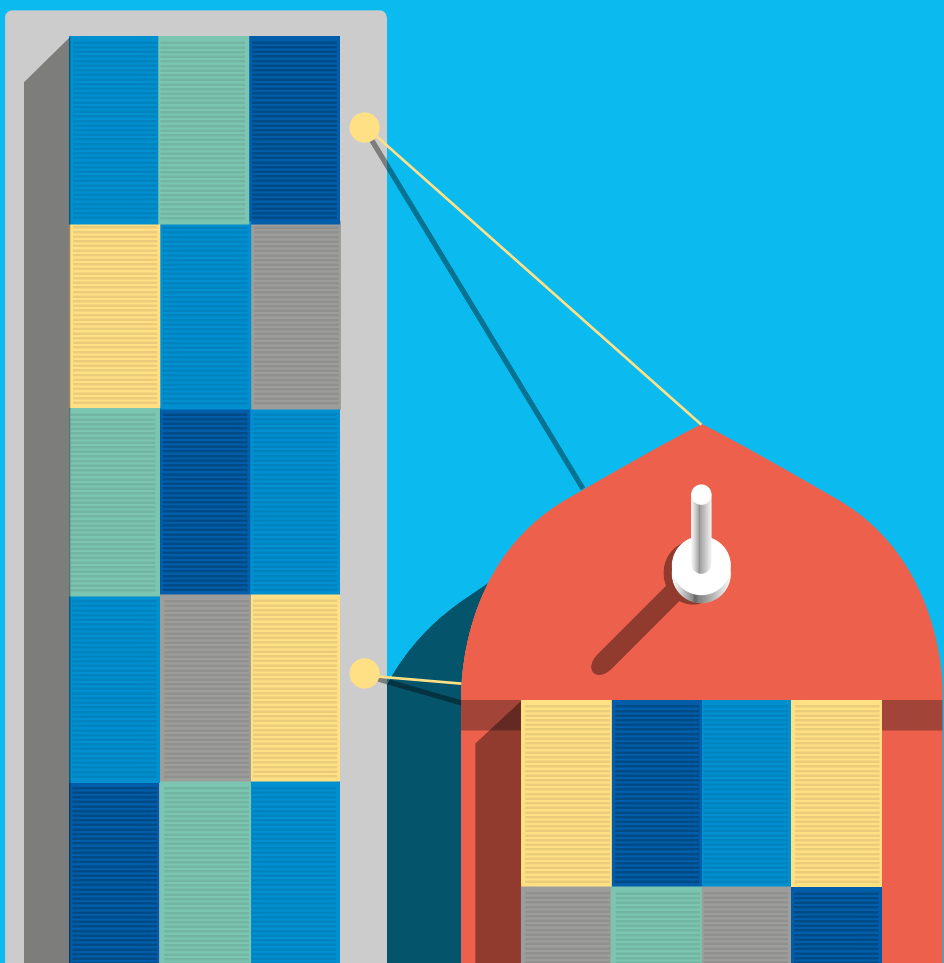
DeloPorts

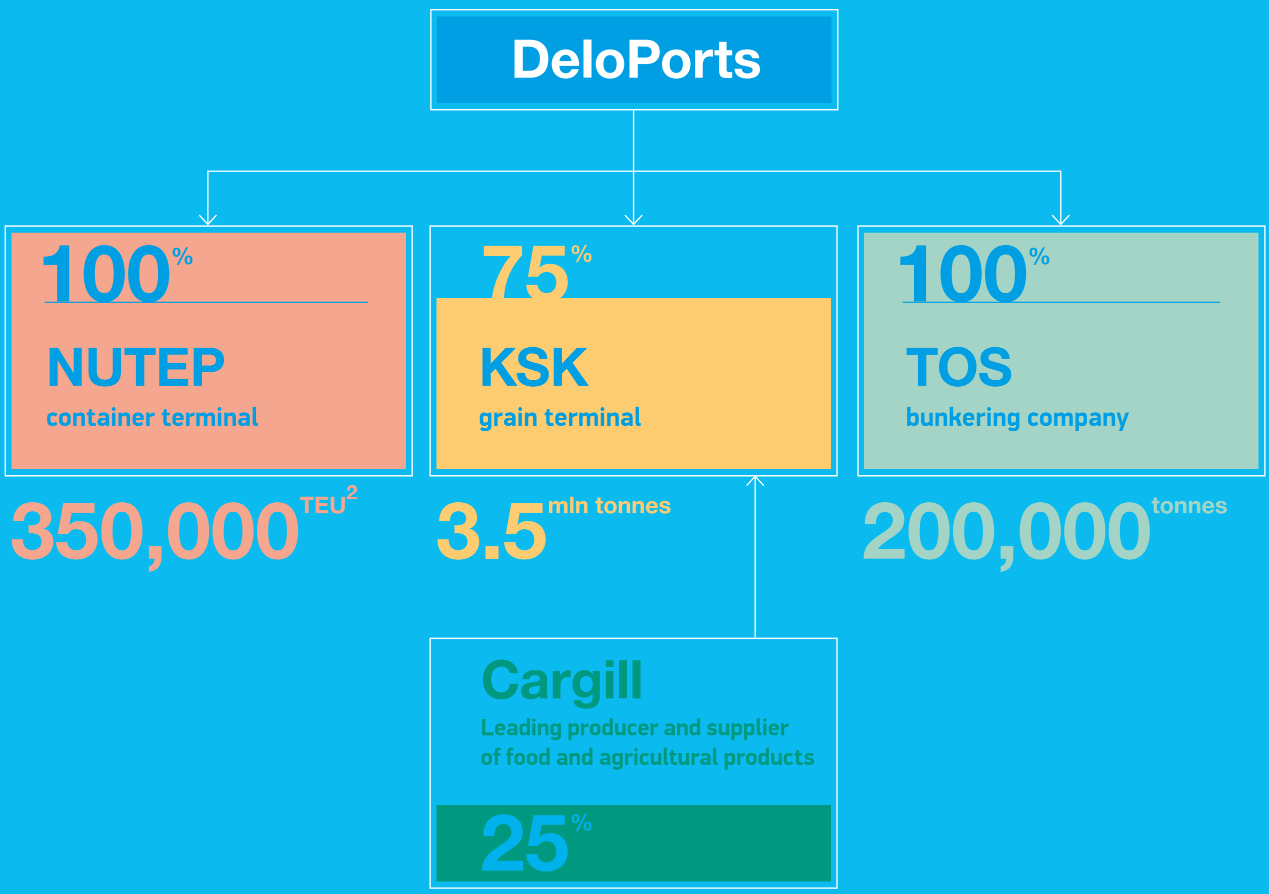
FROM GOOD FOUNDATIONS TO GREATER POTENTIAL

ANNUAL REPORT
2014



DeloPorts

DeloPorts Limited (DeloPorts) is an independent stevedoring holding company operating in the Port of Novorossiysk in the south east region of the Black Sea in Russia. The Company owns a container terminal, a grain terminal and a bunkering services company. DeloPorts was established in 2012 through consolidation of Delo Group[1] stevedore assets.



KEY DATA

6.5 mln tonnes
Total cargo throughput in 2014
+35% YoY growth

198.1 mln USD
Consolidated revenues in 2014
+34% YoY growth

100.0 mln USD
EBITDA in 2014
+78% YoY growth

9 mln tonnes
Total throughput capacities

9
Total berths and protections

42 ha
Total terminal area

[1] Established in 1993, Delo Group is one of the largest private transportation groups in Russia. The Group consists of stevedore services in the Port of Novorossiysk, 3PL container cargo transhipment services and railway transportation via own rolling stock

[2] TEU – Twenty-foot Equivalent Unit, the standard unit of measure for the capacity of a standard shipping container (6.06 x 2.44 x 2.44 m)

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Detailed information on the Company's corporate website

http://deloports.com/

OUR BUSINESS MODEL

Naturally advantageous location with year-round navigation and proximity to large container hub ports and grain importing countries

Successful execution of greenfield investment projects for construction of marine port terminals

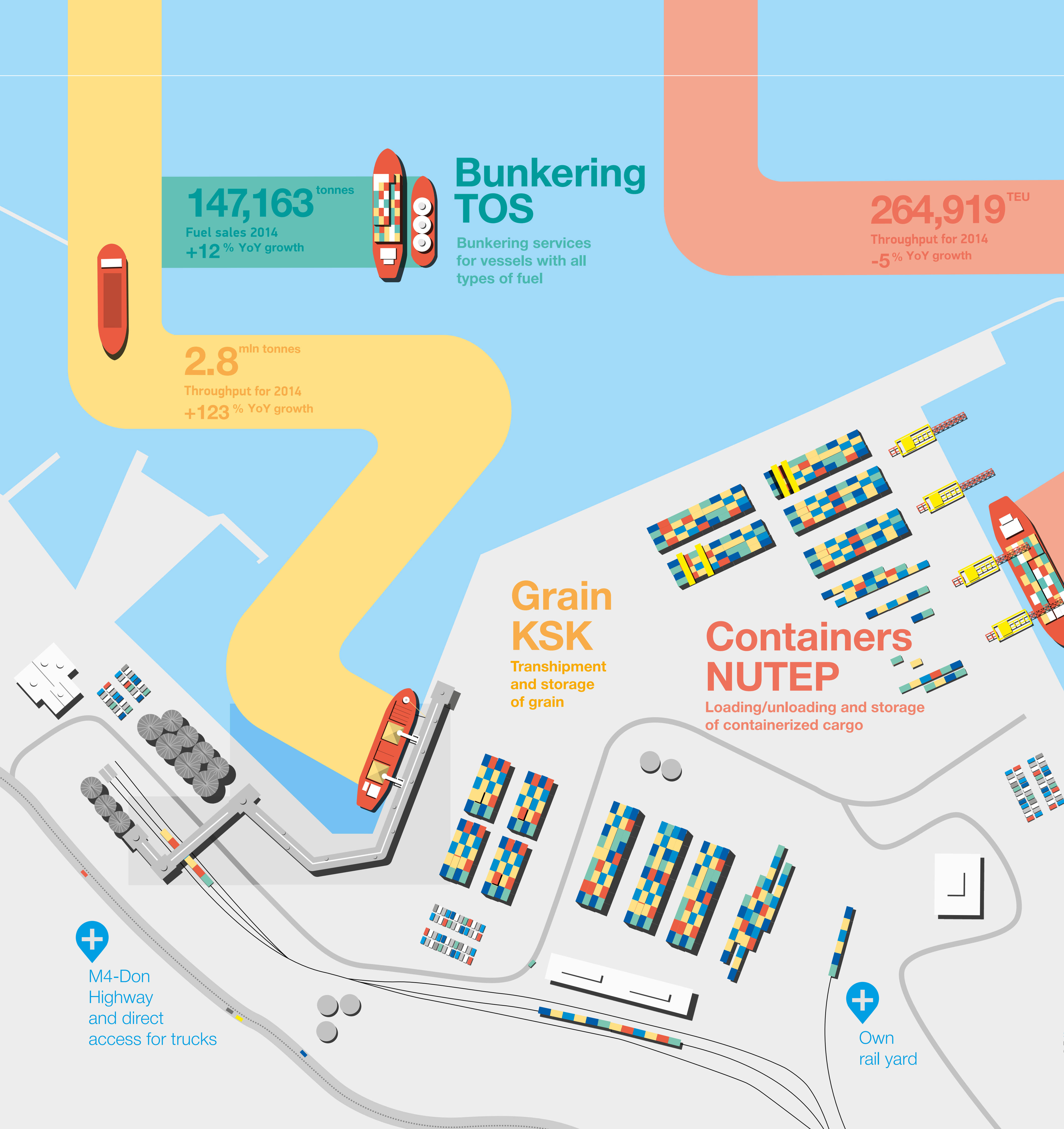
Technologically advanced infrastructure with equipment from leading manufacturers

