these financial statements, parties are considered to be related if both parties are under common control or one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

During the year eleven individuals were considered to be the Group's key management and directors (2008 – eleven individuals). Their remuneration during the period was as follows:

	31 December 2009	31 December 2008
	USD'000s	
Salaries	1,663	2,706
Termination payment	1,410	-
	3,073	2,706
Share options expense	-	7,007
	3,073	9,713

Statement of financial position	31 December 2009	31 December 2008	Nature of balances
	USD'000s		
Non consolidated subsidiaries	807	3,193	Trade debt
Associates	460	4,584	Agency and other service
Joint Venture Company	(629)	-	Trade debt
Related through common shareholder	(6,090)	(47,404)	Loan payable
Joint Venture Company	(2,374)	-	Loan payable
Related through management	171	-	Loan issued
Joint Venture Company	579	-	Loan issued
Related through common shareholder	2,374	-	Loan issued
Related through common shareholder	-	1,726	Trade debt
Related through common shareholder	16,261	115,800	Deposit
Joint Venture Company	5,078	5,452	Finance lease receivable

Income Statement	31 December 2009	31 December 2008	Nature of transactions
	USD'000s		
Non consolidated subsidiary purchases	(925)	(2,290)	Agency Services
Non consolidated subsidiary sales	113	987	Agency Services
Associates purchases	(3,238)	(2,903)	Agency services, rent and security expenses
Related through common shareholder	678	1,759	Interest expense
Joint Venture Company	688	887	Finance lease income
Related through common shareholder	1,500	3,192	Interest income
Related through common shareholder	-	(3,562)	Loss on disposal of a joint venture
Related through common shareholder	(4,514)	-	Goodwill not recognised

35. Post Balance Sheet Events

(a) In first half of 2010 m/v Mekhanik Moldovanov, Fesco Aleut, Fesco Altay and Fesco Anadyr were sold to third parties for a total consideration of USD 43 million. The carrying amount at these vessels at the balance sheet date was USD 43 million.

(b) *Sale of Ice-breaking supply vessel Fesco Sakhalin*
In July 2010 the Group sold the ice-breaking supply vessel Fesco Sakhalin to a third party for a consideration of USD 77 mln. The consideration was received in cash.

(c) *New borrowings*
In March-May 2010 the Group entered into several new loan agreements totalling USD 48 million. The loan tranches are repaid after six months from the moment of borrowing.

(d) *New share option program*
In May 2010, the Board of Directors of the Company took a decision to introduce certain changes in share option program of the Group, resulting an increase in a number of share option to 88,643,59 shares. Exercise price is established at USD 0.32 at the expiry period of 3 years. New changes in share option program become effective starting from 1st June 2010 whereas the old program was abandoned.

(e) At the date of the financial statements were authorized for issue, the Group is negotiating with the banks the receipt of waivers for breached covenants. The Group applied to the banks with waiver requests and expects to receive such waivers during August 2010.

(f) *Proposed issue of bonds and shares by FESCO*
In March 2010 the Board of Directors of the Company has made a decision to issue Russian bonds for a total consideration of RUR 6,000 mln.
In May 2010, the Board of Directors of the Company has made a decision to increase the share capital of the Company by issuance of additional 690,592,500 ordinary shares with nominal value of 1 RUR.
The placement of additional shares and bonds has not taken place yet.

(g) *Settlement of the dispute with the Polish governmental agency KUKE*
In June 2010 the Group settled a dispute with the Polish governmental agency KUKE and agreed on a receipt of the reimbursement of USD 23.4 mln of which USD 20 mln was received in cash and the remaining part is due in three instalments until 31 March 2011.

(h) *Sale of NCC Group Limited and Ealingwood Limited*
In July 2010 the Group sold its investment in NCC Group Limited and Ealingwood Limited for a consideration of USD 900 mln to a third party and received USD 800 mln in cash. The remaining part will be settled either in cash or by delivery to the Group of a 50% share in NUTEP group of companies, a container terminal located in Novorossiysk. The final settlement is expected to take place by the end of October 2010. The financial effect of the transaction will be a profit on disposal of available-for-sale securities of approximately USD 424 mln.

