

OPEN JOINT STOCK COMPANY TRANSCONTAINER

Interim Condensed Consolidated Financial Information

For the Six-Month Period Ended 30 June 2013

OJSC TRANSCONTAINER

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

Management is responsible for the preparation of interim condensed consolidated financial information that present fairly the financial position of OJSC TransContainer (the "Company") and its subsidiaries (the "Group") as at 30 June 2013 and the results of its operations, cash flows and changes in equity for the six-month period then ended, in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2013 was approved on 5 September 2013 by:



V.N. Drachev
Acting General Director



K. S. Kalmykov
Chief Accountant



Report on Review of Interim Condensed Consolidated Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Open Joint Stock Company “TransContainer” and its subsidiaries (the “Group”) as of 30 June 2013 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

ZAO PricewaterhouseCoopers Audit

5 September 2013
Moscow, Russian Federation

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

	Notes	30 June 2013	31 December 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	35,108	34,233
Investment property		31	-
Advances for acquisition of non-current assets	4	108	358
Trade receivables	7	395	452
Intangible assets other than goodwill	5	683	591
Goodwill		216	216
Investments in associates and joint ventures	6	63	54
Other non-current assets		84	97
Deferred tax asset		1	1
Total non-current assets		36,689	36,002
Current assets			
Inventory		423	334
Trade and other receivables	7	2,147	1,262
Prepayments and other current assets	8	3,921	4,434
Prepaid income tax		116	132
Short-term investments	9	3,302	1,339
Cash and cash equivalents	10	1,829	1,318
Total current assets		11,738	8,819
TOTAL ASSETS		48,427	44,821
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	13,895	13,895
Treasury shares		(491)	(490)
Reserve fund	11	697	478
Translation reserve		198	49
Equity-settled employee benefits reserve	15	216	188
Other reserves		(2,221)	(2,221)
Retained earnings		16,097	14,725
Total equity attributable to equity holders of the parent		28,391	26,624
Non-controlling interest		937	937
Total equity		29,328	27,561
Non-current liabilities			
Long-term debt	12	6,973	2,731
Finance lease obligations, net of current maturities	13	497	668
Employee benefit liability	14	1,286	1,266
Deferred tax liability		1,926	1,700
Other long-term liabilities		1	-
Total non-current liabilities		10,683	6,365
Current liabilities			
Trade and other payables	16	4,143	3,773
Short-term debt	12	1,688	5,695
Income tax payable		245	167
Taxes other than income tax payable	17	341	367
Provisions		3	10
Finance lease obligations, current maturities	13	196	94
Dividends payable	11	1,239	-
Accrued and other current liabilities	18	561	789
Total current liabilities		8,416	10,895
TOTAL EQUITY AND LIABILITIES		48,427	44,821


V.N. Drachev
Acting General Director


K. S. Kalmykov
Chief Accountant

5 September 2013

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

	Notes	2013	2012 (restated)
Revenue	19	18,162	17,556
Other operating income	20	347	183
Operating expenses	21	(14,783)	(13,987)
Operating profit		3,726	3,752
Interest expense	22	(385)	(462)
Interest income		141	104
Foreign exchange gain, net		72	43
Share of result of associates and joint ventures	6	5	(22)
Gain from disposal of associate		-	72
Gain from early termination of finance lease obligations	13	32	-
Profit before income tax		3,591	3,487
Income tax expense	23	(814)	(748)
Profit for the period		2,777	2,739
Attributable to:			
Equity holders of the parent		2,786	2,722
Non-controlling interest		(9)	17
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit plans	14	(8)	(4)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		208	51
Other comprehensive income for the period		200	47
Total comprehensive income for the period		2,977	2,786
Attributable to:			
Equity holders of the parent		2,927	2,757
Non-controlling interest		50	29
Earnings per share, basic and diluted (Russian Roubles)		201	197
Weighted average number of shares outstanding		13,886,987	13,838,845

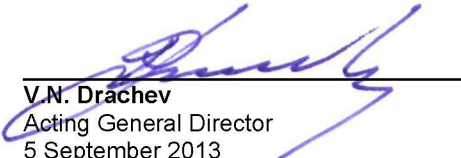

V.N. Drachev
Acting General Director

5 September 2013


K. S. Kalmykov
Chief Accountant

OJSC TRANSCONTAINER
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	2013	2012 (restated)
Cash flows from operating activities:			
Profit before income tax		3,591	3,487
Adjustments for:			
Depreciation and amortisation	21	940	1,354
Change in provision for impairment of receivables		6	(13)
Loss on disposal of property, plant and equipment	21	23	7
Loss on impairment of property, plant and equipment	4	44	1
Share of result of associates	6	(5)	22
Gain from disposal of associate	6	-	(72)
Interest expense, net		244	358
Equity-settled employee benefits reserve	15	28	58
Foreign exchange gain, net		(72)	(43)
Gain from early termination of finance lease obligations		(32)	-
Other gains and losses		6	(8)
Operating profit before working capital changes		4,773	5,151
Decrease in inventory		3	34
Increase in trade and other receivables		(750)	(335)
Decrease in prepayments and other assets		506	100
Increase/(decrease) in trade and other payables		15	(322)
Decrease in taxes other than income tax		(33)	(1)
(Decrease)/increase in accrued expenses and other current liabilities		(227)	36
Increase in employee benefit liabilities	14	13	51
Net cash from operating activities before income tax		4,300	4,714
Interest paid		(315)	(426)
Income tax paid		(520)	(603)
Net cash provided by operating activities		3,465	3,685
Cash flows from investing activities:			
Purchases of property, plant and equipment		(1,276)	(1,615)
Proceeds from disposal of property, plant and equipment		5	2
Acquisition of subsidiary, net of cash acquired		-	(103)
Sale of short-term investments		1,543	941
Purchases of long-term investments		-	(1)
Purchases of short-term investments		(3,503)	(870)
Purchases of intangible assets		(32)	(8)
Interest received		116	103
Net cash used in investing activities		(3,147)	(1,551)
Cash flows from financing activities:			
Repayments of finance lease obligations		(38)	(292)
Proceeds from long-term bonds	12	4,988	-
Principal payments on long-term borrowings	12	-	(2)
Principal payments on short-term borrowings	12	(1,830)	-
Principal payments on short-term bonds	12	(3,000)	(346)
Net cash provided by /(used in) financing activities		120	(640)
Net increase in cash and cash equivalents		438	1,494
Cash and cash equivalents at beginning of the year		1,318	2,257
Foreign exchange effect on cash and cash equivalents		73	6
Net cash and cash equivalents at end of the year		1,829	3,757



