

OPEN JOINT STOCK COMPANY TRANSCONTAINER

**Interim Condensed Consolidated
Financial Information**

For the Nine-Month Period Ended 30 September 2012

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

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 ventures and subsidiaries (the "Group") as at 30 September 2012 and the results of its operations, cash flows and changes in equity for the nine-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 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 for the nine-month period ended 30 September 2012 was approved on 28 November 2012 by:

A purple ink signature of P. V. Baskakov, consisting of a large, flowing loop followed by a horizontal line.

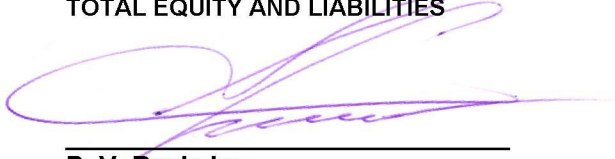
P. V. Baskakov
General Director

A purple ink signature of K. S. Kalmykov, consisting of a large, circular loop followed by the letters 'Cay'.

K. S. Kalmykov
Chief Accountant

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

	Notes	30 September 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	3	32,708	29,216
Advances for acquisition of non-current assets	3	385	2,205
Trade and other receivables	6	461	728
Intangible assets other than goodwill	4	588	653
Goodwill		216	216
Investments in associates	5	10	55
Other non-current assets		87	103
Deferred tax asset		1	4
Total non-current assets		34,456	33,180
Current assets			
Inventory		331	278
Trade and other receivables	6	1,478	1,152
Prepayments and other current assets	7	3,711	3,702
Prepaid income tax		155	193
Short-term investments	8	1,129	941
Cash and cash equivalents	9	2,676	2,300
Total current assets		9,480	8,566
TOTAL ASSETS		43,936	41,746
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	13,895	13,895
Treasury shares	14	(485)	(514)
Reserve fund	10	478	304
Translation reserve		88	193
Equity-settled employee benefits reserve	14	172	148
Other reserves		(2,221)	(2,221)
Retained earnings		14,075	11,161
Total equity attributable to equity holders of the parent		26,002	22,966
Non-controlling interest		920	962
Total equity		26,922	23,928
Non-current liabilities			
Long-term debt	11	5,058	8,301
Finance lease obligations, net of current maturities	12	675	15
Employee benefit liability	13	1,087	990
Deferred tax liability		1,711	1,742
Other non-current liabilities		1	1
Total non-current liabilities		8,532	11,049
Current liabilities			
Trade and other payables	15	3,880	4,593
Short-term debt	11	3,360	553
Income tax payable		247	134
Taxes other than income tax payable	16	241	303
Provisions		5	5
Finance lease obligations, current maturities	12	122	479
Accrued and other current liabilities	17	626	689
Deferred income		1	13
Total current liabilities		8,482	6,769
TOTAL EQUITY AND LIABILITIES		43,936	41,746


P. V. Baskakov
 General Director


K. S. Kalmykov
 Chief Accountant

28 November 2012

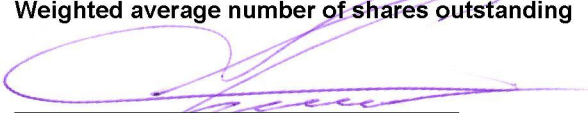
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

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

	Notes	<u>2012</u>	<u>2011</u>
Revenue	18	27,353	21,971
Other operating income		226	552
Operating expenses	19	<u>(21,636)</u>	<u>(18,131)</u>
Operating income		5,943	4,392
Interest expense	20	(674)	(576)
Interest income		173	33
Foreign exchange gain, net		4	95
Share of result of associates	5	(21)	(24)
Gain from disposal of associate	5	<u>72</u>	<u>-</u>
Profit before income tax		5,497	3,920
Income tax expense	21	<u>(1,224)</u>	<u>(928)</u>
Profit for the period		<u>4,273</u>	<u>2,992</u>
Attributable to:			
Equity holders of the parent		4,258	2,955
Non-controlling interest		15	37
Other comprehensive income			
Exchange differences on translating foreign operations		<u>(152)</u>	<u>245</u>
Total comprehensive income for the period		<u>4,121</u>	<u>3,237</u>
Attributable to:			
Equity holders of the parent		4,153	3,120
Non-controlling interest		(32)	117
Earnings per share, basic and diluted (Russian Roubles)		<u>307</u>	<u>214</u>
Weighted average number of shares outstanding		<u>13,851,658</u>	<u>13,830,923</u>



