

PAO SOVCOMFLOT

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2015

PAO Sovcomflot

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Condensed Consolidated Income Statement
For the period ended 31 March 2015

	Note	Three months ended		Year ended
		31/03/2015	31/03/2014	2014
		\$'000	\$'000	\$'000
Freight and hire revenue		359,022	365,067	1,387,366
Voyage expenses and commissions		(69,507)	(94,505)	(343,390)
Time charter equivalent revenues		<u>289,515</u>	<u>270,562</u>	<u>1,043,976</u>
Direct operating expenses				
Vessels' running costs		83,841	86,223	349,116
Charter hire payments		7,283	7,014	52,675
		<u>(91,124)</u>	<u>(93,237)</u>	<u>(401,791)</u>
Net earnings from vessels' trading		198,391	177,325	642,185
Other operating revenues		4,854	7,873	31,907
Other operating expenses		(3,053)	(5,497)	(24,553)
Depreciation, amortisation and impairment		(76,507)	(73,393)	(321,533)
General and administrative expenses		(19,907)	(23,742)	(104,010)
Gain on sale of assets		209	4,347	9,548
Release of allowance for credit losses		66	112	1,848
Release of provision		-	(52)	(52)
Share of profits in equity accounted investments		5,294	3,533	12,874
Operating profit		<u>109,347</u>	<u>90,506</u>	<u>248,214</u>
Other (expenses) / income				
Financing costs		(34,215)	(35,734)	(138,325)
Interest income		4,314	3,942	16,672
Other non-operating income	18	26,333	-	3,402
Other non-operating expenses	18	(1,638)	(1,584)	(8,620)
(Loss) / gain on ineffective hedging instruments	7	(33)	134	442
Gain on derivative financial instruments held for trading	7	-	3,185	6,164
Foreign exchange differences		(5,070)	(560)	(36,970)
Net other expenses		<u>(10,309)</u>	<u>(30,617)</u>	<u>(157,235)</u>
Profit before income taxes		99,038	59,889	90,979
Income tax expense	16	(2,086)	(1,743)	(7,085)
Profit for the period		<u>96,952</u>	<u>58,146</u>	<u>83,894</u>
Profit attributable to:				
Owners of the parent		91,845	55,260	80,058
Non-controlling interests		5,107	2,886	3,836
		<u>96,952</u>	<u>58,146</u>	<u>83,894</u>
Earnings per share				
Basic earnings per share for the period attributable to equity holders of the parent		<u>\$0.047</u>	<u>\$0.028</u>	<u>\$0.041</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Condensed Consolidated Statement of Comprehensive Income
For the period ended 31 March 2015

	Note	Three months ended		Year ended
		31/03/2015	31/03/2014	2014
		\$'000	\$'000	\$'000
Profit for the period		96,952	58,146	83,894
Other comprehensive income:				
Share of associates' other comprehensive income		(3)	(19)	(84)
Share of joint ventures' other comprehensive income	5	(1,200)	699	2,703
Exchange differences on translation of foreign operations		(689)	(6,731)	(27,954)
Derivative financial instruments recycled and debited to the income statement	7	8,942	6,978	20,081
Fair value movement of derivative financial instruments debited to other comprehensive income	7	(18,029)	(5,925)	(23,265)
Other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods		<u>(10,979)</u>	<u>(4,998)</u>	<u>(28,519)</u>
Remeasurement (losses) / gains on retirement benefit obligations		(17)	773	1,252
Other comprehensive income, net of tax not to be reclassified to profit or loss in subsequent periods		<u>(17)</u>	<u>773</u>	<u>1,252</u>
Total other comprehensive income for the period, net of tax		<u>(10,996)</u>	<u>(4,225)</u>	<u>(27,267)</u>
Total comprehensive income for the period		<u>85,956</u>	<u>53,921</u>	<u>56,627</u>
Total comprehensive income attributable to:				
Owners of the parent		80,878	51,793	55,819
Non-controlling interests		5,078	2,128	808
		<u>85,956</u>	<u>53,921</u>	<u>56,627</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Condensed Consolidated Statement of Financial Position – 31 March 2015

	Note	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Assets				
Non-current assets				
Fleet	3	5,420,172	5,378,286	5,278,983
Vessels under construction	4	343,683	136,101	237,250
Other property, plant and equipment		71,451	85,096	74,646
Investment property		10,034	15,187	10,341
Other assets under construction		-	9,929	-
Investments in associates		129	1,022	118
Investments in joint ventures	5	85,946	75,270	82,430
Available-for-sale investments		1,012	1,012	1,012
Loans to joint ventures		59,014	65,112	59,942
Finance lease receivables	6	70,361	76,198	71,469
Derivative financial instruments	7	4,523	13,495	7,438
Trade and other receivables	8	17,343	17,670	17,363
Deferred tax assets		4,685	1,374	3,575
		<u>6,088,353</u>	<u>5,875,752</u>	<u>5,844,567</u>
Current assets				
Inventories		44,647	66,102	45,825
Loans to joint ventures		4,750	6,280	4,750
Trade and other receivables	8	170,482	149,499	161,351
Finance lease receivables	6	4,361	3,790	4,193
Current tax receivable		690	2,228	593
Cash and bank deposits	9	342,561	387,322	284,516
		<u>567,491</u>	<u>615,221</u>	<u>501,228</u>
Non-current assets held for sale	10	93,824	60,903	93,163
		<u>661,315</u>	<u>676,124</u>	<u>594,391</u>
Total assets		<u><u>6,749,668</u></u>	<u><u>6,551,876</u></u>	<u><u>6,438,958</u></u>
Equity and liabilities				
Capital and reserves				
Share capital		405,012	405,012	405,012
Reserves		2,676,958	2,601,008	2,596,080
Equity attributable to owners of the parent		<u>3,081,970</u>	<u>3,006,020</u>	<u>3,001,092</u>
Non-controlling interests		<u>161,467</u>	<u>159,173</u>	<u>156,389</u>
Total equity		<u><u>3,243,437</u></u>	<u><u>3,165,193</u></u>	<u><u>3,157,481</u></u>
Non-current liabilities				
Secured bank loans	13	1,688,847	1,693,380	1,587,956
Finance lease liabilities	14	181,328	190,938	183,810
Derivative financial instruments	7	42,423	40,256	37,808
Retirement benefit obligations		3,294	5,768	3,390
Other loans	15	887,330	798,215	842,882
Provisions		2,683	5,471	3,244
Deferred tax liabilities		2,141	2,263	1,258
		<u>2,808,046</u>	<u>2,736,291</u>	<u>2,660,348</u>
Current liabilities				
Trade and other payables	12	245,271	242,270	190,507
Secured bank loans	13	415,944	370,792	394,652
Finance lease liabilities	14	9,609	9,002	9,481
Current tax payable		935	833	1,653
Derivative financial instruments	7	26,426	27,495	24,836
		<u>698,185</u>	<u>650,392</u>	<u>621,129</u>
Total equity and liabilities		<u><u>6,749,668</u></u>	<u><u>6,551,876</u></u>	<u><u>6,438,958</u></u>