V.N. Drachev
 Acting General Director
 5 September 2013


K. S. Kalmykov
 Chief Accountant

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

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

Notes	Share capital	Treasury shares	Reserve fund	Translation reserve	Equity-settled employee benefits reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	13,895	(514)	304	193	148	(2,221)	11,161	22,966	962	23,928
Effect of changes in accounting policies	-	-	-	-	-	-	(141)	(141)	-	(141)
Balance at 1 January 2012 (restated)	13,895	(514)	304	193	148	(2,221)	11,020	22,825	962	23,787
Profit for the period (restated)	-	-	-	-	-	-	2,722	2,722	17	2,739
Other comprehensive income for the period	-	-	-	39	-	-	(4)	35	12	47
Total comprehensive income for the period	-	-	-	39	-	-	2,718	2,757	29	2,786
Equity-settled employee benefits reserve	-	-	-	-	58	-	-	58	-	58
Exercised options under option plan	-	-	-	-	(13)	-	13	-	-	-
Dividends	-	-	-	-	-	-	(1,218)	(1,218)	(10)	(1,228)
Transfer to reserve fund	-	-	174	-	-	-	(174)	-	-	-
Balance at 30 June 2012 (restated)	13,895	(514)	478	232	193	(2,221)	12,359	24,422	981	25,403
Profit for the period	-	-	-	-	-	-	2,461	2,461	32	2,493
Other comprehensive income for the period	-	-	-	(183)	-	-	(95)	(278)	(76)	(354)
Total comprehensive income for the period	-	-	-	(183)	-	-	2,366	2,183	(44)	2,139
Equity-settled employee benefits reserve	-	-	-	-	29	-	-	29	-	29
Exercised options under option plan	-	24	-	-	(34)	-	-	(10)	-	(10)
Balance at 31 December 2012 (restated)	13,895	(490)	478	49	188	(2,221)	14,725	26,624	937	27,561
Profit for the period	-	-	-	-	-	-	2,786	2,786	(9)	2,777
Other comprehensive income for the period	-	-	-	149	-	-	(8)	141	59	200
Total comprehensive income for the period	-	-	-	149	-	-	2,778	2,927	50	2,977
Acquisition of treasury shares	-	(1)	-	-	-	-	-	(1)	-	(1)
Equity-settled employee benefits reserve	15	-	-	-	28	-	-	28	-	28
Dividends	11	-	-	-	-	-	(1,187)	(1,187)	(50)	(1,237)
Transfer to reserve fund	-	-	219	-	-	-	(219)	-	-	-
Balance at 30 June 2013	13,895	(491)	697	198	216	(2,221)	16,097	28,391	937	29,328


V.N. Drachev
Acting General Director
5 September 2013


K. S. Kalmykov
Chief Accountant

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

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

1. NATURE OF THE BUSINESS

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

The Company’s principal activities include arrangement of rail-based container shipping and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. The Company owns and operates 46 container terminals along the Russian railway network. As at 30 June 2013, the Company operated 17 branches in Russia. The Company’s registered address is 12 Novoryazanskaya Street, Moscow, 107228, Russian Federation. Its principal office is 19 Oruzheiny pereulok, Moscow, 125047, Russian Federation.

The Company has ownership in the following major entities:

Name of Entity	Type	Country	Activity	% interest held		% voting rights	
				30 June 2013	31 December 2012	30 June 2013	31 December 2012
Oy ContainerTrans Scandinavia Ltd.	Joint venture	Finland	Container shipments	50	50	50	50
JSC TransContainer-Slovakia	Subsidiary	Slovakia	Container shipments	100	100	100	100
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture	China	Container shipments	49	49	50	50
TransContainer Europe GmbH	Subsidiary	Austria	Container shipments	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
Trans-Eurasia Logistics GmbH	Associate	Germany	Container shipments	20	20	20	20
LLC TransContainer Finance (renamed LLC Prostor Invest Group) (Note 15)	Subsidiary	Russia	Share option programme operator	100	100	100	100
JSC Kedentransservice	Subsidiary	Kazakhstan	Container shipments	67	67	67	67
Helme’s Operation UK Limited	Subsidiary	Great Britain	Investment activity	67	100	67	100
Logistic Investment SARL	Subsidiary	Luxemburg	Investment activity	100	100	100	100
Logistic System Management B.V.	Subsidiary	Netherlands	Investment activity	67	100	67	100

In May 2013 Logistic System Management B.V. issued additional shares in exchange for shares of JSC Kedentransservice. As a result the company’s shareholders became Logistic Investment SARL (67%) and JSC National Company Kazakhstan Temir Zholy (“KZT”) (33%) that did not affect financial results of the Group.

