PUBLIC JOINT STOCK COMPANY TRANSCONTAINER

Interim Condensed Consolidated Financial Statements

For the Nine-Month Period Ended 30 September 2014

PJSC TRANSCONTAINER

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

Management is responsible for the preparation of interim condensed consolidated financial statements that present fairly the financial position of PJSC TransContainer (the "Company") and its subsidiaries (the "Group") as at 30 September 2014 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 statements, 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 statements 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 statements of the Group for the nine-month period ended 30 September 2014 were approved on 26 November 2014 by:

P. V. Baskakov General Director	**K. S. Kalmykov** Chief Accountant

(Amounts in millions of Russian Roubles)

	Notes	30 September 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	3	37,616	36,326
Advances for acquisition of non-current assets	3	260	243
Investment property		86	74
Intangible assets	4	173	150
Investments in associates and joint ventures	5	2,520	2,330
Trade receivables and other receivables	6	424	365
Other non-current assets		68	76
Total non-current assets		**41,147**	**39,564**
Current assets			
Inventory		299	358
Trade and other receivables	6	1,313	1,621
Prepayments and other current assets	7	2,446	3,435
Prepaid income tax		104	114
Short-term investments		7	1
Cash and cash equivalents	8	2,452	1,883
Total current assets		**6,621**	**7,412**
TOTAL ASSETS		**47,768**	**46,976**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	13,895	13,895
Treasury shares		(493)	(484)
Reserve fund		697	697
Translation reserve		77	10
Equity-settled employee benefits reserve	13	240	221
Other reserves, including investment property's revaluation reserve		(2,157)	(2,165)
Retained earnings		21,519	19,305
Total equity		**33,778**	**31,479**
Non-current liabilities			
Long-term debt	10	5,458	6,194
Finance lease obligations, net of current maturities	11	355	485
Employee benefit liability	12	1,022	1,096
Deferred tax liability		1,487	1,445
Total non-current liabilities		**8,322**	**9,220**
Current liabilities			
Trade and other payables	14	2,786	3,216
Short-term debt and current portion of long-term debt	10	1,601	1,693
Income tax payable		205	77
Taxes other than income tax payable	15	314	372
Provisions		14	19
Finance lease obligations, current maturities	11	165	66
Accrued and other current liabilities	16	583	834
Total current liabilities		**5,668**	**6,277**
TOTAL EQUITY AND LIABILITIES		**47,768**	**46,976**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

26 November 2014

PJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

		Nine-month period ended 30 September		Three-month period ended 30 September	
	Notes	**2014**	**2013**	**2014**	**2013**
Revenue	17	26,984	28,793	9,450	10,631
Other operating income	18	518	499	195	192
Operating expenses	19	(23,445)	(23,178)	(8,269)	(8,435)
Gain from early termination of finance lease	11	18	32	-	-
Interest expense	20	(495)	(569)	(156)	(184)
Interest income		118	182	23	41
Foreign exchange gain/(loss), net		239	62	206	(10)
Share of result of associates and joint ventures	5	148	5	58	-
Profit before income tax		**4,085**	**5,826**	**1,507**	**2,235**
Income tax expense	21	(784)	(1,160)	(285)	(346)
Profit for the period		**3,301**	**4,666**	**1,222**	**1,889**
Other comprehensive income (net of income tax)					
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit plans		30	19	3	27
Remeasurements of investment property		8	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		67	135	385	(73)
Other comprehensive income for the period		**105**	**154**	**388**	**(46)**
Total comprehensive income for the period		**3,406**	**4,820**	**1,610**	**1,843**
Profit attributable to:					
Equity holders of the parent		3,301	4,606	1,222	1,820
Non-controlling interest		-	60	-	69
Total comprehensive income attributable to:					
Equity holders of the parent		3,406	4,724	1,610	1,797
Non-controlling interest		-	96	-	46
Earnings per share, basic and diluted (Russian Roubles)		**237**	**332**	**88**	**131**
Weighted average number of shares outstanding		**13,914,986**	**13,891,246**	**13,913,854**	**13,891,464**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

26 November 2014

(Amounts in millions of Russian Roubles)

	Notes	2014	2013
Cash flows from operating activities:			
Profit before income tax		**4,085**	**5,826**
Adjustments for:			
Depreciation and amortisation	19	1,829	1,442
Change in provision for impairment of receivables		(5)	45
Profit on disposal of property, plant and equipment	18	(261)	(33)
Loss on impairment of property, plant and equipment	3	56	27
Share of result of associates	5	(148)	(5)
Interest expense, net		377	386
Equity-settled employee benefits reserve	13	19	33
Foreign exchange gain, net		(239)	(62)
Gain from early termination of finance lease	11	(18)	(32)
Other gains and losses		-	11
Operating profit before working capital changes, income tax paid and changes in other assets and liabilities		**5,695**	**7,638**
Decrease in inventory		394	83
Decrease/(increase) in trade and other receivables		390	(801)
Decrease in prepayments and other assets		998	1,097
Decrease in trade and other payables		(515)	(327)
Decrease in taxes other than income tax		(62)	(88)
Decrease in accrued expenses and other current liabilities		(252)	(227)
Decrease in employee benefit liabilities		(38)	(8)
Net cash from operating activities before income tax		**6,610**	**7,367**
Interest paid		(569)	(531)
Income tax paid		(613)	(987)
Net cash provided by operating activities		**5,428**	**5,849**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(3,238)	(2,317)
Proceeds from disposal of property, plant and equipment		58	7
Sale of long-term investments		18	-
Sale of short-term investments		751	3,926
Purchases of short-term investments		(757)	(3,706)
Purchases of intangible assets		(63)	(50)
Interest received		72	178
Net cash used in investing activities		**(3,159)**	**(1,962)**
Cash flows from financing activities:			
Repayments of finance lease obligations		(14)	(158)
Proceeds from long-term bonds		-	4,988
Dividends		(1,117)	(1,188)
Principal payments on long-term borrowings		(2)	(15)
Principal payments on short-term borrowings		-	(1,830)
Principal payments on short-term bonds		(750)	(3,000)
Net cash used in financing activities		**(1,883)**	**(1,203)**
Net increase in cash and cash equivalents		**386**	**2,684**
Cash and cash equivalents at beginning of the period		**1,883**	**1,318**
Foreign exchange effect on cash and cash equivalents		183	69
Net cash and cash equivalents at end of the period		**2,452**	**4,071**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