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**Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2015**

	Share capital \$'000	Share premium \$'000	Reconstruction reserve \$'000	Hedging reserve \$'000	Currency reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2014	405,012	818,845	(834,490)	(81,319)	(6,082)	2,652,261	2,954,227	157,045	3,111,272
Profit for the period	-	-	-	-	-	55,260	55,260	2,886	58,146
Other comprehensive income									
Share of associates' other comprehensive income	-	-	-	-	(19)	-	(19)	-	(19)
Share of joint ventures' other comprehensive income	-	-	-	699	-	-	699	-	699
Exchange differences on translation of foreign operations	-	-	-	-	(5,890)	-	(5,890)	(841)	(6,731)
Derivative financial instruments recycled and debited to the income statement	-	-	-	6,978	-	-	6,978	-	6,978
Fair value movement of derivative financial instruments debited to other comprehensive income	-	-	-	(5,925)	-	-	(5,925)	-	(5,925)
Remeasurement gains on retirement benefit obligations	-	-	-	-	-	690	690	83	773
Total comprehensive income	-	-	-	1,752	(5,909)	55,950	51,793	2,128	53,921
At 31 March 2014	405,012	818,845	(834,490)	(79,567)	(11,991)	2,708,211	3,006,020	159,173	3,165,193
Profit for the period	-	-	-	-	-	24,798	24,798	950	25,748
Other comprehensive income									
Share of associates' other comprehensive income	-	-	-	-	(65)	-	(65)	-	(65)
Share of joint ventures' other comprehensive income	-	-	-	2,004	-	-	2,004	-	2,004
Exchange differences on translation of foreign operations	-	-	-	-	(18,902)	-	(18,902)	(2,321)	(21,223)
Derivative financial instruments recycled and debited to the income statement	-	-	-	13,103	-	-	13,103	-	13,103
Fair value movement of derivative financial instruments debited to other comprehensive income	-	-	-	(17,340)	-	-	(17,340)	-	(17,340)
Remeasurement gains on retirement benefit obligations	-	-	-	-	-	428	428	51	479
Total comprehensive income	-	-	-	(2,233)	(18,967)	25,226	4,026	(1,320)	2,706
Dividends (Note 11)	-	-	-	-	-	(8,954)	(8,954)	(1,464)	(10,418)
At 31 December 2014	405,012	818,845	(834,490)	(81,800)	(30,958)	2,724,483	3,001,092	156,389	3,157,481
Profit for the period	-	-	-	-	-	91,845	91,845	5,107	96,952
Other comprehensive income									
Share of associates' other comprehensive income	-	-	-	-	(3)	-	(3)	-	(3)
Share of joint ventures' other comprehensive income	-	-	-	(1,200)	-	-	(1,200)	-	(1,200)
Exchange differences on translation of foreign operations	-	-	-	-	(662)	-	(662)	(27)	(689)
Derivative financial instruments recycled and debited to the income statement	-	-	-	8,942	-	-	8,942	-	8,942
Fair value movement of derivative financial instruments debited to other comprehensive income	-	-	-	(18,029)	-	-	(18,029)	-	(18,029)
Remeasurement losses on retirement benefit obligations	-	-	-	-	-	(15)	(15)	(2)	(17)
Total comprehensive income	-	-	-	(10,287)	(665)	91,830	80,878	5,078	85,956
At 31 March 2015	405,012	818,845	(834,490)	(92,087)	(31,623)	2,816,313	3,081,970	161,467	3,243,437

Notes

Hedging reserve: The hedging reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date of the Group including its joint arrangements and associates.
Currency reserve: The currency reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries, joint arrangements and associates.