Load handling services

Containers	Grain
from/onto the vessel	onto the vessel

Additional services

Intraport cargo operations Inspection Storage	Freight forwarding Ro-Ro and general cargo handling	Bunkering Barging



See more detailed information on operating and financial performance of the segments on pages 22-26

The DeloPorts business model is built around its customers. By understanding the needs of our clients, we can develop the right approach and provide tailored services for each client – container lines, grain traders, and ship owners. In doing so, we apply our professional expertise and invest in best practice solutions for future growth.

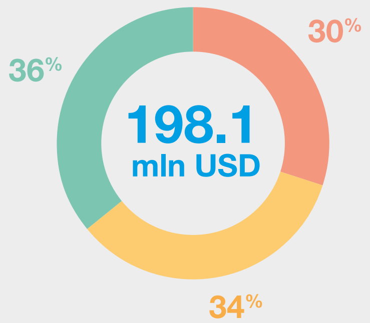
To quickly and efficiently execute cargo handling operations and to meet customer requirements, DeloPorts terminals operate with modern equipment from the world's leading manufacturers.

DeloPorts use of technologically advanced infrastructure works towards increasing terminal capacities and provides our clients with best in class services aimed at reducing their operating costs.

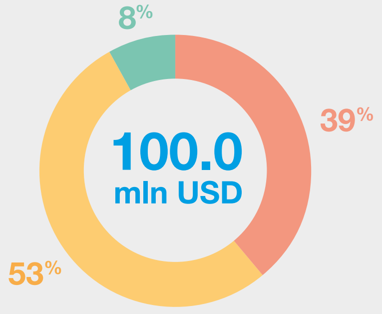
In addition to containerized cargo and grain, DeloPorts terminals handle general and Ro-Ro cargoes.

General cargoes are primarily represented by paletted perishable goods such as fruits and vegetables delivered by ferry. They are towed out from ferries by terminal tugs and then discharged into lorries.

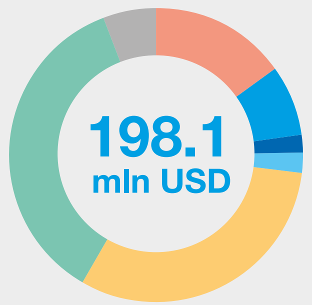
Revenue by segment



EBITDA by segment



Revenue breakdown

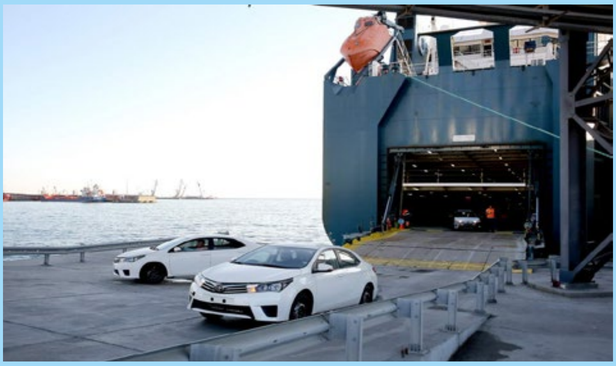


mln USD		%
30.1	Container cargo handling	15.2
15.1	Storage services	7.6
4.1	General cargo handling	2.1
4.2	Ro-Ro handling	2.1
62.6	Grain handling	31.6
70.8	Bunkering	35.7
11.2	Other port services	5.7

See more details on Ro-Ro operations FLIPSIDE

Ro-Ro – How does it work?

Ro-Ro (roll-on/roll-off) operations at DeloPorts terminals focus on handling wheeled cargo such as cars, lorries and trucks driven on and off the vessel on their own wheels or by means of a platform vehicle



KSK Ro-Ro operations to date have consisted of handling of cars, namely Toyota and Subaru for Rolf, one of Russia's largest car retailers. The cars arrive by ferry from Turkey and Italy.

The DeloPorts terminal complex was completed in August 2013 on the territories left vacant after grain terminal construction.

50,000 cars
100,000 tonnes
Annual capacity

27,000 cars
35,000 tonnes
Throughput for 2014

Ro-Ro operations at NUTEP are twofold:

a) Handling of trucks mainly coming from Turkey with cargoes of perishable goods.

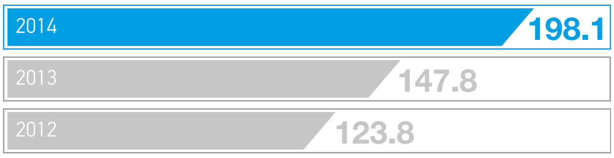
b) Handling of Ro-Ro cargoes for cabotage ferries that circulate between major ports on the Russian Black Sea coast line.

60,000 units
1.5 million tonnes
Annual capacity

31,000 units
876,000 tonnes
Throughput for 2014

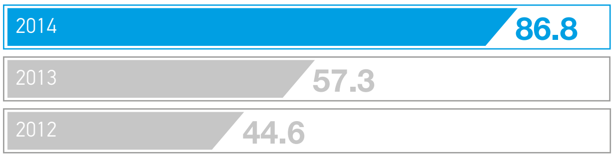
KEY FINANCIAL INDICATORS

Revenue, mln USD



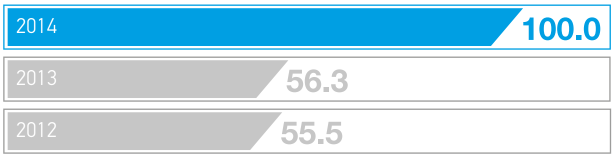
+34%

Operating cash flow, mln USD



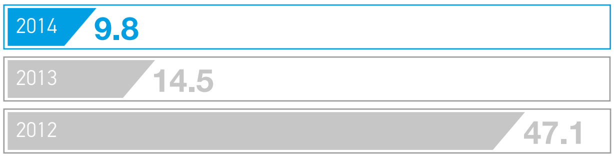
+51%

EBITDA, mln USD



+78%

Capital expenditures, mln USD

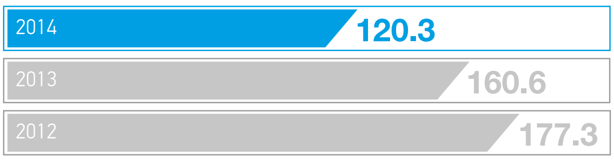


-32%

EBITDA margin, %

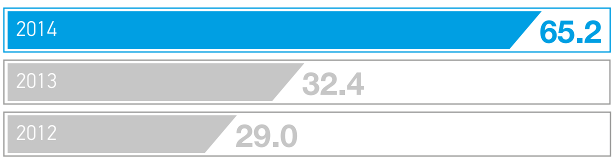
+12.4 p.p.

Total debt, mln USD



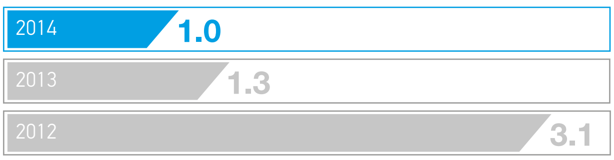
-25%

Adjusted net profit[1], mln USD



+101%

Net debt/ EBITDA, x



-0.3X

See detailed information on DeloPorts' financials on page 24

[1] Net profit adjusted for revaluation of USD denominated liabilities

2014 DEVELOPMENTS

Solid operating results with total cargo throughput increasing to 6.5 million tonnes, up 35% from 2013

Record grain handling volumes by KSK of 2.8 million tonnes, up 123% from 2013

DeloPorts reported revenues of 198.1 million USD up 34% from 2013

Consolidated EBITDA was 100 million USD, up 78% from 2013. EBITDA margin increased from 38.1% in 2013 to 50.5% in 2014

Net debt/EBITDA decreased from 1.3x as of 31 December, 2013 to 1.0x as of 31 December, 2014

Expansion programme for further development of KSK Grain Terminal approved. Expected increase in throughput capacity to 5.0 million tonnes

Launch of preliminary construction works for a new deep-water berth at the NUTEP container terminal. Expected increase in throughput capacity to 700,000 TEU

On 20 February 2015, DeloPorts received initial credit ratings: BB- from Fitch and B+ from S&P, both with a stable outlook

6.5 mln tonnes

Solid operating results with total cargo throughput

+35%

2.8 mln tonnes

Record grain handling volume by KSK

+123%

New investment programme

Developed and approved

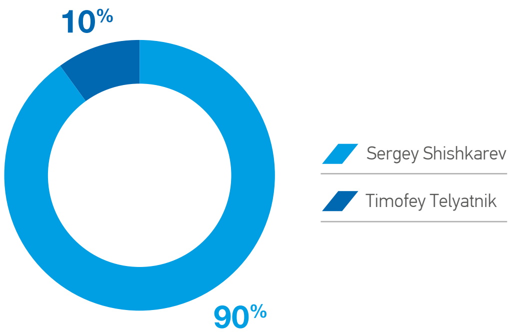
BB- Fitch

B+ S&P

See detailed information on DeloPorts' segments on page 22

SHAREHOLDER STRUCTURE

DeloPorts is a privately-owned company with the majority beneficiary Mr. Sergey Shishkarev holding 90% and the minority shareholder and CEO of DeloPorts, Mr. Timofey Telyatnik, holding 10%.