26 November 2014

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, including investment property's revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2013		**13,895**	**(490)**	**478**	**49**	**188**	**(2,221)**	**14,725**	**26,624**	**937**	**27,561**
Profit for the period		-	-	-	-	-	-	4,606	4,606	60	4,666
Other comprehensive income for the period		-	-	-	99	-	-	19	118	36	154
Total comprehensive income for the period		**-**	**-**	**-**	**99**	**-**	**-**	**4,625**	**4,724**	**96**	**4,820**
Equity-settled employee benefits reserve		-	-	-	-	33	-	-	33	-	33
Exercised options under option plan		-	6	-	-	(8)	-	8	6	-	6
Dividends		-	-	-	-	-	-	(1,187)	(1,187)	(50)	(1,237)
Transfer to reserve fund		-	-	219	-	-	-	(219)	-	-	-
Balance at 30 September 2013		**13,895**	**(484)**	**697**	**148**	**213**	**(2,221)**	**17,952**	**30,200**	**983**	**31,183**
Profit for the period		-	-	-	-	-	-	1,259	1,259	49	1,308
Other comprehensive income for the period		-	-	-	(138)	-	56	94	12	12	24
Total comprehensive income for the period		**-**	**-**	**-**	**(138)**	**-**	**56**	**1,353**	**1,271**	**61**	**1,332**
Equity-settled employee benefits reserve		-	-	-	-	8	-	-	8	-	8
Disposal of controlling interest in subsidiary		-	-	-	-	-	-	-	-	(1,044)	(1,044)
Balance at 31 December 2013		**13,895**	**(484)**	**697**	**10**	**221**	**(2,165)**	**19,305**	**31,479**	**-**	**31,479**
Profit for the period		-	-	-	-	-	-	3,301	3,301	-	3,301
Other comprehensive income for the period		-	-	-	67	-	8	30	105	-	105
Total comprehensive income for the period		**-**	**-**	**-**	**67**	**-**	**8**	**3,331**	**3,406**	**-**	**3,406**
Equity-settled employee benefits reserve	13	-	-	-	-	19	-	-	19	-	19
Acquisition of treasury shares		-	(9)	-	-	-	-	-	(9)	-	(9)
Dividends	9	-	-	-	-	-	-	(1,117)	(1,117)	-	(1,117)
Balance at 30 September 2014		**13,895**	**(493)**	**697**	**77**	**240**	**(2,157)**	**21,519**	**33,778**	**-**	**33,778**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

26 November 2014

(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. On 20 November 2014 Open Joint Stock Company TransContainer was renamed as Public Joint Stock Company.

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 operates 46 container terminals along the Russian railway network. As at 30 September 2014, the Company operated 15 branches in Russia. The Company's registered address is 19 Oruzheiniy pereulok, Moscow, 125047, Russian Federation.

TransContainer has ownership in the following major entities:

				% interest held		% voting rights	
Name of Entity	**Type**	**Country**	**Activity**	**30 September 2014**	**31 December 2013**	**30 September 2014**	**31 December 2013**
Oy ContainerTrans Scandinavia Ltd.	Joint venture	Finland	Container shipments	50	50	50	50
JSC TransContainer-Slovakia	Subsidiary	Slovakia	Container shipments	100	100	100	100
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture	China	Container shipments	49	49	50	50
TransContainer Europe GmbH	Subsidiary	Austria	Container shipments	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
Trans-Eurasia Logistics GmbH	Associate	Germany	Container shipments	20	20	20	20
LLC TransContainer Finance (Note 13)	Subsidiary	Russia	Share option programme operator	100	100	100	100
JSC Kedentransservice (Note 5)	Joint venture	Kazakhstan	Container shipments	50	50	50	50
Helme's Operation UK Limited	Joint venture	Great Britain	Investment activity	50	50	50	50
Logistic Investment S.a.r.l.	Subsidiary	Luxemburg	Investment activity	100	100	100	100
Logistic System Management B.V.	Joint venture	Netherlands	Investment activity	50	50	50	50

Significant impact on the financial indicators of the Group's performance for the nine-month period ended 30 September 2014 compared to the same time period ended 30 September 2013 have been made by the change in the accounting method of investment in JSC Kedentransservice due to the loss of control over it in December 2013. As a result of loss of the control, JSC Kedentransservice was recognised as an investment in joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures.

The interim condensed consolidated financial statements of PJSC TransContainer and its subsidiaries (the "Group") as at 30 September 2014 and for the nine-month period then ended were authorised for issue by the General Director of the Company on 26 November 2014.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance – The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS"). These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting".

The consolidated statement of financial position as at 31 December 2013, included in these interim condensed consolidated financial statements, has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2013. These interim condensed consolidated financial statements 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 statements are consistent with those used in the preparation of the Group's annual consolidated financial statements as at 31 December 2013 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.

The Group has adopted all new standards and interpretations that were effective from 1 January 2014. The impact of the adoption of these new standards and interpretations has not been significant with respect to this interim condensed consolidated financial statements.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the consolidated financial statements as at and for the year ended 31 December 2013, have been issued but are not effective for the financial year beginning 1 January 2014 and which the Group has not early adopted.

New and revised standards and interpretations

New standards and interpretations those are mandatory for reporting periods beginning on or after 1 January 2015 or later periods that are applicable for the Group's activity and which the Group has not early adopted, are as follows:

IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The Group is currently assessing the impact of the abovementioned new standards and amendmends on its consolidated financial statements.

Estimates – The preparation of interim condensed consolidated financial statements 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. In preparing these interim condensed consolidated financial statements, 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 as at and for the year ended 31 December 2013 with the exception of changes in estimates that are required in determining the provision for income taxes (Note 21), some actuarial assumptions (Note 12) and useful lives of property, plant and equipment (Note 3).

Methods of revenue recognition and the key judgments applicable in the current period comply with the basic principles used in preparing the consolidated financial statements as at and for the year ended 31 December 2013. For the nine-month period ended 30 September 2014 had the railway tariff directly attributable to integrated freight forwarding and logistics services that have certain characteristics of agency services been excluded from revenue and expenses both would have decreased by RUR 11,572m (RUR 9,977m for the nine-month period ended 30 September 2013). For the three-month period ended 30 September 2014 had the railway tariff directly attributable to such services been excluded from revenue and expenses both would have decreased by RUR 4,107m (RUR 3,849m for the three-month period ended 30 September 2013).