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2015

Note	Three months ended		Year ended
	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Operating Activities			
Cash received from freight and hire of vessels	348,035	363,007	1,372,592
Other cash receipts	32,412	10,036	44,556
Cash payments for voyage and running costs	(166,735)	(193,959)	(749,611)
Other cash payments	(32,446)	(32,430)	(168,633)
Cash generated from operations	181,266	146,654	498,904
Interest received	899	378	2,455
Income tax paid	(3,107)	(4,053)	(10,259)
Net cash inflow from operating activities	179,058	142,979	491,100
Investing Activities			
Expenditure on fleet	(9,298)	(2,180)	(26,888)
Expenditure on vessels under construction	(253,889)	(192,490)	(492,434)
Expenditure on assets held for sale	-	(284)	(419)
Interest capitalised	(2,651)	(1,918)	(8,157)
Expenditure on other property, plant and equipment	(172)	(1,636)	(3,971)
Loan repayments from joint ventures	1,000	-	7,030
Loans issued to joint ventures	-	(1,020)	(1,020)
Proceeds from sale of vessels	-	79,063	123,298
Proceeds from sale of other property, plant and equipment	27	106	8,711
Capital element received on finance leases	965	972	4,108
Interest received on finance leases	3,166	4,447	17,593
Dividends received from joint ventures	5	-	600
Bank term deposits	9	501	(8,625)
Other receipts	-	220	285
Net cash outflow used in investing activities	(260,351)	(122,745)	(368,942)
Financing Activities			
Proceeds from borrowings	221,884	193,150	426,846
Repayment of borrowings	(54,842)	(88,956)	(361,824)
Financing costs	(1,669)	(3,713)	(7,269)
Repayment of finance lease liabilities	(2,413)	(2,263)	(9,098)
Restricted deposits	9	1,360	(3,400)
Funds in retention bank accounts	9	(7,780)	(14,788)
Interest paid on borrowings	(16,047)	(16,831)	(116,643)
Interest paid on finance leases	(3,148)	(3,296)	(13,141)
Dividends paid	(7)	(6)	(10,192)
Net cash inflow / (outflow) from financing activities	137,338	59,897	(97,598)
Increase in Cash and Cash Equivalents	56,045	80,131	24,560
Cash and Cash Equivalents at 1 January	9	253,840	256,750
Net foreign exchange difference	(3,919)	(1,162)	(27,470)
Cash and Cash Equivalents at 31 March / 31 December	9	305,966	335,719

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Notes to the Condensed Consolidated Financial Statements – 31 March 2015

1. Organisation, Basis of Preparation and Accounting Policies

PAO Sovcomflot (“Sovcomflot” or “the Company”) is a public joint stock company organised under the laws of the Russian Federation in which the Russian Federation holds 100% of the issued shares. The Company’s registered office address is 3A, Moika River Embankment, Saint Petersburg 191186, Russian Federation and its head office is located at 6 Gasheka Street, Moscow 125047, Russian Federation.

The Company, through its subsidiaries (the “Group”), is engaged in ship owning and operating on a world-wide basis with a fleet of 131 vessels at the period end, comprising 116 tankers, 1 chartered in seismic vessel, 7 gas carriers, 3 bulk carriers and 4 ice breaking supply vessels. For major changes in the period in relation to the fleet see also Notes 3, 4 and 10. In addition the Group through its subsidiaries owns 9 escort tug vessels which have been chartered out on bareboat charter to an associate undertaking (see Note 6).

Statement of compliance

The condensed consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standard (IFRS) - IAS 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The nature of each new standard or amendment is described below. Although these new standards and amendments apply for the first time in 2015, they do not have an impact on the condensed consolidated financial statements of the Group.

IAS 19 (“Employee Benefits”) - These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment is not relevant to the Group, since none of the entities of the Group have defined benefit plans with contributions from employees or third parties.

Annual Improvements to IFRSs 2010–2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these condensed consolidated financial statements. None of these amendments however impact the Group. They include:

- IFRS 2 “Share-Based Payment” – “Definition of vesting condition”;
- IFRS 3 “Business Combinations” – “Accounting for contingent consideration in a business combination”;
- IFRS 8 “Operating Segments” – “Aggregation of operating segments”;
- IFRS 8 “Operating Segments” – “Reconciliation of the total of the reportable segments’ assets to the entity’s assets”;
- IFRS 13 “Fair Value Measurement: Short-term receivables and payables”;
- IAS 16 “Property, Plant and Equipment” – “Revaluation method—proportionate restatement of accumulated depreciation”;
- IAS 24 “Related Party Disclosures” – “Key management personnel”; and
- IAS 38 “Intangible Assets” – “Revaluation method – proportionate restatement of accumulated amortisation”.

Annual Improvements to IFRSs 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these condensed consolidated financial statements. None of these amendments however impact the Group. They include:

- IFRS 1 “First-time Adoption of International Financial Reporting Standards” – “Meaning of ‘effective IFRSs’”;
- IFRS 3 “Business Combinations” – “Scope exceptions for joint ventures”;
- IFRS 13 “Fair Value Measurement” – “Scope of paragraph 52 (portfolio exception)”; and
- IAS 40 “Investment Property” – “Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property”.

Seasonality of Operations

Although some of the Group’s operations may sometimes be affected by seasonal factors such as general weather conditions, management does not feel this has a material effect on the performance of the Group when comparing the interim results to those achieved in the last quarter of the year.

Changes in estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions and conditions. All critical accounting judgements and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

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Notes to the Condensed Consolidated Financial Statements – 31 March 2015
(Continued)

2. Segment Information

For management purposes, the Group is organised into business units (operating segments) based on the main types of activities and has five reportable operating segments. Management considers the global market as one geographical segment and does not therefore analyse geographical segment information on revenue from customers or non-current segment assets.

