

OPEN JOINT STOCK COMPANY TRANSCONTAINER

Interim Condensed Consolidated Financial Information

For the Three-Month Period Ended 31 March 2013

OJSC TRANSCONTAINER

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

Management is responsible for the preparation of interim condensed consolidated financial information that present fairly the financial position of OJSC TransContainer (the "Company"), its joint ventures and subsidiaries (the "Group") as at 31 March 2013 and the results of its operations, cash flows and changes in equity for the three-month period then ended, in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the companies of the Group operate;
- Taking necessary steps to safeguard the Group's assets;
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2013 was approved on 7 June 2013 by:

A blue ink signature of P. V. Baskakov, written in a cursive style, positioned above a horizontal line.

P. V. Baskakov
General Director

A blue ink signature of K. S. Kalmykov, written in a cursive style, positioned above a horizontal line.

K. S. Kalmykov
Chief Accountant

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	31 March 2013	31 December 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	34,050	34,233
Advances for acquisition of non-current assets	4	216	358
Trade receivables	7	445	452
Intangible assets other than goodwill	5	670	591
Goodwill		216	216
Investments in associates and joint ventures	6	56	54
Other non-current assets		91	97
Deferred tax asset		-	13
Total non-current assets		35,744	36,014
Current assets			
Inventory		362	334
Trade and other receivables	7	1,951	1,262
Prepayments and other current assets	8	3,609	4,434
Prepaid income tax		67	132
Short-term investments	9	2,197	1,339
Cash and cash equivalents	10	2,037	1,318
Total current assets		10,223	8,819
TOTAL ASSETS		45,967	44,833
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	13,895	13,895
Treasury shares		(492)	(490)
Reserve fund		478	478
Translation reserve		121	49
Equity-settled employee benefits reserve	15	202	188
Other reserves		(2,221)	(2,221)
Retained earnings		15,860	14,760
Total equity attributable to equity holders of the parent		27,843	26,659
Non-controlling interest		929	937
Total equity		28,772	27,596
Non-current liabilities			
Long-term debt	12	7,723	2,731
Finance lease obligations, net of current maturities	13	630	668
Employee benefit liability	14	1,245	1,229
Deferred tax liability		1,768	1,713
Total non-current liabilities		11,366	6,341
Current liabilities			
Trade and other payables	16	3,460	3,773
Short-term debt	12	900	5,695
Income tax payable		207	168
Taxes other than income tax payable	17	413	367
Provisions		1	10
Finance lease obligations, current maturities	13	93	94
Accrued and other current liabilities	18	755	789
Total current liabilities		5,829	10,896
TOTAL EQUITY AND LIABILITIES		45,967	44,833


P. V. Baskakov
 General Director


K. S. Kalmykov
 Chief Accountant

7 June 2013

The accompanying notes are an integral part of this interim condensed consolidated financial information.

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

	Notes	2013	2012 (restated)
Revenue	19	8,558	8,529
Other operating income		228	145
Operating expenses	20	(7,191)	(6,828)
Operating profit		1,595	1,846
Interest expense	21	(208)	(215)
Interest income		66	41
Foreign exchange loss, net		-	(127)
Share of result of associates and joint ventures	6	1	(13)
Profit before income tax		1,454	1,532
Income tax expense	22	(346)	(334)
Profit for the period		1,108	1,198
Attributable to:			
Equity holders of the parent		1,099	1,198
Non-controlling interest		9	-
Other comprehensive income			
Items that will not may be reclassified subsequently to profit or loss:			
Remeasurements and other reserves for post-employment benefit plans	14	1	1
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		55	(259)
Other comprehensive income for the period		56	(258)
Total comprehensive income for the period		1,164	940
Attributable to:			
Equity holders of the parent		1,172	1,020
Non-controlling interest		(8)	(80)
Earnings per share, basic and diluted (Russian Roubles)		79	87
Weighted average number of shares outstanding		13,877,768	13,818,749


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

7 June 2013

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	2013	2012 (restated)
Cash flows from operating activities:			
Profit before income tax		1,454	1,532
Adjustments for:			
Depreciation and amortisation	20	467	681
Change in provision for impairment of receivables	20	(4)	(15)
Loss on disposal of property, plant and equipment		43	3
Loss on impairment of property, plant and equipment	4	26	-
Share of result of associates	6	(1)	13
Interest expense, net		142	174
Equity-settled employee benefits reserve	15	15	29
Foreign exchange loss, net		-	127
Other		20	38
Operating profit before working capital changes		2,162	2,582
Decrease in inventory		3	25
Increase in trade and other receivables		(659)	(181)
Decrease in prepayments and other current assets		760	739
Decrease in trade and other payables		(211)	(861)
Increase in taxes other than income tax		38	7
Decrease in accrued expenses and other current liabilities		(36)	(18)
Increase in employee benefit liabilities	14	18	36
Net cash from operating activities before income tax		2,075	2,329
Interest paid		(178)	(212)
Income tax paid		(182)	(239)
Net cash provided by operating activities		1,715	1,878
Cash flows from investing activities:			
Purchases of property, plant and equipment		(305)	(601)
Proceeds from disposal of property, plant and equipment		3	1
Sale of long-term investments		1	902
Sale of short-term investments		1,293	-
Purchases of short-term investments		(2,151)	(507)
Purchases of intangible assets		(4)	(5)
Interest received		53	40
Net cash used in investing activities		(1,110)	(170)
Cash flows from financing activities:			
Repayments of finance lease obligations		(51)	(68)
Proceeds from long-term bonds	12	4,987	-
Principal payments on long-term borrowings	12	(1,830)	(2)
Principal payments on short-term bonds	12	(3,000)	-
Net cash (used in) / provided by financing activities		106	(70)
Net (decrease) / increase in cash and cash equivalents		711	1,638
Cash and cash equivalents at beginning of the year		1,318	2,300
Foreign exchange effect on cash and cash equivalents		8	(102)
Net cash and cash equivalents at end of the year		2,037	3,836


P. V. Baskakov
 General Director


K. S. Kalmykov
 Chief Accountant

7 June 2013

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(Amounts in millions of Russian Roubles)

