

**OPEN JOINT STOCK
COMPANY
“TRANSCONTAINER”**

**Interim Condensed Consolidated Financial
Information**

For the Six-Month Period Ended 30 June 2009

OJSC “TRANSCONTAINER”

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OJSC “TRANSCONTAINER”

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of OJSC “TransContainer” (the “Company”), its joint venture and subsidiary (the “Group”) as of 30 June 2009 and the consolidated results of its operations, cash flows and changes in equity for the six-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:

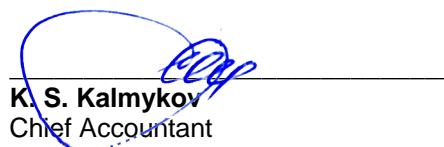
- Designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of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

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2009 was approved by Management on 1 July 2010.

On behalf of the Management:



P. V. Baskakov
General Director



K. S. Kalmykov
Chief Accountant

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of Open Joint Stock Company "TransContainer":

We have reviewed the accompanying interim condensed consolidated statement of financial position of Open Joint Stock Company "TransContainer", its subsidiary and its joint venture (the "Group") as of 30 June 2009 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to Note 21 to the interim condensed consolidated financial information, which discloses a significant concentration of the Group's transactions with related parties.



1 July 2010

OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2009 (UNAUDITED) (Amounts in thousands of Russian Roubles)

	Notes	30 June 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	5	22,770,971	22,059,954
Advances for acquisition of non-current assets	5	2,216,413	2,276,366
Intangible assets		101,270	75,887
Long-term investments	4	202,512	303,504
Total non-current assets		25,291,166	24,715,711
Current assets			
Inventory		157,723	146,542
Trade and other receivables	6	1,862,016	1,640,835
Prepayments and other current assets	7	1,601,389	1,957,423
Prepaid income tax		85,368	135,683
Short-term investments	3	109,753	-
Cash and cash equivalents	8	536,530	453,056
Total current assets		4,352,779	4,333,539
TOTAL ASSETS		29,643,945	29,049,250
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	13,894,778	13,894,778
Reserve fund	16	282,703	148,691
Other reserves		(2,220,634)	(2,220,634)
Retained earnings		5,986,231	6,298,922
Total equity		17,943,078	18,121,757
Non-current liabilities			
Finance lease obligations, net of current maturities	9	1,144,238	832,405
Employee benefit liability	10	424,303	463,291
Deferred tax liability	20	1,522,014	1,619,019
Total non-current liabilities		3,090,555	2,914,715
Current liabilities			
Short-term borrowings	11	300,000	-
Trade and other payables	12	3,777,969	4,057,360
Income tax payable		54,470	16,110
Taxes other than income tax payable	13	177,143	144,858
Provisions		-	30,083
Finance lease obligations, current maturities	9	598,968	356,762
Dividends payable	16	268,030	-
Accrued and other current liabilities	14	308,934	319,679
Five-year RUR bonds, series 1	15	3,124,798	3,087,926
Total current liabilities		8,610,312	8,012,778
TOTAL EQUITY AND LIABILITIES		29,643,945	29,049,250


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

1 July 2010

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

OJSC “TRANSCONTAINER”

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

(Amounts in thousands of Russian Roubles, unless otherwise stated below)

	Notes	2009	2008
Revenue	17	7,719,928	9,145,704
Operating expenses, net	18	(7,118,135)	(6,767,890)
Operating income		601,793	2,377,814
Interest expense	19	(491,203)	(241,470)
Interest income		32,640	75,235
Foreign exchange gain/(loss), net		10,473	(13,515)
Profit before income tax		153,703	2,198,064
Income tax expense	20	(64,352)	(611,890)
Profit and comprehensive income for the period		89,351	1,586,174
Earnings per share, basic and diluted (Russian Roubles)		6	114
Weighted average number of shares outstanding	16	13,894,778	13,894,778


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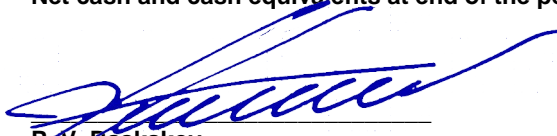
1 July 2010


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OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED) (Amounts in thousands of Russian Roubles)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Profit before income tax	153,703	2,198,064
Adjustments for:		
Depreciation and amortization	1,142,766	1,040,789
Change in provision for impairment of receivables	(24,361)	40,009
Gain/(loss) on disposal of property, plant and equipment	(72)	46,544
Loss on impairment of property, plant and equipment	6,229	-
Interest expense, net	458,563	166,235
Foreign exchange (gain)/loss, net	(10,473)	13,515
Change in provisions	(30,083)	-
Operating profit before working capital changes	1,696,272	3,505,156
Increase in inventory	(11,181)	(19,004)
Increase in trade and other receivables	(178,267)	(927,042)
Decrease/(increase) in prepayments and other current assets	363,295	(257,021)
(Decrease)/increase in trade and other payables	(295,486)	872,627
Increase in taxes other than income tax	32,285	18,780
Decrease in accrued and other current liabilities	(11,102)	(33,619)
(Decrease)/increase in employee benefit liabilities	(38,988)	63,901
Net cash from operating activities before income tax	1,556,828	3,223,778
Interest paid	(407,868)	(141,256)
Income tax paid	(72,680)	(434,051)
Net cash provided by operating activities	1,076,280	2,648,471
Cash flows from investing activities:		
Capital expenditure	(1,032,988)	(4,277,706)
Purchase of long-term investments	(4,214)	(742)
Proceeds from disposal of short-term investments	-	107,880
Purchase of intangible assets	(45,263)	(30,850)
Interest received	28,093	65,032
Net cash used in investing activities	(1,054,372)	(4,136,386)
Cash flows from financing activities:		
Proceeds from short-term borrowings	3,521,251	1,000,000
Proceeds from five-year RUR bonds (Note 15)	2,855,037	2,973,568
Repayments of finance lease obligations	(205,340)	(130,915)
Principal payments on short-term borrowings	(3,078,239)	(1,000,000)
Principal payments on five-year RUR bonds (Note 15)	(2,901,500)	-
Net cash provided by financing activities	191,209	2,842,653
Net increase in cash and cash equivalents	213,117	1,354,738
Cash and cash equivalents at beginning of the period	453,056	1,351,866
Foreign exchange on cash and cash equivalents	(129,643)	(13,515)
Net cash and cash equivalents at end of the period	536,530	2,693,089