P. V. Baskakov
General Director



K. S. Kalmykov
Chief Accountant

28 November 2012

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:			
Profit before income tax		5,497	3,920
Adjustments for:			
Depreciation and amortisation	19	2,047	1,896
Change in provision for impairment of receivables	6	(21)	155
Gain on disposal of property, plant and equipment		(1)	(247)
Reversal on impairment of property, plant and equipment		-	(1)
Share of result of associates	5	21	24
Gain from disposal of associate	5	(72)	-
Interest expense, net		521	543
Equity-settled employee benefits reserve	14	72	118
Foreign exchange gain, net		(4)	(95)
Change in provisions		-	(1)
Other gains and losses		(8)	2
Operating profit before working capital changes		8,054	6,314
Decrease in inventory		11	17
Decrease/(increase) in trade and other receivables		49	(545)
Decrease/(increase) in prepayments and other current assets		210	(242)
(Decrease)/increase in trade and other payables		(685)	746
Decrease in taxes other than income tax		(61)	(418)
Increase in accrued expenses and other current liabilities		41	84
Increase in employee benefit liabilities	13	97	39
Net cash from operating activities before income tax		7,715	5,995
Interest paid		(643)	(599)
Income tax paid		(1,079)	(886)
Net cash provided by operating activities		5,993	4,510
Cash flows from investing activities:			
Purchases of property, plant and equipment		(3,386)	(2,588)
Proceeds from disposal of property, plant and equipment		4	513
Acquisition of subsidiary, net of cash acquired		(103)	(1,550)
Sale of short-term investments		1,191	-
Purchases of long-term investments		(1)	(40)
Purchases of short-term investments		(1,379)	(86)
Purchases of intangible assets		(20)	(14)
Interest received		153	33
Net cash used in investing activities		(3,541)	(3,732)
Cash flows from financing activities:			
Proceeds from long-term borrowings		-	2,336
Repayments of finance lease obligations		(455)	(397)
Acquisition of treasury shares		-	(514)
Dividends		(1,228)	(40)
Principal payments on long-term borrowings		(2)	(11)
Principal payments on short-term borrowings		-	(2)
Principal payments on short-term bonds		(346)	-
Net cash provided by financing activities		(2,031)	1,372
Net increase in cash and cash equivalents		421	2,150
Cash and cash equivalents at beginning of the period		2,300	1,291
Foreign exchange effect on cash and cash equivalents		(44)	54
Net cash and cash equivalents at end of the period		2,676	3,495


P. V. Baskakov
 General Director


K. S. Kalmykov
 Chief Accountant

28 November 2012

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 2011		13,895	-	284	7	-	(2,221)	7,411	19,376	-	19,376
Profit for the period		-	-	-	-	-	-	2,955	2,955	37	2,992
Other comprehensive income for the period		-	-	-	165	-	-	-	165	80	245
Total comprehensive income for the period		-	-	-	165	-	-	2,955	3,120	117	3,237
Acquisition of subsidiary		-	-	-	-	-	-	-	-	856	856
Acquisition of treasury shares		-	(514)	-	-	-	-	-	(514)	-	(514)
Equity-settled employee benefits reserve		-	-	-	-	118	-	-	118	-	118
Dividends		-	-	-	-	-	-	(40)	(40)	(13)	(53)
Transfer to reserve fund		-	-	20	-	-	-	(20)	-	-	-
Balance at 30 September 2011		13,895	(514)	304	172	118	(2,221)	10,306	22,060	960	23,020
Profit for the period		-	-	-	-	-	-	855	855	(3)	852
Other comprehensive income for the period		-	-	-	21	-	-	-	21	6	27
Total comprehensive income for the period		-	-	-	21	-	-	855	876	3	879
Equity-settled employee benefits reserve		-	-	-	-	30	-	-	30	-	30
Balance at 31 December 2011		13,895	(514)	304	193	148	(2,221)	11,161	22,966	962	23,928
Profit for the period		-	-	-	-	-	-	4,258	4,258	15	4,273
Other comprehensive income for the period		-	-	-	(105)	-	-	-	(105)	(47)	(152)
Total comprehensive income for the period		-	-	-	(105)	-	-	4,258	4,153	(32)	4,121
Acquisition of treasury shares		-	29	-	-	-	-	-	29	-	29
Equity-settled employee benefits reserve	14	-	-	-	-	72	-	-	72	-	72
Exercised options under option plan	14	-	-	-	-	(48)	-	48	-	-	-
Dividends	10	-	-	-	-	-	-	(1,218)	(1,218)	(10)	(1,228)
Transfer to reserve fund		-	-	174	-	-	-	(174)	-	-	-
Balance at 30 September 2012		13,895	(485)	478	88	172	(2,221)	14,075	26,002	920	26,922


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

28 November 2012

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (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 30 September 2012, 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	
				30 September 2012	31 December 2011	30 September 2012	31 December 2011
				Oy ContainerTrans Scandinavia Ltd	Joint venture	Finland	Container shipments
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
Far East Land Bridge Ltd. (Note 5)	Associate	Cyprus	Container shipments	-	10	-	25
LLC Prostor Invest Group (Note 14)	Subsidiary	Russia	Share option programme operator	100	100	100	100
JSC Kedentransservice	Subsidiary	Kazakhstan	Handling	67	67	67	67
Helme’s Development Company Ltd.	Subsidiary	British Virgin Isles	Investment activity	-	100	-	100
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

Liquidation of Helme’s Development Company Limited – In May 2012 the company Helme’s Development Company Limited was liquidated. As a result on 24 May 2012 1 share of Helme’s Operation UK Limited, which owns 46.9% of shares of JSC Kedentransservice, was transferred by Helme’s Development Company Limited to the Company.

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

1. NATURE OF THE BUSINESS (CONTINUED)

The interim condensed consolidated financial information of OJSC TransContainer, its subsidiaries and its joint ventures (the "Group") as at 30 September 2012 and for the nine-month period then ended was authorized for issue by the General Director of the Company on 28 November 2012.

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".

The consolidated statement of financial position as at 31 December 2011, 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 2011. 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 2011 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.

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.

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 8,002m for the nine-month period ended 30 September 2012 (RUR 5,883m for the nine-month period ended 30 September 2011).

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 re invoiced to the client as reimbursement of rail infrastructure and locomotive services. Management believes that railroad tariff should not be included in revenue and expenses, as any variation in the tariff will be borne by the client.

OJSC TRANSCONTAINER

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

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

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

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 2011, with the exception of changes in estimates that are required in determining the provision for income taxes (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 2011, 71% of revenues accumulated in the first three quarters of the year, with 29% accumulating in the fourth quarter.