The interim condensed consolidated financial information of OJSC TransContainer and its subsidiaries (the “Group”) as at 30 June 2013 and for the six-month period then ended was authorised for issue by the Acting General Director of the Company on 5 September 2013.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

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

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

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

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

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

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

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

New standards and interpretations – Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Group's annual financial statements as at 31 December 2012, are effective for annual periods beginning 1 January 2014 and which the Group has not early adopted.

In addition, the Amendments to IAS 36 "Impairment of Assets" – Recoverable amount disclosures for non-financial assets, have been issued in May 2013 and are effective for annual periods beginning 1 January 2014 (earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period) and which the Group has not early adopted. The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

New standards and interpretations effective for annual periods beginning on or after 1 January 2014 do not have significant impact on the Group's consolidated financial statements.

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. 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 as at and for the year ended 31 December 2012 with the exception of changes in estimates that are required in determining the provision for income taxes and reassessment of depreciable lives of property, plant and equipment.

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

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

The estimated useful economic lives for property, plant and equipment are as follows (number of years):

	Revised starting from 1 January 2013	Used before 1 January 2013
Buildings	20-82	20-80
Constructions	5-50	5-45
Containers	10-20	10-15
Flatcars	28-32	28-32
Cranes and loaders	5-23	5-15
Vehicles	3-15	3-10
Other equipment	2-25	2-25

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 6,128m for the six-month period ended 30 June 2013 (RUR 5,051m for the six-month period ended 30 June 2012).

2) In cases where Rail-based container shipping services are provided, the Group agrees with the customer the transport fee as above, excluding the railroad tariff which is paid by the Group and 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.

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

Seasonality – The business of the Group is subject to seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for Northern regions) and consumer market cycles. Typically, the number of orders received between January and February is below the annual average. During this period the Group seeks to schedule flatcars and containers maintenance and repair. In accordance with IFRS, revenue and the related expenses are recognised in the period in which they are realised and incurred respectively. The Group's results for the interim period do not necessarily reflect a continuing trend which will be reflected in the year-end results. In the financial year ended 31 December 2012, 48% of revenues accumulated in the first half of the year, with 52% accumulating in the second half.

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)
(Amounts in millions of Russian Roubles, unless otherwise stated below)

3. CHANGES IN ACCOUNTING POLICY

Employee Benefits - From 1 January 2013 the Group has applied the amendments to IAS 19 retrospectively in accordance with the transition provisions of the standard. Amended IAS 19 makes significant changes to the recognition and measurement of defined benefit pension expenses and to disclosures of all employee benefits. The material impacts of IAS 19 (revised) on the Group's interim condensed consolidated financial information are as follows:

- "Actuarial gains and losses" are included to "remeasurements" and now are recognised immediately in other comprehensive income and thus, will no longer be recognised in profit or loss;
- Past-services costs are recognised immediately through profit and loss when they occur;
- The annual expense for the funded benefit plan now include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This replaces the interest costs and expected return on plan assets.

Interests in Joint Ventures - Due to the implementation of a new standard IFRS 11 "Joint Arrangements" as at 1 January 2013, the comparative data was adjusted by the Group as at 31 December 2012, 1 January 2012 and for the period ended 30 June 2012. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated by the standard. Equity accounting is mandatory for participants in joint ventures. As a result in the interim condensed consolidated financial information the Company's interest in joint ventures is accounted using equity method.

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

	Amount as originally presented	Restated amount	Restatement
Property, plant and equipment	34,234	34,233	(1)
Intangible assets other than goodwill	592	591	(1)
Investments in associates and joint ventures	11	54	43
Total non-current assets	<u>35,961</u>	<u>36,002</u>	<u>41</u>
Trade and other receivables	1,284	1,262	(22)
Prepayments and other current assets	4,435	4,434	(1)
Cash and cash equivalents	1,365	1,318	(47)
Total current assets	<u>8,889</u>	<u>8,819</u>	<u>(70)</u>
TOTAL ASSETS	<u>44,850</u>	<u>44,821</u>	<u>(29)</u>
EQUITY AND LIABILITIES			
Retained earnings	14,884	14,725	(159)
Total equity attributable to equity holders of the parent	<u>26,783</u>	<u>26,624</u>	<u>(159)</u>
Total equity	<u>27,720</u>	<u>27,561</u>	<u>(159)</u>
Employee benefit liability	1,093	1,266	173
Deferred tax liabilities	1,713	1,700	(13)
Total non-current liabilities	<u>6,205</u>	<u>6,365</u>	<u>160</u>
Trade and other payables	3,788	3,773	(15)
Income tax payable	169	167	(2)
Accrued and other current liabilities	802	789	(13)
Total current liabilities	<u>10,925</u>	<u>10,895</u>	<u>(30)</u>
TOTAL EQUITY AND LIABILITIES	<u>44,850</u>	<u>44,821</u>	<u>(29)</u>

OJSC TRANSCONTAINER
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact on the consolidated statement of financial position as at 1 January 2012:

	Amount as originally presented	Restated amount	Restatement
Property, plant and equipment	29,216	29,214	(2)
	55	101	46
Investments in associates and joint ventures	33,180	33,224	44
Total non-current assets	33,180	33,224	44
Trade and other receivables	1,152	1,138	(14)
Cash and cash equivalents	2,300	2,257	(43)
Total current assets	8,566	8,509	(57)
TOTAL ASSETS	41,746	41,733	(13)
EQUITY AND LIABILITIES			
Retained earnings	11,161	11,019	(142)
Total equity attributable to equity holders of the parent	22,966	22,824	(142)
Total equity	23,928	23,786	(142)
Employee benefit liability	990	1,143	153
Deferred tax liabilities	1,742	1,730	(12)
Total non-current liabilities	11,049	11,190	141
	4,593	4,581	(12)
Trade and other payables	6,769	6,757	(12)
Total current liabilities	6,769	6,757	(12)
TOTAL EQUITY AND LIABILITIES	41,746	41,733	(13)

Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2012:

	Amount as originally presented	Restated amount	Restatement
Revenue	17,570	17,556	(14)
Integrated freight forwarding and logistics services	9,131	9,144	13
Rail-based container shipping services	5,042	5,021	(21)
Other freight forwarding services	442	436	(6)
Operating expenses	(13,995)	(13,987)	8
Cost of integrated freight forwarding and logistics services	(5,049)	(5,051)	(2)
Freight and transportation services	(2,486)	(2,481)	5
Rent	(280)	(279)	1
Other expenses	(421)	(417)	4
Operating profit	3,758	3,752	(6)
Foreign exchange gain, net	44	43	(1)
Profit before income tax	3,494	3,487	(7)
Income tax expense	(750)	(748)	2
Profit for the period	2,744	2,739	(5)

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3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

	<u>Amount as originally presented</u>	<u>Restated amount</u>	<u>Restatement</u>
Attributable to:			
Equity holders of the parent	2,727	2,722	(5)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment benefit plans	-	(4)	(4)
Total comprehensive income for the period	<u>2,795</u>	<u>2,786</u>	<u>(9)</u>
Attributable to:			
Equity holders of the parent	<u>2,766</u>	<u>2,757</u>	<u>(9)</u>

Impact on the interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2012:

	<u>Amount as originally presented</u>	<u>Restated amount</u>	<u>Restatement</u>
Cash flows from operating activities	3,709	3,685	(24)
Net increase in cash and cash equivalents	<u>1,518</u>	<u>1,494</u>	<u>(24)</u>

4. 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 2012	<u>7,332</u>	<u>27,027</u>	<u>1,515</u>	<u>2,627</u>	<u>941</u>	<u>39,442</u>
Additions	759	1,221	40	113	309	2,442
Transfers	17	231	5	16	(269)	-
Capitalised borrowing costs	-	-	-	-	20	20
Disposals	(4)	(175)	-	(21)	-	(200)
Exchange difference	23	6	4	6	1	40
30 June 2012	<u>8,127</u>	<u>28,310</u>	<u>1,564</u>	<u>2,741</u>	<u>1,002</u>	<u>41,744</u>
Additions	2,100	1,842	119	244	1,170	5,475
Transfers	401	279	18	12	(710)	-
Capitalised borrowing costs	-	-	-	-	25	25
Disposals	(22)	(163)	(4)	(43)	(1)	(233)
Exchange difference	(142)	(39)	(17)	(37)	(4)	(239)
31 December 2012	<u>10,464</u>	<u>30,229</u>	<u>1,680</u>	<u>2,917</u>	<u>1,482</u>	<u>46,772</u>
Additions	2	961	17	130	650	1,760
Transfers	99	400	6	7	(512)	-
Capitalised borrowing costs	-	-	-	-	41	41
Disposals	(67)	(257)	(6)	(27)	-	(357)
Exchange difference	112	35	17	33	1	198
30 June 2013	<u>10,610</u>	<u>31,368</u>	<u>1,714</u>	<u>3,060</u>	<u>1,662</u>	<u>48,414</u>

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4. 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	(1,447)	(6,775)	(770)	(1,230)	(4)	(10,226)
Depreciation charge for the period	(177)	(849)	(94)	(193)	-	(1,313)
Disposals	-	133	-	24	-	157
Exchange difference	(5)	(5)	(2)	(3)	-	(15)
30 June 2012	(1,629)	(7,496)	(866)	(1,402)	(4)	(11,397)
Depreciation charge for the period	(191)	(882)	(73)	(196)	-	(1,342)
Impairment charge	-	-	-	(1)	-	(1)
Disposals	14	108	3	35	-	160
Exchange difference	15	15	4	7	-	41
31 December 2012	(1,791)	(8,255)	(932)	(1,557)	(4)	(12,539)
Depreciation charge for the period	(118)	(564)	(50)	(164)	-	(896)
Impairment charge	(22)	(16)	-	(2)	(4)	(44)
Disposals	39	152	3	24	-	218
Exchange difference	(15)	(17)	(6)	(7)	-	(45)
30 June 2013	(1,907)	(8,700)	(985)	(1,706)	(8)	(13,306)
Net book value						
31 December 2012	8,673	21,974	748	1,360	1,478	34,233
30 June 2013	8,703	22,668	729	1,354	1,654	35,108

Included under land, buildings and constructions are the amounts of RUR 741m and RUR 701m, which represent the value of land plots owned by the Group as at 30 June 2013 and 31 December 2012, respectively.

The vehicles and other equipment category includes motor transport used for terminal services and truck deliveries with gross carrying amount of RUR 1,139m and RUR 1,105m as at 30 June 2013 and 31 December 2012, respectively.