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant


1 July 2010


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OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED) (Amounts in thousands of Russian Roubles)

	Share capital	Reserve fund	Other reserves	Retained earnings	Total
Balance at 1 January 2008	13,894,778	72,099	(2,254,346)	2,958,747	14,671,278
Profit for the period	-	-	-	1,586,174	1,586,174
Total comprehensive income for the period	-	-	-	1,586,174	1,586,174
Dividends	-	-	-	(153,259)	(153,259)
Transfer to reserve fund	-	76,592	-	(76,592)	-
Shareholder contribution	-	-	33,712	-	33,712
Balance at 30 June 2008	13,894,778	148,691	(2,220,634)	4,315,070	16,137,905
Profit for the period	-	-	-	1,983,852	1,983,852
Total comprehensive income for the period	-	-	-	1,983,852	1,983,852
Balance at 31 December 2008	13,894,778	148,691	(2,220,634)	6,298,922	18,121,757
Profit for the period	-	-	-	89,351	89,351
Total comprehensive income for the period	-	-	-	89,351	89,351
Dividends	-	-	-	(268,030)	(268,030)
Transfer to reserve fund	-	134,012	-	(134,012)	-
Balance at 30 June 2009	13,894,778	282,703	(2,220,634)	5,986,231	17,943,078


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

1 July 2010

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OJSC “TRANSCONTAINER”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED) (Amounts in thousands of Russian Roubles)

1. NATURE OF THE BUSINESS

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

TransContainer’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 47 container terminals along the railway network in Russia. As of 30 June 2009 the Company operated 19 branches located in the Russian Federation. The registered office of the Company is located at 12, Novoryazanskaya Street, Moscow, 107228, Russian Federation.

The Company has ownership in the following entities:

Name of Entity	Type	Country	Activity	% interest held	
				2009	2008
Oy ContainerTrans Scandinavia	Joint venture	Finland	Container shipments	50	50
JSC TransContainer-Slovakia	Subsidiary	Slovakia	Container shipments	100	-

In June 2009 the Company established a 100% subsidiary, JSC “TransContainer-Slovakia”. It was created to handle container shipments between Slovakia and Russia and to manage leased terminal “Dobra” located in Kosice, Slovak Republic.

The interim condensed consolidated financial information of OJSC “TransContainer”, its subsidiary and its joint venture (the “Group”) as of 30 June 2009 and for the six-month period then ended was authorized for issue by the General Director of the Company on 1 July 2010.

2. BASIS OF PREPARATION 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”.

Significant accounting policies – The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements as of 31 December 2008 and for the year then ended, with the exception of the following changes introduced by the adoption of new and revised standards:

- IAS 1 “Presentation of financial statements” (amended) – separates owner and non-owner changes in equity. Based on the revised standard the statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. The Group opted to present one single statement of comprehensive income.

- IAS 23 “Borrowing costs” (revised) – requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. Accordingly, no changes have been made to the borrowing costs incurred and recognized prior to this date.

Seasonality – The business of the Group is subject to significant seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for North regions) and consumer market cycles. Typically, the number of orders received between June and August exceeds significantly the year-average, while the number of orders received between January and February is below the year-average. To mitigate the impact of seasonal swings during the low seasons the Group offers its clients favorable tariffs and seeks to schedule flatcars and containers maintenance and repair. In accordance with IFRS, revenue and the related expenses are recognized in the period in which they are realized 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.

3. CRITICAL ACCOUNTING JUDGMENTS

Investment info LLC Finans-Proekt – In December 2007 the Company acquired interest-bearing (8% p.a.) promissory notes issued by LLC “Finans-Proekt”, a related party, for total consideration of RUR 280,000 thousand. The notes are repayable on demand after an initial fixed maturity period expired on 14 March 2008. The promissory notes are guaranteed by OJSC “TransCreditBank”, a related party. Using cash proceeds received from the selling of promissory notes, LLC “Finans-Proekt” acquired 100% ownership in LLC “Zapadny Port”, a company which owns and operates a port located on the bank of Don river in the vicinity of Rostov-na-Donu. As at 30 June 2009 the Group rented a substantial part of the port’s property under an eleven-month rent agreement.

As of 31 December 2008 the Group intended to subsequently acquire the port business or a part of it from LLC “Zapadny Port” in exchange for its promissory notes that the Group holds. Nevertheless, the agreement to acquire the assets of LLC “Zapadny Port” was not contractual. Analyzing the requirements of IFRS 3 “Business combinations” and IAS 27 “Consolidated and separate financial statements” management concluded that as of the balance sheet date the Group did not have the power to control the financial and operating policies of LLC “Zapadny Port” so as to obtain economic benefits from its activities. Investment in the promissory notes of LLC “Finans-Proekt” was accounted for at amortized cost, less impairment (if any). The carrying value of this investment, shown as long-term investments in the Group’s consolidated statement of financial position as of 30 June 2009 and 31 December 2008, is equal to RUR 197,556 thousand and RUR 302,762 thousand, respectively, including accumulated interest (Note 4).

In March 2009 the notes became non-interest bearing. The Group reclassified a portion of the promissory notes in the amount of RUR 109,753 thousand, including accumulated interest, as short-term investments, as it has agreed to redeem two of the notes for cash within 12 months of the reporting date.