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Land, buildings and constructions</u>	<u>Locomotives, containers and flatcars</u>	<u>Cranes and loaders</u>	<u>Vehicles and other equipment</u>	<u>Construction in-progress</u>	<u>Total</u>
Cost						
1 January 2011	4,896	24,425	1,290	1,924	1,332	33,867
Additions	117	1,539	72	134	322	2,184
Acquisition through business combination	1,448	396	132	334	26	2,336
Transfers	438	67	69	136	(710)	-
Reclassification into non-current assets held for sale	-	(28)	-	-	-	(28)
Disposals	(210)	(234)	(119)	(79)	(25)	(667)
Exchange difference	142	37	14	33	3	229
30 September 2011	6,831	26,202	1,458	2,482	948	37,921
Accumulated depreciation						
1 January 2011	(1,146)	(5,447)	(673)	(954)	(3)	(8,223)
Depreciation charge	(228)	(1,216)	(132)	(275)	-	(1,851)
Impairment	2	-	-	-	(1)	1
Reclassification into non-current assets held for sale	-	28	-	-	-	28
Disposals	6	204	39	70	-	319
Exchange difference	(6)	(7)	(4)	(3)	-	(20)
30 September 2011	(1,372)	(6,438)	(770)	(1,162)	(4)	(9,746)
Cost						
1 January 2012	7,332	27,027	1,515	2,627	941	39,442
Additions	2,730	1,553	43	194	1,135	5,655
Transfers	64	396	9	13	(482)	-
Capitalised borrowing costs	-	-	-	-	29	29
Disposals	(5)	(261)	(1)	(35)	-	(302)
Exchange difference	(89)	(23)	(7)	(21)	(2)	(142)
30 September 2012	10,032	28,692	1,559	2,778	1,621	44,682

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land, buildings and constructions	Locomotives, containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Accumulated depreciation						
1 January 2012	<u>(1,447)</u>	<u>(6,775)</u>	<u>(770)</u>	<u>(1,230)</u>	<u>(4)</u>	<u>(10,226)</u>
Depreciation charge	(288)	(1,276)	(132)	(287)	-	(1,983)
Disposals	-	186	-	33	-	219
Exchange difference	6	6	2	2	-	16
30 September 2012	<u>(1,729)</u>	<u>(7,859)</u>	<u>(900)</u>	<u>(1,482)</u>	<u>(4)</u>	<u>(11,974)</u>
Net book value						
31 December 2011	<u>5,885</u>	<u>20,252</u>	<u>745</u>	<u>1,397</u>	<u>937</u>	<u>29,216</u>
30 September 2012	<u>8,303</u>	<u>20,833</u>	<u>659</u>	<u>1,296</u>	<u>1,617</u>	<u>32,708</u>

Included under Land, buildings and constructions are the amounts of RUR 712m and RUR 744m, which represent the value of land plots owned by the Group as at 30 September 2012 and 31 December 2011, respectively.

During the nine-month period ended 30 September 2012 the Group acquired the non-residential premises in a Moscow office building. The total acquisition cost was RUR 2,574m. A part of the building at the cost of RUR 1,816m was acquired under a sale and purchase agreement, the remaining part of the building at the cost of RUR 758m was acquired under a finance lease agreement (Note 12).

The vehicles and other equipment category includes motor transport used for terminal services and truck deliveries with gross carrying amount of RUR 1,059m and RUR 1,011m as at 30 September 2012 and 31 December 2011, respectively.

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to RUR 1,808m and RUR 1,329m as at 30 September 2012 and 31 December 2011, respectively.

The carrying amount of temporarily idle property, plant and equipment as at 30 September 2012 and 31 December 2011 comprised the following:

	30 September 2012	31 December 2011
Cost	407	396
Accumulated depreciation	<u>(180)</u>	<u>(158)</u>
Net book value	<u>227</u>	<u>238</u>

Construction in-progress as at 30 September 2012 consisted mainly of the capital expenditures incurred for the expansion and reconstructions of container terminals in Novosibirsk, Krasnoyarsk, Nizhny Novgorod and Moscow region amounting to RUR 655m, RUR 157m, RUR 74m and RUR 61m, respectively.

As at 30 September 2012, property, plant and equipment include interest expenses on bonds and other related proceeds from borrowed funds in connection with the construction of property, plant and equipment items. The total amount of interest capitalised for the nine-month period ended 30 September 2012 was RUR 29m at a rate of capitalisation of 9.34% and RUR 43m for the year ended 31 December 2011 at a rate of capitalisation of 9.84%.

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased assets as at 30 September 2012 and 31 December 2011, for which the Group is a lessee under finance leases, comprised the following:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Cost	1,179	1,759
Accumulated depreciation	<u>(265)</u>	<u>(398)</u>
Net book value	<u>914</u>	<u>1,361</u>

See Note 12 for further details regarding finance leases.

Advances for acquisition of non-current assets

As at 30 September 2012 and 31 December 2011, advances for the acquisition of non-current assets consisted of: 1) advances for the acquisition of rolling stock (RUR 2m and RUR 140m, respectively), and 2) advances for the acquisition of other PPE (RUR 383m and RUR 123m, respectively). As at 31 December 2011 advances for the acquisition of non-current assets also included the security deposits paid in accordance with a preliminary purchase-and-sale agreement with LLC Ladya River for the acquisition of premises in a Moscow office building in the amount of RUR 1,942m.