(i) Subsequent to the balance sheet date the Group voluntary prepaid four loan facilities arranged by ING Bank N.V. London Branch in total amount of US$ 76 mln.

36. Accounting Errors and Changes in Accounting Policy

Subsequent to the issuance of the Group's consolidated financial statements for the year ended 31 December 2008, the Group's management identified the following errors:

(a) The Group recognized a gain on the change in the fair value of available-for-sale investments in amount of USD134 million in the profit and loss for 2008. The gain was recognized in profit and loss because the securities were designated into the category "at fair value through profit and loss" on initial recognition. However, having analysed the classification subsequently, it was concluded that the securities should be classified as "available-for-sale" and in accordance with IAS 39 their revaluation shall be recognized in equity.

(b) The Group previously recognized negative goodwill in amount of USD 14 million on acquisition of "Transgarant Vostok" in the income statement. Under IAS's that were effective as at 31 December 2008 goodwill in stepped acquisition is determined by reference to every transaction. And any adjustment to fair values relating to previously held interests of the acquirer is a revaluation and should be treated as such. For this reason revaluation in amount USD 19 million was reclassified to Statement of Changes in Equity with corresponding amount of USD 4 million recognized as positive goodwill in restated statement of financial position.

(c) The Group previously has written off lubricants and spare parts on board as expenses. Under IAS 2 inventories are assets in the form of materials or supplies to be consumed in the production process or in the rendering of services. For this reason inventories balance in amount of USD 7 million was restored with corresponding decrease of operating expenses. This change in turn entailed change of deferred tax liability and charge.

(d) The Group previously has not recognized liabilities in respect of defined post-employment benefit plan held by one of its joint venture. IAS19 requires to determine and recognize present value of defined benefit obligations and the fair value of any plan assets in the statement of financial position. For this reason long term pension obligation in amount of USD 3 million has been recognized in the Group's Financial Statements for the year ended 31 December 2008.

(e) The Group previously has not calculated translation difference on goodwill and fixed assets revaluation surplus arising on the acquisition of a foreign operation. In accordance with IAS 21 it shall be treated as assets and liabilities of the foreign operation and shall be expressed in the functional currency of the foreign operation. Recalculations resulted to decrease in goodwill, rolling stock and other tangible fixed assets with resulting increase in translation difference reserve.

(f) Starting from 1st January 2009, the Group has changed its accounting policy in relation to accounting for investment property from fair value model to historical cost model. The management of the Company is confident that new policy provides reliable and more relevant information. New accounting policy was applied retrospectively (Note 10).

The effect of the restatement on the earnings per share is a reduction by USD 0.06. The summary of restated amounts as at 31 December 2008 is as follows:

USD'000s	**As previously reported**	**As restated**
	Statement of Financial Position	
Goodwill	264,229	228,372
Rolling Stock	463,038	453,559
Other tangible fixed assets	204,340	207,317
Inventories	10,919	18,315
Deferred tax liability	(59,745)	(57,833)
Other non - current liabilities	(31,961)	(35,121)
Investment property	21,175	19,836
USD'000s	**Income Statement**	
Operating expenses (including reclassification)	(796,641)	(791,269)
Goodwill impairment (including reclassification)	(45,480)	(40,298)
Depreciation and amortization	(161,743)	(163,620)
Investment property fair value adjustment	1,142	-
Other financial income and expenses, net (including reclassification)	137,531	(11,535)
Taxation	(36,162)	(39,261)

Net profit/(loss) for the year	20,141	(124,489)
USD'000s	**Statement of Changes in Equity**	
Available - for - sale investments revaluation reserve	-	134,349
Revaluation reserve	-	18,974
Translation difference reserve	(29,645)	(78,594)