4. LONG-TERM INVESTMENTS

	<u>Effective interest rate</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Promissory notes (Note 3)	0 (2008: 8%)	197,556	302,762
Other long-term investments		<u>4,956</u>	<u>742</u>
Total long-term investments		<u>202,512</u>	<u>303,504</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Cost						
1 January 2008	2,441,780	12,655,804	1,138,122	948,861	1,032,478	18,217,045
Additions	66,059	3,609,288	52,081	296,552	570,477	4,594,457
Transfers	115,438	93,279	-	31,510	(240,227)	-
Disposals	(7,538)	(42,860)	(21,812)	(180)	-	(72,390)
30 June 2008	2,615,739	16,315,511	1,168,391	1,276,743	1,362,728	22,739,112
Additions	-	2,451,384	10,926	296,254	1,101,804	3,860,368
Transfers	1,482,187	94,865	5,437	27,582	(1,610,071)	-
Disposals	(334)	(38,343)	(570)	(7,676)	-	(46,923)
31 December 2008	4,097,592	18,823,417	1,184,184	1,592,903	854,461	26,552,557
Additions	-	1,705,155	-	43,833	107,007	1,855,995
Transfers	122,852	-	-	40,242	(163,094)	-
Disposals	(7,218)	(36,059)	(1,497)	(5,772)	(5,531)	(56,077)
30 June 2009	4,213,226	20,492,513	1,182,687	1,671,206	792,843	28,352,475
Accumulated depreciation						
1 January 2008	(453,004)	(1,652,653)	(164,709)	(144,808)	-	(2,415,174)
Depreciation charge	(182,951)	(634,382)	(99,531)	(108,676)	-	(1,025,540)
Disposals	2,104	21,214	5,792	169	-	29,279
30 June 2008	(633,851)	(2,265,821)	(258,448)	(253,315)	-	(3,411,435)
Depreciation charge	(119,862)	(746,505)	(91,718)	(147,708)	-	(1,105,793)
Impairment	-	955	(8,281)	(1,347)	-	(8,673)
Disposals	334	30,005	570	2,389	-	33,298
31 December 2008	(753,379)	(2,981,366)	(357,877)	(399,981)	-	(4,492,603)
Depreciation charge	(111,141)	(765,302)	(83,388)	(163,761)	-	(1,123,592)
Impairment	(6,560)	-	331	-	-	(6,229)
Disposals	173	33,751	1,478	5,518	-	40,920
30 June 2009	(870,907)	(3,712,917)	(439,456)	(558,224)	-	(5,581,504)
Net book value						
31 December 2008	3,344,213	15,842,051	826,307	1,192,922	854,461	22,059,954
30 June 2009	3,342,319	16,779,596	743,231	1,112,982	792,843	22,770,971

Included in land, buildings and constructions is the amount of RUR 109,903 thousand and RUR 85,690 thousand, which represents the value of land plots owned by the Group as of 30 June 2009 and 31 December 2008, respectively. During the period ended 30 June 2009 the Group purchased land area in the Irkutsk region for the amount of RUR 24,213 thousand in order to expand the container terminals.

As of 1 January 2009 the Group increased the estimated useful lives of property, plant and equipment at Zabaykalsk container terminal in the Chita region, which became operational in 2008. As a result depreciation charge for the six-month period ended 30 June 2009 was reduced by RUR 36,446 thousand when compared with that, which would have been charged had the estimated useful life of these assets not changed.

Vehicles and other equipment category includes motor transport used for terminal services and truck deliveries in the amount of RUR 833,226 thousand and RUR 835,019 thousand as of 30 June 2009 and 31 December 2008, respectively.

Construction in-progress as of 30 June 2009 consisted mainly of the following:

- Capital expenditure incurred in relation to construction of new container terminals in Novosibirsk, Nizhny Novgorod, and reconstruction of container terminal in Yekaterinburg amounting to RUR 248,974 thousand, RUR 192,321 thousand and RUR 40,433 thousand, respectively;
- Maintenance and reconstruction of container terminals in Yekaterinburg, Irkutsk and Saratov for the amount of RUR 105,998 thousand, RUR 9,638 thousand and RUR 14,566 thousand, respectively;
- Reconstruction of repair depot in Lipetsk region for the amount of RUR 23,980 thousand;
- Capital expenditure related to construction of the Company's new offices of RUR 46,867 thousand.

Leased assets as of 30 June 2009 and 31 December 2008, included above where the Group is a lessee under the finance lease, were comprised of the following:

	30 June 2009	31 December 2008
Cost	2,457,412	1,698,690
Accumulated depreciation	(102,796)	(63,094)
Net book value	2,354,616	1,635,596

Refer to Note 9 for further details regarding finance leases.

Advances for acquisition of non-current assets

As of 30 June 2009 advances for acquisition of non-current assets consisted of amounts paid for acquisition of an office building in Moscow (RUR 1,642,309 thousand), acquisition of containers and flatcars (RUR 335,100 thousand) and acquisition of other non-current assets (RUR 239,004 thousand).

6. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
30 June 2009			
Trade receivables	1,820,989	(56,112)	1,764,877
Other receivables	103,433	(6,294)	97,139
Total	1,924,422	(62,406)	1,862,016
31 December 2008			
Trade receivables	1,655,134	(86,767)	1,568,367
Other receivables	72,468	-	72,468
Total	1,727,602	(86,767)	1,640,835

The movement in the provision for impairment in respect of trade and other receivables is as follows:

Balance as at 1 January 2008	(46,837)
Additional provision, recognized in the period	(86,846)
Release of provision	46,837
Balance at 30 June 2008	(86,846)
Additional provision, recognized in the period	-
Release of provision	79
Balance as at 31 December 2008	(86,767)
Additional provision, recognized in the period	(36,316)
Release of provision	60,677
Balance at 30 June 2009	(62,406)

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>30 June 2009</u>	<u>31 December 2008</u>
VAT receivable	819,241	1,107,444
Advances to suppliers	661,095	758,639
Other current assets	121,053	91,340
Total prepayments and other current assets	<u>1,601,389</u>	<u>1,957,423</u>

8. CASH AND CASH EQUIVALENTS

	<u>30 June 2009</u>	<u>31 December 2008</u>
Russian Rouble denominated cash in hand and balances with banks	261,888	303,745
Foreign currency denominated balances with banks	124,620	149,311
Russian Rouble denominated bank deposits	150,022	-
Total cash and cash equivalents	<u>536,530</u>	<u>453,056</u>

The terms of Russian Rouble denominated short-term bank deposits vary from one day to two months depending on the immediate cash requirements of the Group. The deposits attracted interest at a rate of 4.5-11.5% per annum. A two-week Russian Rouble denominated deposit, placed with OJSC "TransCreditBank" (a related party – see Note 21) attracts interest at a rate of 5.25% per annum.