Notes	Share capital	Treasury shares	Reserve fund	Translation reserve	Equity-settled employee benefits reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	13,895	(514)	304	193	148	(2,221)	11,161	22,966	962	23,928
Effect of changes in accounting policies	-	-	-	-	-	-	(109)	(109)	-	(109)
Balance at 1 January 2012 (restated)	13,895	(514)	304	193	148	(2,221)	11,052	22,857	962	23,819
Profit for the period (restated)	-	-	-	-	-	-	1,198	1,198	-	1,198
Other comprehensive income for the period	-	-	-	(179)	-	-	1	(178)	(80)	(258)
Total comprehensive income for the period	-	-	-	(179)	-	-	1,199	1,020	(80)	940
Equity-settled employee benefits reserve	-	-	-	-	29	-	-	29	-	29
Balance at 31 March 2012 (restated)	13,895	(514)	304	14	177	(2,221)	12,251	23,906	882	24,788
Profit for the period	-	-	-	-	-	-	3,904	3,904	49	3,953
Other comprehensive income for the period	-	-	-	35	-	-	(16)	19	16	35
Total comprehensive income for the period	-	-	-	35	-	-	3,888	3,923	65	3,988
Equity-settled employee benefits reserve	-	-	-	-	58	-	-	58	-	58
Exercised options under option plan	-	24	-	-	(47)	-	13	(10)	-	(10)
Dividends	-	-	-	-	-	-	(1,218)	(1,218)	(10)	(1,228)
Transfer to reserve fund	-	-	174	-	-	-	(174)	-	-	-
Balance at 31 December 2012 (restated)	13,895	(490)	478	49	188	(2,221)	14,760	26,659	937	27,596
Profit for the period	-	-	-	-	-	-	1,099	1,099	9	1,108
Other comprehensive income for the period	-	-	-	72	-	-	1	73	(17)	56
Total comprehensive income for the period	-	-	-	72	-	-	1,100	1,172	(8)	1,164
Acquisition of treasury shares	-	(2)	-	-	-	-	-	(2)	-	(2)
Equity-settled employee benefits reserve	-	-	-	-	14	-	-	14	-	14
Balance at 31 March 2013	13,895	(492)	478	121	202	(2,221)	15,860	27,843	929	28,772


P. V. Baskakov
 General Director


K. S. Kalmykov
 Chief Accountant

7 June 2013

The accompanying notes are an integral part of this interim condensed consolidated financial information.

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

1. NATURE OF THE BUSINESS

OJSC TransContainer (the “Company” or “TransContainer”) was incorporated as an open joint stock company in Moscow, Russian Federation on 4 March 2006.

The Company’s principal activities include arrangement of rail-based container shipping and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. The Company owns and operates 46 container terminals along the Russian railway network. As at 31 March 2013, the Company operated 17 branches in Russia. The Company’s registered address is 12 Novoryazanskaya Street, Moscow, 107228, Russian Federation. Its principal place of business is 19 Oruzheiny pereulok, Moscow, 125047, Russian Federation.

The Company has ownership in the following entities:

Name of Entity	Type	Country	Activity	% interest held		% voting rights	
				31 March 2013	31 December 2012	31 March 2013	31 December 2012
Oy ContainerTrans Scandinavia Ltd.	Joint venture	Finland	Container shipments	50	50	50	50
JSC TransContainer-Slovakia	Subsidiary	Slovakia	Container shipments	100	100	100	100
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture	China	Container shipments	49	49	50	50
TransContainer Europe GmbH	Subsidiary	Austria	Container shipments	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
Trans-Eurasia Logistics GmbH	Associate	Germany	Container shipments	20	20	20	20
LLC Prostor Invest Group (Note 15)	Subsidiary	Russia	Share option programme operator	100	100	100	100
JSC Kedentransservice	Subsidiary	Kazakhstan	Handling	67	67	67	67
Helme’s Operation UK Limited	Subsidiary	Great Britain	Investment activity	100	100	100	100
Logistic Investment SARL	Subsidiary	Luxemburg	Investment activity	100	100	100	100
Logistic System Management B.V.	Subsidiary	Netherlands	Investment activity	100	100	100	100

The interim condensed consolidated financial information of OJSC TransContainer, its subsidiaries and its joint ventures (the “Group”) as at 31 March 2013 and for the period then ended was authorised for issue by the General Director of the Company on 7 June 2013.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Statement of compliance – The annual financial statements of OJSC TransContainer are prepared in accordance with International Financial Reporting Standards (“IFRS”). This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”.

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

The consolidated statement of financial position as at 31 December 2012, included in this interim condensed consolidated financial information, has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2012. This interim condensed consolidated financial information should be read in conjunction with the audited annual consolidated financial statements.

Significant accounting policies – Except as discussed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual financial statements as at 31 December 2012 and for the year then ended, as described in those annual consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

In the interim condensed consolidated financial information, the Group adopted the following new standards and interpretations which are mandatory for application for accounting periods beginning from 1 January 2013 and had an impact on the measurement and disclosure of the information:

- IAS 19 "Employee Benefits" (Note 3);
- IFRS 11 "Joint Arrangements" (Note 3).

Estimates – The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Depreciable lives of property, plant and equipment – As at 31 December 2012 the Group revalued the remaining useful lives of items of property, plant and equipment and accounted these changes as a change in an accounting estimate in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" (Note 4).

Revenue from integrated freight forwarding and logistics services – There are two types of the Group's services for which critical accounting judgments are involved in revenue recognition:

1) In case the Group provides integrated freight forwarding and logistic services the customers do not interact with other transportation organisations. A full service is charged by the Group to its customers for its services including rail-based container transportation, terminal handling, trucking, etc. and the full third-party charges, including railway tariff.

There are certain characteristics indicating that the Group is acting as an agent, particularly the fact that railway tariffs are available to the public, therefore are known to the customer, and the risk of delivery is borne by the transportation organisations.

However, the Group bears the credit risk and controls the flow of receipts and payments and is independent in its own pricing policy.

Management believes that the Group acts as a principal in these arrangements and the Group accounts for receipts from customers as sales revenue. Third-party charges, including the railroad tariff is included in third-party charges relating to integrated freight forwarding and logistics services.

Had the railway tariff directly attributable to such services been excluded from revenue and expenses both would have decreased by RUR 2,925m for the three-month period ended 31 March 2013 (RUR 2,530m for the three-month period ended 31 March 2012).

2) In cases where Rail-based container shipping services are provided, the Group agrees with the customer the transport fee as above, excluding the railroad tariff which is paid by the Group and invoiced to the client as reimbursement of rail infrastructure and locomotive services. Management believes that

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

railroad tariff should not be included in revenue and expenses, as any variation in the tariff will be borne by the client.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes and useful lives of fixed assets (see above).