MESSAGE FROM THE FOUNDING SHAREHOLDER

In 2014 DeloPorts benefited from the recently completed investment projects and entered the next phase of development

Over the years we have always set ambitious goals and reached them. We have come a long way and now it gives me a great deal of satisfaction to see our Company outperform even in the most challenging circumstances. I am proud to state that in 2014 DeloPorts achieved record throughput volumes, revenues and profitability. The Company's results were duly appreciated by the international rating agencies – Fitch and S&P – and serve as an indicator of our fine performance track-record even in the current economic situation.

It is important to note that behind these results there is the hard work of the DeloPorts team. Therefore I would like to take this opportunity to express my gratitude to all employees of DeloPorts for their efforts, professional approach to business, teamwork and dedication. DeloPorts is a part of our broader team – the Delo Group. We are very ambitious, and this always gives us an edge.

However routine the work we undertake, we have to do better today than we did yesterday and then do better tomorrow than we did today. We will never sit back and relax.

I would also like to thank our partners and customers who made these results possible. We work hard to improve the quality of our services and your satisfaction is a key priority for us.

An important development for the Company in 2014 was the approval of a new investment programme for KSK and NUTEP. We expect that increasing grain throughput capacity and the construction of a new deep-water berth will ensure accelerated growth for years to come. Moreover, DeloPorts development contributes to the synergetic effect within the Delo Group – new ideas and perspective projects emerge and evolve.

I am confident that results to date affirm the judicious direction of DeloPorts development and offer a solid platform for future growth

Sergey Shishkarev

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

We have managed to approach or surpass several important psychological thresholds such as 200 million USD in sales, 100 million USD in EBITDA and a 50% EBITDA margin

In 2014 DeloPorts terminals handled 6.5 million tonnes, securing an 18% share of the total dry cargo throughput at the Port of Novorossiysk. The KSK Grain Terminal transshipped 2.8 million tonnes of grain in its first period of year-round operations. This translated into a 123% increase in throughput volume relative to 2013 and a respective increase in revenues and EBITDA (+112% and +150% respectively). The NUTEP Container Terminal saw its handling volumes slightly decrease (-5% in TEU vs. 2013) on the back of the general decline in the container market, but reported revenues and EBITDA increased by 13% and 26% respectively. For our bunkering services segment it was the second best year with increasing sales and operating margins.

We have managed to approach or surpass several important psychological thresholds such as 200 million USD in sales, 100 million USD in EBITDA and a 50% EBITDA margin. With the increase of volumes and improvement of financials, 2014 proved to be a record year for the Group.

Our capital expenditure was reduced by 32% relative to 2013 with most of the expenses allocated to maintenance.

As of 31 December 2014, our total debt amounted to 120 million USD, a 25% decrease from the previous year.

We continue to look forward with optimism and strongly believe that our impressive achievements are paving the way to better opportunities

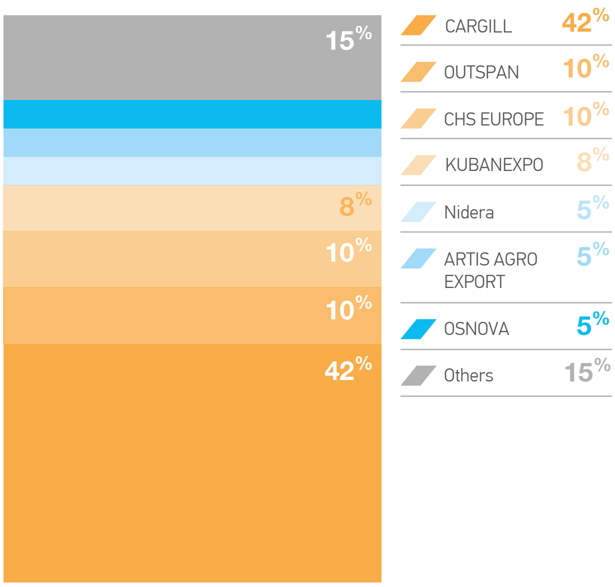
Timofey Telyatnik
Chief Executive Officer

CUSTOMER FOCUS

Today customers look at ports which offer effective logistics solutions resulting in increased efficiency and cost reduction.

DeloPorts assets are well invested to respond to the evolving needs of existing and potential customers and have a well established reputation in the region of presence.

Export markets for **KSK** are well diversified and include countries of South East Asia, North Africa and the Middle East. **The KSK customer base consists of large grain traders with Cargill being the largest and accounting for over 40% of throughput, up 27% from 2013.**



Advantages of the facilities

Modern equipment for grain storage and transhipment from the leading US and German manufacturers (Sukup Manufacturing and Neuero) provide smooth operations from the reception of grain to its loading onto vessels

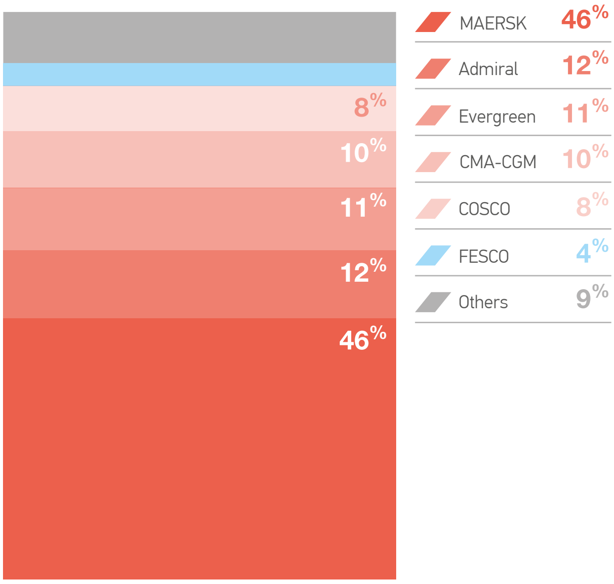
High-grade galvanized steel silos ensuring longer lifespan and easy maintenance

Fully automated grain complex operations to reduce power requirements and increase engine life

The only award-winning grain laboratory in Novorossiysk certified by the international Grain and Feed Trade Association

NUTEP has a diverse client base with Maersk representing approximately 46% of throughput (+6% vs. 2013).

In 2014 the largest customers of the container terminal included Maersk, Evergreen, CMA-CGM, COSCO, Admiral. The terminal launched a new reefer service in November 2014 in cooperation with ZIM.



Advantages of the facilities

First STS cranes in the Black Sea region. 4 units in operation today

All RTG cranes are fully electric, providing a high level of environmental safety

Five 50 tonne RTG cranes, the largest number in Novorossiysk. With the growth of turnover and the increasing need for increased yard capacity, a full transition to RTG-technology is scheduled

Modern x-ray inspection system for cargo control on the territory of the terminal enable operations in all weather conditions. There are only three such x-ray inspection systems of this kind in Russia, with the others in Saint Petersburg and Nakhodka. Cargo inspection is performed by customs officers without the need to open containers, reducing the time needed for handling and improving turnover

DeloPorts terminals are technologically advanced and operate modern equipment from the world's leading producers

DEVELOPMENT PRIORITIES FOR OUR ASSETS

1

Continuing focus on strategic cargoes offering the highest margins and growth perspectives: containers and grain

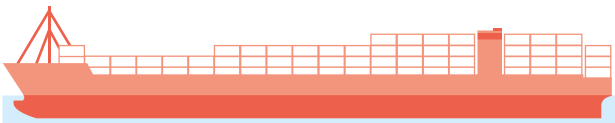
2

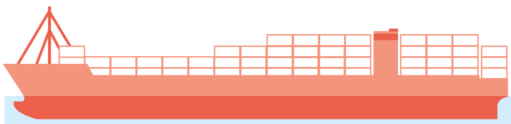
Maximum efficiency in the use of available territories

3

Increasing value added services along the logistics chain with highest-margin ones entering the DeloPorts perimeter

Container ship

Post Panamax Plus	Length	Draft	Capacity
	346 m	15.0 m	10,000 TEU

Panamax			
	270 m	12 m	3,400 TEU

Grain bulker

Panamax			
	230 m	13.4 m	70,000 DWT

Handymax			
	190 m	11.8 m	45,000 DWT

Sergey Klochko
General Manager, NUTEP container terminal

“Shipping lines look to partnership with terminals to achieve a higher level of productivity with relevant infrastructure to serve larger vessels.”

Investing in infrastructure and facilities with a view to meeting customer needs is the key priority for the development of our terminal. Starting from 2004, DeloPorts has invested almost 200 mln USD in the greenfield development of NUTEP and its equipment.

This year we launched preparations for the construction of a new deep-water berth, #38. When ready, the new berth will serve direct calls at the Port of Novorossiysk for ocean vessels of up to 10,000 TEU. For comparison, our current terminal serves vessels with maximum size of 4,000 TEU coming mainly from regional hub ports of Turkey, Greece and Romania.

According to our estimates, the introduction of the new berth could help change the existing supply chains in the region, reduce operating costs for our clients and increase NUTEP throughput capacity from the current 350,000 TEU to 700,000 TEU.

+350,000 TEU

Additional NUTEP throughput capacity resulting from the introduction of the new berth

Alexey Amaev
General Manager, KSK grain terminal

“We use modern equipment to operate in a fast and efficient way and we are continuously introducing initiatives to eliminate bottlenecks.”