9. FINANCE LEASE OBLIGATIONS

As of 30 June 2009 the Group has four finance lease agreements for the lease of non-current assets. All leases are on a fixed repayment basis and are denominated in Russian Roubles. The Group's obligations under finance leases are secured by the lessors' title to the leased assets. Future minimum lease payments under contracted finance leases and present value of these payments as of 30 June 2009 and 31 December 2008 are as follows:

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>30 June 2009</u>	<u>31 December 2008</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Due within one year	666,023	391,578	598,968	356,762
Due after one year but not more than five years	1,793,391	1,242,208	1,144,238	832,405
	<u>2,459,414</u>	<u>1,633,786</u>	<u>1,743,206</u>	<u>1,189,167</u>
Less future finance charges	(716,208)	(444,619)	-	-
Present value of minimum lease payments	<u>1,743,206</u>	<u>1,189,167</u>	<u>1,743,206</u>	<u>1,189,167</u>

During the six-month period ended 30 June 2009 the Group entered into two new finance lease agreements.

The agreements are for lease of:

- Flatcars with a value of RUR 337,600 thousand; the lease agreement is with Goldline LLC;
- Flatcars with a value of RUR 421,780 thousand; the lease agreement is with Alfa Leasing LLC.

The lease agreements with Goldline LLC and Alfa Leasing LLC are for a period of 28 months with an effective interest rate of 24% and a total amount of future minimal lease payments of RUR 456,014 thousand and RUR 569,651 thousand, respectively.

10. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognized as an expense in respect of payments to defined contribution plans for the six-month periods ended 30 June 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Pension Fund of the Russian Federation	161,299	168,037
Non-state defined contribution plan "Blagosostoyanie"	<u>1,404</u>	<u>382</u>
Total expense for defined contribution plans	<u>162,703</u>	<u>168,419</u>

Defined benefit plans

There were 5,656 employees eligible for some part of the supplementary post-employment and post-retirement benefit program of the Group as of 30 June 2009 (5,905 as of 31 December 2008), of which 1,049 employees (1,088 as of 31 December 2008) were considered active participants. An active participant is a person making contributions to the pension plan at his/her own expense. Such contributions are matched by the Group. In addition, there were 108 retired employees eligible for the post-retirement benefit program of the Company through not-for-profit fund "Pochet" as of 30 June 2009 (108 as of 31 December 2008).

The most recent actuarial valuation of the defined benefit obligation was carried out as of 31 December 2008 by an independent actuary. The present value of the defined benefit obligations, and related current service cost and past service costs, were measured using the projected unit credit method. In accordance with IAS 34, the Group determined employee benefit liabilities as of 30 June 2009 and related costs for the six-month period then ended by means of making adjustments to the 2008 year-end amounts to reflect significant changes in the number of plan participants, salary increases and other significant events.

The amounts recognized in the interim consolidated profit or loss for the six-month period ended 30 June 2009 in respect of these defined benefit plans, which are included in "Payroll and related charges", are as follows:

	<u>Blago- sostoyanie</u>	<u>Pochet</u>	<u>One-time bonus</u>	<u>Other post- employment benefits</u>	<u>Total</u>
Current service cost	7,755	-	5,032	849	13,636
Interest on obligation	14,371	161	8,788	1,532	24,852
Expected return on plan assets	(1,312)	-	-	-	(1,312)
Actuarial (gains)/losses recognized during the period	(38,150)	-	(25,516)	279	(63,387)
Amortization of past service cost	7,659	-	473	36	8,168
Charges arising from transfer of employees (i)	<u>5,609</u>	<u>-</u>	<u>2,621</u>	<u>388</u>	<u>8,618</u>
Net income recognized in the consolidated profit or loss	<u>(4,068)</u>	<u>161</u>	<u>(8,602)</u>	<u>3,084</u>	<u>(9,425)</u>

The amount recognized in the interim consolidated profit or loss for the six-month period ended 30 June 2008 are as follows:

	Blago-sostoyanie	Pochet	One-time bonus	Other post-employment benefits	Total
Current service cost	5,256	-	3,483	555	9,294
Interest on obligation	9,270	288	5,151	777	15,486
Expected return on plan assets	(778)	-	-	-	(778)
Actuarial losses/(gains) recognized during the period	32,189	193	9,966	(1,193)	41,155
Amortization of past service cost	7,659	-	473	36	8,168
Charges arising from transfer of employees (i)	7,323	-	5,623	729	13,675
Net expense recognized in the consolidated profit or loss	60,919	481	24,696	904	87,000

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

The amount recognized in the interim condensed consolidated statement of financial position as of 30 June 2009 in respect of these defined benefit plans is as follows:

	Blago-sostoyanie	Pochet	One-time bonus	Other post-employment benefits	Total
Present value of funded defined benefit obligation	271,537	-	-	-	271,537
Fair value of plan assets	(26,274)	-	-	-	(26,274)
	245,263	-	-	-	245,263
Present value of unfunded defined benefit obligation	-	3,336	171,330	35,453	210,119
Deficit	245,263	3,336	171,330	35,453	455,382
Unrecognized past service cost	(27,061)	-	(3,664)	(354)	(31,079)
Net employee benefit liability	218,202	3,336	167,666	35,099	424,303

The amount recognized in the consolidated statement of financial position as of 31 December 2008 in respect of these defined benefit plans is as follows:

	Blago-sostoyanie	Pochet	One-time bonus	Other post-employment benefits	Total
Present value of funded defined benefit obligation	305,758	-	-	-	305,758
Fair value of plan assets	(26,238)	-	-	-	(26,238)
	279,520	-	-	-	279,520
Present value of unfunded defined benefit obligation	-	3,433	186,985	32,599	223,017
Deficit	279,520	3,433	186,985	32,599	502,537
Unrecognized past service cost	(34,720)	-	(4,137)	(389)	(39,246)
Net employee benefit liability	244,800	3,433	182,848	32,210	463,291

Movements in the present value of net defined benefit obligation are as follows:

	Blago- sostoyanie	Pochet	One-time bonus	Other post- employment benefits	Total
Net defined benefit obligation as of 1 January 2008	178,617	7,676	132,283	20,251	338,827
Net expense recognized in profit or loss	60,919	481	24,696	904	87,000
Contributions	(19,345)	(227)	(3,258)	(269)	(23,099)
Net defined benefit obligation as of 30 June 2008	220,191	7,930	153,721	20,886	402,728
Net expense recognized in profit or loss	42,102	(4,252)	36,430	11,928	86,208
Contributions	(17,493)	(245)	(7,303)	(604)	(25,645)
Net defined benefit obligation as of 31 December 2008	244,800	3,433	182,848	32,210	463,291
Net income recognized in profit or loss	(4,068)	161	(8,602)	3,084	(9,425)
Contributions	(22,530)	(258)	(6,580)	(195)	(29,563)
Net defined benefit obligation as of 30 June 2009	218,202	3,336	167,666	35,099	424,303

Movements in the fair value of defined benefit pension plans are as follows:

Fair value of plan assets as of 1 January 2008	18,538
Expected return on plan assets	778
Actuarial loss	(366)
Contributions from the employer	23,099
Benefits paid	(18,673)
Fair value of plan assets as of 30 June 2008	23,376
Expected return on plan assets	612
Actuarial loss	(302)
Contributions from the employer	25,645
Benefits paid	(23,093)
Fair value of plan assets as of 31 December 2008	26,238
Expected return on plan assets	1,312
Actuarial loss	(837)
Contributions from the employer	29,563
Benefits paid	(30,002)
Fair value of plan assets as of 30 June 2009	26,274

The principal assumptions used in computation of the Group's defined benefit obligation as of 30 June 2009 have not changed from those used in preparation of the annual consolidated financial statements for the year ended 31 December 2008.

The current period actuarial profit related to the defined benefit obligation was significant due to decrease in the average salary level of the Group's employees during the reporting period.

The actual return on plan assets was RUR 475 thousand and RUR 412 thousand for the six-month periods ended 30 June 2009 and 30 June 2008, respectively.

11. SHORT-TERM BORROWINGS

Short-term borrowings consist of a Russian Rouble denominated loan obtained from OJSC "Alfa Bank" with a face value of RUR 300,000 thousand, incurring an annual interest rate of 15.10%. The loan matures on 15 July 2009.

12. TRADE AND OTHER PAYABLES

	<u>30 June 2009</u>	<u>31 December 2008</u>
Trade payables	849,604	1,105,298
Amounts payable for the acquisition of property, plant and equipment	777,033	787,998
Liabilities to customers	<u>2,151,332</u>	<u>2,164,064</u>
Total trade and other payables	<u>3,777,969</u>	<u>4,057,360</u>

13. TAXES OTHER THAN INCOME TAX PAYABLE

	<u>30 June 2009</u>	<u>31 December 2008</u>
Property tax	99,111	100,694
Unified social tax	52,170	34,293
Personal income tax	16,327	6,500
Other taxes	<u>9,535</u>	<u>3,371</u>
Total taxes other than income tax payable	<u>177,143</u>	<u>144,858</u>

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>30 June 2009</u>	<u>31 December 2008</u>
Settlements with employees	294,258	273,515
Other liabilities	<u>14,676</u>	<u>46,164</u>
Total accrued expenses and other current liabilities	<u>308,934</u>	<u>319,679</u>

Settlements with employees as of 30 June 2009 and 31 December 2008 comprised accrued salaries and bonus of RUR 221,534 thousand and RUR 190,338 thousand, respectively, and the accrual for unused vacation of RUR 72,724 thousand and RUR 83,177 thousand, respectively.

15. FIVE-YEAR RUR BONDS, SERIES 1

On 4 March 2008 the Company issued non-convertible five-year bonds for a total amount of RUR 3,000,000 thousand with 1,000 roubles par value. Net proceeds from the issuance, after the deduction of related offering costs, amounted to RUR 2,973,568 thousand. The coupon rate of the bonds for the first year is 9.5% per annum with interest being paid semi-annually. The rate for the remaining period is to be determined by the Group. Bondholders have an option to put their investments to the Group at par value after the first and second year. Due to the existence of such options these borrowings are presented as current liabilities. The bonds have been guaranteed by LLC "Trans-Invest", a related party of the Group.

On 13 March 2009, a majority of the bondholders requested redemption of their bonds in accordance with the put option. The Group redeemed the bonds in the amount of RUR 2,901,500 thousand and re-issued them on the same day for RUR 2,855,037, net of offering costs, which resulted in a net change in borrowings of RUR 46,463. The coupon rate for the second year was set at 16.5% per annum, with interest being paid semi-annually.

As of 30 June 2009 and 31 December 2008 the carrying value of the bonds equals to RUR 3,124,798 thousand and RUR 3,087,926 thousand, respectively, and the amount of accrued coupon is RUR 161,370 thousand and RUR 92,918 thousand, respectively.

16. EQUITY

Share Capital

The Group shareholder structure as of 30 June 2009 and 31 December 2008 was as follows:

	Number of outstanding ordinary shares	Percentage of Ownership
OJSC "RZD"	11,810,561	85.00000%
CJSC CB "Citibank" (nominal shareholder)	1,284,574	9.24501%
CJSC "DCC" (nominal shareholder)	799,642	5.75498%
OJSC "Baminvest"	1	0.00001%
	13,894,778	100%

Retained Earnings, Dividends

In accordance with Russian legislation, dividends may only be declared to the shareholders of the Company from accumulated undistributed and unreserved earnings as shown in the Company's statutory financial statements. TransContainer had RUR 4,560,989 thousand and RUR 4,944,638 thousand of undistributed and unreserved earnings as of 30 June 2009 and 31 December 2008, respectively.