Seasonality – The business of the Group is subject to seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for Northern regions) and consumer market cycles. Typically, the number of orders received between January and February is below the annual average. During this period the Group seeks to schedule flatcars and containers maintenance and repair. In accordance with IFRS, revenue and the related expenses are recognised in the period in which they are realised and incurred respectively. The Group's results for the interim period do not necessarily reflect a continuing trend which will be reflected in the year-end results. In the financial year ended 31 December 2012, 23% of revenues accumulated in the first quarter of the year, with 77% accumulating in the subsequent three quarters.

3. CHANGES IN ACCOUNTING POLICY

Employee Benefits - Due to the implementation of changes to the standard IAS 19 "Employee Benefits" as at 1 January 2013, the comparative data was adjusted by the Group as at 31 December 2012, 31 December 2011 and for the period ended 31 March 2012. Changes to IAS 19 relate to the accounting for post employment benefits and other long-term employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. The amendments to the standard also clarify the structure and approaches to the definition of actuarial assumptions. Changes in respect of actuarial assumptions and a change of approach in the date of recognition of past service costs had a main effect on the interim condensed consolidated statement of financial position.

Interests in Joint Ventures - Due to the implementation of a new standard IFRS 11 "Joint Arrangements" as at 1 January 2013, the comparative data was adjusted by the Group as at 31 December 2012 and for the period ended 31 March 2012. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated by the standard. Equity accounting is mandatory for participants in joint ventures. As a result in the interim condensed consolidated financial information the Company's interest in joint ventures is accounted using equity method.

Impact on the consolidated statement of financial position as at 31 December 2012:

	<u>Amount as originally presented</u>	<u>Restated amount</u>	<u>Restated</u>
Property, plant and equipment	34,234	34,233	(1)
Intangible assets other than goodwill	592	591	(1)
Investments in associates and joint ventures	11	54	43
Deferred tax asset	1	13	12
Total non-current assets	<u>35,961</u>	<u>36,014</u>	<u>53</u>
Trade and other receivables	1,284	1,262	(22)
Prepayments and other current assets	4,435	4,434	(1)
Cash and cash equivalents	1,365	1,318	(47)
Total current assets	<u>8,889</u>	<u>8,819</u>	<u>(70)</u>
TOTAL ASSETS	<u>44,850</u>	<u>44,833</u>	<u>(17)</u>

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

	Amount as originally presented	Restated amount	Restated
EQUITY AND LIABILITIES			
Retained earnings	14,884	14,760	(124)
Total equity attributable to equity holders of the parent	26,783	26,659	(124)
Total equity	27,720	27,596	(124)
Employee benefit liability	1,093	1,229	136
Total non-current liabilities	6,205	6,341	136
Trade and other payables	3,788	3,773	(15)
Income tax payable	169	168	(1)
Accrued and other current liabilities	802	789	(13)
Total current liabilities	10,925	10,896	(29)
TOTAL EQUITY AND LIABILITIES	44,850	44,833	(17)

Impact on the consolidated statement of financial position as at 31 December 2011:

	Amount as originally presented	Restated amount	Restated
Deferred tax asset	4	14	10
Total non-current assets	33,180	33,190	10
TOTAL ASSETS	41,746	41,756	10
Retained earnings	11,161	11,052	(109)
Total equity attributable to equity holders of the parent	22,966	22,857	(109)
Total equity	23,928	23,819	(109)
Employee benefit liability	990	1,109	119
Total non-current liabilities	11,049	11,168	119
TOTAL EQUITY AND LIABILITIES	41,746	41,756	10

Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2012:

	Amount as originally presented	Restated amount	Restated
Revenue	8,534	8,529	(5)
Integrated freight forwarding and logistics services	4,478	4,486	8
Rail-based container shipping services	2,485	2,474	(11)
Other freight forwarding services	210	208	(2)
Operating expenses	(6,828)	(6,828)	-
Payroll and related charges	(1,170)	(1,173)	(3)
Freight and transportation services	(1,269)	(1,268)	1
Rent	(126)	(125)	1
Other expenses	(145)	(144)	1
Operating profit	1,851	1,846	(5)
Foreign exchange (loss)/gain, net	(128)	(127)	1
Share of result of associates and joint ventures	(12)	(13)	(1)
Profit before income tax	1,538	1,532	(6)

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

	Amount as originally presented	Restated amount	Restated
Income tax expense	(336)	(334)	2
Profit for the period	1,202	1,198	(4)
Attributable to:			
Equity holders of the parent	1,202	1,198	(4)
Items that will not may be reclassified subsequently to profit or loss:			
Remeasurements and other reserves for post-employment benefit plans	-	1	1
Total comprehensive income for the period	943	940	(3)
Attributable to:			
Equity holders of the parent	1,023	1,020	(3)

4. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and constructions	Locomotives, containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Cost						
1 January 2012	7,332	27,027	1,515	2,627	941	39,442
Additions	-	367	11	74	53	505
Transfers	-	176	-	1	(177)	-
Capitalised borrowing costs	-	-	-	-	10	10
Disposals	-	(98)	-	(11)	-	(109)
Exchange difference	(148)	(37)	(16)	(36)	(3)	(240)
31 March 2012	7,184	27,435	1,510	2,655	824	39,608
Accumulated depreciation						
1 January 2012	(1,447)	(6,775)	(770)	(1,230)	(4)	(10,226)
Depreciation charge for the period	(94)	(422)	(52)	(94)	-	(662)
Disposals	-	71	-	10	-	81
Exchange difference	9	10	3	5	-	27
31 March 2012	(1,532)	(7,116)	(819)	(1,309)	(4)	(10,780)
Cost						
1 January 2013	10,464	30,229	1,680	2,916	1,482	46,771
Additions	14	3	18	44	261	340
Transfers	31	307	-	8	(346)	-
Capitalised borrowing costs	-	-	-	-	16	16
Disposals	(45)	(150)	-	(9)	-	(204)
Exchange difference	32	10	5	9	1	57
31 March 2013	10,496	30,399	1,703	2,968	1,414	46,980
Accumulated depreciation						
1 January 2013	(1,791)	(8,255)	(932)	(1,556)	(4)	(12,538)
Depreciation charge for the period	(60)	(278)	(26)	(81)	-	(445)
Reversal of impairment	(24)	-	-	(2)	-	(26)
Disposals	5	82	-	6	-	93
Exchange difference	(5)	(6)	-	(3)	-	(14)
31 March 2013	(1,875)	(8,457)	(958)	(1,636)	(4)	(12,930)
Net book value						
1 January 2013	8,673	21,974	748	1,360	1,478	34,233
31 March 2013	8,621	21,942	745	1,332	1,410	34,050

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4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included under land, buildings and constructions are the amounts of RUR 712m and RUR 701m, which represent the value of land plots owned by the Group as at 31 March 2013 and 31 December 2012, respectively.