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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. 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 2013, 74% of revenues accumulated in the first three quarters of the year, with 26% accumulating in the fourth quarter.

3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS

	Land, buildings and constructions	Locomotives, containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in progress	Total
Cost						
1 January 2014	**10,711**	**33,625**	**1,652**	**2,542**	**792**	**49,322**
Additions	12	2,896	38	80	201	**3,227**
Transfers	130	430	-	-	(560)	**-**
Capitalised borrowing costs	-	-	-	-	17	**17**
Disposals	(19)	(505)	(8)	(58)	(3)	**(593)**
30 September 2014	**10,834**	**36,446**	**1,682**	**2,564**	**447**	**51,973**
Accumulated depreciation						
1 January 2014	**(1,731)**	**(8,796)**	**(892)**	**(1,577)**	**-**	**(12,996)**
Depreciation charge for the period	(184)	(1,333)	(58)	(222)	-	**(1,797)**
Impairment charge	(4)	4	(14)	(42)	-	**(56)**
Disposals	13	423	6	50	-	**492**
30 September 2014	**(1,906)**	**(9,702)**	**(958)**	**(1,791)**	**-**	**(14,357)**
Net book value						
1 January 2014	**8,980**	**24,829**	**760**	**965**	**792**	**36,326**
30 September 2014	**8,928**	**26,744**	**724**	**773**	**447**	**37,616**
Cost						
1 January 2013	**10,464**	**30,229**	**1,680**	**2,917**	**1,482**	**46,772**
Additions	91	1,709	141	195	1,289	**3,425**
Transfers	1,057	408	106	34	(1,605)	**-**
Capitalised borrowing costs	-	-	-	-	65	**65**
Disposals	(72)	(391)	(6)	(45)	-	**(514)**
Exchange difference	68	23	10	20	-	**121**
30 September 2013	**11,608**	**31,978**	**1,931**	**3,121**	**1,231**	**49,869**
Accumulated depreciation						
1 January 2013	**(1,791)**	**(8,255)**	**(932)**	**(1,557)**	**(4)**	**(12,539)**
Depreciation charge for the period	(182)	(861)	(78)	(253)	-	**(1,374)**
Impairment charge	(21)	(1)	-	(2)	(3)	**(27)**
Disposals	42	249	3	37	-	**331**
Exchange difference	(9)	(10)	(3)	(5)	-	**(27)**
30 September 2013	**(1,961)**	**(8,878)**	**(1,010)**	**(1,780)**	**(7)**	**(13,636)**
Net book value						
1 January 2013	**8,673**	**21,974**	**748**	**1,360**	**1,478**	**34,233**
30 September 2013	**9,647**	**23,100**	**921**	**1,341**	**1,224**	**36,233**

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

3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS (CONTINUED)

Included under land, buildings and constructions are the amounts of RUR 109m and RUR 109m, which represent the value of land plots owned by the Group as at 30 September 2014 and 31 December 2013, respectively.

The vehicles and other equipment group includes motor transport used for terminal services and truck deliveries with gross carrying amount of RUR 833m and RUR 845m as at 30 September 2014 and 31 December 2013, respectively.

As at 31 December 2013 the Group revised the useful lives of individual fixed assets mainly within a group of flatcars. As a result, the amount of depreciation charges for the nine-month period ended 30 September 2014 increased by RUR 346m in comparison with the one that would have been charged under the previous useful life, ranges of economic useful lives for property, plant and equipment groups remain unchanged. The estimation of the effect on further periods is impracticable.

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to RUR 1,619m and RUR 1,678m as at 30 September 2014 and 31 December 2013, respectively.

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

	30 September 2014	31 December 2013
Cost	530	792
Accumulated deprecation	(196)	(285)
Net book value	**334**	**507**

Construction in-progress as at 30 September 2014 consisted mainly of the capital expenditures incurred for the reconstructions and expansion of container terminals in Yekaterinburg, Krasnoyarsk, Irkutsk and Moscow region amounting to RUR 158m, RUR 72m, RUR 58m and RUR 57m, respectively, and containers acquired for the amount of RUR 5m.

Construction in-progress as at 31 December 2013 consisted mainly of the capital expenditures incurred for the reconstructions and expansion of container terminals in Yekaterinburg, Khabarovsk, Irkutsk and Moscow region amounting to RUR 143m, RUR 56m, RUR 54m and RUR 57m, respectively, and containers acquired for the amount of RUR 367m.

Amounts related to construction in-progress include capitalised interest expenses on bonds in connection with the construction and reconstructions of property, plant and equipment items. The total amount of interest capitalised for the nine-month period ended 30 September 2014 was RUR 17m at a rate of capitalisation of 8.64% and RUR 87m capitalised for the year ended 31 December 2013 at a rate of capitalisation of 9.19%.

Leased asset, for which the Group is a lessee under finance leases primarily related to land, buildings and constructions and comprised the following:

	30 September 2014	31 December 2013
Cost	575	575
Accumulated depreciation	(18)	(12)
Net book value	**557**	**563**

The Group continues to use a part of non-residential premises in a Moscow head office building under the finance lease agreement. The remaining premises at gross carrying amount of RUR 2,479m are owned by the Group and included in the group land, buildings and constructions.

See Note 11 for further details regarding finance leases.

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

3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS (CONTINUED)

Advances for acquisition of non-current assets

As at 30 September 2014 and 31 December 2013, advances for the acquisition of non-current assets, net of VAT and impairment provisions, consisted of advances for the acquisition of real estate (RUR 58m and RUR 0m, respectively) advances for the acquisition of cranes and loaders (RUR 132m and RUR 147m, respectively), advances for the acquisition of containers (RUR 41m and RUR 85m, respectively), advances for construction-and-assembling operations (RUR 15m and RUR 0m, respectively) and advances for the acquisition of other non-current assets (RUR 14m and RUR 11m, respectively).

As at 30 September 2014 and 31 December 2013 provision was recognised for impairment of advances for acquisition of non-current assets in the amount of RUR 46m and RUR 48m, respectively (Note 6).