In respect of 2007, dividends of RUR 11.03 per share were approved at the annual shareholders' meeting on 27 June 2008. As at 31 December 2008 dividends have been fully paid.

In respect of 2008, dividends of RUR 19.29 per share were approved at the annual shareholders' meeting on 23 June 2009. As of 30 June 2009 dividends payable amounted to RUR 268,030 thousand. Dividends were paid to the shareholders in August 2009.

Reserve Fund

According to its charter, the Company established a reserve fund through the allocation of 5 percent of net profit as computed under Russian accounting regulations. The total amount of the reserve fund is limited to 5 percent of the Company's share capital. The reserve fund may only be used to offset losses of the Company as well as to redeem issued bonds or purchase treasury shares. As of 30 June 2009 and 31 December 2008 the Company's reserve fund amounted to RUR 282,703 thousand and RUR 148,691 thousand respectively.

17. REVENUE

	2009	2008
Rail-based container shipping services	3,092,734	4,834,573
Through-rate shipments	2,571,314	1,551,375
Terminal services and agency fees	777,731	1,217,709
Truck deliveries	728,406	736,952
Freight forwarding and logistics services	387,000	639,301
Bonded warehousing services	119,699	126,478
Other	43,044	39,316
Total revenue	7,719,928	9,145,704

18. OPERATING EXPENSES, NET

	<u>2009</u>	<u>2008</u>
Freight and transportation services	1,757,404	1,676,914
External services for through-rate transportation	1,365,310	806,509
Payroll and related charges	1,183,904	1,312,046
Depreciation and amortization	1,142,766	1,040,789
Materials, repair and maintenance	571,569	869,438
Taxes other than income tax	209,418	156,443
Rent	186,849	90,463
Consulting services	142,981	137,685
Security	105,002	105,892
Fuel costs	54,967	55,279
Storage costs	52,918	62,352
Communication costs	46,623	42,002
Energy costs	28,057	24,255
Business travel expenses	24,062	27,433
(Gain)/loss on disposal of property, plant and equipment	(72)	46,544
Change in provision for impairment of receivables	(24,361)	40,009
Changes in provision for tax liabilities, other than income tax	(30,083)	-
Other expenses, net	300,821	273,837
Total operating expenses, net	<u>7,118,135</u>	<u>6,767,890</u>

19. INTEREST EXPENSE

	<u>2009</u>	<u>2008</u>
Interest expense on five-year RUR bonds, series 1	231,465	100,213
Interest expense on finance lease obligations	162,582	120,355
Interest expense on bank loans	97,156	20,902
Total interest expense	<u>491,203</u>	<u>241,470</u>

20. INCOME TAX

The statutory tax rate effective in the Russian Federation was 24% for the year ended 31 December 2008. In November 2008, an amendment to the Tax Code was enacted to reduce the corporate income tax rate from 24% to 20% effective from 1 January 2009.

	<u>2009</u>	<u>2008</u>
Current income tax charge	(161,357)	(641,183)
Deferred income tax benefit	97,005	29,293
	<u>(64,352)</u>	<u>(611,890)</u>

Income before taxation for financial reporting purposes is reconciled to tax expense as follows:

	<u>2009</u>	<u>2008</u>
Profit before income tax	153,703	2,198,064
Theoretical tax charge at statutory rate (2009: 20%; 2008: 24%)	(30,741)	(527,535)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Benefits in-kind and other non-deductible payments to employees	(20,971)	(14,204)
Non-deductible post-employment benefits	1,071	(6,259)
Charity	(6,788)	(10,156)
Disposal of property plant and equipment	(1,681)	(43,862)
Other non-deductible expenses	(11,259)	(23,344)
Changes in provision for tax risks – taxes other than income tax	6,017	-
Changes in provision for tax risks – income tax	-	13,470
Income tax	<u>(64,352)</u>	<u>(611,890)</u>

Total accumulated temporary differences that arise between the Russian statutory tax base of assets and liabilities and their carrying amounts in the accompanying consolidated statements of financial position give rise to the following deferred tax effects:

	<u>1 January 2009</u>	<u>Charged to profit or loss</u>	<u>30 June 2009</u>
Property, plant and equipment	1,944,138	133,563	2,077,701
Intangible assets	1,624	(1,404)	220
Other	(1,289)	(36,778)	(38,067)
Trade and other receivables	983	1,985	2,968
Loans and borrowings	1,152	6,162	7,314
Finance lease obligations	(237,833)	(110,808)	(348,641)
Trade and other payables	(40,796)	(95,045)	(135,841)
Employee benefits liability	(48,960)	5,320	(43,640)
Total net deferred tax liability	<u>1,619,019</u>	<u>(97,005)</u>	<u>1,522,014</u>

	<u>1 January 2008</u>	<u>Charged to profit or loss</u>	<u>30 June 2008</u>	<u>Charged to profit or loss</u>	<u>31 December 2008</u>
Property, plant and equipment	2,109,658	232,534	2,342,192	(398,054)	1,944,138
Intangible assets	4,157	17,178	21,335	(19,711)	1,624
Other	72	365	437	(1,726)	(1,289)
Trade and other receivables	(14,704)	(1,874)	(16,578)	17,561	983
Credits and loans	-	4,404	4,404	(3,252)	1,152
Finance lease obligations	(93,096)	(220,251)	(313,347)	75,514	(237,833)
Trade and other payables	(72,786)	(51,670)	(124,456)	83,660	(40,796)
Employee benefits liability	(42,867)	(9,979)	(52,846)	3,886	(48,960)
Total net deferred tax liability	<u>1,890,434</u>	<u>(29,293)</u>	<u>1,861,141</u>	<u>(242,122)</u>	<u>1,619,019</u>