The vehicles and other equipment category includes motor transport used for terminal services and truck deliveries with gross carrying amount of RUR 1,113m and RUR 1,105m as at 31 March 2013 and 31 December 2012, respectively.

As at 31 December 2012 the Group revised the useful lives of all fixed assets. As a result, the amount of accumulated depreciation for the three-month period ended 31 March 2013 decreased by RUR 226m in comparison with the one that would have been charged under the previous useful life.

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to RUR 1,968m and RUR 1,930m as at 31 March 2013 and 31 December 2012, respectively.

The carrying amount of temporarily idle property, plant and equipment comprised the following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Cost	571	431
Accumulated depreciation	<u>(219)</u>	<u>(191)</u>
Net book value	<u>352</u>	<u>240</u>

Construction in-progress as at 31 March 2013 consisted mainly of the capital expenditures incurred for the reconstructions and expansion of container terminals in Novosibirsk, Krasnoyarsk, Yekaterinburg and Moscow region amounting to RUR 634m, RUR 154m, RUR 100m and RUR 182m, respectively.

Additions of construction in-progress include interest expenses on bonds in connection with the construction and reconstructions of property, plant and equipment items. The total amount of interest capitalised for the three-month period ended 31 March 2013 was RUR 16m at a rate of capitalisation of 8.84% and RUR 45m capitalised for the year ended 31 December 2012 at a rate of capitalisation of 9.52%.

Leased assets, for which the Group is a lessee under finance leases, comprised the following:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Cost	735	778
Accumulated depreciation	<u>(6)</u>	<u>(8)</u>
Net book value	<u>729</u>	<u>770</u>

During the three-month period ended 31 March 2013 the Group bought out a part of non-residential premises in a Moscow office building, previously acquired under a finance lease agreement. The cost of the bought out building part was RUR 8m. The cost of the remaining building part acquired under finance lease agreement amounted to RUR 714m.

See Note 13 for further details regarding finance leases.

Advances for acquisition of non-current assets

As at 31 March 2013 and 31 December 2012, advances for the acquisition of non-current assets consisted of advances for the modernisation of the rolling stock (RUR 47m and RUR 59m, respectively), advances for the acquisition of power hoisting equipment (RUR 105m and RUR 146m, respectively), advances for the acquisition of containers (RUR 6m and RUR 45m, respectively) and advances for the acquisition of other PPE (RUR 58m and RUR 108m, respectively).

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5. INTANGIBLE ASSETS OTHER THAN GOODWILL

	Lease agreements	Software	Total
Cost			
1 January 2012	618	178	796
Disposals	-	(30)	(30)
Exchange difference	(49)	-	(49)
31 March 2012	569	148	717
Accumulated amortisation			
1 January 2012	(39)	(104)	(143)
Disposals	-	30	30
Amortisation charge for the period	(10)	(8)	(18)
Exchange difference	3	-	3
31 March 2012	(46)	(82)	(128)
Cost			
1 January 2013	613	168	781
Additions	-	92	92
Disposals	-	(20)	(20)
Exchange difference	11	-	11
31 March 2013	624	240	864
Accumulated amortisation			
1 January 2013	(80)	(110)	(190)
Disposals	-	20	20
Amortisation charge for the period	(11)	(11)	(22)
Exchange difference	(2)	-	(2)
31 March 2013	(93)	(101)	(194)
Net book value			
1 January 2013	533	58	591
31 March 2013	531	139	670

On 1 January 2011 JSC Kedentransservice entered into five lease agreements with the lessor JSC National Company Kazakhstan Temir Zholy ("KTZ"), the second shareholder of JSC Kedentransservice. According to these agreements the company leases five loading platforms at Dostyk Station.

The rent under these agreements is several times lower than market indicator and also is preferential owing to the fact that JSC Kedentransservice and the lessor are related parties that leads to annual economy of expenses for the Group during the period of agreement validity (15 years).

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6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Name of Entity	Investment		Effect of translation to presentation currency		Share in the profit / (loss)	
	31 March 2013	31 December 2012	2013	2012	2013	2012
Far East Land Bridge Ltd. (FELB)	-	-	-	-	-	(12)
Oy ContainerTrans Scandinavia Ltd.	12	11	-	-	1	(1)
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	33	32	1	1	-	-
Trans-Eurasia Logistics GmbH	11	11	-	-	-	-
Total	56	54	1	1	1	(13)

The Group's interests in its associates and joint ventures and their summarised financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

Name of Entity	31 March 2013		2013	
	Total assets	Total liabilities	Revenue	Profit/ (loss)
Oy ContainerTrans Scandinavia Ltd.	34	10	29	2
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	119	50	6	1
Trans-Eurasia Logistics GmbH	129	82	175	1
Total	282	142	210	4

Name of Entity	31 December 2012		2012	
	Total assets	Total liabilities	Revenue	Profit/ (loss)
Far East Land Bridge Ltd.	-	-	379	(122)
Oy ContainerTrans Scandinavia Ltd.	33	12	24	(2)
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	153	87	4	1
Trans-Eurasia Logistics GmbH	167	118	122	2
Total	353	217	529	(121)

7. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
31 March 2013			
Trade receivables	1,890	(85)	1,805
Other receivables	162	(16)	145
Total trade and other receivables	2,052	(101)	1,951
31 December 2012			
Trade receivables	1,228	(87)	1,141
Other receivables	137	(16)	121
Total trade and other receivables	1,365	(103)	1,262

In July 2012 the Company, OJSC RZD Logistics and FELB signed an agreement on the transfer of FELB's debt. As a result accounts receivable from FELB in the amount of USD 22.5m (RUR 732m at the Central Bank of Russia exchange rate as at the date of agreement) were transferred to OJSC RZD Logistics and in accordance with a debt repayment schedule will be fully repaid in June 2016. A discounting rate of 8.6 % has been used for the fair value determination. As at 31 March 2013 the fair value of impaired long-term

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7. TRADE AND OTHER RECEIVABLES (CONTINUED)

trade accounts receivable of OJSC RZD Logistics (transferred from FELB) amounted to RUR 445m (RUR 452m as at 31 December 2012). During the three-month period ended 31 March 2013 trade receivables in the amount of RUR 151m were recognised in short-term trade receivables.

