REGISTERED NUMBER: 07442907 (England and Wales)

Report of the Director and

Financial Statements for the Year Ended 31 December 2017

for

Integrated Rail-Casting Company Limited

Contents of the Financial Statements for the Year Ended 31 December 2017

Integrated Rail-Casting Company Limited

Company Information
for the Year Ended 31 December 2017

DIRECTOR:	V Tumaryev
REGISTERED OFFICE:	27/28 Eastcastle Street London W1W 8DH
REGISTERED NUMBER:	07442907 (England and Wales)
AUDITORS:	S H LANDES LLP 3rd Floor Fairgate House 78 New Oxford Street London WC1A 1HB

Integrated Rail-Casting Company Limited (Registered number: 07442907)

Report of the Director
for the Year Ended 31 December 2017

The director presents his report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of an investments holding company.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2017.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTOR
V Tumaryev held office during the whole of the period from 1 January 2017 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
The director is responsible for preparing the Report of the Director and the financial statements in accordance with
applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has
elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the
European Union. Under company law the director must not approve the financial statements unless he is satisfied that they
give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In
preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's
transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to
ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets
of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The company's ability to continue as a going concern is contingent on the willingness of the parent company to continue to
provide financial support. The ultimate beneficial owner has expressed its willingness to provide financial support for the
next 12 months as from the date of approval of the financial statements in order for the company to meet its current
liabilities. The director, therefore continues to adopt the going concern basis of accounting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

V Tumaryev - Director

8 July 2019

Report of the Independent Auditors to the Members of Integrated Rail-Casting Company Limited

Qualified Opinion
We have audited the financial statements of Integrated Rail-Casting Company Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Due to the incomplete nature of the company's accounting records, we were unable to obtain sufficient appropriate audit evidence on loans payable and investments in the financial statements. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Conclusions relating to going concern
In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of $22,303,359 (profit in 2016: $792,876) during the year ended 31 December 2017 and, at that date, the Company had net liabilities of $36,527,145.

These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

Other information
The director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in

the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Integrated Rail-Casting Company Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Director.

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made.

Responsibilities of director
As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Filip Lyapov (Senior Statutory Auditor)
for and on behalf of S H LANDES LLP
3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB

9 July 2019

Statement of Profit or Loss
for the Year Ended 31 December 2017

	Notes	31.12.17 $	31.12.16 $
CONTINUING OPERATIONS			
Revenue		-	73,944
Other operating income		(10,365,547)	6,830,109
Administrative expenses		(20,198,837)	(2,516,846)
OPERATING (LOSS)/PROFIT		(30,564,384)	4,387,207
Finance costs		8,261,025	(3,594,331)
(LOSS)/PROFIT BEFORE INCOME TAX	4	(22,303,359)	792,876
Income tax	5	-	-
(LOSS)/PROFIT FOR THE YEAR		(22,303,359)	792,876

The notes form part of these financial statements

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2017

	31.12.17 $	31.12.16 $
(LOSS)/PROFIT FOR THE YEAR	(22,303,359)	792,876
OTHER COMPREHENSIVE LOSS		
Item that will not be reclassified to profit or loss:		
Fair value reserve movement	(9,695,067)	(3,050,231)
Income tax relating to item that will not be reclassified to profit or loss	-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX	(9,695,067)	(3,050,231)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(31,998,426)	(2,257,355)

The notes form part of these financial statements

Statement of Financial Position
31 December 2017

	Notes	31.12.17 $	31.12.16 $
ASSETS			
NON-CURRENT ASSETS			
Investments	6	3,601,800	16,305,309
CURRENT ASSETS			
Trade and other receivables	7	-	18,551,489
TOTAL ASSETS		3,601,800	34,856,798
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	8	2,000,002	2,000,002
Other reserves	9	-	9,695,067
Retained earnings	9	(38,527,147)	(16,223,788)
TOTAL EQUITY		(36,527,145)	(4,528,719)
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	10	29,392,680	16,665,708
CURRENT LIABILITIES			
Trade and other payables	10	10,736,265	22,719,809
TOTAL LIABILITIES		40,128,945	39,385,517
TOTAL EQUITY AND LIABILITIES		3,601,800	34,856,798

The financial statements were approved by the director on 8 July 2019 and were signed by:

V Tumaryev - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital $	Retained earnings $	Other reserves $	Total equity $
Balance at 1 January 2016	2,000,002	(17,016,664)	12,745,298	(2,271,364)
Changes in equity				
Total comprehensive loss	-	792,876	(3,050,231)	(2,257,355)
Balance at 31 December 2016	2,000,002	(16,223,788)	9,695,067	(4,528,719)
Changes in equity				
Total comprehensive loss	-	(22,303,359)	(9,695,067)	(31,998,426)
Balance at 31 December 2017	2,000,002	(38,527,147)	-	(36,527,145)

The notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 31 December 2017

	Notes	31.12.17 $	31.12.16 $
Cash flows from operating activities			
Cash generated from operations	1	-	(19,916)
Net cash from operating activities		-	(19,916)
Decrease in cash and cash equivalents		-	(19,916)
Cash and cash equivalents at beginning of year	2	-	19,916
Cash and cash equivalents at end of year	2	-	-

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2017

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	31.12.17	31.12.16
	$	$
(Loss)/profit before income tax	(22,303,359)	792,876
Profit on disposal of fixed assets	-	(304,757)
Write back impairment	12,703,509	(7,134,866)
Write back bad debt	4,699,607	2,000,070
Finance costs	(8,261,025)	3,594,331
	(13,161,268)	(1,052,346)
Decrease/(increase) in trade and other receivables	18,551,489	(8,897,339)
(Decrease)/increase in trade and other payables	(5,390,221)	9,929,769
Cash generated from operations	-	(19,916)

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	$	$

Year ended 31 December 2016

	31.12.16	1.1.16
	$	$
Cash and cash equivalents	-	19,916

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2017

1. **STATUTORY INFORMATION**

Integrated Rail-Casting Company Limited is a private company, limited by shares , registered in England and Wales.
The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparation
The financial statements have been prepared under the historical cost convention as modified for certain financial instruments measured at fair value in accordance with the accounting policies set out below.

Consolidated financial statements have not been prepared due to presence of severe long-term restrictions which substantially hinder the exercise of the rights of the parent company over the assets or management of the undertaking not consolidated. Please refer to note 6 for details.

Financial instruments
i. Financial assets: loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired as well as through the amortization process.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

ii. Financial liabilities: interest bearing loans and borrowings:

All loans and borrowings are valued initially at fair value of the proceeds received (which is determined using the prevailing market rate of interest for a similar instrument, if significantly differs from the transaction price), net of transaction costs incurred. In subsequent periods, interest bearing loans and borrowings are stated at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the loans and borrowings.

Interest expense is recognised on a time-proportion basis using the effective interest method.

Interest-free long term debt granted to and by the related parties is initially recognized in accordance with the recognition of the financial instruments policy. The difference between nominal amount of consideration given and the fair value of loans granted and borrowed at other than market terms is recognized in the period the loan is granted and borrowed as initial recognition of loans from related parties at fair value. Loans with fixed maturities are subsequently measured at amortised cost using the effective interest rate method. Those that do not have fixed maturities are carried at cost. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and borrowings are derecognized or impaired as well as through the amortization process.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into USD at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into USD at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

continued...

2. ACCOUNTING POLICIES - continued

Fixed asset investments
Investments in subsidiaries are valued at cost less any provision for permanent diminution in value. Cost includes cost of purchase plus all contributions to the capital of the investment.

Going concern
The company's ability to continue as a going concern is contingent on the willingness of the parent company to continue to provide financial support. The ultimate beneficial owner has expressed its willingness to provide financial support for the next 12 months as from the date of approval of the financial statements in order for the company to meet its current liabilities. The director, therefore continues to adopt the going concern basis of accounting.

Capital contribution
Assets transferred to the company by the controlling party for no consideration are treated as additional equity contributions and are disclosed as capital contributions in the financial statements. Contributions to equity are stated at the director's estimate of the fair value of the assets transferred.

Assets transferred by the company to subsidiaries for no consideration are treated as additional equity contributions. Such contributions are reflected as an increase in the cost of the company's investment in the subsidiary using the director's estimate of the fair value of the assets transferred.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2017 nor for the year ended 31 December 2016.

	31.12.17	31.12.16
	$	$
Directors' remuneration	-	-

4. (LOSS)/PROFIT BEFORE INCOME TAX

The loss before income tax (2016 - profit before income tax) is stated after charging/(crediting):

	31.12.17	31.12.16
	$	$
Loss on disposal of fixed assets	-	304,757
Auditors' remuneration	6,757	5,000
Auditors' remuneration for non audit work	-	14,239
Foreign exchange differences	(30,700)	591

5. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

 continued...