4. INTANGIBLE ASSETS

	Lease agreements	Software	Total
Cost			
1 January 2013	**613**	**168**	**781**
Additions	-	147	**147**
Disposals	-	(57)	**(57)**
Exchange difference	26	-	**26**
30 September 2013	**639**	**258**	**897**
1 January 2014	**-**	**287**	**287**
Additions	-	55	**55**
Disposals	-	(118)	**(118)**
30 September 2014	**-**	**224**	**224**
Accumulated amortisation			
1 January 2013	**(80)**	**(110)**	**(190)**
Disposals	-	26	**26**
Amortisation charge for the period	(28)	(40)	**(68)**
Exchange difference	(10)	-	**(10)**
30 September 2013	**(118)**	**(124)**	**(242)**
1 January 2014	**-**	**(137)**	**(137)**
Disposals	-	118	**118**
Amortisation charge for the period	-	(32)	**(32)**
30 September 2014	**-**	**(51)**	**(51)**
Net book value			
1 January 2014	**-**	**150**	**150**
30 September 2014	**-**	**173**	**173**

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

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The table below summarises the movements in the carrying amount of the Group's investment in associates and joint ventures.

	2014				2013			
	Joint Venture JSC Kedentrans-service	Other joint ventures	Associates	Total associates and joint ventures	Joint Venture JSC Kedentrans-service	Other joint ventures	Associates	Total associates and joint ventures
Carrying amount as at 1 January	**2,270**	**50**	**10**	**2,330**	**-**	**43**	**11**	**54**
Share of financial result of associates and joint ventures	147	2	(1)	**148**	-	5	-	**5**
Effect of translation to presentation currency	32	9	1	**42**	-	1	-	**1**
Carrying amount as at 30 September	**2,449**	**61**	**10**	**2,520**	**-**	**49**	**11**	**60**

6. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
30 September 2014			
Trade receivables	1,297	(167)	1,130
Other receivables	192	(9)	183
Total trade and other receivables, classified as financial assets	**1,489**	**(176)**	**1,313**
31 December 2013			
Trade receivables	1,365	(162)	1,203
Other receivables	427	(9)	418
Total trade and other receivables, classified as financial assets	**1,792**	**(171)**	**1,621**

Long-term receivables are represented mainly by accounts receivable of OJSC RZD Logistics, which expected to be fully repaid till March 2018. A discount rate of 8.6% has been used for the receivables' fair value determination. As at 30 September 2014 the fair value of long-term accounts receivable of OJSC RZD Logistics amounted to RUR 423m (RUR 364m as at 31 December 2013).

Movement in the impairment provision for trade and other receivables and prepayments is as follows:

Balance as at 1 January 2013	**(184)**
Additional provision, recognised in the current period	(51)
Release of provision	6
Utilisation of provision	7
Exchange differences on translating foreign operations	(4)
Balance as at 30 September 2013	**(226)**
Additional provision, recognised in the current period	(150)
Release of provision	1
Utilisation of provision	10
Disposal of controlling interest in subsidiary	104
Exchange differences on translating foreign operations	2
Balance as at 31 December 2013	**(259)**

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

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

Additional provision, recognised in the current period	(4)
Release of provision	9
Utilisation of provision	17
Exchange differences on translating foreign operations	(22)
Balance as at 30 September 2014	**(259)**

As at 30 September 2014 and 31 December 2013 provision for impairment of accounts receivable was recognised in respect of trade and other receivables balances (RUR 176m and RUR 171m, respectively), advances to suppliers (RUR 37m and RUR 40m, respectively), advances for acquisition of non-current assets (RUR 46m and RUR 48m, respectively, Note 3).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2014	31 December 2013
VAT receivable	1,247	1,674
Advances to suppliers	1,071	1,633
Other current assets	128	128
Total prepayments and other current assets	**2,446**	**3,435**

8. CASH AND CASH EQUIVALENTS

	30 September 2014	31 December 2013
Cash and Russian Rouble denominated current accounts with banks	291	742
Foreign currency denominated current accounts with banks	1,021	1,141
Russian Rouble denominated bank deposits	1,140	-
Total cash and cash equivalents	**2,452**	**1,883**

Four Russian Rouble-denominated short-term bank deposits in the total amount of RUR 1,139m, bearing interest at annual rates in a range from 7.25% to 10.12%, were placed with OJSC Bank VTB and OJSC Gazprombank, a related parties, as at 30 September 2014 (Note 22). The total amount of accrued interest amounted to RUR 1m. The deposits matured on October and December 2014.

9. EQUITY

Share Capital

As at 30 September 2014, the Company's authorised, issued and paid share capital has not changed since 31 December 2013. OJSC Russian Railways (OJSC "RZD" or "RZD") is the controlling shareholder of the Company, holding 50%+2 of its ordinary shares.

Dividends

Dividends of RUR 81.47 per share (RUR 1,117m in total) were approved at the annual shareholders' meeting on 24 June 2014 relating to the Group's results for the year ended 31 December 2013. In July 2014 the dividends have been fully paid.

Dividends of RUR 86.67 per share (RUR 1,187m in total) were approved at the annual shareholders' meeting on 26 June 2013 relating to the Group's results for the year ended 31 December 2012. In August 2013 the dividends have been fully paid.

Dividends of KZT 561.31 per share were approved at the annual shareholders' meeting of JSC Kedentransservice on 27 June 2013 relating to the results for the year ended 31 December 2012. Dividends for the total amount of KZT 233m (RUR 50m at the Central Bank of Russia exchange rate as at 27 June 2013) were accrued to the shareholder of JSC Kedentransservice JSC National Company "Kazakh Temir Zholy".

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

10. LONG-TERM AND SHORT-TERM DEBT

Long-term debt

	Effective interest rate	30 September 2014	31 December 2013
Bonds	8.35%-8.8%	4,990	5,724
Other borrowings	9.5%	468	470
Total		**5,458**	**6,194**

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

During the year ended 31 December 2011 the Group obtained borrowed funds from LLC TrustUnion Asset Management for the amount of RUR 514m to finance the acquisition of ordinary shares in PJSC TransContainer in order to carry out a Share Option Plan for the Company's management (Note 13). The loan matures in five years. As at 30 September 2014 the amount of loan was RUR 468m (RUR 470m as at 31 December 2013).

Five-year RUR bonds, series 2

Company made the first and second principal repayments in December 2013 and June 2014 for the total amount of RUR 1,500m.

As at 30 September 2014 the carrying value of the bonds amounted to RUR 1,490m and this amount was included as short-term debt in the interim condensed consolidated statement of financial position.