4. INTANGIBLE ASSETS OTHER THAN GOODWILL

	<u>Lease agreements</u>	<u>Software</u>	<u>Total</u>
Cost			
1 January 2011	<u>-</u>	<u>151</u>	<u>151</u>
Additions	-	26	26
Acquisition through business combination	545	-	545
Exchange difference	41	-	41
30 September 2011	<u>586</u>	<u>177</u>	<u>763</u>
Accumulated amortisation			
1 January 2011	<u>-</u>	<u>(66)</u>	<u>(66)</u>
Amortisation charge	(19)	(36)	(55)
Exchange difference	(2)	-	(2)
30 September 2011	<u>(21)</u>	<u>(102)</u>	<u>(123)</u>
Cost			
1 January 2012	<u>618</u>	<u>178</u>	<u>796</u>
Additions	-	45	45
Disposals	-	(26)	(26)
Exchange difference	(57)	-	(57)
30 September 2012	<u>561</u>	<u>197</u>	<u>758</u>
Accumulated amortisation			
1 January 2012	<u>(39)</u>	<u>(104)</u>	<u>(143)</u>
Disposals	-	29	29
Amortisation charge	(28)	(36)	(64)
Exchange difference	8	-	8
30 September 2012	<u>(59)</u>	<u>(111)</u>	<u>(170)</u>
Net book value			
31 December 2011	<u>579</u>	<u>74</u>	<u>653</u>
30 September 2012	<u>502</u>	<u>86</u>	<u>588</u>

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4. INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

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 JSC Kedentransservice leases five loading platforms at Dostyk Station.

The rent rate under these agreements is several times below a 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).

5. INVESTMENTS IN ASSOCIATES

Name of Entity	Investment		Share in the profit / (loss)	
	30 September 2012	31 December 2011	2012	2011
Far East Land Bridge Ltd.	-	47	(22)	(29)
Trans-Eurasia Logistics GmbH	10	8	2	5
Total	10	55	(21)	(24)

In June 2008 the Group acquired 20% share in the associate Trans-Eurasia Logistics GmbH (Note 1). This entity was formed in order to arrange the rail-based container traffic between Western Europe and Russia. The associate transactions were immaterial as at 30 September 2012 and for the period then ended.

During the nine-month period ended 30 September 2012 the Group sold 10% share in Far East Land Bridge Ltd. ("FELB") to OJSC RZD Logistics - subsidiary of OJSC Russian Railways ("RZD") (Note 22). The amount of sale transaction was USD 3m (RUR 97m). This transaction has resulted in the recognition by the Group of the following gain in the interim condensed consolidated statement of comprehensive income:

Proceeds of disposal	97
Less carrying amount of Group's interest on the date of loss of significant influence	(25)
Gain recognised	72

6. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
30 September 2012			
Trade receivables	1,531	(112)	1,419
Other receivables	73	(14)	59
Total trade and other receivables	1,604	(126)	1,478
31 December 2011			
Trade receivables	1,221	(157)	1,064
Other receivables	104	(16)	88
Total trade and other receivables	1,325	(173)	1,152

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6. TRADE AND OTHER RECEIVABLES (CONTINUED)

In July 2012 the Company, OJSC RZD Logistics and FELB signed an agreement on 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. Discounting rate of 7.4% has been used for the fair value determination. As at 30 September 2012 and 31 December 2011 the fair value of impaired long-term trade accounts receivable of FELB amounted to RUR 457m and RUR 728m, respectively. During the nine-month period ended 30 September 2012 trade receivables in the amount of RUR 138m were reclassified in short-term trade receivables.

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

Balance as at 1 January 2011	(84)
Additional provision, recognised in the current period	(155)
Acquisition of JSC Kedentransservice	(104)
Utilisation of provision	23
Exchange differences on translating foreign operations	(9)
Balance as at 30 September 2011	(329)
Additional provision, recognised in the current period	18
Release of provision	21
Utilisation of provision	8
Exchange differences on translating foreign operations	(1)
Balance as at 31 December 2011	(283)
Additional provision, recognised in the current period	(20)
Release of provision	41
Utilisation of provision	30
Exchange differences on translating foreign operations	7
Balance as at 30 September 2012	(225)

As at 30 September 2012 and 31 December 2011 provision for impairment of accounts receivable was recognised in respect of trade and other receivables balances (RUR 126m and RUR 173m respectively), advances to suppliers (RUR 88m and RUR 81m respectively), advances for acquisition of non-current assets (RUR 10m and RUR 21m respectively) and other non-current assets (RUR 1m and RUR 8m respectively).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>30 September 2012</u>	<u>31 December 2011</u>
VAT receivable	1,902	1,255
Advances to suppliers	1,604	2,216
Other current assets	205	231
Total prepayments and other current assets	<u>3,711</u>	<u>3,702</u>

8. SHORT-TERM INVESTMENTS

	<u>30 September 2012</u>	<u>31 December 2011</u>
Russian Rouble denominated bank deposits	1,129	811
Foreign currency denominated bank deposits	-	130
Total short-term investments	<u>1,129</u>	<u>941</u>

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8. SHORT-TERM INVESTMENTS (CONTINUED)

As at 30 September 2012 short-term investments of the Company are presented by following investments in the Russian banks with an initial maturity over three months, but less than one year:

- Russian Rouble-denominated short-term bank deposit in the amount of RUR 350m bearing interest at annual rate of 7.8% in OJSC Bank VTB, a related party (Note 22). The deposit was matured on 26 November 2012. The amount of accrued interest is RUR 9m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position.
- Russian Rouble-denominated short-term bank deposit in the amount of RUR 300m bearing interest at annual rate of 8.05% in OJSC Bank VTB, a related party (Note 22). The deposit will be matured on 21 January 2013. The amount of accrued interest is RUR 4m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position.
- Russian Rouble-denominated short-term bank deposit in the amount of RUR 250m bearing interest at annual rate of 8.85% in OJSC Gazprombank, a related party (Note 22). The deposit will be matured on 4 February 2013. The amount of accrued interest is RUR 15m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position.
- Russian Rouble-denominated short-term bank deposit in the amount of RUR 200m bearing interest at annual rate of 8.22% in JSC TransCreditBank, a related party (Note 22). The deposit will be matured on 22 February 2013. The amount of accrued interest is RUR 1m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position.