In 2014 we approved an investment programme for the development of our terminal.

Today the terminal is able to serve Supramax and Panamax vessels with a deadweight of up to 55,000 tonnes. Implementation of the development programme will allow us to handle vessels of more than 60,000 DWT and reduce down time for shifting vessels.

Realization of the development programme is expected to add an additional 1.5 million tonnes to the terminal’s throughput capacities and improve the quality of service for our clients.

+1.5 mln tonnes

Increased KSK throughput capacities resulting from the investment programme

Oleg Nechaev
General Manager, TOS bunkering company

“Our mission is to continue to offer value added services along the freight logistics chain.”

Our bunkering services are a function of the container and grain businesses since most TOS clients are clients of KSK and NUTEP. Completion of the investment programme for terminals' development is also expected to drive results for TOS, creating a synergy effect for the Group.

synergies

NEW DEVELOPMENT PHASE

DeloPorts next stage of investment anticipates changes in existing container supply chains in the region.
The construction of berth #38 at NUTEP will allow mother vessels to call directly at the Port of Novorossiysk.

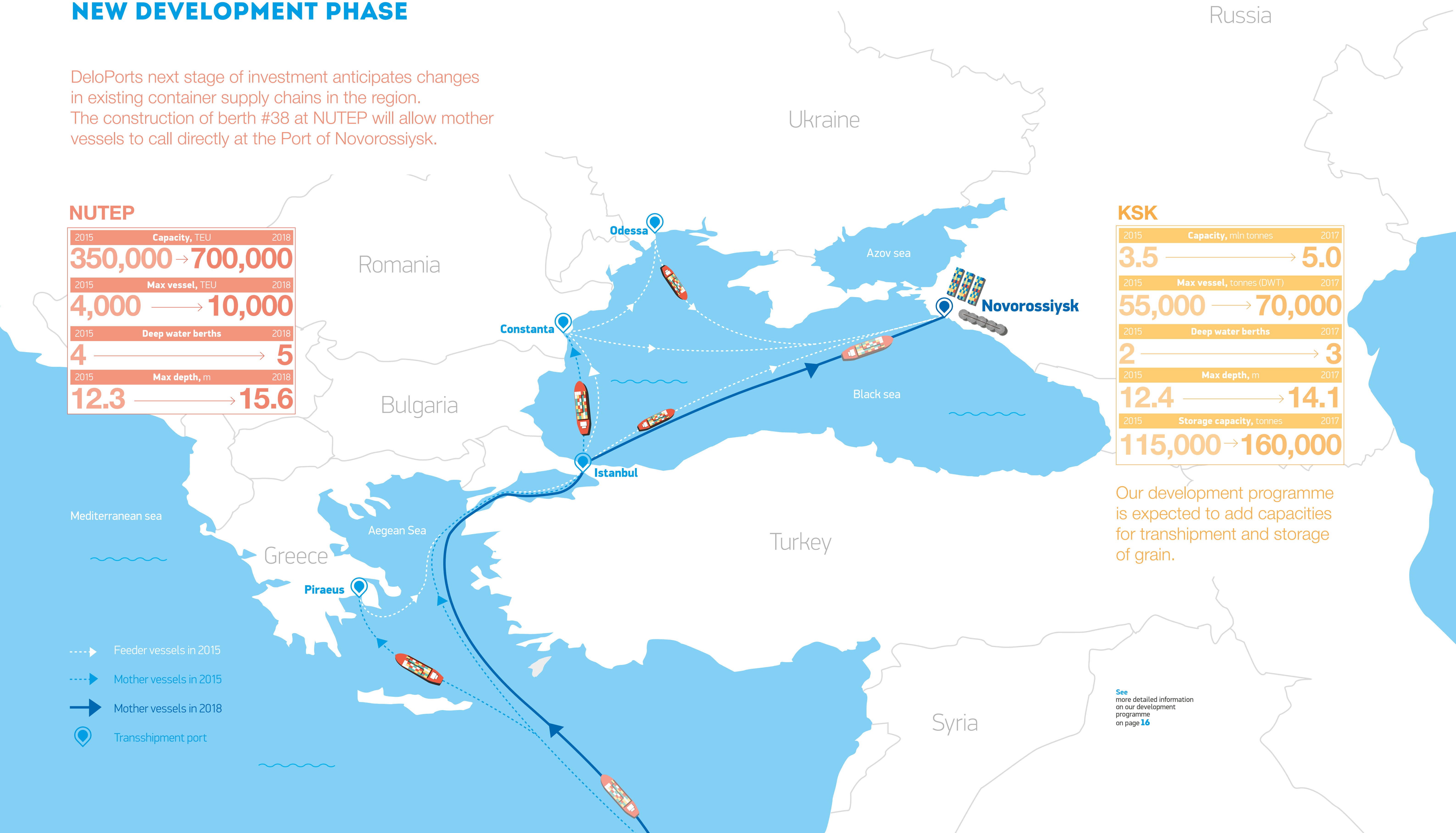
NUTEP

	2015	2018
Capacity, TEU	350,000	700,000
Max vessel, TEU	4,000	10,000
Deep water berths	4	5
Max depth, m	12.3	15.6

KSK

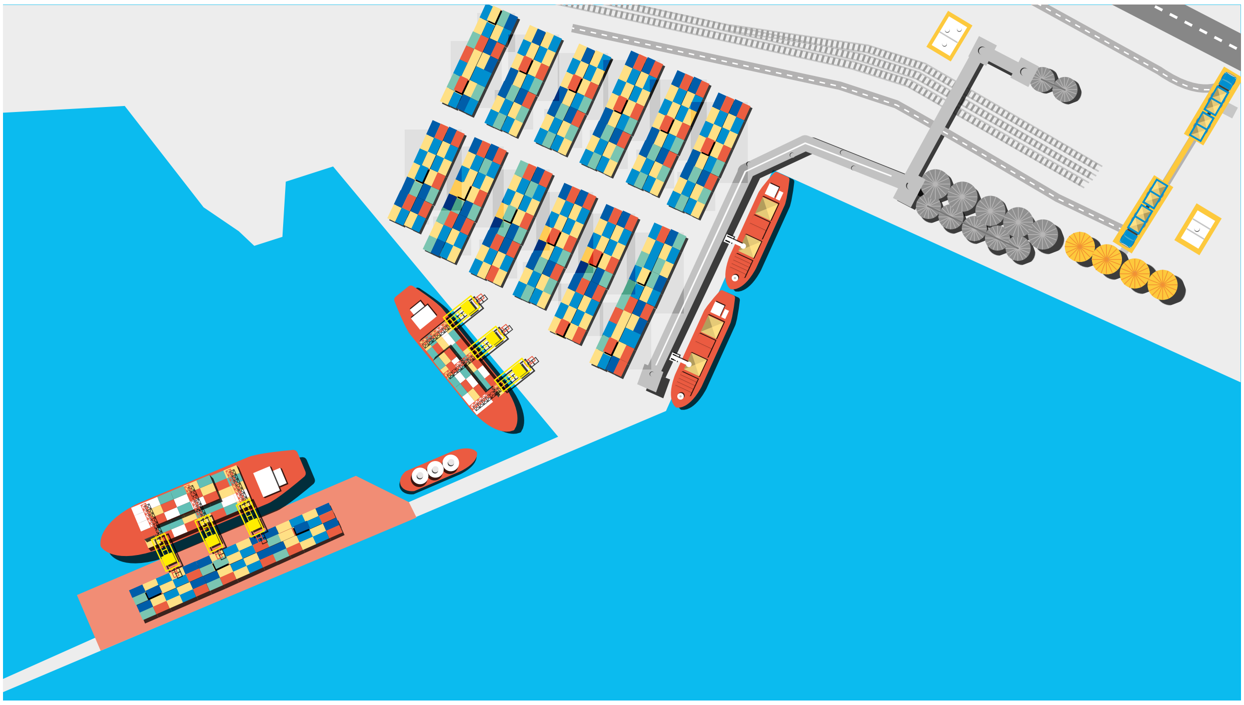
	2015	2017
Capacity, mln tonnes	3.5	5.0
Max vessel, tonnes (DWT)	55,000	70,000
Deep water berths	2	3
Max depth, m	12.4	14.1
Storage capacity, tonnes	115,000	160,000

Our development programme is expected to add capacities for transhipment and storage of grain.



See more detailed information on our development programme on page 16

KEY INVESTMENT PROJECTS



Construction of berth #38 at NUTEP container terminal

15.6m
Depth of berth

15m
Ship draft

378m
Length of berth

4ha
Total area of the new territory

+350,000TEU
Additional NUTEP capacity

700,000TEU
Total expected terminal capacity

Development programme of KSK grain terminal

14.1m
Dredging and construction of berth #40a

13.5m
Dredging of berth #40

Additional auto-reception for 2 cars

New (3rd) rail line

New grain laboratory

4 new silos additional 48,000 tonnes of storage

5.0mln tonnes
Total expected terminal capacity

OUR PROGRESS IN 2014

MARKET REVIEW

In 2014 the Russian market was characterized by deteriorating fundamentals on the back of slowing economic growth, sanctions and heightened volatility of the ruble exchange rate. This set a negative trend for domestic purchasing power of imported goods that was partially compensated by increased domestic purchasing activity late in the year. Exports, on the other hand were supported by the lower ruble exchange rate and thus demonstrated resilience in the economic downturn.

Despite the disadvantageous context in 4Q 2014, DeloPorts core markets of exposure – the import of containerised goods and the export of grain – demonstrated stable dynamics during the year.

For data on DeloPorts market share, please refer to page **21**

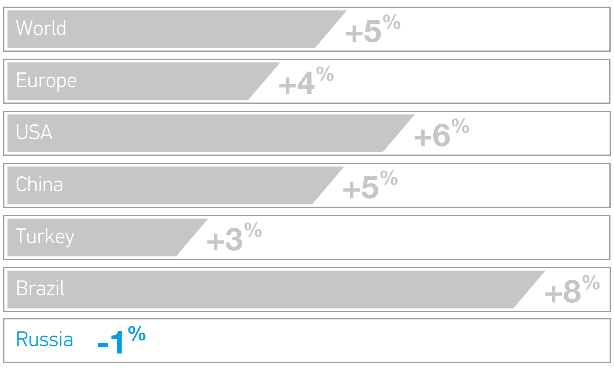
For more information on DeloPorts operating results, please refer to page **22**

Container market

The global container market demonstrated 5.1% growth in 2014, while container throughput at Russian ports saw a moderate decline of 1.2% as a result of a decrease in the total volume of imports.