21. 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 whom the Group entered into significant transactions or had significant balances outstanding as of 30 June 2009 are disclosed below:

Related party	Nature of relationship
OJSC "Russian Railways" (RZD)	Parent company
OJSC "TransCreditBank"	Fellow subsidiary of RZD
LLC "FinanceBusinessGroup" (Note 9)	An entity related to OJSC "TransCreditBank"
LLC "Finans-Proekt" (Note 3)	An entity related to OJSC "TransCreditBank"
LLC "Zapadny Port" (Note 3)	Subsidiary of LLC "Finans-Proekt"
LLC "Refservice"	Fellow subsidiary of RZD
LLC "Roszheldorstroy"	Fellow subsidiary of RZD
LLC "Trans-Invest" (Note 15)	An entity related to Fund Blagosostoyanie
Fund Blagosostoyanie	Post-employment benefit plan for the benefit of employees of the Company
Fund Pochet	Post-employment benefit plan for the benefit of employees of the Company

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

As a part of its normal operations, 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 majority of related party transactions are with OJSC "Russian Railways" (RZD) and its subsidiaries, and OJSC "TransCreditBank", which are also state-controlled.

Relationships with OJSC "Russian Railways" (RZD) and its subsidiaries

The Group performs a variety of transactions with RZD (the "Parent"), 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 are used by the Group to maintain its rolling stock in operational condition.

In addition, under the provisions of existing Russian regulations, certain functions associated with arrangement of container transportation process can only be performed by RZD. Pursuant to the transfer of the assets required for performance of such functions to the Group, RZD engaged TransContainer to act as its agent in performance of these functions. Revenue generated by the Group from such transactions with RZD is reported as agency fees in the accompanying interim consolidated profit or loss.

The Group maintains several bank accounts in OJSC "TransCreditBank". In addition, OJSC "TransCreditBank" has guaranteed the promissory notes of LLC "Finance-Proekt" held by the Group.

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2009, as well as ending balances as at 30 June 2009:

	Total	RZD and its subsidiaries	Other
Cash and cash equivalents	376,305	360,890	15,415
Trade and other accounts receivables			
Trade receivables	845,838	835,200	10,638
Advances to suppliers	215,373	207,198	8,175
Prepaid income tax	85,368	-	85,368
VAT receivable	819,241	-	819,241
Other receivables	7,619	1,542	6,077
	<u>1,973,439</u>	<u>1,043,940</u>	<u>929,499</u>
Short-term investments	109,753	109,753	-
Long-term investments	202,512	202,512	-
Total assets	<u>2,662,009</u>	<u>1,717,095</u>	<u>944,914</u>

	<u>Total</u>	<u>RZD and its subsidiaries</u>	<u>Other</u>
Trade and other accounts payable			
Trade payables	457,209	442,273	14,936
Liabilities to customers	30,533	5,744	24,789
Taxes payable	231,613	-	231,613
Other payables	10,412	239	10,173
	<u>729,767</u>	<u>448,256</u>	<u>281,511</u>
Finance lease obligations	1,081,062	-	1,081,062
Total liabilities	<u>1,810,829</u>	<u>448,256</u>	<u>1,362,573</u>
Revenue			
Rail-based container shipping services	346,067	339,241	6,826
Agency fees	634,085	634,085	-
Other services	103,363	17,741	85,622
	<u>1,083,515</u>	<u>991,067</u>	<u>92,448</u>
Interest income on long-term investments	4,548	4,548	-
Interest income on deposits	27,073	26,725	348
Total income	<u>1,115,136</u>	<u>1,022,340</u>	<u>92,796</u>
Expenses			
Freight and transportation services	1,337,041	1,335,981	1,060
External services for through-rate transportation	1,033,829	1,033,829	-
Repair services	351,384	351,088	296
Rent of property and equipment	225,756	24,855	200,901
Other expenses	114,315	69,907	44,408
	<u>3,062,325</u>	<u>2,815,660</u>	<u>246,665</u>
Income tax and other tax expenses	273,770	-	273,770
Interest expense on bank loans	53,719	-	53,719
Interest expense on finance lease obligations	92,793	-	92,793
Total expenses	<u>3,482,607</u>	<u>2,815,660</u>	<u>666,947</u>
Acquisition of property, plant and equipment	66,290	54,784	11,506
Purchase of materials	3,491	1,910	1,581
Contributions to non-state pension funds	22,788	-	22,788
Total other transactions	<u>92,569</u>	<u>56,694</u>	<u>35,875</u>

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2008, as well as ending balances as at 30 June 2008:

	<u>Total</u>	<u>RZD and its subsidiaries</u>	<u>Other</u>
Cash and cash equivalents	438,323	437,745	578
Trade and other accounts receivables			
Trade receivables	647,354	641,870	5,484
Advances to suppliers	210,041	204,852	5,189
Prepaid income tax	135,683	-	135,683
VAT receivable	1,107,444	-	1,107,444
Other receivables	8,544	263	8,281
	<u>2,109,066</u>	<u>846,985</u>	<u>1,262,081</u>
Long-term investments	303,504	-	303,504
Total assets	<u>2,850,893</u>	<u>1,284,730</u>	<u>1,566,163</u>
Trade and other accounts payable			
Trade payables	604,407	588,196	16,211
Liabilities to customers	38,358	9,705	28,653
Taxes payable	160,968	-	160,968
Other payables	2,137	1,989	148
	<u>805,870</u>	<u>599,890</u>	<u>205,980</u>
Finance lease obligations	1,189,166	-	1,189,166
Total liabilities	<u>1,995,036</u>	<u>599,890</u>	<u>1,395,146</u>