Period ended 31 March 2015

	Crude Oil \$'000	Oil Product \$'000	Gas \$'000	Offshore \$'000	Other \$'000	Total \$'000
Freight and hire revenue	175,794	90,400	29,017	56,491	7,320	359,022
Voyage expenses and commissions	(38,943)	(25,853)	(149)	(789)	(3,773)	(69,507)
Time charter equivalent revenues	136,851	64,547	28,868	55,702	3,547	289,515
Direct operating expenses						
Vessels' running costs	(39,000)	(24,310)	(4,069)	(11,156)	(5,306)	(83,841)
Charter hire payments	-	-	-	-	(7,283)	(7,283)
Net earnings from vessels' trading	97,851	40,237	24,799	44,546	(9,042)	198,391
Vessels' depreciation	(27,248)	(11,172)	(5,481)	(14,109)	(723)	(58,733)
Vessels' drydock cost amortisation	(4,859)	(1,737)	(1,005)	(1,244)	(328)	(9,173)
Vessels' impairment provision (net)	-	(5,527)	-	-	(1,497)	(7,024)
Foreign exchange differences	-	(686)	-	760	1,224	1,298
Segment operating profit / (loss)	<u>65,744</u>	<u>21,115</u>	<u>18,313</u>	<u>29,953</u>	<u>(10,366)</u>	<u>124,759</u>
Unallocated						
General and administrative expenses						(19,907)
Financing costs						(34,215)
Other income and expenses						34,769
Foreign exchange differences						(6,368)
Profit before income taxes						<u>99,038</u>
Carrying amount of fleet in operation	<u>2,411,469</u>	<u>978,254</u>	<u>789,450</u>	<u>1,165,877</u>	<u>75,122</u>	<u>5,420,172</u>
Carrying amount of non-current assets held for sale	<u>-</u>	<u>87,636</u>	<u>-</u>	<u>-</u>	<u>6,188</u>	<u>93,824</u>
Deadweight tonnage of fleet used in operations ('000)	<u>7,811</u>	<u>2,146</u>	<u>377</u>	<u>1,196</u>	<u>222</u>	<u>11,752</u>

Period ended 31 March 2014

	Crude Oil \$'000	Oil Product \$'000	Gas \$'000	Offshore \$'000	Other \$'000	Total \$'000
Freight and hire revenue	196,381	83,065	20,729	54,974	9,918	365,067
Voyage expenses and commissions	(61,674)	(29,973)	(726)	(185)	(1,947)	(94,505)
Time charter equivalent revenues	134,707	53,092	20,003	54,789	7,971	270,562
Direct operating expenses						
Vessels' running costs	(36,121)	(31,429)	(3,730)	(10,176)	(4,767)	(86,223)
Charter hire payments	-	-	-	-	(7,014)	(7,014)
Net earnings from vessels' trading	98,586	21,663	16,273	44,613	(3,810)	177,325
Vessels' depreciation	(27,013)	(13,022)	(2,692)	(14,047)	(908)	(57,682)
Vessels' drydock cost amortisation	(4,669)	(2,861)	(695)	(1,225)	(328)	(9,778)
Vessels' impairment provision (net)	-	(3,912)	-	-	-	(3,912)
Gain / (loss) on sale of vessels	4,737	(162)	(11)	-	-	4,564
Foreign exchange differences	-	-	-	225	(4)	221
Segment operating profit / (loss)	<u>71,641</u>	<u>1,706</u>	<u>12,875</u>	<u>29,566</u>	<u>(5,050)</u>	<u>110,738</u>
Unallocated						
General and administrative expenses						(23,742)
Financing costs						(35,734)
Other income and expenses						9,408
Foreign exchange differences						(781)
Profit before income taxes						<u>59,889</u>
Carrying amount of fleet in operation	<u>2,521,167</u>	<u>1,139,708</u>	<u>401,949</u>	<u>1,221,532</u>	<u>93,930</u>	<u>5,378,286</u>
Carrying amount of non-current assets held for sale	<u>-</u>	<u>46,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,560</u>
Deadweight tonnage of fleet used in operations ('000)	<u>7,811</u>	<u>2,298</u>	<u>232</u>	<u>1,196</u>	<u>222</u>	<u>11,759</u>

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Notes to the Condensed Consolidated Financial Statements – 31 March 2015
(Continued)

2. Segment Information (Continued)

Period ended 31 December 2014

	<u>Crude Oil</u> <u>\$'000</u>	<u>Oil</u> <u>Product</u> <u>\$'000</u>	<u>Gas</u> <u>\$'000</u>	<u>Offshore</u> <u>\$'000</u>	<u>Other</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Freight and hire revenue	630,899	330,513	85,679	224,062	116,213	1,387,366
Voyage expenses and commissions	(209,805)	(117,058)	(2,453)	(1,644)	(12,430)	(343,390)
Time charter equivalent revenues	421,094	213,455	83,226	222,418	103,783	1,043,976
Direct operating expenses						
Vessels' running costs	(153,668)	(111,570)	(18,135)	(44,936)	(20,807)	(349,116)
Charter hire payments	-	-	-	-	(52,675)	(52,675)
Net earnings from vessels' trading	267,426	101,885	65,091	177,482	30,301	642,185
Vessels' depreciation	(107,038)	(51,586)	(13,201)	(56,537)	(3,599)	(231,961)
Vessels' drydock cost amortisation	(19,469)	(11,001)	(2,990)	(5,003)	(1,330)	(39,793)
Vessels' impairment provision (net)	-	(35,555)	-	-	(6,380)	(41,935)
Gain / (loss) on sale of vessels	4,728	(510)	(420)	-	-	3,798
Foreign exchange differences	-	46	-	(831)	(31,009)	(31,794)
Segment operating profit / (loss)	<u>145,647</u>	<u>3,279</u>	<u>48,480</u>	<u>115,111</u>	<u>(12,017)</u>	<u>300,500</u>
Unallocated						
General and administrative expenses						(104,010)
Financing costs						(138,325)
Other income and expenses						37,990
Foreign exchange differences						(5,176)
Profit before income taxes						<u>90,979</u>
Carrying amount of fleet in operation	<u>2,437,633</u>	<u>991,198</u>	<u>587,753</u>	<u>1,178,542</u>	<u>83,857</u>	<u>5,278,983</u>
Carrying amount of non-current assets held for sale	<u>-</u>	<u>93,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,163</u>
Deadweight tonnage of fleet used in operations ('000)	<u>7,811</u>	<u>2,146</u>	<u>284</u>	<u>1,196</u>	<u>222</u>	<u>11,659</u>