As at 31 December 2012 the Group revised the useful lives of all fixed assets. As a result, the amount of accumulated depreciation for the six-month period ended 30 June 2013 decreased by RUR 443m in comparison with the one that would have been charged under the previous useful life.

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to RUR 1,933m and RUR 1,930m as at 30 June 2013 and 31 December 2012, respectively.

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

	30 June 2013	31 December 2012
Cost	636	431
Accumulated depreciation	(277)	(191)
Net book value	359	240

Construction in-progress as at 30 June 2013 consisted mainly of the capital expenditures incurred for the reconstructions and expansion of container terminals in Novosibirsk, Krasnoyarsk, Yekaterinburg and Moscow region amounting to RUR 649m, RUR 218m, RUR 102m and RUR 232m, respectively.

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4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 six-month period ended 30 June 2013 was RUR 41m at a rate of capitalisation of 8.84% and RUR 45m capitalised for the year ended 31 December 2012 at a rate of capitalisation of 9.52%.

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

	<u>30 June 2013</u>	<u>31 December 2012</u>
Cost	770	778
Accumulated depreciation	<u>(14)</u>	<u>(8)</u>
Net book value	<u>756</u>	<u>770</u>

During the six-month period ended 30 June 2013 the Group bought out a part of non-residential premises in a Moscow office building, previously acquired under a finance lease agreement. The cost of the bought out building part was RUR 10m. The remaining premises at a value of RUR 748m continued to be used by the Group under the finance lease agreement.

See Note 13 for further details regarding finance leases.

Advances for acquisition of non-current assets

As at 30 June 2013 and 31 December 2012, advances for the acquisition of non-current assets consisted of advances for the acquisition and modernisation of the rolling stock (RUR 44m and RUR 59m, respectively), advances for the acquisition of power hoisting equipment (RUR 15m and RUR 146m, respectively), advances for the acquisition of containers (RUR 2m and RUR 45m, respectively), advances for construction-and-assembling operations (RUR 39m and RUR 38m, respectively) and advances for the acquisition of other PPE (RUR 8m and RUR 70m, respectively).

5. INTANGIBLE ASSETS OTHER THAN GOODWILL

	<u>Lease agreements</u>	<u>Software</u>	<u>Total</u>
Cost			
1 January 2012	<u>618</u>	<u>178</u>	<u>796</u>
Additions	-	39	39
Disposals	-	(27)	(27)
Exchange difference	(21)	-	(21)
30 June 2012	<u>597</u>	<u>190</u>	<u>787</u>
Additions	-	-	-
Disposals	-	(22)	(22)
Exchange difference	16	-	16
31 December 2012	<u>613</u>	<u>168</u>	<u>781</u>
Additions	-	121	121
Disposals	-	(39)	(39)
Exchange difference	41	-	41
30 June 2013	<u>654</u>	<u>250</u>	<u>904</u>

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5. INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

	<u>Lease agreements</u>	<u>Software</u>	<u>Total</u>
Accumulated amortisation			
1 January 2012	(39)	(104)	(143)
Disposals	-	24	24
Amortisation charge for the period	(19)	(22)	(41)
Exchange difference	7	-	7
30 June 2012	(51)	(102)	(153)
Disposals	-	10	10
Amortisation charge for the period	(26)	(18)	(44)
Exchange difference	(3)	-	(3)
31 December 2012	(80)	(110)	(190)
Disposals	-	19	19
Amortisation charge for the period	(23)	(21)	(44)
Exchange difference	(6)	-	(6)
30 June 2013	(109)	(112)	(221)
Net book value			
31 December 2012	533	58	591
30 June 2013	545	138	683

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

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

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

<u>Name of Entity</u>	<u>Investment</u>		<u>Effect of translation to presentation currency</u>		<u>Share in profit / (loss)</u>	
	<u>30 June 2013</u>	<u>31 December 2012</u>	<u>Six-month period ended</u>		<u>Six-month period ended</u>	
			<u>30 June 2013</u>	<u>30 June 2012</u>	<u>30 June 2013</u>	<u>30 June 2012</u>
Far East Land Bridge Ltd. (FELB)	-	-	-	-	-	(23)
Oy ContainerTrans Scandinavia Ltd.	15	11	1	-	3	-
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	37	32	3	1	2	1
Trans-Eurasia Logistics GmbH	11	11	-	-	-	-
Total	63	54	4	1	5	(22)

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6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Name of Entity	30 June 2013		Six-month period ended 30 June 2013	
	Total assets	Total liabilities	Revenue	Profit/ (loss)
Oy ContainerTrans Scandinavia Ltd. Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	39	11	72	5
Trans-Eurasia Logistics GmbH	142	66	15	3
	146	89	391	4
Total	327	166	478	12

Name of Entity	31 December 2012		Six-month period ended 30 June 2012	
	Total assets	Total liabilities	Revenue	Profit/ (loss)
Far East Land Bridge Ltd.	-	-	897	(219)
Oy ContainerTrans Scandinavia Ltd. Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	33	12	51	(1)
Trans-Eurasia Logistics GmbH	153	87	13	2
	167	118	465	(2)
Total	353	217	1,426	(220)

7. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
30 June 2013			
Trade receivables	2,039	(95)	1,944
Other receivables	223	(20)	203
Total trade and other receivables	2,262	(115)	2,147
31 December 2012			
Trade receivables	1,228	(87)	1,141
Other receivables	137	(16)	121
Total trade and other receivables	1,365	(103)	1,262

In July 2012 the Company, OJSC RZD Logistics and FELB signed an agreement on the transfer of FELB's debt. As a result accounts receivable from FELB in the amount of USD 22.5m (RUR 732m at the Central Bank of Russia exchange rate as at the date of agreement) were transferred to OJSC RZD Logistics and in accordance with a debt repayment schedule will be fully repaid in June 2016. A discounting rate of 8.6 % has been used for the fair value determination. As at 30 June 2013 the fair value of impaired long-term trade accounts receivable of OJSC RZD Logistics (transferred from FELB) amounted to RUR 395m (RUR 452m as at 31 December 2012). During the six-month period ended 30 June 2013 trade receivables in the amount of RUR 212m were recognised in short-term trade receivables.