As at 31 December 2013 the carrying value of the bonds amounted to RUR 2,236m. Short-term portion of long-term bonds was RUR 1,500m as at 31 December 2013 and this amount was included as short-term debt in the interim condensed consolidated statement of financial position.

The amount of accrued interest as at 30 September 2014 was RUR 42m (RUR 18m as at 31 December 2013), and was included as short-term debt in the interim condensed consolidated statement of financial position.

Five-year RUR bonds, series 4

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

As at 30 September 2014 the carrying value of the bonds amounted to RUR 4,990m (RUR 4,988m as at 31 December 2013). The amount of accrued interest is RUR 69m (RUR 175m as at 31 December 2013) and has been included as short-term debt in the interim condensed consolidated statement of financial position.

Current portion of long-term debt

	Effective interest rate	30 September 2014	31 December 2013
Short-term portion of long-term bonds	8.8%	1,601	1,693
Total		1,601	1,693

11. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Due within one year	168	69	165	66
Due after one year but not more than five years	489	703	355	485
	657	772	520	551
Less future finance charges	(137)	(221)	-	-
Present value of minimum lease payments	**520**	**551**	**520**	**551**

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

11. FINANCE LEASE OBLIGATIONS (CONTINUED)

As at 30 September 2014 the Group continues to use a part of non-residential premises in a Moscow head office building under the lease agreement. The lease agreement is for a six-year period with an effective interest rate of 9.65%.

In accordance with the lease agreement if the Group does not use the right to acquire the leased premises during the lease period or does not entitle third parties to use the right to acquire the leased premises, the Group is obliged to acquire the leased premises for the amount of RUR 465m at the end of lease period.

As at 30 September 2014 a part of obligation in the amount of RUR 116m was reclassified as current liabilities in connection with the partial acquisition of premises planned to be carried out until the end of 2014, that resulted in recognition of income from early termination of finance lease obligations for a total amount of RUR 18m in the profit or loss.

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

12. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognised as an expense in respect of payments to defined contribution plans for the nine-month periods ended 30 September 2014 and 30 September 2013 consisted of the following:

	2014	2013
Pension Fund of the Russian Federation	450	436
Defined contribution plan "Blagosostoyanie"	14	13
Total expense for defined contribution plans	**464**	**449**

The total amount recognised as an expense in respect of payments to defined contribution plans for the three-month periods ended 30 September 2014 and 30 September 2013 consisted of the following:

	2014	2013
Pension Fund of the Russian Federation	125	129
Defined contribution plan "Blagosostoyanie"	5	8
Total expense for defined contribution plans	**130**	**137**

Defined benefit plans

Principal actuarial assumptions as at 30 September 2014 were substantially the same as those that applied to the consolidated financial statements as at 31 December 2013 with the exception of changes in discount rate, which increased up to 9.4% as at 30 September 2014 (as at 31 December 2013: 7.8%) and the projected average annual consumer price inflation in 2014-2017, which as at 30 September 2014 was 6.5% (as at 31 December 2013: 5.3%).

The amounts recognised in the interim condensed consolidated statement of profit or loss for the nine-month period ended 30 September 2014 and 30 September 2013 in respect of these defined benefit plans, include the following:

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

12. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

	Post-employment benefits		Other long-term benefits		Total	
	2014	2013	2014	2013	2014	2013
Service cost	19	3	91	89	110	92
Net interest on obligation	39	49	13	15	52	64
Remeasurements of the net defined benefit	-	-	-	(20)	-	(20)
Net expense recognised in the consolidated profit or loss	**58**	**52**	**104**	**84**	**162**	**136**

The amounts recognised in the interim condensed consolidated statement of profit or loss for the three-month period ended 30 September 2014 and 30 September 2013 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2014	2013	2014	2013	2014	2013
Service cost	8	12	30	29	38	41
Net interest on obligation	12	16	3	4	15	20
Remeasurements of the net defined benefit	-	-	5	(15)	5	(15)
Net expense recognised in the consolidated profit or loss	**20**	**28**	**38**	**18**	**58**	**46**

Net income recognised in other comprehensive income related mainly to remeasurements of the net defined benefit constitute RUR 30m for the nine-month periods ended 30 September 2014 and net income recognised in other comprehensive income constitute RUR 19m for the nine-month periods ended 30 September 2013.

The amounts recognised in interim condensed consolidated statement of financial position as at 30 September 2014 and 31 December 2013 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2014	2013	2014	2013	2014	2013
Present value of defined benefit obligation	761	837	318	321	1,079	1,158
Fair value of plan assets	(57)	(62)	-	-	(57)	(62)
Net employee benefit liability	**704**	**775**	**318**	**321**	**1,022**	**1,096**

13. 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").

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

13. EMPLOYEE SHARE OPTION PLAN (CONTINUED)

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 circumstanses, 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 TransContainer Finance, which is fully controlled by the Group.

Plan participants may be entitled to sell the shares acquired through exercise of options to the Group by market price. Options related to the shares repurchased under the Plan from participants and shares in respect of which the participants forfeited their right to purchase, could be granted to other or new Plan participants.

Active Participants of the Plan will have up until June 2016 to exercise their share options.

In relation to the Plan, at the date of its recognition the Group had purchased 208,421 treasury shares. Their purchase cost was RUR 514m. The shares were purchased by LLC TransContainer Finance.

At 13 May 2014 the Board of Directors amended the list of Plan Participants and the number of share options for some Plan Participants. These changes are disclosed as granted and cancelled options.

The following number of share options is outstanding:

	Number of shares
Options outstanding at 1 January 2013	**171,873**
Options exercised during the year	(6,696)
Options outstanding at 31 December 2013	**165,177**
Options granted during the period	11,708
Options cancelled during the period	(1,953)
Options outstanding at 30 September 2014	**174,932**

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 13 May 2014	Options granted as at 20 May 2011
Share price (in Russian Roubles)	2,878	3,116
Exercise price (in Russian Roubles) (including expenses related to implementation of the Plan)	2,367 - 2,853	2,464 - 3,145
Expected volatility	47%	37%
Option life	1-2 years	1-5 years
Risk-free interest rate	7.9%-8.4%	4.6%-7.4%
Fair value at measurement date (in Russian Roubles)	**845 - 938**	**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 last six months before grant date.