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3. Fleet

	Vessels \$'000	Drydock \$'000	Total Fleet \$'000
Cost			
At 1 January 2014	6,671,203	155,838	6,827,041
Expenditure in period	709	936	1,645
Transfer from vessels under construction (Note 4)	296,421	6,470	302,891
Disposals in period	(89,082)	(2,636)	(91,718)
Write-off of fully amortised drydock cost	-	(776)	(776)
At 31 March 2014	6,879,251	159,832	7,039,083
Expenditure in period	3,122	22,355	25,477
Transfer from vessels under construction (Note 4)	204,077	4,000	208,077
Transfer to non-current assets held for sale (Note 10)	(273,599)	(7,255)	(280,854)
Write-off of fully amortised drydock cost	-	(19,278)	(19,278)
At 31 December 2014	6,812,851	159,654	6,972,505
Expenditure in period	153	8,455	8,608
Transfer from vessels under construction (Note 4)	204,172	4,000	208,172
Transfer to non-current assets held for sale (Note 10)	(18,864)	(1,602)	(20,466)
Write-off of fully amortised drydock cost	-	(9,538)	(9,538)
At 31 March 2015	<u>6,998,312</u>	<u>160,969</u>	<u>7,159,281</u>
Depreciation, amortisation and impairment			
At 1 January 2014	1,555,334	65,557	1,620,891
Charge for the period	57,682	9,778	67,460
Impairment provision	828	-	828
Eliminated on disposal	(25,448)	(2,158)	(27,606)
Write-off of fully amortised drydock cost	-	(776)	(776)
At 31 March 2014	1,588,396	72,401	1,660,797
Charge for the period	174,279	30,015	204,294
Impairment provision	29,426	-	29,426
Transfer to non-current assets held for sale (Note 10)	(176,951)	(4,766)	(181,717)
Write-off of fully amortised drydock cost	-	(19,278)	(19,278)
At 31 December 2014	1,615,150	78,372	1,693,522
Charge for the period	58,733	9,173	67,906
Impairment provision	1,497	-	1,497
Transfer to non-current assets held for sale (Note 10)	(12,788)	(1,490)	(14,278)
Write-off of fully amortised drydock cost	-	(9,538)	(9,538)
At 31 March 2015	<u>1,662,592</u>	<u>76,517</u>	<u>1,739,109</u>
Net book value			
At 31 March 2015	<u>5,335,720</u>	<u>84,452</u>	<u>5,420,172</u>
At 31 March 2014	<u>5,290,855</u>	<u>87,431</u>	<u>5,378,286</u>
At 31 December 2014	<u>5,197,701</u>	<u>81,282</u>	<u>5,278,983</u>
	31/03/2015	31/03/2014	31/12/2014
Market value (\$'000)	<u>4,893,000</u>	<u>4,741,250</u>	<u>4,777,500</u>
Current insured values (\$'000)	<u>5,768,065</u>	<u>5,817,372</u>	<u>5,856,922</u>
Total deadweight tonnage (dwt)	<u>11,414,960</u>	<u>11,593,935</u>	<u>11,390,550</u>

Included in the Group's fleet are 2 vessels (2014 – 2) held under finance leases with an aggregate carrying value of \$200.2 million (31 March 2014 – \$206.8 million / 31 December 2014 – \$199.9 million).

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Notes to the Condensed Consolidated Financial Statements – 31 March 2015
(Continued)

4. Vessels Under Construction

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
At 1 January	237,250	244,584	244,584
Expenditure in period	314,605	194,408	503,634
Transfer to fleet (Note 3)	(208,172)	(302,891)	(510,968)
At 31 March / 31 December	<u>343,683</u>	<u>136,101</u>	<u>237,250</u>
Total deadweight tonnage (dwt)	<u>328,500</u>	<u>382,900</u>	<u>423,200</u>

The following vessel was delivered during the period:

<u>Vessel Name</u>	<u>Vessel Type</u>	<u>Segment</u>	<u>DWT</u>	<u>Delivery Date</u>
SCF Melampus	LNG carrier	Gas	93,508	3 January 2015

Vessels under construction at 31 March 2015 comprised one LNG carrier, one ice breaking LNG carrier, one MIB supply vessel, three MIB standby vessels and three Arctic shuttle tankers scheduled for delivery between April 2015 and March 2017 at a total contracted cost to the Group of \$1,478.2 million. As at 31 March 2015, \$268.3 million of the contracted costs had been paid for.

5. Joint Ventures

Investments in joint ventures are analysed as follows:

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
At 1 January	82,430	72,507	72,507
Share of profits in joint ventures	5,280	3,547	12,861
Share of joint ventures' other comprehensive income	(1,200)	699	2,703
Dividends received	-	(600)	(2,531)
Release of provision for share in net liabilities of joint ventures	(564)	(883)	(3,110)
At 31 March / 31 December	<u>85,946</u>	<u>75,270</u>	<u>82,430</u>

6. Finance Lease Receivables

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Gross finance lease receivable			
At 1 January	85,518	89,136	89,136
Finance lease interest receivable	3,154	3,287	13,137
Finance lease instalments received	(4,132)	(4,132)	(16,755)
At 31 March / 31 December	<u>84,540</u>	<u>88,291</u>	<u>85,518</u>
Allowance for credit losses			
At 1 January	(9,856)	(6,572)	(6,572)
Release of / (allowance for) credit losses	38	(1,731)	(3,284)
At 31 March / 31 December	<u>(9,818)</u>	<u>(8,303)</u>	<u>(9,856)</u>
Receivable net of provision	74,722	79,988	75,662
Less current finance lease receivables (current assets)	(4,361)	(3,790)	(4,193)
Non-current finance lease receivables (non-current assets)	<u>70,361</u>	<u>76,198</u>	<u>71,469</u>