The summary of restated amounts as at 31 December 2007 is as follows:

USD'000s	**As previously reported**	**As restated**
	Statement of Financial Position	
Goodwill	405,138	410,559
Rolling Stock	346,022	337,673
Other tangible fixed assets	324,230	322,945
Investment property	33,571	33,831
Deferred tax liability	(93,024)	(88,013)
Translation difference reserve	(20,851)	(21,909)

FAR-EASTERN SHIPPING COMPANY PLC.
and its subsidiaries

Consolidated Schedule of Fleet at 31 December 2009

	Year of Building	Deadweight Tonnage	Book Value USD'000s	Insured Value USD'000s
Bulk				
Ivan Makarin	1982	19,252	2,588	4,500
Kapitan Tsirul	1982	19,252	2,588	4,500
Cheremkhovo	1984	23,242	2,600	5,000
Chelyabinsk	1984	23,242	2,600	5,000
Grigoriy Aleksandrov	1986	24,105	3,189	5,000
Fesco Angara	1985	37,155	2,586	5,500
Fesco Yenisei	1985	37,178	2,579	5,125
Fesco Ob	1986	36,690	8,220	6,500
Amur	1997	5,295	6,234	8,000
Ussuri	2002	5,437	7,434	9,000
Khudozhnik Kraynev	1986	24,105	3,652	5,000
		254,953	44,270	63,125
Container				
Kapitan Krems	1980	5,720	1,349	2,062
Kapitan Gnezdilov	1980	5,720	1,349	2,000
Kapitan Sergiyevskiy	1981	5,629	1,349	2,000
Kapitan Artyukh	1986	9,141	1,741	3,000
Krasnogvardeyets	1986	9,141	1,749	3,000
Kapitan Lyashenko	1987	8,717	1,850	3,000
Khudozhnik N. Rerikh	1989	8,579	1,850	3,500
Kapitan Afanasyev	1998	23,380	6,697	12,250
Kapitan Maslov	1998	23,380	6,593	12,250
Vladivostok	1998	23,380	6,687	12,250
Fesco Trader	1997	15,231	5,787	10,000
Fesco Voyager	1998	15,231	5,938	10,500
Fesco Ascold	2006	13,760	12,947	15,500
Fesco Anadyr	2007	13,760	13,383	16,500
Fesco Vitim	2008	22,750	20,207	30,000
Fesco Voronezh	2008	22,750	20,180	30,000
Fesco Vladimir	2009	22,750	20,133	30,000
Fesco Diomid	2009	42,274	30,525	55,900
		291,293	160,314	253,712
General Cargo				
Pioner Kirgizii	1978	6,780	1,300	1,559
Abakan	1990	9,500	3,151	6,000
Yelena Shatrova	1990	7,365	2,932	6,000
Igor Ilyinskiy	1990	7,365	2,950	6,000
Sinegorsk	1991	7,365	3,436	6,000
Vysokogorsk	1991	7,365	3,437	6,000
Vasiliy Golovnin	1988	10,700	6,101	6,500
		56,440	23,307	38,059

	Year of Building	Deadweight Tonnage	Book Value USD'000s	Insured Value USD'000s
Ro-Ro				
Igarka	1983	19,943	3,461	6,000
Amderma	1983	19,943	3,461	6,000
Anatoliy Kolesnichenko	1985	19,728	3,518	6,500
Kapitan Man	1985	19,763	3,518	6,500
Vasiliy Burkhanov	1986	19,724	4,119	7,000
Fesco Gavriil	1976	4,600	1,792	2,500
Fesco Nikolay	1984	5,500	2,085	3,250
Fesco Uelen	2006	3,023	3,149	5,500
Fesco Ulan Ude	1985	3,199	2,207	4,000
		115,423	27,310	47,250
Ice-Breaking Supply Vessel				
Fesco Sakhalin	2005	4,298	84,515	85,000
		4,298	84,515	85,000
Total		**722,407**	**339,716**	**487,146**