9. CASH AND CASH EQUIVALENTS

	<u>30 September 2012</u>	<u>31 December 2011</u>
Cash and Russian Rouble denominated current accounts with banks	976	248
Foreign currency denominated current accounts with banks	538	718
Russian Rouble denominated bank deposits	<u>1,162</u>	<u>1,334</u>
Total cash and cash equivalents	<u>2,676</u>	<u>2,300</u>

The terms of Russian Rouble-denominated short-term bank deposits vary from nine days to three months, depending on the Company's immediate cash requirements. Four Russian Rouble-denominated short-term bank deposits in the amount of RUR 200m, 450m, 250m and 250m, bearing interest at annual rates of 7.22%, 7.7%, 8% and 8% respectively, were placed with JSC TransCreditBank, a related party, as of 30 September 2012 (Note 22). The amount of accrued interest amounted to RUR 1m, 7m, 2m and 2m, respectively. The deposits matured on 8 October 2012, 22 October 2012, 21 November 2012 and 21 November 2012 respectively.

10. EQUITY

Share Capital

As at 30 September 2012, the Company's authorized and issued share capital has not changed since 31 December 2011. RZD is the controlling shareholder of the Company, holding 50%+2 of its ordinary shares.

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10. EQUITY (CONTINUED)

Dividends

Dividends of RUR 87.68 per share (RUR 1,218m in total) were approved at the annual shareholders' meeting on 26 June 2012 relating to the Group's results for the year ended 31 December 2011. In July 2012 the dividends have been fully paid.

Dividends of KZT 102.22 per share were approved at the annual shareholders' meeting of JSC Kedentransservice on 29 June 2012 relating to the results for the year ended 31 December 2011. Dividends for the total amount of KZT 42m (RUR 10m at the Central Bank of Russia exchange rate as at 29 June 2012) were accrued to the shareholder of Kedentransservice JSC National Company "Kazakh Temir Zholy "(share of ownership 33%). In August 2012 the dividends have been fully paid.

Reserve fund

According to its charter, the Company is required to establish a legal reserve fund through the allocation of 5 percent of net profit as computed under the Russian accounting regulations. The total amount of reserve fund is limited to 5 percent of the nominal registered amount of the Company's issued 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 and can not be distributed to shareholders. As at 30 September 2012 and 31 December 2011 the Company's reserve fund is RUR 478m and RUR 304m, respectively.

11. LONG-TERM AND SHORT-TERM DEBT

Long-term debt

	Effective interest rate	<u>30 September 2012</u>	<u>31 December 2011</u>
Bonds	8.8%	2,982	5,978
Bank loans	9.75-9.5%	2,076	2,323
Total		<u>5,058</u>	<u>8,301</u>

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

The Group obtained loans from OJSC Alfa Bank for the total amount of RUR 1,822m during the year ended 31 December 2011 to finance the acquisition of JSC Kedentransservice. The amount of accrued interest is RUR 3m, and has been included as short-term debt in the interim condensed consolidated statement of financial position. The loans mature in seven years. As at 30 September 2012 the total amount of loans was RUR 1,577m.

As at 30 September 2012 short-part of OJSC Alfa Bank long-term loans equal 245m and this amount has been included as short-term debt in the interim condensed consolidated statement of financial position.

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 14). The loan matures in five years. As at 30 September 2012 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.

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

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

The carrying value of the bonds as at 30 September 2012 amounted to RUR 2,982m (RUR 2,978m at 31 December 2011). The amount of accrued interest is RUR 86m (RUR 21m at 31 December 2011), and has been included as short-term debt in the interim condensed consolidated statement of financial position.

Short-term debt

	Effective interest rate	30 September 2012	31 December 2011
Bonds	9.5-8.9 %	3,026	371
Short-term portion of long-term bonds	-	86	117
Sale and repurchase agreements	-	-	63
Short-term portion of long-term bank loans	9.5%	248	2
Total		3,360	553

Short-term borrowings of the Group denominated in:

	30 September 2012	31 December 2011
- Kazakh Tenge	-	371
- Russian Roubles	3,360	119
- US Dollars	-	63
Total	3,360	553

Five-year RUR bonds, series 1 – On 4 March 2008, the Company issued non-convertible five-year bonds for a total amount of RUR 3,000m at a par value of RUR 1,000 each. The coupon rate for the period ended 30 September 2012 is 9.5% per annum (9.5% per annum for the year ended 31 December 2011).

As these bonds will mature in February 2013 they are classified as short-term debt as at 30 September 2012.

The carrying value of the bonds as at 30 September 2012 and 31 December 2011 amounted to RUR 3,000m. The amount of accrued interest is RUR 26m and RUR 96m as at 30 September 2012 and 31 December 2011, respectively, and has been included as short-term debt in the interim condensed consolidated statement of financial position.