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7. Derivative Financial Instruments

Derivative financial instruments are classified in the statement of financial position as follows:

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Non-current asset	4,523	13,495	7,438
Non-current liability	(42,423)	(40,256)	(37,808)
Current liability	(26,426)	(27,495)	(24,836)
	<u>(64,326)</u>	<u>(54,256)</u>	<u>(55,206)</u>

Derivative financial instruments are analysed as follows:

Hedging instruments

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
At 1 January	55,206	52,464	52,464
Recycled during the period and credited to the income statement	(8,942)	(6,978)	(20,081)
Fair value movement during the period recognised in other comprehensive income	18,029	5,925	23,265
Fair value movement during the period debited / (credited) to the income statement	33	(134)	(442)
At 31 March / 31 December	<u>64,326</u>	<u>51,277</u>	<u>55,206</u>

Classified at fair value through profit or loss

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
At 1 January	-	6,164	6,164
Fair value movement during the period credited to the income statement	-	(3,185)	(6,164)
At 31 March / 31 December	<u>-</u>	<u>2,979</u>	<u>-</u>

8. Trade and Other Receivables

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Non-current assets			
Other receivables	160	490	180
Security deposits	17,183	17,180	17,183
	<u>17,343</u>	<u>17,670</u>	<u>17,363</u>
Current assets			
Amounts due from charterers	77,482	56,445	82,272
Allowance for credit losses	(4,240)	(4,486)	(4,214)
	73,242	51,959	78,058
Casualty and other claims	5,766	2,942	3,887
Agents' balances	3,093	1,662	4,807
Other receivables	25,990	24,681	24,736
Amounts due from joint ventures and associates	157	2,009	280
Security deposits	5,793	10,057	6,060
Amounts due from lessee for finance leases	1,925	2,608	1,869
Receivables under High Court judgement award	2,708	2,708	2,708
Prepayments	20,566	21,860	17,315
Voyages in progress	25,543	21,454	16,601
Accrued income	5,699	7,559	5,030
	<u>170,482</u>	<u>149,499</u>	<u>161,351</u>

9. Cash and Bank Deposits

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Cash and bank deposits	342,561	387,322	284,516
Bank deposits accessible on maturity	(941)	(10,458)	(1,442)
Retention accounts	(24,699)	(31,645)	(16,919)
Restricted deposits	(10,955)	(9,500)	(12,315)
Cash and cash equivalents	<u>305,966</u>	<u>335,719</u>	<u>253,840</u>

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10. Non-Current Assets Held for Sale

	Building \$'000	Fleet \$'000	Total \$'000
At 1 January 2014	15,792	58,460	74,252
Expenditure in period	-	284	284
Impairment provision	-	(4,000)	(4,000)
Reversal of impairment provision	-	916	916
Exchange adjustment	(1,449)	-	(1,449)
Disposals in period	-	(9,100)	(9,100)
At 31 March 2014	14,343	46,560	60,903
Transfer from fleet (Note 3)	-	99,137	99,137
Expenditure in period	-	135	135
Impairment provision	-	(8,597)	(8,597)
Exchange adjustment	672	-	672
Disposals in period	(15,015)	(44,072)	(59,087)
At 31 December 2014	-	93,163	93,163
Transfer from fleet (Note 3)	-	6,188	6,188
Impairment provision	-	(5,527)	(5,527)
At 31 March 2015	-	93,824	93,824

As at 31 December 2014, non-current assets held for sale, comprised five chemical oil product tankers, two asphalt chemical tankers and four MR product tankers.

During the period ended 31 March 2015 the Group classified one of its bulk carriers as held for sale. The vessel is actively marketed for sale at a price approximate to its fair value.

11. Dividends

No dividends were declared or paid during the period ended 31 March 2015 and 31 March 2014 (2014 – 0.15 Rouble per share totalling Roubles 300.0 million, equivalent to \$9.0 million).

12. Trade and Other Payables

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Trade payables	58,768	98,807	61,924
Other payables	96,100	55,997	44,441
Dividends payable	1,182	1,748	1,235
Accrued liabilities	39,665	36,905	41,763
Deferred income	17,866	20,267	24,072
Accrued interest	31,690	28,546	17,072
	<u>245,271</u>	<u>242,270</u>	<u>190,507</u>

13. Secured Bank Loans

The balances of the loans at the period end, net of direct issue costs, are summarised as follows:

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Repayable			
- within twelve months after the end of the reporting period	415,944	370,792	394,652
- between one to two years	311,170	368,911	297,782
- between two to three years	239,484	263,480	242,370
- between three to four years	227,070	227,410	240,886
- between four to five years	283,340	180,725	270,927
- more than five years	627,783	652,854	535,991
	<u>2,104,791</u>	<u>2,064,172</u>	<u>1,982,608</u>
Less current portion (current liabilities)	<u>(415,944)</u>	<u>(370,792)</u>	<u>(394,652)</u>
Long-term balance (non-current liabilities)	<u>1,688,847</u>	<u>1,693,380</u>	<u>1,587,956</u>

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14. Finance Lease Liabilities

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Repayable			
- within twelve months after the end of the reporting period	9,609	9,002	9,481
- between one to two years	10,326	9,609	10,120
- between two to three years	171,002	10,326	173,690
- between three to four years	-	171,003	-
	<u>190,937</u>	<u>199,940</u>	<u>193,291</u>
Less current portion (current liabilities)	(9,609)	(9,002)	(9,481)
Long-term balance (non-current liabilities)	<u>181,328</u>	<u>190,938</u>	<u>183,810</u>