During the nine-month period ended 30 September 2014 the Group recognised expenses of RUR 19m, related to the options. These expenses were included into payroll. During the three-months ended 30 September 2014 there were no expenses related to the options.

During the nine-month period ended 30 September 2014 no options were exercised.

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

13. EMPLOYEE SHARE OPTION PLAN (CONTINUED)

Movements in the reserve held for Share-based option plan during the nine-month period ended 30 September 2014 and 30 September 2013:

	2014	2013
Reserve as at 1 January	**221**	**188**
Expense recognised for the period	19	33
Exercised options under option plan	-	(8)
Reserve as at 30 September	**240**	**213**

14. TRADE AND OTHER PAYABLES

	30 September 2014	31 December 2013
Trade payables	398	505
Amounts payable for the acquisition of property, plant and equipment	106	90
Total financial liabilities within trade and other payable	**504**	**595**
Liabilities to customers (advances)	2,282	2,621
Total trade and other payables	**2,786**	**3,216**

15. TAXES OTHER THAN INCOME TAX PAYABLE

	30 September 2014	31 December 2013
Property tax	137	148
Social insurance contribution	114	171
Personal income tax	28	26
VAT	32	22
Other taxes	3	5
Total taxes other than income tax payable	**314**	**372**

16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 September 2014	31 December 2013
Settlements with employees	483	740
Other liabilities (financial liabilities)	100	94
Total accrued expenses and other current liabilities	**583**	**834**

Settlements with employees as at 30 September 2014 and 31 December 2013 comprised accrued salaries and bonuses of RUR 324m and RUR 580m, respectively, and accruals for unused vacation of RUR 159m and RUR 160m, respectively.

17. SEGMENT INFORMATION

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

Analysis of revenue by category

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2014	2013	2014	2013
Integrated freight forwarding and logistics services	20,106	17,429	6,965	6,663
Rail-based container shipping services	4,082	6,270	1,474	2,140
Terminal services and agency fees	1,584	3,051	590	1,087
Truck deliveries	734	1,055	257	379
Other freight forwarding services	210	446	69	161
Bonded warehousing services	179	301	61	110
Other	89	241	34	91
Total revenue	**26,984**	**28,793**	**9,450**	**10,631**

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

17. SEGMENT INFORMATION (CONTINUED)

Analysis of revenue by location of customers

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2014	**2013**	**2014**	**2013**
Revenue from external customers				
Russia	21,250	21,236	7,724	7,811
Korea	2,678	1,349	838	653
Germany	1,356	831	333	343
Kazakhstan	627	3,870	128	1,215
Latvia	344	91	173	51
China	240	445	91	221
Cyprus	116	145	40	76
Switzerland	73	64	1	39
Other	300	762	122	222
Total revenue	**26,984**	**28,793**	**9,450**	**10,631**

During the nine-month period ended 30 September 2014, UNICO LOGISTICS CO. LTD accounted for RUR 2,404m or 9% of the Group’s total revenue (for the nine-month period ended 30 September 2013: RUR 977m or 3% of the Group’s total revenue).

During the nine-month period ended 30 September 2014, OJSC RZD and its subsidiaries accounted for RUR 1,933m or 7% of the Group’s total revenue (for the nine-month period ended 30 September 2013: RUR 1,760m or 6% of the Group’s total revenue).

18. OTHER OPERATING INCOME

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2014	**2013**	**2014**	**2013**
Income from the sale of inventory and from the reuse of spare parts	127	281	46	112
Income from the sale and disposal of property, plant and equipment	261	33	124	56
Refund of VAT on the sale of services by applying the tax rate 0%	-	130	-	-
Other operating income	130	55	25	24
Total operating income	**518**	**499**	**195**	**192**

19. OPERATING EXPENSES

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2014	**2013**	**2014**	**2013**
Cost of integrated freight forwarding and logistics services	11,572	9,977	4,107	3,849
Freight and transportation services	3,605	3,180	1,238	1,095
Payroll and related charges	3,159	3,404	1,064	1,162
Depreciation and amortisation	1,829	1,442	639	502
Materials, repair and maintenance	1,552	2,132	646	831
Taxes other than income tax	461	494	187	64
Rent	309	1,224	107	480
Security	155	224	53	76
Consulting services	140	163	53	60
Fuel costs	122	155	39	48
License and software	74	92	29	30
Communication costs	50	67	17	22
Other expenses	417	624	90	216
Total operating expenses	**23,445**	**23,178**	**8,269**	**8,435**

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

20. INTEREST EXPENSE

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2014	2013	2014	2013
Interest expense on RUR bonds	424	465	133	153
Interest expense on finance lease obligations	38	56	12	18
Interest expense on bank loans and borrowings	33	48	11	13
Total interest expense	**495**	**569**	**156**	**184**

21. INCOME TAX

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2014	2013	2014	2013
Current income tax charge	(751)	(1,084)	(338)	(470)
Deferred income tax expense	(33)	(76)	53	124
Income tax	**(784)**	**(1,160)**	**(285)**	**(346)**

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the nine-month period ended 30 September 2014 was 19.2% (for the nine-month period ended 30 September 2013: 20%). Decrease in the estimated average annual expected tax rate is mainly due to the decrease of the ownership interest in JSC Kedentransservice occurred in December 2013 and the corresponding change of the method of accounting for JSC Kedentransservice in the Group's consolidated financial statements.

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 "Related party disclosures", parties are considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and 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 2014, are disclosed below:

Related party	Nature of relationship
OJSC Russian Railways	Parent company
JSC Kedentransservice	Joint venture of the Company
Oy ContainerTrans ScandinaviaLtd	Joint venture of the Company
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture of the Company
Trans-Eurasia Logistics GmbH	Associate of the Company
Far East Land Bridge Ltd.	Associate of the RZD
CJSC Torgovy'y dom TMH	Associate of the RZD
OJSC Wagon Repair Company - 1	Subsidiary of RZD
OJSC Wagon Repair Company - 2	Subsidiary of RZD
OJSC Wagon Repair Company - 3	Subsidiary of RZD
OJSC RZD Logistics	Subsidiary of RZD
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

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

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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 these interim condensed consolidated financial statements.

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 related parties" in the tables below. The Group also enters in transactions with government entities for equisition of goods and providing services like electricity, taxes and post services. These transactions are conducted on commercial terms. The majority of related-party transactions are with OJSC Russian Railways, its subsidiaries, joint ventures and associates (shown as "Other RZD group entites" in the table below), and OJSC Bank VTB, 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 consolidated profit or loss.