	<u>Total</u>	<u>RZD and its subsidiaries</u>	<u>Other</u>
Revenue			
Rail-based container shipping services	554,076	531,405	22,671
Agency fees	851,589	849,298	2,291
Other services	23,746	19,307	4,439
	<u>1,429,411</u>	<u>1,400,010</u>	<u>29,401</u>
Interest income on long-term investments	11,446	-	11,446
Interest income on deposits	27,250	27,250	-
Total income	<u>1,468,107</u>	<u>1,427,260</u>	<u>40,847</u>
Expenses			
Freight and transportation services	1,994,605	1,993,714	891
Repair services	573,496	569,512	3,984
Rent of property and equipment	12,377	11,206	1,171
Other expenses	103,879	66,573	37,306
	<u>2,684,357</u>	<u>2,641,005</u>	<u>43,352</u>
Income tax and other tax expenses	1,015,061		1,015,061
Interest expense on finance lease obligations	120,355		120,355
Total expenses	<u>3,819,773</u>	<u>2,641,005</u>	<u>1,178,768</u>
Acquisition of property, plant and equipment	854,188	374,470	479,718
Purchase of materials	19,217	19,004	213
Contributions to non-state pension funds	19,572		19,572
Total other transactions	<u>892,977</u>	<u>393,474</u>	<u>499,503</u>

The amounts outstanding to and from related parties are unsecured except as disclosed for finance leases (Note 9).

Compensation of key management personnel

Key management personnel consists of members of the Board of Directors of the Company, the General Director and his deputies, totaling 14 persons as of 30 June 2009 and 30 June 2008. Total gross compensation (including unified social tax and before withholding of personal income tax) to key management personnel included in payroll and related charges in the interim consolidated profit or loss amounted to RUR 24,772 thousand (including unified social tax of RUR 1,082 thousand) and RUR 44,074 thousand (including unified social tax of RUR 391 thousand) for the six-month period ended 30 June 2009 and 30 June 2008, respectively. Such compensation comprises primarily short-term benefits. Post-employment and other long-term benefits of key management personnel were immaterial.

22. COMMITMENTS UNDER OPERATING LEASES

The Group leases certain cranes, production buildings and office premises. The respective lease agreements have duration varying from one to five years. As disclosed in Note 3, the Group continues to rent the property of Zapadny Port under a short-term operating lease agreement. Additionally the Group leases land on which its container terminals are located.

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

	<u>30 June 2009</u>	<u>31 December 2008</u>
On demand or within one year	103,003	141,315
In two to five years	55,567	91,695
After five years	2,945	73
Total minimum lease payments	<u>161,515</u>	<u>233,083</u>

23. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

The Group's capital commitments as of 30 June 2009 and 31 December 2008 consisted of the following:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Construction of container terminal complexes and modernization of existing assets	1,054,858	1,037,981
Acquisition of containers and flatcars	1,300,243	774,555
Acquisition of lifting machines and other equipment	<u>200,826</u>	<u>221,444</u>
Total capital commitments	<u>2,555,927</u>	<u>2,033,980</u>

Operating environment of the Group – Although in recent years there has been a general improvement in economic conditions in Russia, it continues to display certain characteristics of an emerging market. These include, but are not limited to, currency controls and convertibility restrictions, relatively high level of inflation and continuing efforts by the government to implement structural reforms.

As a result, laws and regulations affecting businesses in Russia continue to change rapidly. Tax, currency and customs legislation within Russia is subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Russia. The future economic direction of Russia is largely dependent upon the effectiveness of economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

Recent volatility in global and Russian financial markets – The financial markets, both globally and in Russia, have faced significant volatility and liquidity constraints since the onset of the global financial crisis, which began to unfold in the autumn of 2007 and worsened since August 2008. A side effect of those events was an increased concern about the stability of the financial markets generally and the strength of counterparties, and many lenders and institutional investors have reduced funding to borrowers, which has significantly reduced the liquidity in the global financial system.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market that fluctuated significantly during 2008 and 2009. The Russian government initiated the adoption of a package of federal laws and regulations to restore investor confidence, provide liquidity and support medium-term growth of Russia's economy, and those measures have had a positive effect, however at this stage there is no clarity with respect to efficiency of these measures in the long run.

While many countries, including Russia, have recently reported improvement of the situation in the financial markets, a further downturn can still occur, and further state support measures might be required. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment could, slow down or disrupt the Russian economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

While the Russian government has introduced a range of stabilization measures aimed at providing liquidity to the Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Debtors of the Group may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

Given the Group's relatively low debt burden and extended debt repayment profile, as well as low exposure to foreign currency exchange rates, management believes that for the next few years, any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets will have a limited effect on the Group's financial position. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

24. SUBSEQUENT EVENTS

Acquisition of flatcars – The Group has made the following purchases of flatcars:

- 180 flatcars from CJSC “RaillInvestGroup” for a total amount of RUR 363,204 thousand in September 2009;
- 50 flatcars from LLC “InterSystemsCapital” and 90 flatcars from OJSC “TransMash” for a total amount of RUR 295,772 thousand in January 2010;
- 161 flatcars from CJSC “RaillInvestGroup” for a total amount of RUR 284,970 thousand in March 2010.

Five-year RUR bonds, series 1 – In March 2010 the holders of RUR 2,000 thousand of bonds put these bonds back to the Group as allowed under the terms. The Group redeemed these bonds, at par, and then re-issued on the same day at current market rates to various investors. The interest rate for all following interest payments (from fifth to tenth inclusive) has been set at 9.5% p.a. There are no further put options on the bonds until their maturity in February 2013, and accordingly these bonds have been classified as long-term.

Issue of five-year RUR bonds, series 2 – On 10 June 2010 the Group made a public issue of ordinary non-convertible RUR bonds, series 2, for a total amount of RUR 3,000,000 thousand with 1,000 roubles par value. The annual coupon rate of the bonds is 8.8% with interest paid semi-annually. The issue took place through an open subscription at the Moscow Interbank Currency Exchange (“MICEX”).

Investment into LLC Finans-Proekt – In October 2009 the Group redeemed two promissory notes of LLC “Finans-Proekt” having a total face value of RUR 50,000 thousand plus accumulated interest in the amount of RUR 4,877 thousand. In June 2010, the Group redeemed notes with total face value of RUR 50,000 thousand plus accumulated interest in the amount of RUR 4,877 thousand.