Foreign currency-denominated bonds. In April 2012 the Group redeemed its obligations on 1,694,320 coupon bonds at a par value of Kazakh Tenge (KZT) 1,000 each without any security.

As at 30 September 2012 the Group redeemed financial obligation under the repurchase of previously sold shares for the amount of RUR 63m in accordance with repurchase agreements between LLC Prostor Invest Group and CJSC Investment company Troika Dialog (Note 14).

12. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Due within one year	133	534	122	479
Due after one year but not more than five years	1,050	17	675	15
	1,183	551	797	494
Less future finance charges	(386)	(57)	-	-
Present value of minimum lease payments	797	494	797	494

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12. FINANCE LEASE OBLIGATIONS (CONTINUED)

During the nine-month period ended 30 September 2012 the Group repurchased railway flatcars acquired under the finance lease agreement with CJSC Sberbank Leasing in 2008.

During the nine-month period ended 30 September 2012 the Group entered into a finance lease agreement on the acquisition of non-residential premises in a Moscow office building. The lease agreement is for a six-year period with an effective interest rate of 9.65%. In accordance with lease agreement if the Group does not use the right to acquire the leased premises in the lease period or does not entitle third parties use the right to acquire the leased premises the Group is obliged to acquire the leased premises for the amount of RUR 615m at the end of lease period.

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.

13. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognized as an expense in respect of payments to defined contribution plans for the nine-month periods ended 30 September 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Pension Fund of the Russian Federation	438	400
Defined contribution plan "Blagosostoyanie"	12	10
Total expense for defined contribution plans	<u>450</u>	<u>410</u>

Defined benefit plans

The most recent actuarial valuation of the defined benefit obligation was carried out as at 31 December 2011 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 30 September 2012 and related costs for the nine-month period then ended by means of making adjustments to the amounts as at 31 December 2011 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 nine-month periods ended 30 September 2012 and 2011 in respect of these defined benefit plans, which are included in payroll and related charges, are as follows:

	<u>2012</u>	<u>2011</u>
Current service cost	109	28
Interest on obligation	64	44
Expected return on plan assets	(2)	(2)
Actuarial losses recognized during the period	31	36
Past service cost	4	6
Net expense recognized in the consolidated profit or loss	<u>206</u>	<u>112</u>

The current year actuarial losses related to the defined benefit obligation resulted from an increase in the average salary level of the Group's employees.

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13. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

The amounts recognised in the interim condensed consolidated statement of financial position as at 30 September 2012 and 31 December 2011 in respect of these defined benefit plans are as follows:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Present value of defined benefit obligation	1,141	1,042
Fair value of plan assets	(51)	(47)
Deficit	1,090	995
Unrecognised past service cost	(3)	(5)
Net employee benefit liability	<u>1,087</u>	<u>990</u>

The principal assumptions used in computation of the Group's defined benefit obligation as at 30 September 2012 have not changed from those used in preparation of the annual consolidated financial statements for the year ended 31 December 2011.

14. 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.

In December 2011 LLC Prostor Invest Group concluded a repurchase agreements with CJSC Investment company Troika Dialog. Under these agreements LLC Prostor Invest Group has transferred 50,000 of the Company's treasury shares with the subsequent obligation on their return in January, 2012. All the risks and rewards related to ownership of transferred shares, remain with LLC Prostor Invest Group. In January 2012 the arrangement was terminated and the shares were returned.

As at 30 September 2012 the following number of share options is outstanding:

	<u>Number of shares</u>
Options outstanding at 1 January 2012	208,421
Options granted during the nine months 2012	-
Options exercised during the nine months 2012	(36,548)
Options outstanding at 30 September 2012	<u>171,873</u>

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14. EMPLOYEE SHARE OPTION PLAN (CONTINUED)

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.

	Options granted as at 20 May 2011
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)	1,308-1,462

The measure of volatility used in the Black-Scholes-Merton model is the annualised 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 nine-month period ended 30 September 2012, the Group recognised expenses of RUR 72m related to the options. These expenses were included into payroll and related charges.

During the nine-month period ended 30 September 2012 options in respect of 36,548 shares were exercised, the weighted average exercise price was RUR 2,562, the weighted average share price at the date of exercise was RUR 3,680.

Reserve held for Share-based option plan as at 31 December 2011	148
Expense recognised for the nine-month period ended 30 September 2012	72
Accumulated expense of Share-based option plan as at 30 September 2012	220
Exercised options under option plan	(48)
Reserve held for Share-based option plan as at 30 September 2012	172

15. TRADE AND OTHER PAYABLES

	30 September 2012	31 December 2011
Trade payables	570	656
Amounts payable for the acquisition of property, plant and equipment	212	246
Liabilities to customers	3,098	3,691
Total trade and other payables	3,880	4,593

16. TAXES OTHER THAN INCOME TAX PAYABLE

	30 September 2012	31 December 2011
VAT	18	43
Property tax	120	116
Social insurance contribution	65	105
Personal income tax	29	32
Other taxes	9	7
Total taxes other than income tax payable	241	303

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17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>30 September 2012</u>	<u>31 December 2011</u>
Settlements with employees	517	501
Payable for acquisition of Kedentransservice's shares	-	113
Other liabilities	<u>109</u>	<u>75</u>
Total accrued expenses and other current liabilities	<u>626</u>	<u>689</u>

Settlements with employees as at 30 September 2012 and 31 December 2011 comprised accrued salaries and bonuses of RUR 300m and RUR 352m, respectively, and accruals for unused vacation of RUR 217m and RUR 149m, respectively.