Movement in the impairment provision for accounts receivable is as follows:

Balance as at 1 January 2012	(283)
Release of provision	15
Exchange differences on translating foreign operations	12
Balance as at 31 March 2012	(256)
Additional provision, recognised in the current period	(22)
Release of provision	18
Utilisation of provision	80
Exchange differences on translating foreign operations	(4)
Balance as at 31 December 2012	(184)
Release of provision	4
Exchange differences on translating foreign operations	(2)
Balance as at 31 March 2013	(182)

As at 31 March 2013 and 31 December 2012 provision for impairment of accounts receivable was recognised in respect of trade and other receivables balances (RUR 101m and RUR 104m, respectively), advances to suppliers (RUR 66m and RUR 65m, respectively), advances for acquisition of non-current assets (RUR 11m and RUR 11m, respectively) and other non-current assets (RUR 4m and RUR 4m, respectively).

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2013	31 December 2012
VAT receivable	2,251	2,577
Advances to suppliers	1,245	1,674
Other current assets	113	183
Total prepayments and other current assets	3,609	4,434

9. SHORT-TERM INVESTMENTS

	31 March 2013	31 December 2012
Russian Rouble denominated bank deposits	2,068	1,293
Foreign currency denominated bank deposits	129	46
Total short-term investments	2,197	1,339

Short-term investments of the Company are presented by investments in the Russian bank with an initial maturity over three months. Sixteen Russian Rouble-denominated short-term bank deposits in the total amount of RUR 2,050m, bearing interest at annual rates from 8.4% to 8.76%, were placed with JSC TransCreditBank, a related party, as at 31 March 2013 (Note 23). The total amount of accrued interest amounted to RUR 18m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position. The deposits matured on June-September 2013.

USD-denominated short-term bank deposit in the amount of USD 1.5m (RUR 47m at the Central Bank of Russia exchange rate as at 31 March 2013) bearing interest at an annual rate of 0.25% was placed by the Group with JSC Nurbank, as at 31 March 2013. The deposit matured on 8 April 2013.

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9. SHORT-TERM INVESTMENTS (CONTINUED)

Also Kazakh Tenge-denominated short-term bank deposit in the amount of KZT 400m (RUR 82m at the Central Bank of Russia exchange rate as at 31 March 2013) bearing interest at annual rate of 3.1% was placed by the Group with SB JSC Sberbank, as at 31 March 2013. The deposit matured on 13 August 2013.

10. CASH AND CASH EQUIVALENTS

	<u>31 March 2013</u>	<u>31 December 2012</u>
Cash and Russian Rouble denominated current accounts with banks	894	770
Foreign currency denominated current accounts with banks	588	433
Russian Rouble denominated bank deposits	452	-
Foreign currency denominated bank deposits	103	112
Russian Rouble denominated letter of credit	-	3
Total cash and cash equivalents	<u>2,037</u>	<u>1,318</u>

Five Russian Rouble-denominated short-term bank deposits in the total amount of RUR 450m, bearing interest at annual rates from 7.55% to 7.6%, were placed with JSC TransCreditBank, a related party, as at 31 March 2013 (Note 23). The total amount of accrued interest amounted to RUR 2m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position. The deposits matured on April-May 2013.

Kazakh Tenge-denominated short-term bank deposit in the amount of KZT 500m (RUR 103m at the Central Bank of Russia exchange rate as at 31 March 2013) bearing interest at annual rate of 3% was placed by the Group with JSC ATFBank, as at 31 March 2013. The deposit matured on 13 May 2013.

11. EQUITY

Share Capital

As at 31 March 2013, the Company's authorized and issued share capital has not changed since 31 December 2012. RZD is the controlling shareholder of the Company, holding 50%+2 of its ordinary shares.

12. LONG-TERM AND SHORT-TERM DEBT

Long-term debt

	Effective interest rate	<u>31 March 2013</u>	<u>31 December 2012</u>
Bonds	8.35-8.8%	7,224	2,232
Bank loans	9.75-9.5%	499	499
Total		<u>7,723</u>	<u>2,731</u>

Long-term borrowings of the Group are denominated in Russian Rubles.

During the year ended 31 December 2011 the Group obtained borrowed funds from LLC TrustUnion Asset Management for the amount of RUR 501m to finance the acquisition of ordinary nominal shares in OJSC TransContainer in order to carry out a Share Option Plan for the Company's management (Note 15). The loan matures in five years. As at 31 March 2013 the amount of loan was RUR 499m.

Five-year RUR bonds, series 2 – On 10 June 2010, the Company issued non-convertible five-year bonds for a total amount of RUR 3,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 2,975m. The annual coupon rate of the bonds for five years is 8.8% with interest paid semi-annually.

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12. LONG-TERM AND SHORT-TERM DEBT (CONTINUED)

The series 2 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 31 March 2013 short-term portion of long-term bonds equals 750m and this amount has been included as short-term debt in the interim condensed consolidated statement of financial position.

As at 31 March 2013 the carrying value of the bonds amounted to RUR 2,236m (RUR 2,232m as at 31 December 2012). The amount of accrued interest is RUR 83m (RUR 22m as at 31 December 2012), and has been included as short-term debt in the interim condensed consolidated statement of financial position.

Five-year RUR bonds, series 4 – On 1 February 2013, the Company issued non-convertible five-year bonds for a total amount of RUR 5,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 4,988m. The annual coupon rate of the bonds for five years is 8.35% with interest paid semi-annually.

The series 4 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 31 March 2013 the carrying value of the bonds amounted to RUR 4,988m. The amount of accrued interest is RUR 67m and has been included as short-term debt in the interim condensed consolidated statement of financial position.

Short-term debt

	Effective interest rate	31 March 2013	31 December 2012
Bonds	9.5-8.9%	-	3,098
Short-term portion of long-term bonds	-	900	772
Bank loans	9.5%	-	1,825
Total		900	5,695

Short-term borrowings of the Group denominated in Russian Rubles.

In February 2013 the Company repaid its loans of OJSC Alfa Bank and also redeemed its short-term obligations on bonds series 1.

13. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Due within one year	99	99	93	94
Due after one year but not more than five years	362	369	267	279
More than five years	628	659	363	389
	1,089	1,127	723	762
Less future finance charges	(366)	(365)	-	-
Present value of minimum lease payments	723	762	723	762

During the three-month period ended 31 March 2013, the Group bought back part of the non-residential premises in a Moscow office building and reconsidered the terms of a financial lease agreement. The lease agreement is for a six-year period with an effective interest rate of 10.5%. In accordance with the lease agreement if the Group does not use the right to acquire the leased premises in the lease period or does

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13. FINANCE LEASE OBLIGATIONS (CONTINUED)

not entitle third parties to use the right to acquire the leased premises, the Group is obliged to acquire the leased premises for the amount of RUR 607m at the end of lease period. The Group recognised total expenses of revising the terms of the lease agreement in the interim condensed consolidated statement of profit or loss and other comprehensive income in the amount of RUR 6m.