15. Other Loans

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
5.375% Senior Notes	798,714	798,215	798,591
Other loans from related party	88,616	-	44,291
	<u>887,330</u>	<u>798,215</u>	<u>842,882</u>

16. Income Taxes

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Russian Federation profit tax	2,296	1,659	9,565
Overseas income tax (income) / expense	(4)	(4)	565
Current income tax expense	2,292	1,655	10,130
Deferred tax	(206)	88	(3,045)
Total income tax expense	<u>2,086</u>	<u>1,743</u>	<u>7,085</u>

17. Financial Risk Management

(a) Categories of financial assets and financial liabilities

	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Financial assets			
Derivative financial instruments in designated hedge accounting relationships (Note 7)	4,523	13,495	7,438
Cash and bank deposits (Note 9)	342,561	387,322	284,516
Available-for-sale investments	1,012	1,012	1,012
Loans and other receivables	133,918	129,910	136,874
Loans to joint ventures	63,764	71,392	64,692
Finance lease receivables (Note 6)	74,722	79,988	75,662
Total financial assets	<u>620,500</u>	<u>683,119</u>	<u>570,194</u>
Financial liabilities			
Derivative financial instruments in designated hedge accounting relationships (Note 7)	68,849	64,772	62,644
Derivative financial instruments classified at fair value through profit or loss (Note 7)	-	2,979	-
Secured bank loans (Note 13)	2,104,791	2,064,172	1,982,608
Finance lease liabilities (Note 14)	190,937	199,940	193,291
Other loans (Note 15)	887,330	798,215	842,882
Other liabilities measured at amortised cost	218,234	234,383	156,670
Total financial liabilities	<u>3,470,141</u>	<u>3,364,461</u>	<u>3,238,095</u>

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17. Financial Risk Management (Continued)

(b) Fair value of financial assets and financial liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	31/03/2015 \$'000	Carrying Value 31/03/2014 \$'000	31/12/2014 \$'000	31/03/2015 \$'000	Fair Value 31/03/2014 \$'000	31/12/2014 \$'000
Financial assets						
Loans to joint ventures	63,764	71,392	64,692	60,185	66,374	61,347
Finance lease receivables	74,722	79,988	75,662	74,722	79,988	75,662
Total financial assets	138,486	151,380	140,354	134,907	146,362	137,009
Financial liabilities						
Secured bank loans at fixed interest rates	139,360	166,966	144,091	139,967	167,797	145,658
Secured bank loans at floating interest rates	1,965,431	1,897,206	1,838,517	1,943,543	1,901,718	1,826,076
Other loans	887,330	798,215	842,882	858,133	760,120	716,778
Finance lease liabilities	190,937	199,940	193,291	182,793	193,698	183,508
Total financial liabilities	3,183,058	3,062,327	3,018,781	3,124,436	3,023,333	2,872,020

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices (other than quoted prices included within Level 1) from observable current market transactions and dealer quotes for similar instruments.

The fair values of derivative instruments, including interest rate swaps, are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value measurements of financial instruments recognised in the statement of financial position

The following table provides an analysis of financial instruments as at 31 March 2015, 31 March 2014 and 31 December 2014 that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value valuation inputs are observable.

Recurring fair value measurements recognised in the statement of financial position

At 31 March 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments in designated hedge accounting relationships	-	4,523	-	4,523
	-	4,523	-	4,523
Liabilities				
Derivative financial instruments in designated hedge accounting relationships	-	68,849	-	68,849
	-	68,849	-	68,849
At 31 March 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments in designated hedge accounting relationships	-	13,495	-	13,495
	-	13,495	-	13,495
Liabilities				
Derivative financial instruments classified at fair value through profit or loss	-	2,979	-	2,979
Derivative financial instruments in designated hedge accounting relationships	-	64,772	-	64,772
	-	67,751	-	67,751
At 31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments in designated hedge accounting relationships	-	7,438	-	7,438
	-	7,438	-	7,438
Liabilities				
Derivative financial instruments in designated hedge accounting relationships	-	62,644	-	62,644
	-	62,644	-	62,644

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17. Financial Risk Management (Continued)

(b) Fair value of financial assets and financial liabilities (continued)

There were no transfers between Level 1 and 2 during the periods ended 31 March 2015, 31 March 2014 and 31 December 2014.

Non-recurring fair value measurements recognised in the statement of financial position

At 31 March 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Non-current assets held for sale	-	93,824	-	93,824
	-	93,824	-	93,824
At 31 March 2014				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Non-current assets held for sale	-	46,560	-	46,560
	-	46,560	-	46,560
At 31 December 2014				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Fleet	-	7,920	-	7,920
Non-current assets held for sale	-	93,163	-	93,163
	-	101,083	-	101,083

Assets and liabilities not measured at fair values for which fair values are disclosed

At 31 March 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Loans to joint ventures	-	60,185	-	60,185
Finance lease receivables	-	74,722	-	74,722
	-	134,907	-	134,907
Liabilities				
Secured bank loans at fixed interest rates	-	139,967	-	139,967
Secured bank loans at floating interest rates	-	1,943,543	-	1,943,543
Other loans	722,696	135,437	-	858,133
Finance lease liabilities	-	182,793	-	182,793
	722,696	2,401,740	-	3,124,436
At 31 March 2014				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Loans to joint ventures	-	66,374	-	66,374
Finance lease receivables	-	79,988	-	79,988
	-	146,362	-	146,362
Liabilities				
Secured bank loans at fixed interest rates	-	167,797	-	167,797
Secured bank loans at floating interest rates	-	1,901,718	-	1,901,718
Other loans	760,120	-	-	760,120
Finance lease liabilities	-	193,698	-	193,698
	760,120	2,263,213	-	3,023,333
At 31 December 2014				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Loans to joint ventures	-	61,347	-	61,347
Finance lease receivables	-	75,662	-	75,662
	-	137,009	-	137,009
Liabilities				
Secured bank loans at fixed interest rates	-	145,658	-	145,658
Secured bank loans at floating interest rates	-	1,826,076	-	1,826,076
Other loans	648,520	68,258	-	716,778
Finance lease liabilities	-	183,508	-	183,508
	648,520	2,223,500	-	2,872,020