6. INVESTMENTS

	Shares in group undertakings $
COST	
At 1 January 2017	16,305,309
Impairments	(12,703,509)
At 31 December 2017	3,601,800
NET BOOK VALUE	
At 31 December 2017	3,601,800
At 31 December 2016	16,305,309

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

CKD Kutna Hora, a.s.
Registered office: Czech Republic
Nature of business: Steel casting production

Class of shares:	% holding
Ordinary	65.00

	31.12.17 $	31.12.16 $
Aggregate capital and reserves	21,719,960	31,132,826
Loss for the year	(12,851,603)	(1,832,320)

Integrated Rail-Casting Company Limited lost control of CKD Kutna Hora in June 2018, when it was sold by order of the London Court of International Arbitration. Due to the difficulties over the case and on going dispute, it is not possible to gain the co-operation of CKD Kutna Hora or its new owners to gain data for a consolidation.

7. TRADE AND OTHER RECEIVABLES

	31.12.17 $	31.12.16 $
Current:		
Other debtors	-	18,551,489

continued...

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.17 $	31.12.16 $
1	Ordinary	£1	2	2
2,000,000	Ordinary	US$1	2,000,000	2,000,000
			2,000,002	2,000,002

9. RESERVES

	Retained earnings $	Other reserves $	Totals $
At 1 January 2017	(16,223,788)	9,695,067	(6,528,721)
Deficit for the year	(22,303,359)		(22,303,359)
Reserves	-	(9,695,067)	(9,695,067)
At 31 December 2017	(38,527,147)	-	(38,527,147)

10. TRADE AND OTHER PAYABLES

	31.12.17 $	31.12.16 $
Current:		
Trade creditors	17,571	1,827,900
Amounts owed to group undertakings	5,036,275	9,342,897
Other creditors	5,604,988	11,505,366
Accrued expenses	77,431	43,646
	10,736,265	22,719,809
Non-current:		
Amounts owed to group undertakings	29,392,680	16,665,708
Aggregate amounts	40,128,945	39,385,517

continued...

11. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise of cash and cash equivalents, trade and other receivables,
borrowings,trade accounts payable and accruals. The Company manages its capital to ensure that it will be able to
continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and
equity balance.

The capital structure of the Company consists of debt, cash and cash equivalents and equity, comprising capital and
retained earnings.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk.
No active financial risk management is undertaken by the management.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to
meet its contractual obligations, and arises principally from advance payments to third parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit
risk at the reporting date was as follows:

	Carrying amount 2017	2016
	$	$
Other receivables	-	18,551,489

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its
financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to
managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities
when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the
Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet current operational expenses, including
the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot
reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments. It is not
expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly
different amounts.

	Up to 1 year	1-3 years	More than 3 years	Total
Trade and other payables	10,736,265	-	-	10,736,265
Unsecured short - term borrowings	-	29,392,680	-	29,392,680

continued...

The fair value of financial assets and financial liabilities is as below:

	Carrying amount 2017	Fair Value 2017	Carrying amount 2016	Fair value 2016
	$	$	$	$
Financial liabilities at amortised cost	29,392,680	29,392,680	17,879,876	16,665,708

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is calculated by discounting the future contractual cashflows at the current market interest rate that is available to the Company for similar financial instruments.

Market risk

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

Currency risk

The Company's exposure to currency risk is minimal as all its major transactions are undertaken in US Dollars which its functional and presentational currency.

Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). The Company's policy is only to borrow at a fixed rate of interest.

At the reporting date the Company's interest-bearing financial instruments was $29,392,680 (2016: $16,665,708).

Fair values versus carrying amounts

The base for determination of a fair value is disclosed in accounting policies. The management believes that the fair value of financial assets and liabilities of the Company is approximately equal to their respective carrying amounts except for loans and borrowings.

12. **GUARANTEES**

The company has provided a guarantee in respect of the borrowings of Maritime Industry Limited, a company under common control, totalling US$44m.

13. **EVENTS AFTER THE REPORTING PERIOD**

The final arbitration hearing in relation to the Shareholders' Agreement between HIRS and IRCC, took place in August 2018 and resulted in loss of control over CKD Kutna Hora in September 2018.

14. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Mr K Zhevago.