18. 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 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

	<u>2012</u>	<u>2011</u>
Integrated freight forwarding and logistics services	14,357	10,343
Rail-based container shipping services	7,668	6,669
Terminal services and agency fees	3,110	2,366
Truck deliveries	1,198	1,269
Other freight forwarding services	647	873
Bonded warehousing services	303	310
Other	<u>70</u>	<u>141</u>
Total revenue	<u>27,353</u>	<u>21,971</u>

Analysis of revenue by location of customers

	<u>2012</u>	<u>2011</u>
Revenue from external customers		
Russia	21,550	18,885
Kazakhstan	1,861	961
Korea	1,215	560
Germany	794	559
China	469	343
Estonia	450	37
Uzbekistan	285	-
Cyprus	197	124
Switzerland	180	172
Other	<u>352</u>	<u>330</u>
Total revenue	<u>27,353</u>	<u>21,971</u>

During the period ended 30 September 2012, the parent company (RZD) accounted for RUR 2,325m or 8% of the Group's total revenue. During the period ended 30 September 2011, RZD accounted for RUR 2,264m or 10% of the Group's total revenue. More than 90% of the Group's non-current assets are located in Russia, approximately 9% of non-current assets (mainly represented by property plant and equipment and intangible assets other than goodwill) are owned by JSC Kedentransservice and located in Kazakhstan.

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19. OPERATING EXPENSES

	<u>2012</u>	<u>2011</u>
Cost of integrated freight forwarding and logistics services	8,002	5,883
Freight and transportation services	3,810	3,469
Payroll and related charges	3,673	3,029
Depreciation and amortisation	2,047	1,896
Materials, repair and maintenance	1,904	1,610
Rent	420	281
Taxes other than income tax	417	683
Security	222	209
Fuel costs	139	128
License and software	111	97
Consulting services	109	155
Communication costs	73	71
Change in provision for impairment of receivables	-	155
Other expenses	709	465
Total operating expenses	<u>21,636</u>	<u>18,131</u>

20. INTEREST EXPENSE

	<u>2012</u>	<u>2011</u>
Interest expense on RUR bonds	387	388
Interest expense on finance lease obligations	59	84
Interest expense on bank loans	179	104
Discounting of accounts receivables	49	-
Total interest expense	<u>674</u>	<u>576</u>

21. INCOME TAX

	<u>2012</u>	<u>2011</u>
Current income tax charge	(1,230)	(945)
Deferred income tax benefit	6	17
Total income tax	<u>(1,224)</u>	<u>(928)</u>

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22. 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 30 September 2012, are disclosed below:

Related party	Nature of relationship
OJSC Russian Railways (RZD)	Parent company
OJSC TransCreditBank	Associate of RZD
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. (FELB)	Associate of 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
CJSC Sberbank Leasing	Subsidiary of Sberbank (state-controlled entity)
OJSC Gazprombank	State-controlled entity
OJSC Bank VTB	State-controlled entity
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 majority of related-party transactions are with OJSC Russian Railways (RZD), its subsidiaries, joint ventures and associates (shown as "Other RZD group entites" in the table below), and OJSC TransCreditBank, which are also state-controlled.

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 accompanying interim condensed consolidated statement of comprehensive income.

The Group maintains several bank accounts at OJSC TransCreditBank.

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and balances with related parties as at and for the period ended 30 September 2012 are shown below:

	<u>Total</u>	<u>Parent company (RZD)</u>	<u>Other RZD group entities</u>	<u>Group's associates</u>	<u>Group's joint ventures</u>	<u>Other related parties</u>
ASSETS						
Non-current assets						
Advances for acquisition of non-current assets	9	-	-	-	-	9
Trade receivables	457	-	457	-	-	-
	<u>466</u>	<u>-</u>	<u>457</u>	<u>-</u>	<u>-</u>	<u>9</u>
Current assets						
Short-term investments	1,129	-	201	-	-	928
Cash and cash equivalents	2,314	-	2,314	-	-	-
Trade receivables	638	227	356	11	39	5
Other receivables	657	13	643	-	-	1
Advances to suppliers	1,292	1,277	12	-	-	3
	<u>6,030</u>	<u>1,517</u>	<u>3,526</u>	<u>11</u>	<u>39</u>	<u>937</u>
Total assets	<u>6,496</u>	<u>1,517</u>	<u>3,983</u>	<u>11</u>	<u>39</u>	<u>946</u>
LIABILITIES						
Current liabilities						
Trade payables	110	30	23	3	44	10
Liabilities to customers	60	1	22	2	-	35
Other payables	74	17	2	-	-	55
	<u>244</u>	<u>48</u>	<u>47</u>	<u>5</u>	<u>44</u>	<u>100</u>
Revenue						
Rail-based container shipping services	424	176	103	95	3	47
Agency fees	1,374	1,365	4	1	-	4
Integrated freight forwarding and logistics services	902	4	601	56	185	56
Other services	165	34	54	52	2	23
	<u>2,865</u>	<u>1,579</u>	<u>762</u>	<u>204</u>	<u>190</u>	<u>130</u>
Interest income on deposits	133	-	95	-	-	38
Other interest income	12	-	12	-	-	-
Gain recognised on disposal of interest in former associate	72	-	72	-	-	-
Other operating income	59	37	15	-	-	7
	<u>276</u>	<u>37</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>45</u>
Total income	<u>3,137</u>	<u>1,616</u>	<u>956</u>	<u>204</u>	<u>190</u>	<u>175</u>
Operating Expenses						
Freight and transportation services	2,652	2,629	4	2	1	16
Third-party charges relating to integrated freight forwarding and logistics services	5,223	5,084	5	33	80	21
Repair services	1,025	146	877	-	-	2
Rent of property and equipment	30	29	-	-	-	1
Other expenses	237	86	75	4	2	70
	<u>9,167</u>	<u>7,974</u>	<u>961</u>	<u>39</u>	<u>83</u>	<u>110</u>
Interest expense on finance lease obligations	29	-	-	-	-	29
Discounting of accounts receivables	86	-	86	-	-	-
	<u>115</u>	<u>-</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>29</u>
Total expenses	<u>9,282</u>	<u>7,974</u>	<u>1,047</u>	<u>39</u>	<u>83</u>	<u>139</u>
Acquisition of property, plant and equipment	136	-	128	-	-	8
Purchase of materials	2	-	-	-	-	2
Contributions to non-state pension funds	54	-	-	-	-	54
Total other transactions	<u>192</u>	<u>-</u>	<u>128</u>	<u>-</u>	<u>-</u>	<u>64</u>