As at 30 September 2014, the outstanding balances with related parties were as follows:

	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
ASSETS						
Non-current assets						
Trade and other receivables	-	423	-	-	-	**423**
Current assets						
Cash and cash equivalents	-	-	-	-	2,287	**2,287**
Trade receivables	229	326	13	25	2	**595**
Other receivables	21	112	-	3	24	**160**
Advances to suppliers	877	12	-	30	3	**922**
	1,127	450	13	58	2,316	**3,964**
Total assets	**1,127**	**873**	**13**	**58**	**2,316**	**4,387**
LIABILITIES						
Current liabilities						
Trade payables	13	12	-	20	13	**58**
Liabilities to customers	-	21	-	4	46	**71**
Other payables	-	-	-	-	23	**23**
Total liabilities	**13**	**33**	**-**	**24**	**82**	**152**

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

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The income and expense items with related parties for the nine-month period ended 30 September 2014 were as follows:

	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
Revenue						
Rail-based container shipping services	98	29	4	80	44	**255**
Terminal services and agency fees	1,259	5	-	-	4	**1,268**
Integrated freight forwarding and logistics services	2	568	106	172	161	**1,009**
Other services	14	23	2	2	14	**55**
	1,373	625	112	254	223	**2,587**
Interest income on deposits	-	-	-	-	68	**68**
Other interest income	-	-	-	-	4	**4**
Other operating income	65	77	-	2	1	**145**
	65	77	-	2	73	**217**
Total income	**1,438**	**702**	**112**	**256**	**296**	**2,804**
Operating Expenses						
Freight and transportation services	2,386	1	-	425	8	**2,820**
Third-party charges relating to integrated freight forwarding and logistics services	8,863	2	18	1,138	48	**10,069**
Repair services	241	522	-	-	2	**765**
Rent of property and equipment	23	1	-	-	2	**26**
Other expenses	65	57	1	-	77	**200**
Total expenses	**11,578**	**583**	**19**	**1,563**	**137**	**13,880**
Purchases of property, plant and equipment	-	861	-	-	56	**917**
Contributions to non-state pension funds	-	-	-	-	89	**89**
Total other transactions	**-**	**861**	**-**	**-**	**145**	**1,006**

The income and expense items with related parties for the three-month period ended 30 September 2014 were as follows:

	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
Revenue						
Rail-based container shipping services	55	7	1	10	20	**93**
Terminal services and agency fees	461	2	-	-	2	**465**
Integrated freight forwarding and logistics services	-	234	40	68	43	**385**
Other services	5	8	-	1	5	**19**
	521	251	41	79	70	**962**
Interest income on deposits	-	-	-	-	13	**13**
Other interest income	-	-	-	-	1	**1**
Other operating income	26	13	-	-	1	**40**
	26	13	-	-	15	**54**
Total income	**547**	**264**	**41**	**79**	**85**	**1,016**
Operating Expenses						
Freight and transportation services	824	1	-	114	4	**943**
Third-party charges relating to integrated freight forwarding and logistics services	3,167	1	1	353	21	**3,543**
Repair services	101	200	-	-	1	**302**
Rent of property and equipment	8	-	-	-	1	**9**
Other expenses	21	20	-	-	21	**62**
Total expenses	**4,121**	**222**	**1**	**467**	**48**	**4,859**
Purchases of property, plant and equipment	-	-	-	-	5	**5**
Contributions to non-state pension funds	-	-	-	-	30	**30**
Total other transactions	**-**	**-**	**-**	**-**	**35**	**35**

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

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

As at 31 December 2013, the outstanding balances with related parties were as follows:

	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
ASSETS						
Non-current assets						
Trade receivables	-	364	-	-	-	**364**
Current assets						
Short-term investments	-	-	-	-	1,811	**1,811**
Cash and cash equivalents	228	400	21	85	2	**736**
Trade receivables	65	94	-	2	96	**257**
Other receivables	1,475	59	2	-	1	**1,537**
	1,768	553	23	87	1,910	**4,341**
Total assets	**1,768**	**917**	**23**	**87**	**1,910**	**4,705**
LIABILITIES						
Current liabilities						
Trade payables	12	5	1	156	9	**183**
Liabilities to customers	2	28	1	8	69	**108**
Other payables	-	-	-	-	73	**73**
Total liabilities	**14**	**33**	**2**	**164**	**151**	**364**

The income and expense items with related parties for the nine-month period ended 30 September 2013 were as follows:

	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
Revenue						
Rail-based container shipping services	104	248	6	12	104	**474**
Terminal services and agency fees	1,252	9	2	-	3	**1,266**
Integrated freight forwarding and logistics services	4	282	89	33	77	**485**
Other services	23	48	16	3	25	**115**
	1,383	587	113	48	209	**2,340**
Interest income on deposits	-	-	-	-	159	**159**
Other interest income	-	-	-	-	11	**11**
Other operating income	95	33	2	-	3	**133**
	95	33	2	-	173	**303**
Total income	**1,478**	**620**	**115**	**48**	**382**	**2,643**
Operating Expenses						
Freight and transportation services	2,267	1	-	-	6	**2,274**
Third-party charges relating to integrated freight forwarding and logistics services	6,390	4	3	16	23	**6,436**
Repair services	258	805	-	-	2	**1,065**
Rent of property and equipment	29	-	-	-	3	**32**
Other expenses	98	45	-	-	94	**237**
Total expenses	**9,042**	**855**	**3**	**16**	**128**	**10,044**
Purchases of property, plant and equipment	6	93	-	-	45	**144**
Contributions to non-state pension funds	-	-	-	-	63	**63**
Total other transactions	**6**	**93**	**-**	**-**	**108**	**207**

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

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The income and expense items with related parties for the three-month period ended 30 September 2013 were as follows:

	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties	Total
Revenue						
Rail-based container shipping services	51	78	2	4	40	**175**
Terminal services and agency fees	461	2	1	-	1	**465**
Integrated freight forwarding and logistics services	1	43	37	15	34	**130**
Other services	7	18	7	1	8	**41**
	520	141	47	20	83	**811**
Interest income on deposits	-	-	-	-	51	**51**
Other interest income	-	-	-	-	3	**3**
Other operating income	40	(9)	-	-	1	**32**
	40	(9)	-	-	55	**86**
Total expenses	**560**	**132**	**47**	**20**	**138**	**897**
Operating Expenses						
Freight and transportation services	785	1	-	-	1	**787**
Third-party charges relating to integrated freight forwarding and logistics services	2,405	1	1	3	5	**2,415**
Repair services	95	281	-	-	-	**376**
Rent of property and equipment	10	-	-	-	(1)	**9**
Other expenses	26	13	-	-	35	**74**
Total expenses	**3,321**	**296**	**1**	**3**	**40**	**3,661**
Purchases of property, plant and equipment	-	-	-	-	9	**9**
Contributions to non-state pension funds	-	-	-	-	34	**34**
Total other transactions	**-**	**-**	**-**	**-**	**43**	**43**

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 2014 dividends payable to RZD and FAR-EASTERN SHIPPING COMPANY PLC. amounted to RUR 566m and RUR 232m, respectively, and were paid in July 2014.