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

Balance as at 1 January 2012	(283)
Additional provision, recognised in the current period	(20)
Release of provision	33
Utilisation of provision	30
Exchange differences on translating foreign operations	(2)
Balance as at 30 June 2012	(242)

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7. TRADE AND OTHER RECEIVABLES (CONTINUED)

Additional provision, recognised in the current period	(2)
Utilisation of provision	50
Exchange differences on translating foreign operations	10
Balance as at 31 December 2012	(184)
Additional provision, recognised in the current period	(12)
Release of provision	6
Utilisation of provision	7
Exchange differences on translating foreign operations	(9)
Balance as at 30 June 2013	(192)

As at 30 June 2013 and 31 December 2012 provision for impairment of accounts receivable was recognised in respect of trade and other receivables balances (RUR 115m and RUR 104m, respectively), advances to suppliers (RUR 72m and RUR 65m, respectively), advances for acquisition of non-current assets (RUR 11m as at 31 December 2012) and other non-current assets (RUR 5m and RUR 4m, respectively).

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>30 June 2013</u>	<u>31 December 2012</u>
VAT receivable	2,264	2,577
Advances to suppliers	1,556	1,674
Other current assets	101	183
Total prepayments and other current assets	3,921	4,434

9. SHORT-TERM INVESTMENTS

	<u>30 June 2013</u>	<u>31 December 2012</u>
Russian Rouble denominated bank deposits	3,163	1,293
Foreign currency denominated bank deposits	139	46
Total short-term investments	3,302	1,339

Short-term investments of the Company are presented by deposits with a Russian bank with a maturity over three months. Eighteen Russian Rouble-denominated short-term bank deposits in the total amount of RUR 2,600m, bearing interest at annual rates from 7.25% to 8.76%, were placed with JSC TransCreditBank, a related party, as at 30 June 2013 (Note 24). The total amount of accrued interest amounted to RUR 63m and has been included as the portion of short-term investments in the interim condensed consolidated statement of financial position. The deposits mature on July - October 2013.

Also two Russian Rouble-denominated short-term bank deposits in the total amount of RUR 500m, bearing interest at annual rate 6.97%, were placed with OJSC Bank VTB, a related party, as at 30 June 2013 (Note 24). The deposits mature on December 2013.

USD-denominated short-term bank deposit in the amount of USD 1.5m (RUR 49m at the Central Bank of Russia exchange rate as at 30 June 2013) bearing interest at an annual rate of 0.25% was placed by the Group with JSC Nurbank, as at 30 June 2013. The deposit matured on 8 July 2013.

Also two Kazakh Tenge-denominated short-term bank deposit in the amount of KZT 400m and KZT 18m (RUR 86m and RUR 4m at the Central Bank of Russia exchange rate as at 30 June 2013) bearing interest at annual rates of 3.1% and 2.8%, respectively, were placed by the Group with SB JSC Sberbank as at 30 June 2013. The deposits mature on August and October 2013, respectively.

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10. CASH AND CASH EQUIVALENTS

	<u>30 June 2013</u>	<u>31 December 2012</u>
Cash and Russian Rouble denominated current accounts with banks	864	770
Foreign currency denominated current accounts with banks	838	433
Foreign currency denominated bank deposits	108	112
Russian Rouble denominated letter of credit	19	3
Total cash and cash equivalents	<u>1,829</u>	<u>1,318</u>

Kazakh Tenge-denominated short-term bank deposit in the amount of KZT 500m (RUR 108m at the Central Bank of Russia exchange rate as at 30 June 2013) bearing interest at annual rate of 3.25% was placed by the Group with JSC ATFBank, as at 30 June 2013. The deposit matured on 14 August 2013.

11. EQUITY

Share Capital

As at 30 June 2013, the Company's authorized and issued share capital has not changed since 31 December 2012. 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 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 Kedentransservice JSC National Company "Kazakh Temir Zholy" (share of ownership 33%). In August 2013 the dividends to KZT 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 June 2013 and 31 December 2012 the Company's reserve fund is RUR 697m and RUR 478m, respectively.

12. LONG-TERM AND SHORT-TERM DEBT

Long-term debt

	Effective interest rate	<u>30 June 2013</u>	<u>31 December 2012</u>
Bonds	8.35-8.8%	6,474	2,232
Bank loans	9.75-9.5%	499	499
Total		<u>6,973</u>	<u>2,731</u>

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

During the year ended 31 December 2011 the Group obtained borrowed funds from LLC TrustUnion Asset Management for the amount of RUR 501m to finance the acquisition of ordinary nominal shares in OJSC TransContainer in order to carry out a Share Option Plan for the Company's management (Note 15). The loan matures in five years. As at 30 June 2013 the amount of loan was RUR 499m.