All leases are denominated in Russian Roubles and Kazakh Tenge. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

14. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognized as an expense in respect of payments to defined contribution plans for the three-month periods ended 31 March 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Pension Fund of the Russian Federation	154	142
Defined contribution plan "Blagosostoyanie"	<u>3</u>	<u>3</u>
Total expense for defined contribution plans	<u>157</u>	<u>145</u>

Defined benefit plans

The most recent actuarial valuation of the defined benefit obligation was carried out as at 31 December 2012 by an independent actuary. The present value of the defined benefit obligations, and related current service costs and past service cost, were measured using the projected unit credit method. The Group determined employee benefit liabilities as at 31 March 2013 and related costs for the three-month period then ended by means of making adjustments to the amounts as at 31 December 2012 to reflect significant changes in the number of plan participants, level of salary and other significant events.

The amounts recognized in the interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2013 and 2012 in respect of these defined benefit plans, which are recognised as follows:

	<u>2013</u>	<u>2012</u>
Service cost	42	44
Net interest on obligation	21	23
Remeasurements of the net defined benefit	<u>(1)</u>	<u>(3)</u>
Net expense recognized in the consolidated profit or loss	<u>62</u>	<u>64</u>

	<u>2013</u>	<u>2012</u>
Remeasurements of the net defined benefit	(1)	(2)
(Profits)/losses arising on transfer of employees (i)	<u>(1)</u>	<u>1</u>
Net expense recognized in other comprehensive income	<u>(2)</u>	<u>(1)</u>

- (i) The profits/losses arising from transfer of employees represent the transfer of assets/obligations on post-retirement benefits, which originated from the movement of employees from, as well as back to, the parent company.

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14. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

The amounts recognised in interim condensed consolidated statement of financial position as at 31 March 2013 and 31 December 2012 in respect of these defined benefit plans are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Present value of defined benefit obligation	1,306	1,287
Fair value of plan assets	(61)	(58)
Net employee benefit liability	<u>1,245</u>	<u>1,229</u>

The principal assumptions used in computation of the Group's defined benefit obligation as at 31 March 2013 have not changed from those used for measure liability for the year ended 31 December 2012.

15. EMPLOYEE SHARE OPTION PLAN

In October 2010, the Board of Directors approved a Share Option Plan for the Company's management (the "Plan"). In general, 1.5% of the Company's outstanding ordinary shares may be allocated under this Plan, which has been in effect since 20 May 2011. Management participation in the Plan and the number of shares in individual manager's share option agreements are determined by the Board of Directors.

The Plan provides for granting share options to the members of the Group's management (the "Plan Participants"). All Plan Participants had signed relevant agreements by the end of June 2011.

The options are to be vested in four annual installments at the end of each of four next years after June 2011. Each Plan Participant obtains the right to a certain quantity of share options for each year of service with the Company.

Under certain circumstances, including breach of specific labour agreement provisions, Plan Participants can forfeit their right to purchase shares.

Ordinary shares will be allocated from treasury shares purchased by the Group for this purpose on the open market by a special-purpose entity, LLC Prostor Invest Group, which is fully controlled by the Group.

The exercise price will be RUR 2,464 per share plus certain costs and expenses related to Plan implementation. Plan Participants will have up until June 2016 to exercise their share options.

In relation to the Plan, the Group had purchased 208,421 treasury shares. Their purchase cost was RUR 514m. The shares were purchased by LLC Prostor Invest Group.

The following number of share options is outstanding:

	<u>Number of shares</u>
Options outstanding at 1 January 2012	208,421
Options exercised during the year	(36,548)
Options outstanding at 31 December 2012	<u>171,873</u>
Options outstanding at 31 March 2013	<u>171,873</u>

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The Black-Scholes-Merton model is used to estimate the fair value of the share option granted.

	<u>Options granted as at 20 May 2011</u>
Share price (in Russian Roubles)	3,116
Exercise price (in Russian Roubles) (including expenses related to implementation of the Plan)	2,464-3,145
Expected volatility	37%
Option life	1-5 years
Risk-free interest rate	4.6%-7.4%
Fair value at measurement date (in Russian Roubles)	<u>1,308-1,462</u>

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15. EMPLOYEE SHARE OPTION PLAN (CONTINUED)

The measure of volatility used in the Black-Scholes-Merton model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Volatility has been determined on the basis of the historical volatility of the share price over the most recent period (last six months before grant date).

During the three-month period ended 31 March 2013, the Group recognised expenses of RUR 14m related to the options. These expenses were included into payroll.

During the three-month period ended 31 March 2013 no options were exercised.

Movements in the reserve held for Share-based option plan during the three-month period ended 31 March 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Reserve as at 1 January	188	148
Expense recognised for the period	14	29
Reserve as at 31 March	<u>202</u>	<u>177</u>

16. TRADE AND OTHER PAYABLES

	<u>31 March 2013</u>	<u>31 December 2012</u>
Trade payables	832	601
Amounts payable for the acquisition of property, plant and equipment	47	153
Liabilities to customers	2,582	3,019
Total trade and other payables	<u>3,460</u>	<u>3,773</u>

17. TAXES OTHER THAN INCOME TAX PAYABLE

	<u>31 March 2013</u>	<u>31 December 2012</u>
VAT	62	40
Property tax	153	144
Social insurance contribution	160	144
Personal income tax	28	29
Other taxes	10	10
Total taxes other than income tax payable	<u>413</u>	<u>367</u>

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>31 March 2013</u>	<u>31 December 2012</u>
Settlements with employees	660	704
Other liabilities	95	85
Total accrued expenses and other current liabilities	<u>755</u>	<u>789</u>

Settlements with employees as at 31 March 2013 and 31 December 2012 comprised accrued salaries and bonuses of RUR 445m and RUR 516m, respectively, and accruals for unused vacation of RUR 215m and RUR 188m, respectively.

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19. SEGMENT INFORMATION

The Company's General Director is its chief operating decision-maker. The Group's business activities are interdependent in providing customers with rail-based container shipping and other logistics services. As such, the Group's internal reporting, as reviewed by the General Director to assess performance and allocate resources, is prepared on a consolidated basis as a single reportable segment. The Group's internal management reports are prepared on the same basis as this interim condensed consolidated financial information.