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 and 20 persons as at 30 September 2014 and 30 September 2013, respectively.

Total gross compensation, including insurance contributions and before withholding of personal income tax, to key management personnel amounted to RUR 162m (including total insurance contributions of RUR 11m) and RUR 133m (including total insurance contributions of RUR 9m) for the nine-month periods ended 30 September 2014 and 30 September 2013, respectively. Such compensation for the three-month periods ended 30 September 2014 and 30 September 2013 amounted to RUR 59m (including total insurance contributions of RUR 4m) and RUR 40m (including total insurance contributions of RUR 4m), respectively.

This compensation is included under payroll and related charges in the consolidated profit and loss and comprises primarily short-term benefits. Major part of compensation for Key management personnel is generally sort-term excluding future payments under pension plans with defined benefits. Defined benefit payments to Key management of the Group are calculated based on the same terms as for the other employees.

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

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

As stated in Note 13, during the nine-month period ended 30 September 2014, the Group recognised expenses of RUR 19m (RUR 33m during the nine-month period ended 30 September 2013) related to the Share Option Plan approved by the Board of Directors in October 2010. During the three-months ended 30 September 2014 there were no expenses related to the options (during the three-month period ended 30 September 2013 expenses amounted to RUR 5m).

Expenses related to options provided to the General Director and his deputies comprised RUR 6m during the nine-month period ended 30 September 2014 (RUR 19m during the nine-month period ended 30 September 2013), during the three-month period ended 30 September 2014 there were no expenses related to the options (during the three-month period ended 30 September 2013 expenses amounted to RUR 4m).

23. COMMITMENTS UNDER OPERATING LEASES

As at 30 September 2014, the Group leases container terminal Dobra in Slovakia. The remaining period of agreements validity is 10 years.

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

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

	30 September 2014	31 December 2013
Within one year	199	199
Within two to five years	327	195
After five years	208	221
Total minimum lease payments	**734**	**615**

24. CAPITAL COMMITMENTS

The Group's capital commitments as at 30 September 2014 and 31 December 2013 consisted of the following, including VAT:

	30 September 2014	31 December 2013
Acquisition of containers and flatcars	1,138	961
Construction of container terminal complexes and modernisation of existing assets	101	230
Acquisition of lifting machines and other equipment	267	234
Total capital commitments	**1,506**	**1,425**

25. RISK MANAGEMENT ACTIVITIES

Operating environment of the Group. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations. The political and economic turmoil witnessed in the region, including the developments in Ukraine have had and may continue to have a negative impact on the Russian economy, including weakening of the Rouble and making it harder to raise international funding. The Group has no assets or significant operations in Ukraine; therefore, these events have no direct impact on the Group. However, there is still uncertainty as to the future economic growth, access to the capital markets and the cost of capital.

A number of sanctions have been introduced against the Russian Federation and Russian officials and their effects are difficult to determine at this stage. In addition, there is a threat that additional sanctions will be introduced. There is a high level of uncertainty and volatility on the financial markets.

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

25. RISK MANAGEMENT ACTIVITIES (CONTINUED)

These and other events may have a material impact on the Group's operations, its prospective financial position, operational results and business perspectives, and the management is unable to foresee the outcome of such impact at this stage. Management believes it takes all the necessary measures to support the sustainability and development of the Group's business.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and any other price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management statements and disclosures required in the annual consolidated financial statements of the Group, prepared for the year ended 31 December 2013. The information disclosed in the interim condensed consolidated financial statements as at 30 September 2014 should be considered in conjunction with the Group's annual consolidated financial statements as at 31 December 2013. There have been no significant changes in the Group's risk management policy during the nine-month period ended 30 September 2014.

Fair value of financial assets and liabilities measured at amortised cost

Management uses its judgment to the assessment and classification of financial instruments by category using the fair value measurement hierarchy. Fair value of financial assets and liabilities is analysed and distributed by level in the fair value hierarchy as described in Note 3. As at the reporting date the Group had financial assets and liabilities classified as Level 1 and Level 3 only.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. The fair value of bonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and maturity.

For financial assets and liabilities not measured at fair value but for which fair value is disclosed, management believes that the fair value of the following assets and liabilities approximates their carrying value: trade and other receivables, cash and cash equivalents, other financial assets, trade and other payables. These financial assets and liabilities relate to Level 3 in the fair value hierarchy. Investments in associates and joint ventures fair value, determined at the date of recognition as non-recurring measurement approximates their carrying value and refer to the Level 3 in the fair value hierarchy.

Company's bonds are placed on the Moscow Stock Exchange and quoted on the market, thus they refer to the Level 1 in the fair value hierarchy.

The following table details the fair value of the Company's bonds:

	30 September 2014	31 December 2013
Financial liabilities		
Bonds	6,258	7,308
Total	**6,258**	**7,308**

26. SUBSEQUENT EVENTS

Transfer of the Company's controlling interest to the United Transportation and Logistics Company. On 24 November 2014 Russian Railways transferred its full shareholding of 50%+2 shares in the Company to the share capital of the JSC United Transportation and Logistics Company (JSC "UTLC"), a newly created subsidiary of OJSC RZD. As a result JSC UTLC became the parent company of PJSC TransContainer.

Agreement on acquisition of containers. In November 2014 the Group has signed an agreement with LLC RM Rail Trans for the purchase of 1,100 containers for the total amount of RUR 115m (plus VAT in the amount of RUR 21m), the completion of the delivery is expected no later than December 2014.