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

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 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 June 2013 the carrying value of the bonds amounted to RUR 2,986m (RUR 2,982m as at 31 December 2012).

As at 30 June 2013 short-term portion of long-term bonds equals RUR 1,500m (RUR 750m as at 31 December 2012) and this amount has been included as short-term debt in the interim condensed consolidated statement of financial position.

The amount of accrued interest is RUR 17m (RUR 22m as at 31 December 2012), and has been included as short-term debt in the interim condensed consolidated statement of financial position.

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

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

As at 30 June 2013 the carrying value of the bonds amounted to RUR 4,988m. The amount of accrued interest is RUR 171m and has been included as short-term debt in the interim condensed consolidated statement of financial position.

Short-term debt

	Effective interest rate	30 June 2013	31 December 2012
Bonds	9.5-8.9%	-	3,098
Short-term portion of long-term bonds	-	1,688	772
Bank loans	9.5%	-	1,825
Total		1,688	5,695

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

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

13. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Due within one year	200	99	196	94
Due after one year but not more than five years	742	369	497	279
More than five years	-	659	-	389
	942	1,127	693	762
Less future finance charges	(249)	(365)	-	-
Present value of minimum lease payments	693	762	693	762

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13. FINANCE LEASE OBLIGATIONS (CONTINUED)

During the six-month period ended 30 June 2013, the Group bought back part of the 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 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 607m at the end of lease period. As at 30 June 2013 the Group has an obligation to buy back a part of the building within three months after the reporting date and recognised this obligation in the amount of RUR 122m as a current liability in the interim condensed consolidated statement of financial position and also recognised income from early termination of finance lease obligations for a total amount of RUR 32m in the consolidated profit or loss.

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

14. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognized as an expense in respect of payments to defined contribution plans for the six-month period ended 30 June 2013 and 30 June 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Pension Fund of the Russian Federation	307	300
Defined contribution plan "Blagosostoyanie"	5	8
Total expense for defined contribution plans	<u>312</u>	<u>308</u>

Defined benefit plans

In 2013, the Group has changed some conditions of the defined benefit pension plans administered non-state pension fund "Blagosostoyanie". One of the plans was eliminated. The number of payments on the other plan was increased. The total gain of RUR 32m recognised in the service cost.

Principal actuarial assumptions as at 30 June 2013 were substantially the same as those that applied to the consolidated financial statements as at 31 December 2012 with the exception of changes in discount rate, which increased up to 7.6% as at 30 June 2013 (as at 31 December 2012: 7.2%).

The amounts recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2013 and 30 June 2012 in respect of these defined benefit plans, which are recognised as follows:

	<u>2013</u>	<u>2012</u>
Service cost	51	86
Net interest on obligation	44	45
Remeasurements of the net defined benefit	(5)	(4)
Net expense recognized in the consolidated profit or loss	<u>90</u>	<u>127</u>

Net expenses recognized in other comprehensive income related mainly to remeasurements of the net defined benefit constitute RUR 8m and RUR 4m for the six-month periods ended 30 June 2013 and 30 June 2012, respectively.

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14. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

The amounts recognised in interim condensed consolidated statement of financial position as at 30 June 2013 and 31 December 2012 in respect of these defined benefit plans are as follows:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Present value of defined benefit obligation	1,348	1,324
Fair value of plan assets	<u>(62)</u>	<u>(58)</u>
Net employee benefit liability	<u>1,286</u>	<u>1,266</u>

15. EMPLOYEE SHARE OPTION PLAN

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

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

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

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

Ordinary shares will be allocated from treasury shares purchased by the Group for this purpose on the open market by a special-purpose entity, LLC TransContainer Finance, 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 TransContainer Finance.

The following number of share options is outstanding:

	<u>Number of shares</u>
Options outstanding at 1 January 2012	208,421
Options exercised during the year	<u>(36,548)</u>
Options outstanding at 31 December 2012	<u>171,873</u>
Options outstanding at 30 June 2013	<u>171,873</u>

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

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

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15. EMPLOYEE SHARE OPTION PLAN (CONTINUED)

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

During the six-month period ended 30 June 2013, the Group recognised expenses of RUR 28m related to the options. These expenses were included into payroll.

During the six-month period ended 30 June 2013 no options were exercised.

Movements in the reserve held for Share-based option plan during the six-month period ended 30 June 2013 and 30 June 2012:

	<u>2013</u>	<u>2012</u>
Reserve as at 1 January	188	148
Expense recognised for the period	28	58
Exercised options under option plan during the first six months	-	(13)
Reserve as at 30 June	<u>216</u>	<u>193</u>

16. TRADE AND OTHER PAYABLES

	<u>30 June 2013</u>	<u>31 December 2012</u>
Trade payables	797	601
Amounts payable for the acquisition of property, plant and equipment	467	153
Advances received from customers	2,879	3,019
Total trade and other payables	<u>4,143</u>	<u>3,773</u>

17. TAXES OTHER THAN INCOME TAX PAYABLE

	<u>30 June 2013</u>	<u>31 December 2012</u>
VAT	30	40
Property tax	153	144
Social insurance contribution	109	144
Personal income tax	37	29
Other taxes	12	10
Total taxes other than income tax payable	<u>341</u>	<u>367</u>

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>30 June 2013</u>	<u>31 December 2012</u>
Settlements with employees	467	704
Other liabilities	94	85
Total accrued expenses and other current liabilities	<u>561</u>	<u>789</u>

Settlements with employees as at 30 June 2013 and 31 December 2012 comprised accrued salaries and bonuses of RUR 247m and RUR 516m, respectively, and accruals for unused vacation of RUR 220m and RUR 188m, respectively.