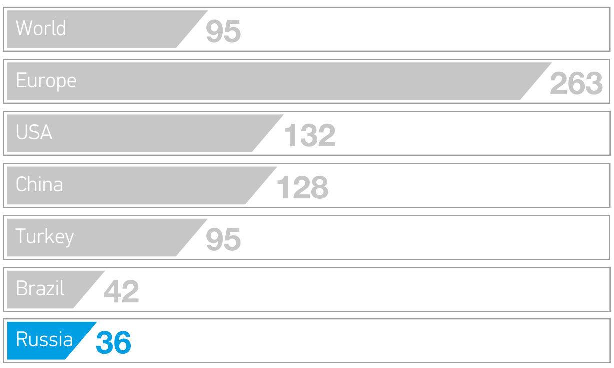
The containerization level in Russia is estimated at 36 TEU per capita, still well below the global average of 95 TEU per capita.

Global container market growth, YoY 2013-2014



Source: ASOP, Company data

Containerization level, TEU per '000 capita



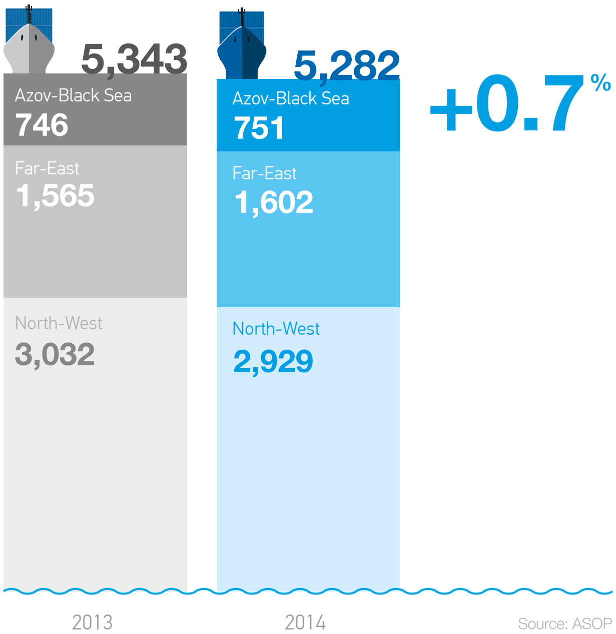
Source: Company data

+5.1%
Global container market growth

36 TEU per capita
The containerization level in Russia

Container handling volumes in the Azov-Black Sea basin increased by 0.7% in 2014. Coupled with a 1.2% decline across all Russian ports, this resulted in an increase of market share for the southern basin.

Russian container market by basin, '000 TEU



Source: ASOP

Russian container market share dynamics

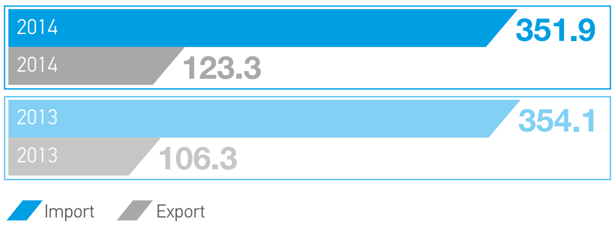
	2013	2014	
North-West basin	56.8%	55.4%	↓
Far-East basin	29.3%	30.3%	↑
Azov-Black Sea basin	**14.0%**	**14.2%**	**↑**

14.2%

Share of Azov-Black Sea basin in the Russian container market

Loaded container throughput at Russian ports increased by 3%, driven by growth in exports.

Loaded imports and exports via Novorossiysk, '000 TEU

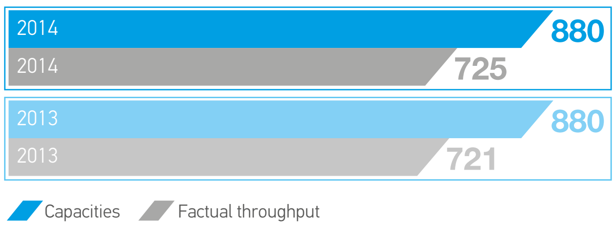


Source: Company data

In 2014 container terminals at the Port of Novorossiysk saw a 16% increase in the export of loaded containers against a 0.6%.decline in imports.

The capacity utilization level of the three terminals at the Port of Novorossiysk remained high at about 82%, while the average utilization level of container terminals in Eastern Europe amounted to 53-57% in 2013-2014.

Capacity utilization of container terminals in Novorossiysk, '000 TEU



Source: Company data

82%

Capacity utilization level of terminals in Port of Novorossiysk

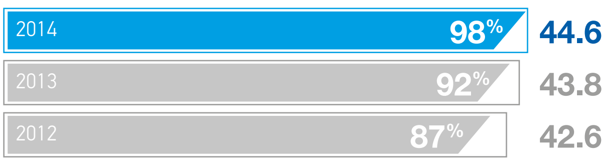
Grain exports

In 2014 Russia produced its second largest harvest on record with 105 million tonnes of production. This drove an export of volume of 30 million tonnes, the largest in recent Russian history.

This increase came as a result of continuing expansion of the total area of land under cultivation in Russia, which in 2014 increased by 1.8%.

Russian farmers also posted record yields of 24.4 mc/ha. Significant room for growth remains, however.

Cultivated area for grains and the share of harvested area, mln ha



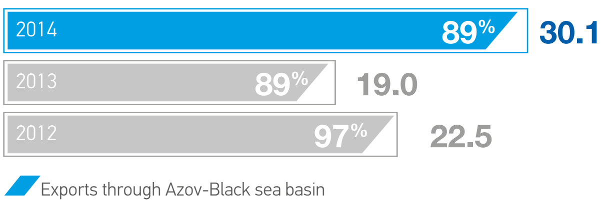
Source: Rosstat

Grain balance, mln tonnes

	2013	2014
Remains at the beginning	**43.1**	**52.2**
Production	92.4	105.3
Import	1.5	1.0
Internal use	65.8	68.8
Export	19.0	30.1
Remains at the end of the period	**52.2**	**59.6**

Source: Rosstat

Grain exports, mln tonnes



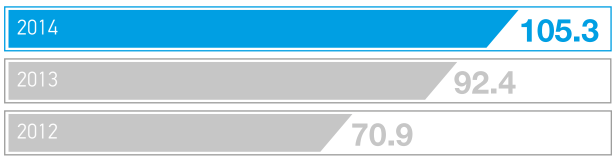
Source: Rosstat, ASOP

Grain terminals of the Azov-Black Sea basin handle 89% of the total grain exports in Russia with 54% coming through deep-water terminals.

Grain crop yield, mc/ha

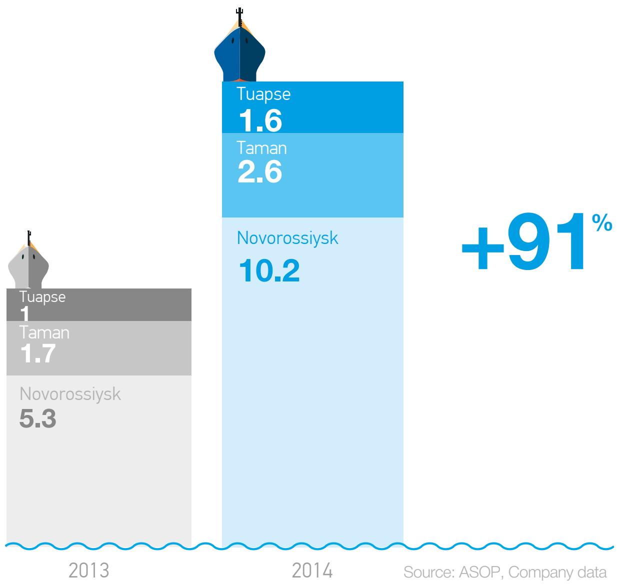
Source: Rosstat

Russian grain production, mln tonnes



Source: Rosstat

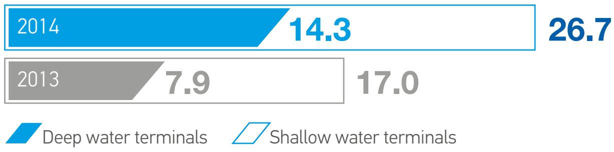
Exports through deep water terminals in the Azov-Black Sea basin, mln tonnes



Source: ASOP, Company data

Deep water terminal facilities allow for loading larger vessels. There are five deep water grain terminals in the Azov-Black Sea basin.

Azov-Black Sea basin grain export structure, mln tonnes



Source: ASOP, Company data

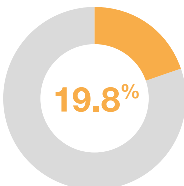
DeloPorts market share

Export of grain

KSK market share in 2014

In 2014 KSK market share for grain export among deep water terminals increased by 3.7 p.p from 16.1% to 19.8%

2013

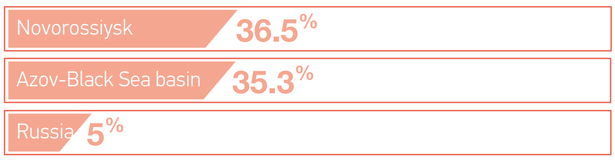


2014

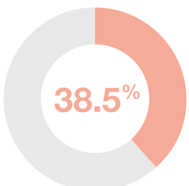
[1] Azov-Black Sea deep water

Container market

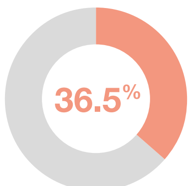
NUTEP market share in 2014



NUTEP market share at the Port of Novorossiysk remains stable at around 35-40%



2013



2014

REVIEW OF OPERATIONS

DeloPorts operates in the container, grain and bunkering segments with legal entities corresponding to the three main business units within the Group: the NUTEP Container Terminal, the KSK Grain Terminal and the TOS Bunkering Services Company.