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Notes to the Condensed Consolidated Financial Statements – 31 March 2015
(Continued)

18. Contingent Assets and Liabilities

On 13 March 2015 the Group received \$25.6 million from one of the defendants in the Novoship (UK) Ltd claims, who has not appealed, as partial recovery under the December 2012 judgment (see also Note 20). The Group has been taking steps to locate assets of the defendant.

In relation to the Novoship (UK) Ltd claims which received judgment in December 2012, in prior periods, the Group provided security of \$4.0 million in Court to fortify cross-undertakings in damages in respect of \$90.0 million of security provided by the defendants during the claim. After their successful appeal the Defendants indicated an intention to pursue a claim in damages and as a result the Group may face liability of up to or in excess of the \$4.0 million secured. No claim has yet been filed.

On 12 December 2014 some of the defendants in the 2010 London proceeding served their Points of Claim in respect of recovery of damages caused by the freezing orders made against them in the course of the London proceedings. They have since issued an application to amend their Points of Claim seeking to increase the primary claim from \$224.6 million to \$391.4 million. The defendants resist that amendment. The hearing of the application to amend, and the Case Management Conference for the claim, has been fixed for 16 June 2015. Management is of the opinion that the defendants will more likely than not fail in their claim against the Group. The Group will defend its position vigorously. Accordingly, no provision has been made.

A total amount of \$1.6 million (2014 – \$8.6 million), relating to legal costs and provisions for the costs of certain of the defendants in the unsuccessful claims, has been expensed in the income statement and is included in the line other non-operating expenses.

19. Related Party Transactions

The Group enters into related party transactions with other Russian State owned and State controlled organisations in the normal course of business. There were no new, other than the below, related party transactions than the ones presented in the audited consolidated financial statements of the Group for the period ended 31 December 2014.

In January 2015, the Group drew down, from available credit facilities granted by a related party as disclosed in Note 15, an amount of \$43.1 million to finance the second shipyard instalment of three Arctic shuttle tankers under construction (Note 4).

The following table provides the total amount of transactions that have been entered into with related parties in the financial reporting period and outstanding balances as at the period end.

	Income Statement (income) / expense			Statement of Financial Position asset / (liability)		
	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000	31/03/2015 \$'000	31/03/2014 \$'000	31/12/2014 \$'000
Transactions with Russian State owned entities						
Freight and hire of vessels	(37,589)	(14,989)	(124,241)	1,969	6	1,368
Other loans	-	-	-	(90,603)	-	(45,252)
Finance leases payable	3,139	3,288	13,109	(190,937)	(199,940)	(193,291)
Cash at bank	(358)	(382)	(1,426)	59,865	39,262	50,742
Transactions with Associates						
Finance leases receivable	(3,155)	(3,309)	(13,140)	86,465	93,864	87,442
Allowance for credit losses on finance lease receivables	(93)	(478)	(1,836)	(9,818)	(11,268)	(9,911)
Rental of investment property	(67)	(116)	(437)	29	-	31
Transactions with Joint Ventures						
Freight and hire of vessel	(2,230)	(2,230)	(9,045)	74	-	-
Other operating revenues (Management fees, accounting and treasury fees)	(781)	(765)	(3,541)	128	2,009	249
Loans due from joint ventures	(254)	(263)	(1,066)	65,554	72,525	66,299

20. Events After the Reporting Period

On 8 April 2015, the Group signed an addendum to an existing unsecured subordinated loan facility with a related party, a Russian State controlled entity, in which the parties agreed to increase the loan facility by \$14.4 million (Note 15). On 10 April 2015, the Group drew down the \$14.4 million to finance the third shipyard instalment of one of the Arctic shuttle tankers under construction (Note 4).

On 9 April 2015, a Group subsidiary disposed of a piece of land in the port of Novorossiysk for a consideration equivalent to \$7.2 million. The expected profit on disposal of the land is equivalent to \$6.4 million.

On 15 April 2015, the High Court in London construed a settlement agreement concluded with the defendant in September 2013 which restricts the Group's ability to recover more than the settlement sum of \$40.0 million. The Group is seeking leave to appeal that judgment. On 21 April 2015, the Group received a further \$15.0 million from the defendant following that judgment (see also Note 18).

On 21 April 2015, the Group took delivery from a shipyard an LNG carrier, the m/v SCF Mitre. In connection with the delivery of the vessel, the Group entered into a 10 year interest rate swap, at a fixed rate of 1.86% per annum compared to U.S. Dollar three month LIBOR to hedge 100% of the Group's cash flow exposure arising from interest rate fluctuations in respect of the \$159.4 million loan facility.

On 29 April 2015, the Group delivered to her new owners one of the chemical oil product tankers held for sale as at 31 March 2015.

On 12 May 2015, the Group signed an agreement for the sale of one of the chemical oil product tankers classified as held for sale as at 31 March 2015. The vessel is expected to be delivered to her new owners in June 2015.

The Group is not expected to realise any gain or loss on disposal of the above vessels.

21. Date of Issue

These condensed consolidated financial statements were approved by the Executive Board and authorised for issue on 18 May 2015.