Analysis of revenue by category

	2013	2012
Integrated freight forwarding and logistics services	5,011	4,486
Rail-based container shipping services	1,979	2,474
Terminal services and agency fees	968	869
Truck deliveries	314	362
Other freight forwarding services	132	208
Bonded warehousing services	93	100
Other	61	30
Total revenue	8,558	8,529

Analysis of revenue by location of customers

	2013	2012
Revenue from external customers		
Russia	6,474	6,685
Kazakhstan	1,171	416
Korea	262	473
Germany	232	279
Estonia	116	69
China	108	152
Other	195	455
Total revenue	8,558	8,529

During the period ended 31 March 2013, OJSC "RZD" and its subsidiaries accounted for RUR 552m or 6% of the Group's total revenue. During the period ended 31 March 2012, OJSC "RZD" and its subsidiaries accounted for RUR 730m or 9% of the Group's total revenue.

More than 90% of the Group's non-current assets are located in Russia, approximately 8% of non-current assets (mainly represented by property plant and equipment and intangible assets other than goodwill) are owned by JSC Kedentransservice and are located in Kazakhstan.

20. OPERATING EXPENSES

	2013	2012
Cost of integrated freight forwarding and logistics services	2,925	2,530
Payroll and related charges	1,143	1,173
Freight and transportation services	1,111	1,268
Materials, repair and maintenance	610	556
Depreciation and amortisation	467	681
Rent	283	125
Taxes other than income tax	200	127
Security	75	74
Fuel costs	58	44
Consulting services	50	36
Loss on sale of property, plant and equipment	43	3
License and software	26	43
Communication costs	23	24
Other expenses	177	144
Total operating expenses	7,191	6,828

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21. INTEREST EXPENSE

	<u>2013</u>	<u>2012</u>
Interest expense on RUR bonds	115	128
Interest expense on finance lease obligations	19	18
Interest expense on bank loans and borrowings	74	67
Discounting of accounts receivables	-	2
Total interest expense	<u>208</u>	<u>215</u>

22. INCOME TAX

	<u>2013</u>	<u>2012</u>
Current income tax charge	(286)	(358)
Deferred income tax (expense) / benefit	(60)	24
Income tax	<u>(346)</u>	<u>(334)</u>

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 "Related party disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related-party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related-party relationships for those related parties with which the Group has entered into significant transactions, or had significant balances outstanding as at 31 March 2013, are disclosed below:

<u>Related party</u>	<u>Nature of relationship</u>
OJSC Russian Railways (RZD)	Parent company
OJSC TransCreditBank	State-controlled entity
Oy ContainerTrans ScandinaviaLtd	Joint venture of the Company
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture of the Company
Trans-Eurasia Logistics GmbH	Associate of the Company
Far East Land Bridge Ltd.	Associate of the RZD
JSC Wagon Repair Company - 1	Subsidiary of RZD
JSC Wagon Repair Company - 2	Subsidiary of RZD
JSC Wagon Repair Company - 3	Subsidiary of RZD
OJSC RZD Logistics	Subsidiary of RZD
Fund Blagosostoyanie	Post-employment benefit plan for Company employees
FAR-EASTERN SHIPPING COMPANY PLC.	Significant shareholder

The Group's ultimate controlling party is the Russian Federation Government and, therefore, all companies controlled by the Russian Federation Government are also treated as related parties of the Group for the purposes of this interim condensed consolidated financial information.

As a part of its ordinary course of business, the Group enters into various transactions and has outstanding balances with state-controlled entities and governmental bodies, which are shown as "other" in the tables below. The Group also enters in transactions with government entities for goods and services like electricity, taxes and post services. These transactions are conducted on commercial terms. The majority of related-party transactions are with OJSC Russian Railways, its subsidiaries, joint ventures and associates (shown as "Other RZD group entities" in the table below), and OJSC TransCreditBank, which are also state-controlled.

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Relationships with RZD, its subsidiaries, joint ventures and associates

The Group carries out various transactions with RZD, which is the sole owner and provider of railroad infrastructure and locomotive services in Russia. Furthermore, RZD owns the vast majority of rail-car repair facilities in Russia, which the Group uses to maintain its rolling stock in operating condition.

Under current Russian regulations, only RZD can perform certain functions associated with arranging the container transportation process. As the assets required for performing such functions were transferred to the Company, RZD engaged the Company to act as its agent in the performance of these functions. Company's revenues generated from such transactions with RZD is reported as agency fees in the consolidated profit or loss.

Transactions and balances with related parties as at and for the period ended 31 March 2013 are shown below:

	Total	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties
ASSETS						
Non-current assets						
Advances for acquisition of non-current assets	2	-	2	-	-	-
Trade receivables	452	-	452	-	-	-
	<u>454</u>	<u>-</u>	<u>454</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current assets						
Short-term investments	2,068	-	-	-	-	2,068
Cash and cash equivalents	1,567	-	-	-	-	1,567
Trade receivables	669	262	362	13	28	4
Other receivables	120	31	80	-	-	9
Advances to suppliers	1,023	925	93	2	-	3
	<u>5,447</u>	<u>1,218</u>	<u>535</u>	<u>15</u>	<u>28</u>	<u>3,651</u>
Total assets	<u>5,901</u>	<u>1,218</u>	<u>989</u>	<u>15</u>	<u>28</u>	<u>3,651</u>
LIABILITIES						
Current liabilities						
Trade payables	42	13	6	1	19	3
Liabilities to customers	95	1	43	1	1	49
Other payables	74	1	-	-	-	73
	<u>211</u>	<u>15</u>	<u>49</u>	<u>2</u>	<u>20</u>	<u>125</u>
Total liabilities	<u>211</u>	<u>15</u>	<u>49</u>	<u>2</u>	<u>20</u>	<u>125</u>
Revenue						
Rail-based container shipping services	124	26	63	2	2	31
Terminal services and agency fees	380	377	2	-	-	1
Integrated freight forwarding and logistics services	153	1	95	23	10	24
Other services	33	8	12	5	1	7
	<u>690</u>	<u>412</u>	<u>172</u>	<u>30</u>	<u>13</u>	<u>63</u>
Interest income on deposits	49	-	-	-	-	49
Other interest income	4	-	-	-	-	4
Other operating income	49	26	20	2	-	1
	<u>102</u>	<u>26</u>	<u>20</u>	<u>2</u>	<u>-</u>	<u>54</u>
Total income	<u>792</u>	<u>438</u>	<u>192</u>	<u>32</u>	<u>13</u>	<u>117</u>
Operating Expenses						
Freight and transportation services	723	717	4	-	-	2
Third-party charges relating to integrated freight forwarding and logistics services	1,970	1,956	1	-	4	9
Repair services	342	73	268	-	-	1
Rent of property and equipment	13	10	-	-	-	3
Other expenses	92	43	18	-	-	31
	<u>3,140</u>	<u>2,799</u>	<u>291</u>	<u>-</u>	<u>4</u>	<u>46</u>
Total expenses	<u>3,140</u>	<u>2,799</u>	<u>291</u>	<u>-</u>	<u>4</u>	<u>46</u>
Acquisition of property, plant and equipment	98	6	62	-	-	30
Contributions to non-state pension funds	23	-	-	-	-	23
	<u>121</u>	<u>6</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>53</u>
Total other transactions	<u>121</u>	<u>6</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>53</u>