All DeloPorts assets are located at the Port of Novorossiysk on the Russian Black Sea coast.

In 2014 DeloPorts terminals handled 6.5 million tonnes of cargo, representing a 35% YoY increase from 2013.

Cargo throughput, ('000 tonnes)

Cargo type	2014	2013[1]	2014/ 2013 change
Containers	2,425	2,449	(1%)
Grain	2,846	1,277	123%
General and liquid cargo	275	288	(5%)
Ro-Ro	911	784	16%
Total cargo throughput	**6,457**	**4,798**	**35%**
including:			
Containers ('000 TEU)	265	277	(5%)
Ro-Ro ('000 units)	58	39	49%
Bunkering fuel sales	147	131	12%

[1] Excluding NNK

Grain

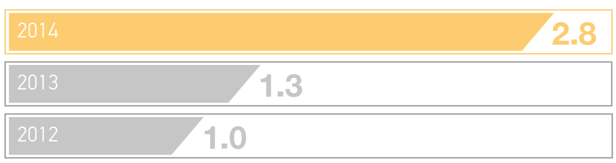
Company	KSK Grain Terminal
Capacities	Grain 3.5 mln tonnes Ro-Ro 50,000 cars
Total area	12.4 ha
Equipment	Auto and rail grain reception 12 silos with 116,000 tonne storage capacity 2 Norias and 2 conveyor belts 2 ship loaders
Main services	Transhipment and storage of grain Handling of Ro-Ro cargo
Key clients	Cargill, CHS Europe, Kubanexpo, Osnova, Nidera
Employees	348 people

SEE
Market review section on grain exports on page 20

The KSK Grain Terminal offers services for intake, storage and the handling of grain.

In 2014 KSK more than doubled its handling volumes to 2.8 million tonnes, a YoY increase of 123% from 2013. This is a result of the first full-year period of operations for the terminal after the complex reconstruction was completed in 2013. KSK also handled 27,000 passenger cars, up 178% from 2013.

Grain throughput, mln tonnes



Containers

Company	**NUTEP Container Terminal**
Capacities	**Containers 350,000 TEU** **Ro-Ro 1.5 mln tonnes/ 60,000 cars**
Total area	**29.5 ha**
Equipment	**4 STS cranes** **5 RTG cranes** **2 mobile cranes** **Reach stackers, trailers, car-lift trucks**
Main services	**Loading/unloading and storage of containerized cargo** **Handling of Ro-Ro cargo** **Handling and storage of general cargo**
Key clients	**Maersk, Evergreen, CMA-CGM, COSCO, Admiral**
Employees	**519 people**

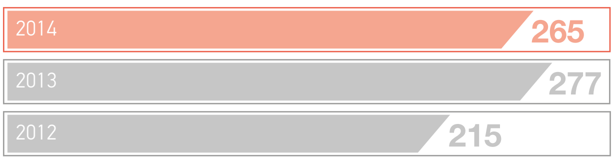
The NUTEP Container Terminal provides a full range of stevedoring services for handling containers, general and Ro-Ro cargoes.

In 2014 NUTEP handled 2.4 million tonnes of containerized cargo showing a slight decrease of 1% YoY from 2013. Twenty-foot equivalent unit (TEU) throughput amounted to 264,919 TEU, or a 5% decline compared to 2013.

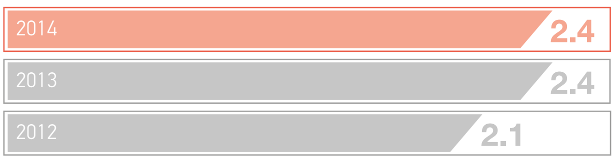
NUTEP also handled 875,665 tonnes of Ro-Ro and 271,387 tonnes of general cargo, representing a respective 13% and 52% increase relative to 2013.

SEE
Market review section on containers on page 18

Container throughput, '000 TEU



Container throughput, mln tonnes



Bunkering

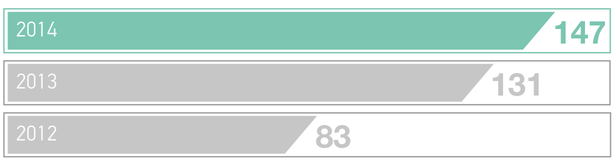
Company	**TOS Bunkering Company**
Capacities	**200,000 tonnes**
Main services	**Bunkering** **Barging**
Employees	**77 people**

TOS provides all types of fuel for vessels calling at the Port of Novorossiysk and neighbouring ports.

In 2014 bunkering fuel sales increased by 12% compared to 2013 and reached 147,163 tonnes.

The TOS bunkering company operates two bunkering vessels and has access to storage and stevedoring facilities.

Fuel sales, '000 tonnes



FINANCIAL PERFORMANCE

Andrey Bubnov, Chief Financial Officer

In 2014 DeloPorts demonstrated improvement across all major operating and financial metrics.

Several factors contributed to a 34% increase in DeloPorts revenues. The main factors include the growth in grain handling volumes and an increase in grain stevedoring tariffs mid-year, an increase in tariffs for the inspections of containers, growth in bunkering volumes and the average sales price of bunker fuel.

EBITDA almost doubled to 100 mln USD on the back of higher consolidated marginality which benefited from effective cost control, a lower USD value of a ruble cost base, and higher marginality in the bunkering business. In 2014 the Group redeemed 40 mln USD in debt as existing bank facilities mature. Together with rising EBITDA, this lead to a decrease of the Net Debt/EBITDA ratio to 1.0x, even despite a dispersal of record dividends. The Group is now well positioned for the start of a new investment phase in 2015.

Key financials

In millions of USD	2013	2014	Change	Relative change
Consolidated revenue	147.8	198.1	50.3	34.0%
Consolidated EBITDA	56.3	100.0	43.7	77.6%
EBITDA margin, %	38.1	50.5		
Adjusted net profit[1]	32.4	65.2	32.8	101.2%
Total debt	160.6	120.3	(40.3)	(25.1)%
Capex[2]	(14.5)	(9.8)	4.7	32.4%

[1] Adjusted for revaluation of USD denominated liabilities

[2] On a cash basis

DeloPorts consolidated revenue increased by 34% from 147.8 mln USD in 2013 to 198.1 mln USD in 2014 dueto an increase in revenue for each business unit.

Revenue

In millions of USD	2013	2014	Change	Relative change
NUTEP	53.6	60.6	7.0	13.1%
KSK	31.5	66.7	35.2	111.7%
TOS	62.7	70.8	8.1	12.9%
Total	**147.8**	**198.1**	**50.3**	**34.0%**

NUTEP revenue accounted for 30.6% of the consolidated revenue in 2014. The 13% YoY rise in NUTEP revenue was due to growth in revenue from container handling operations, up from 49.1 mln USD in 2013 to 53.9 mln USD in 2014, on the back of an increase in tariffs for customs inspections and an overal reduction of free storage days as well as a larger volume of operations with reefer containers, the latter totalling 32,427 TEU for 2014 over 23,906 TEU in 2013.

These factors have allowed for in increase in the average revenue per TEU from 177 USD in 2013 to 203 USD in 2014, which has more than compensated for the 4.5% decrease in TEU handled, down to 264,919 TEU for 2014 from 277,475 TEU in 2013.

+34%

DeloPorts total revenue

KSK revenue accounted for 33.7% of the consolidated revenue in 2014. The rise in KSK revenue by 112% in 2014 compared to 2013 was driven by the doubling of volumes handled, 2.8 million tonnes in 2014 against 1.3 million tonnes in 2013, and and increase in stevedoring tariffs.

Revenue from bunkering services added another 35.7% to the consolidated revenue of the Group. The growth in revenues from bunkering services was primarily driven by elevated prices for fuel in the first 9 months of 2014 and by larger volumes of bunker fuel sold during the year, 147,163 tonnes in 2014 against 131,471 tonnes in 2013.

EBITDA

In millions of USD	2013	2014	Change	Relative change
NUTEP	31.5	39.8	8.3	26.3%
KSK	21.3	53.2	31.9	149.8%
TOS	2.5	8.3	5.8	232.0%
Holdings and adjustments	1.0	(1.3)	(2.3)	(230.0%)
Total	**56.3**	**100.0**	**43.7**	**77.6%**

The cost of sales increased by 5% in 2014 compared to 2013, to 102.2 mln USD. 7% of this increase is due to the increase in the cost of purchased fuel as a result of elevated prices and the growth in bunkering volumes. Net of purchase of fuel, the costs decreased by 2%.

Selling, general and administrative expenses increased by 47% in 2014 mainly due to growth in management remunerations which resulted from the outstanding performance of the business units in 2014.

Consolidated EBITDA for 2014 almost doubled to 100 mln USD on the back of growing revenues together with falling costs when translated to USD.

The EBITDA margin increased from 38.1% to 50.5%. This was driven by, among other factors described above, revenue from TOS bunkering operations which increased by 12.9% while EBITDA for the bunkering segment increased more than threefold.

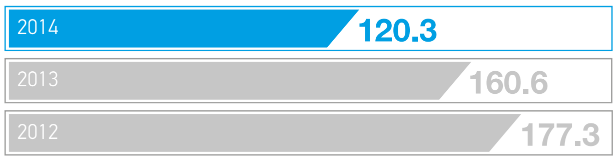
In 2014 the Russian ruble depreciated by 71.9%. This caused a revaluation of the Group's USD liabilities, partially mitigated by operating gains and forward contracts, resulting in a 59.2 mln USD foreign exchange loss from financing activity. Accounting for this loss, the Group's Net Income decreased to 17.9 mln USD. Net Income adjusted for this loss, however, increased by 101.2% from 32.4 mln USD in 2013 to 65.2 mln USD in 2014.

Operating cash flow increased from 57.3 mln USD in 2013 to 86.8 mln USD in 2014.

Capital expenditure was reduced by 32% from 14.5 mln USD on a cash basis in 2013 to 9.8 mln USD in 2014. Previous investment projects were completed and the Group is only preparing to enter the next investment stage. Therefore most of the CAPEX for 2014 was allocated to maintenance.