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and balances with related parties as at 31 December 2011 and for the period ended 30 September 2011 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	5	-	5	-	-	-
Trade receivables	728	-	-	728	-	-
	733	-	5	728	-	-
Current assets						
Short-term investments	811	-	304	-	-	507
Cash and cash equivalents	1,657	-	1,657	-	-	-
Trade receivables	414	251	89	70	-	4
Other receivables	16	1	5	-	-	10
Advances to suppliers	1,815	1,752	60	-	-	3
	4,713	2,004	2,115	70	-	524
Total assets	5,446	2,004	2,120	798	-	524
LIABILITIES						
Current liabilities						
Trade payables	46	25	2	5	10	4
Liabilities to customers	102	34	21	-	25	22
Other payables	51	3	-	-	6	42
Finance lease obligations, current maturities	374	-	-	-	-	374
	573	62	23	5	41	442
Revenue						
Rail-based container shipping services	436	344	11	52	9	20
Agency fees	1,364	1,357	1	4	-	2
Integrated freight forwarding and logistics services	780	5	493	110	152	20
Other services	130	26	27	47	3	27
	2,710	1,732	532	213	164	69
Interest income on deposits	15	-	15	-	-	-
Other interest income	9	-	9	-	-	-
Other operating income	79	52	25	1	-	1
	103	52	49	1	-	1
Total income	2,813	1,784	581	214	164	70
Operating Expenses						
Freight and transportation services	2,283	2,233	5	44	-	1
Third-party charges relating to integrated freight forwarding and logistics services	4,510	4,329	15	131	35	-
Repair services	864	602	260	-	-	2
Rent of property and equipment	29	28	1	-	-	-
Other expenses	202	114	20	-	-	68
	7,888	7,306	301	175	35	71
Interest expense on finance lease obligations	62	-	9	-	-	53
Total expenses	7,950	7,306	310	175	35	124
Acquisition of property, plant and equipment	608	25	562	-	-	21
Purchase of materials	8	-	-	-	-	8
Contributions to non-state pension funds	53	-	-	-	-	53
Total other transactions	669	25	562	-	-	82

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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.

Dividends

As at 30 September 2012 RUR 609m and RUR 257m of dividends were paid to RZD and HALIMEDA INTERNATIONAL LIMITED, accordingly (as at 30 September 2011 RUR 20m and RUR 5m, respectively) (Note 10).

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 20 persons as at 30 September 2012 and 30 September 2011, respectively. Total gross compensation (including insurance contributions and before withholding of personal income tax) to key management personnel amounted to RUR 187m (including total insurance contributions of RUR 13m) and RUR 120m (including total insurance contributions of RUR 2m) for the periods ended 30 September 2012 and 2011, 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 14, during the period ended 30 September 2012, the Group recognised expenses of RUR 72m 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 38m.

23. COMMITMENTS UNDER OPERATING LEASES

As at 30 September 2012, the Group leases a loading platform at Dostyk Station in Kazakhstan and container terminal Dobra in Slovakia. The remaining period of agreements validity is 14 and 13 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:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Within one year	190	236
Within two to five years	394	332
After five years	776	705
Total minimum lease payments	<u>1,360</u>	<u>1,273</u>

24. CAPITAL COMMITMENTS

The Group's capital commitments as at 30 September 2012 and 31 December 2011 consisted of the following, including VAT:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Acquisition of containers and flatcars	1,622	1,037
Construction of container terminal complexes and modernisation of existing assets	310	349
Acquisition of premisses in office building	-	204
Acquisition of lifting machines and other equipment	178	14
Total capital commitments	<u>2,110</u>	<u>1,604</u>

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25. SUBSEQUENT EVENTS

Acquisition of flatcars – In October-November 2012 the Group obtained 160 flatcars from CJSC Metallurg Holding, for a total amount of RUR 366m (plus VAT in the amount of RUR 66m), 200 flatcars from LLC Speccompany, for a total amount of RUR 385m (plus VAT in the amount of RUR 69m).

Also in November 2012 the Group entered into an agreement with OJSC Roslavskiy vagonoremontniy zavod for the purchase of 250 flatcars for the total amount of RUR 480m (plus VAT in the amount of RUR 86m) and acquired 100 flatcars for the total amount of RUR 192m (plus VAT in the amount of RUR 35m).

Acquisition of ISO containers - In October-November 2012 the Group obtained 1,044 ISO containers from Yang Zhou Runyang Logistic Equipment Co.,Ltd, for a total amount of RUR 200m (not subject to VAT).