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and balances with related parties as at 31 December 2012 and for the three-month period ended 31 March 2012 are shown below:

	Total	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties
ASSETS						
Non-current assets						
Advances for acquisition of non-current assets	40	-	3	-	-	37
Trade receivables	453	-	453	-	-	-
	493	-	456	-	-	37
Current assets						
Short-term investments	1,293	-	-	-	-	1,293
Cash and cash equivalents	948	-	-	-	-	948
Trade receivables	604	210	358	11	23	2
Other receivables	91	7	81	-	-	3
Advances to suppliers	1,458	1,431	23	1	-	3
	4,394	1,648	462	12	23	2,249
Total assets	4,887	1,648	918	12	23	2,286
LIABILITIES						
Current liabilities						
Trade payables	114	52	7	2	26	27
Liabilities to customers	70	1	30	1	4	34
Other payables	44	1	-	-	-	43
	228	54	37	3	30	104
Revenue						
Rail-based container shipping services	148	53	10	51	3	31
Terminal services and agency fees	412	409	2	-	-	1
Integrated freight forwarding and logistics services	282	2	231	18	16	15
Other services	58	13	10	23	-	12
	900	477	253	92	19	59
Interest income on deposits	36	-	29	-	-	7
Other interest income	3	-	3	-	-	-
Other operating income	24	11	8	-	-	5
	63	11	40	-	-	12
Total income	963	488	293	92	19	71
Operating Expenses						
Freight and transportation services	932	922	1	2	-	7
Third-party charges relating to integrated freight forwarding and logistics services	1,546	1,526	2	14	1	3
Repair services	296	72	223	-	-	1
Rent of property and equipment	10	10	-	-	-	-
Other expenses	87	33	26	3	-	25
	2,871	2,563	252	19	1	36
Interest expense on finance lease obligations	13	-	-	-	-	13
Discounting of accounts receivables	2	-	-	2	-	-
	15	-	-	2	-	13
Total expenses	2,886	2,563	252	21	1	49
Acquisition of property, plant and equipment	26	1	25	-	-	-
Purchase of materials	2	-	-	-	-	2
Contributions to non-state pension funds	71	-	-	-	-	71
Total other transactions	99	1	25	-	-	73

The amounts outstanding to and from related parties are unsecured and expected to be settled by cash or supplies of goods or services (in respect of advances to suppliers and liabilities to customers) in the normal course of business.

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Compensation of key management personnel

Key management personnel consist of members of the Company's Board of Directors, as well as the General Director and his deputies, and comprised 19 and 20 persons as at 31 March 2013 and 2012, respectively. Total gross compensation (including insurance contributions and before withholding of personal income tax) to key management personnel amounted to RUR 22m (including total insurance contributions of RUR 3m) and RUR 37m (including total insurance contributions of RUR 4m) for the years ended 31 March 2013 and 2012, respectively. This compensation is included under payroll and related charges in the consolidated profit and loss and comprises primarily short-term benefits.

As stated in Note 15, during the year ended 31 March 2013, the Group recognised expenses of RUR 14m (29m as at 31 March 2012) related to the Share Option Plan approved by the Board of Directors in October 2010. Expenses related to options provided to the General Director and his deputies comprised RUR 8m (16m as at 31 March 2012).

24. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2013, the Group leases a loading platform at Dostyk Station in Kazakhstan and container terminal Dobra in Slovakia. The remaining period of agreements validity is 13 and 12 years, respectively.

The Group leases certain production buildings and office premises in Russia. The relevant lease agreements have terms varying from one to six years. Additionally, the Group leases the land on which its container terminals are located.

Future minimum lease payments under contracted operating leases are as follows:

	31 March 2013	31 December 2012
Within one year	1,156	359
Within two to five years	610	381
After five years	1,072	614
Total minimum lease payments	2,838	1,354

25. CAPITAL COMMITMENTS

The Group's capital commitments as at 31 March 2013 and 31 December 2012 consisted of the following, including VAT:

	31 March 2013	31 December 2012
Acquisition of containers and flatcars	839	853
Construction of container terminal complexes and modernisation of existing assets	639	715
Acquisition of lifting machines and other equipment	89	52
Total capital commitments	1,567	1,620

26. SUBSEQUENT EVENTS

Acquisition of flatcars – In April 2013 the Group has signed an agreement with LLC Speccompany for the purchase of 402 flatcars for the total amount of RUR 772m (plus VAT in the amount of RUR 139m). In April-June 2013 262 flatcars for a total amount of RUR 503m (plus VAT in the amount of RUR 91m) were delivered.

Agreement on acquisition of flatcars - In May 2013 the Group has signed an agreement with LLC SpetsTransServis for the purchase of 98 flatcars for the total amount of RUR 186m (plus VAT in the amount of RUR 34m). Delivery of flatcars is expected in June 2013.

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26. SUBSEQUENT EVENTS (CONTINUED)

Fulfilment of joint venture cooperation agreement - In March 2011, the Group entered into a joint venture cooperation agreement with JSC National Company Kazakhstan Temir Zholy ("KTZ"), the second shareholder of Kedentransservice, which owns 33% of its share capital.

In accordance with the terms of the agreement in the case of the fulfilment by each party of certain conditions and obligations for closing transaction, including introduction of 100% of shares of Kedentransservice in capital of Logistic System Management B.V., KTZ shall to purchase 17% of the shares of Logistic System Management B.V. owned by the Group, bringing the Company's share of control in Kedentransservice to 50%.

On 30 May 2013 these necessary conditions have been met and the purchase 17% of shares of Logistic System Management B.V. is planned to be accomplished by 24 July 2013.