Total debt decreased by 40.3 mln USD as existing bank loans amortized according to their repayment schedules. Net debt/EBITDA decreased from 1.3x to 1.0x. Debt maturation is evenly distributed across the next four years.

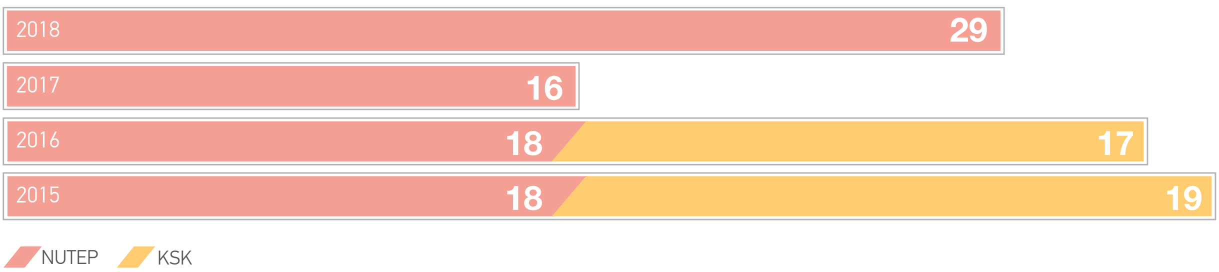
Total debt, mln USD



9.8 **million USD**

Capital expenditure

Debt Maturity Profile *excluding TOS rolling facility*, mln USD



Cash and deposits as of 31 December, 2014 amounted to 24.9 mln USD. In 2014 the Group distributed 87.0 mln USD in dividends to its shareholders. This exceeded 2014 Net Income by 69 mln USD, which reduced the retained earnings in the Group's capital as of 31 December, 2014 correspondingly. This extraordinary distribution was made primarily from the proceeds of the sale of two assets in the end of 2013 – 100% of shares in NNK and a 25% stake in KSK.

Going forward, the Group is targeting a dividend payout ratio within the limit of 25% of Net Income.

On 20 February 2015, DeloPorts Limited obtained initial credit ratings: BB- from Fitch and B+ from Standard&Poor's, both with a stable outlook. The Group regards the ratings as a means of diversifying its potential sources of funding outside traditional bank financing.

GOVERNANCE

OUR APPROACH

We believe that effective management results from well established mechanisms of decision making, regular communications within the Company and mutual understanding amongst shareholders and executives.

The DeloPorts management system is centralized with each of the operating subsidiaries having their own board of directors represented by respective general managers as well as the CEO, CFO and CLO of DeloPorts – the so-called "Decision Making Center". In the case of KSK, there is one additional board member representing Cargill.

All strategic decisions require consent from the majority shareholder.

Having Cargill as a strategic shareholder and a partner in one of the assets has given the Group access to a set of best practices in terms of compliance, HSE and HR policies and corporate governance principles. We gladly implement these practices at KSK and share this experience as appropriate with other members of the Group.

In 2014, upon adoption of a KSK Code of Ethics and Business Conduct followed by a compliance review conducted by an independent auditor, training programmes for KSK employees were introduced. External and internal channels for collecting feedback have been implemented and include an anonymous telephone hotline and e-mail address.

MANAGEMENT

Timofey Telyatnik
Chief Executive Officer

Mr. Timofey Telyatnik (b. 1979) stepped into the CEO position of Delo Group stevedore assets in 2011 and has remained in this function during and after the consolidation of assets into the DeloPorts holding company in 2012.

Before taking this position, Mr. Telyatnik was involved in private investment management with a number of successfully completed projects.

From 2001-2006 Mr. Telyatnik held various executive positions within Delo Group.

Initiatives realized in the Delo Group under Mr. Telyatnik's supervision and guidance include the construction of private stevedore facilities at the Port of Novorossiysk, the execution of large-scale investment projects for modernization and the infrastructure development of DeloPorts terminals.

Mr. Telyatnik is a graduate of the Moscow State Law Academy.

Andrey Bubnov
Chief Financial Officer

Mr. Andrey Bubnov (b. 1980) joined the Group in 2013. His responsibilities include financial strategy and business development, financial planning and analysis and leading relations with banks and strategic investors.

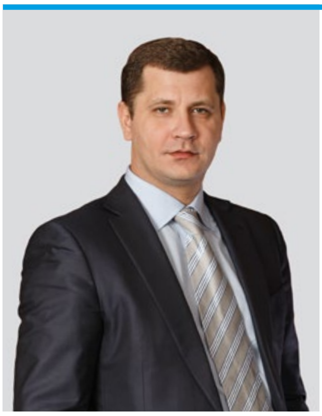
Before joining DeloPorts, Mr. Bubnov participated in a project for Rosneft to help restructure the Russian Regional Development Bank.

From 2011-2012 Mr. Bubnov held the position of Deputy CEO for finance and economy at PJSC NCSP, a large port holding company. Mr. Bubnov helped develop and implement a new corporate strategy and was responsible for relations with the international investor community.

From 2003-2011 Mr. Bubnov held various management positions in London and Moscow offices of Morgan Stanley, with the last position being Head of Fixed Income Capital Markets in Moscow.

In his line of work Mr. Bubnov has successfully implemented a number of projects including multiple debt and equity capital markets transactions for large Russian corporations. He has strong experience in advising Russian transport companies with successfully completed projects on credit ratings, placement of bond and share offerings on international stock exchanges and liability management.

Mr. Bubnov is a graduate of the Moscow State Institute of International Relations.



Dmitry Pankov
Chief Legal Officer

Mr. Pankov (b. 1979) joined the Company in 2011 as the Chief Legal Officer. He has held various executive positions in the Group with responsibilities for corporate law and governance as well as advisory on mergers and acquisitions.

Before joining Delo, Mr. Pankov held various executive positions at large Russian companies specializing in private investment management.

Prior to that Mr. Pankov was an Attorney at Law for 5 years and a member of the Russian BAR association.

Mr. Pankov is a graduate of the Yekaterinburg Liberal Arts University, Faculty of Law.

Sergey Klochko
General Manager,
NUTEP container terminal

Sergey Klochko (b. 1958) was appointed General Manager of NUTEP in January 2003.

Prior to joining Delo, Mr. Klochko held various positions at Ukrainian and Russian sea ports. Given his strong professional background and experience, Sergey Klochko is a highly-qualified expert in the stevedoring and container businesses.

Sergey has more than 25 years experience in ports and container terminal industry.

Mr. Klochko has directly supervised the modernisation of the NUTEP container terminal and its development.

Mr. Klochko is a graduate of the Moscow Institute of International Economic Relations.

Alexey Amaev
General Manager,
KSK grain terminal

Alexey Amaev (b. 1970) has been with Delo since 2010 and has 13 years of industry experience.

Before joining the Company, Mr. Amaev worked in the agricultural sector and was in charge of grain transhipment operations and sea transportation.

Mr. Amaev has directly controlled the realization of construction works for the KSK Grain Terminal.

Mr. Amaev is a graduate of the Admiral Ushakov Maritime State University.

Oleg Nechaev
General Manager,
TOS bunkering company

Oleg Nechaev (b.1969) joined Delo in 2006.

Mr. Nechaev is an expert in the maritime bunkering business. His professional background includes 9 years in transportation and logistics.

Mr. Nechaev is a graduate of Kuban State Technological University.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

As an owner and operator of port terminals, DeloPorts focuses on long-term investment and believes that the Company can and should have a positive impact on the social and economic development of the community in which it operates.

As a socially responsible corporation, our goal is not only the return on investment for our shareholders but also the stable performance of our operations with regard to the health and safety of our employees, the environment and activities supporting our employees and the local community.

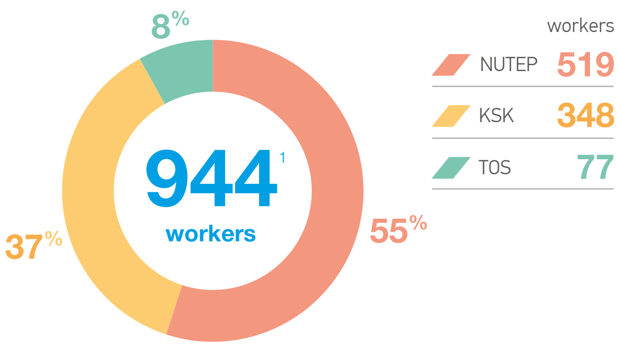
OUR PEOPLE

Our people are our strength. The professional experience, hard work and dedication of our employees drives DeloPorts development and success and ensures our ability to meet customer needs.

As of 31 December, 2014, DeloPorts employed 944 people, the majority at NUTEP and KSK.

We strive to recruit candidates that share our values of teamwork, our responsive approach, personal involvement, innovative spirit and dedication to effective collaboration.

To encourage our people to develop to their full potential, we invest in their training and development.



[1] Excluding employees of Moscow and Cyprus offices

In 2014 DeloPorts management teams participated in trips to Great Britain, Belgium, the Netherlands, Turkey, Estonia and Ukraine to gain additional knowledge on industry innovations. Our employees are regular visitors at industry conferences, trainings and seminars.

We are proud to be one of the best employers in Novorossiysk and the Krasnodar region offering competitive wages and high quality working conditions.

In 2014 the the DeloPorts launched a unified health insurance policy for all DeloPorts companies with the goal to obtain the best available medical services for our employees.

In 2014 DeloPorts also signed a unified salary agreement designed to offer banking services to our employees at subsidized rates with the emergence of a “DELOvaya” line of bespoke loan products.

In order to encourage our employees, we provide personal loans, social support for working mothers and their children and play an active role in retirement planning with employees.

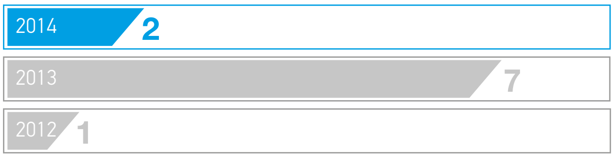
DeloPorts tries to take into account the views of all employees when taking decisions likely to affect them. All DeloPorts assets have a collective bargaining agreement with the workforce. Discussions and meetings with management are held on a regular basis.

HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

Health and safety

We strive to create a safe and injury-free working environment through the implementation of sound business processes, tight discipline and the most modern equipment. All DeloPorts assets were built as greenfield projects and incorporate modern equipment to minimize the chances of technical failure and injuries at work.

In 2014 zero fatalities were recorded across the assets. The number of the job injures decreased from 7 in 2013 to 2 in 2014.



The terminals have dedicated departments responsible for safety analysis, compliance with relevant regulations and maintenance of annual long-term plans.

Special safety measures have been implemented to respond to severe weather conditions and emergency situations at the terminals: a wave protection wall for container operations, the construction of a fire-fighting station at NUTEP with the launch of preparations for another station at KSK.

All recorded incidents to date have confirmed compliance with fire and explosion hazard specifications of the equipment used. All equipment at the terminals is certified and inspected on a regular basis.

In 2014 the Company spent approximately 195,000 USD (7.5 million rubles) on projects to improve its health and safety performance.

Environmental issues

We are committed to meeting state regulatory requirements to minimize the negative impact of our operations on the environment.

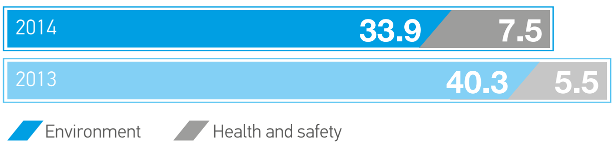
To reduce harmful emissions, DeloPorts invests in modern technologies.

Our container terminal operates fully electric RTG cranes ensuring a high level of environmental safety. With the growth of turnover and need to increase the capacity of the yard, a full transition to RTG-technology is planned.

To prevent negative impact on the water quality, we have treatment facilities at the terminals and plan to construct new ones as a part of future investment projects.

In 2014 measures including regular waste water monitoring, cleaning of storm water drains and the control over the collection of waste were implemented across the terminals.

Expenses on HSE issues, RUB mln



195,000 USD

Spending on projects to improve health and safety in 2014

SUPPORT OF THE LOCAL COMMUNITY

As a responsible business, we believe it's important to support the community in the area of our operations.

DeloPorts terminals are well established companies in Novorossiysk and contribute to the development of the region through employment opportunities for the local population, the payment of taxes, the development of infrastructure and charitable support.

DeloPorts participates in charitable initiatives grouped into several categories: help for children with special needs, support of educational and sport centers and assistance to local hospitals.

DeloPorts current involvement in charitable activity is based mainly on requests at the regional level in coordination with DeloPorts and final approval from the management teams of each DeloPorts subsidiary.

In 2014 DeloPorts became a supporter of the Romashka Centre for Rehabilitation for Children with Disabilities in Novorossiysk, where more than 500 children are currently treated, mostly for cerebral palsy. DeloPorts plans to continue its initiatives aimed at improving the centre's facilities for children at risk.

DeloPorts continues to support the Olimpiets Boxing Club in Novorossiysk and has donated funds for sporting equipment for an international boxing tournament held in 2014.

In the reporting period, DeloPorts has also participated in the purchase of specialized equipment for Novorossiysk City Hospital #1.

EXTRACT OF AUDITED IFRS FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of USD	Note	31 December 2014	31 December 2013 (restated[1])	1 January 2013 (restated[1])
ASSETS				
Non-current assets				
Property, plant and equipment	7	101,460	179,984	198,998
Goodwill	8	3,378	5,807	6,258
Mooring rights and other intangible assets	9	69,970	123,476	136,643
Investments in associates	10	51	362	396
Deferred income tax asset	25	40	-	129
Prepayments for non-current assets	11	4,603	2,776	3,753
Total non-current assets		**179,502**	**312,405**	**346,177**
Current assets				
Inventories	12	2,550	3,535	2,425
Trade and other receivables	13	8,686	13,189	15,242
Current income tax prepayments		2,936	192	3,205
Non-current assets held for sale		633	673	-
Cash and cash equivalents	14	24,928	87,891	2,455
Total current assets		**39,733**	**105,480**	**23,327**
TOTAL ASSETS		**219,235**	**417,885**	**369,504**
EQUITY				
Share capital	15	97	97	96
Share premium	15	18,832	18,832	18,599
Capital contribution	15	8,005	8,005	7,959
Restructuring reserve	15	(9,649)	(9,649)	(9,649)
Translation reserve		(70,630)	(11,220)	(1,673)
Retained earnings		122,250	192,647	125,347
Equity attributable to the Company's owners		**68,905**	**198,712**	**140,679**
Non-controlling interest	27	3,544	8,128	1,415
TOTAL EQUITY		**72,449**	**206,840**	**142,094**
LIABILITIES				
Non-current liabilities				
Long-term borrowings	16	80,329	117,663	154,548
Deferred income		171	312	-
Deferred income tax liability	25	17,309	36,983	39,278
Total non-current liabilities		**97,809**	**154,958**	**193,826**
Current liabilities				
Short-term borrowings and loans	16	40,017	42,984	22,725
Trade and other payables	17	8,499	12,136	10,300
Current income tax payable		461	967	559
Total current liabilities		**48,977**	**56,087**	**33,584**
TOTAL LIABILITIES		**146,786**	**211,045**	**227,410**
TOTAL LIABILITIES AND EQUITY		**219,235**	**417,885**	**369,504**

[1] The presentation currency in the annual audited Consolidated Financial Statements as at 31 December 2013 was the Russian Rouble and has changed in the current period to USD.

Approved for issue and signed on behalf of the Board of Directors on 6 April 2015:

Sergey Babintsev
Director

Page Directors Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of USD	Note	2014	2013 (restated[1])
Continuing operations:			
Revenue	18	198,147	147,769
Cost of sales	19	(102,243)	(97,171)
Gross profit		**95,904**	**50,598**
Selling, general and administrative expenses	20	(11,087)	(7,537)
Other operating income	21	254	7,542
Other operating expenses	21	(579)	(3,830)
Net foreign exchange income/(loss) from operating activity		2,222	(351)
Operating profit		**86,714**	**46,422**
Share of result of associates	10	257	280
Finance income	22	1,463	1,460
Finance costs	23	(6,296)	(9,708)
Net foreign exchange losses from financing activity		(59,170)	(14,099)
Profit before income tax		**22,968**	**24,355**
Income tax expense	25	(5,100)	(3,541)
Profit for the year from continuing operations		**17,868**	**20,814**
Discontinued operations:			
Profit for the year from discontinued operations		-	273
PROFIT FOR THE YEAR		**17,868**	**21,087**
Other comprehensive loss:			
Exchange differences on translation to presentation currency		(65,242)	(9,547)
Other comprehensive loss for the year		**(65,242)**	**(9,547)**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(47,374)**	**11,540**
Profit is attributable to:			
- Owners of the Companyfrom continuing operation		10,610	20,248
- Owners of the Company from discontinued operations		-	273
- Non-controlling interest		7,258	566
Profit for the year		**17,868**	**21,087**
Total comprehensive (loss)/income is attributable to:			
- Owners of the Company from continuing operations		(48,800)	10,701
- Owners of the Company from discontinued operations		-	273
- Non-controlling interest		1,426	566
Total comprehensive (loss)/income for the year		**(47,374)**	**11,540**

[1] The presentation currency in the annual audited Consolidated Financial Statements as at 31 December 2013 was the Russian Rouble and has changed in the current period to USD.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of USD	Notes	2014	2013 (restated[1])
Cash flows from operating activities			
Profit for the year		17,868	20,814
Profit from discontinued operations		-	273
Adjustments for:			
Gain received from business combinations	21	-	(7,421)
Depreciation of property, plant and equipment	7	10,105	10,694
Amortisation of intangible assets	9	2,868	3,421
(Gain)/loss on disposal of property, plant and equipment	21	(28)	2,608
Share of profits in associates	10	(257)	(280)
Finance costs	23	6,296	9,871
Finance income	22	(1,463)	(1,490)
Foreign exchange losses on financing activities		59,170	14,099
Loss on liquidation of associate	10	-	22
Income tax expense	25	5,100	3,939
Operating cash flows before working capital changes		**99,659**	**56,550**
Increase in inventories		(566)	(1,353)
Increase/decrease in trade and other receivables		(1,303)	757
Increase in trade and other payables		4,699	1,106
Operating cash flows including working capital changes		**102,489**	**57,060**
Income taxes (paid)/reimbursed		(15,663)	195
Net cash from operating activities		**86,826**	**57,255**

In thousands of USD	Notes	2014	2013 (restated[1])
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(9,750)	(14,481)
Purchase of intangible assets	9	(123)	-
Proceeds from sale of property, plant and equipment		96	16
Cash received on business combinations		-	12,708
Loans granted		(7,797)	(13,079)
Loan repayments received		7,797	12,617
Interest received		35	356
Dividends received	6	334	264
Interest from deposits	22	905	173
Net cash used in investing activities		**(8,503)**	**(1,426)**
Cash flows from financing activities			
Proceeds from government grants		445	1,092
Contributions from shareholders		-	46
Cash received on business combinations		-	62,291
Comissions on financing activities		(3,612)	(675)
Proceeds from borrowings		3,916	76,742
Repayment of borrowings		(43,595)	(94,122)
Interest paid		(6,050)	(9,564)
Dividends paid	6	(87,017)	(5,632)
Net cash (used in)/from financing activities		**(135,913)**	**30,178**
Net decrease in cash and cash equivalents		(57,590)	86,007
Cash and cash equivalents at the beginning of the year	**14**	**87,891**	**2,455**
Exchange differences on cash and cash equivalents		(5,373)	(571)
Cash and cash equivalents at the end of the year	**14**	**24,928**	**87,891**

[1] The presentation currency in the annual audited Consolidated Financial Statements as at 31 December 2013 was the Russian Rouble and has changed in the current period to USD.

Contact information

15, Donskaya Str.
Moscow, 119049
Russia

Tel.: +7 (495) 933 19 16
Fax: +7 (495) 933 19 18

General enquiries
E-mail: post@deloports.com

Media and investor requests
E-mail: pr@deloports.com