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19. SEGMENT INFORMATION

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

Analysis of revenue by category

	<u>2013</u>	<u>2012</u>
Integrated freight forwarding and logistics services	10,766	9,144
Rail-based container shipping services	4,130	5,021
Terminal services and agency fees	1,964	1,950
Truck deliveries	676	768
Other freight forwarding services	285	436
Bonded warehousing services	191	190
Other	150	47
Total revenue	<u>18,162</u>	<u>17,556</u>

Analysis of revenue by location of customers

	<u>2013</u>	<u>2012</u>
Revenue from external customers		
Russia	13,425	13,666
Kazakhstan	2,655	1,172
Korea	696	893
Germany	488	548
Estonia	227	237
China	224	305
Other	447	735
Total revenue	<u>18,162</u>	<u>17,556</u>

During the six-month period ended 30 June 2013, OJSC RZD and its subsidiaries accounted for RUR 1,189m or 7% of the Group's total revenue. During the six-month period ended 30 June 2012, OJSC RZD and its subsidiaries accounted for RUR 1,575m or 9% of the Group's total revenue.

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

20. OTHER OPERATING INCOME

For the six-month period ended 30 June 2013 the Group received income from the sale of scrap for the amount of RUR 169m (for the six-month period ended 30 June 2012: RUR 74m), refund of VAT on the sale of services by applying the tax rate 0% for the amount of RUR 147m (for the six-month period ended 30 June 2012: RUR 41m) and other operating income for the amount of RUR 31m (for the six-month period ended 30 June 2012: RUR 68m).

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21. OPERATING EXPENSES

	<u>2013</u>	<u>2012</u>
Cost of integrated freight forwarding and logistics services	6,128	5,051
Payroll and related charges	2,242	2,472
Freight and transportation services	2,085	2,481
Materials, repair and maintenance	1,301	1,226
Depreciation and amortisation	940	1,355
Rent	744	279
Taxes other than income tax	447	283
Security	148	141
Fuel costs	107	82
Consulting services	103	73
License and software	62	79
Communication costs	45	48
Loss on sale of property, plant and equipment	23	7
Other expenses	408	410
Total operating expenses	<u>14,783</u>	<u>13,987</u>

During the six-month period ended 30 June 2013 JSC Kedentransservice leased flatcars at the company JSC Kaztemirtrans and JSC Kaztransservice (Note 25).

22. INTEREST EXPENSE

	<u>2013</u>	<u>2012</u>
Interest expense on RUR bonds	267	256
Interest expense on finance lease obligations	38	34
Interest expense on bank loans and borrowings	80	123
Discounting of accounts receivables	-	49
Total interest expense	<u>385</u>	<u>462</u>

23. INCOME TAX

	<u>2013</u>	<u>2012</u>
Current income tax charge	(614)	(804)
Deferred income tax (expense) / benefit	(200)	56
Income tax	<u>(814)</u>	<u>(748)</u>

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 six-month period ended 30 June 2013 was 23% (for the six-month period ended 30 June 2012: 21%).

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24. 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 June 2013, are disclosed below:

Related party	Nature of relationship
OJSC Russian Railways (RZD)	Parent company
OJSC TransCreditBank	State-controlled entity
Oy ContainerTrans ScandinaviaLtd	Joint venture of the Company
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture of the Company
Trans-Eurasia Logistics GmbH	Associate of the Company
Far East Land Bridge Ltd.	Associate of the RZD
JSC Wagon Repair Company - 1	Subsidiary of RZD
JSC Wagon Repair Company - 2	Subsidiary of RZD
JSC Wagon Repair Company - 3	Subsidiary of RZD
OJSC RZD Logistics	Subsidiary of RZD
LLC GEFCO (CIS)	Subsidiary of RZD
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 Group also enters in transactions with government entities for goods and services like electricity, taxes and post services. These transactions are conducted on commercial terms. The majority of related-party transactions are with OJSC Russian Railways, its subsidiaries, joint ventures and associates (shown as “Other RZD group 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.

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24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Company's revenues generated from such transactions with RZD is reported as agency fees in the consolidated profit or loss.

Transactions and balances with related parties as at and for the period ended 30 June 2013 are shown below:

	Total	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties
ASSETS						
Non-current assets						
Advances for acquisition of non-current assets	1	-	1	-	-	-
Trade receivables	395	-	395	-	-	-
	396	-	396	-	-	-
Current assets						
Short-term investments	3,163	-	-	-	-	3,163
Cash and cash equivalents	1,446	-	-	-	-	1,446
Trade receivables	837	233	535	8	57	4
Other receivables	104	3	89	-	-	12
Advances to suppliers	1,391	1,336	49	2	-	4
	6,941	1,572	673	10	57	4,629
Total assets	7,337	1,572	1,069	10	57	4,629
LIABILITIES						
Current liabilities						
Trade payables	50	17	6	1	22	4
Liabilities to customers	82	1	32	2	-	47
Other payables	37	-	-	-	-	37
	169	18	38	3	22	88
Revenue						
Rail-based container shipping services	299	53	170	4	8	64
Terminal services and agency fees	801	791	7	1	-	2
Integrated freight forwarding and logistics services	355	3	239	52	18	43
Other services	74	16	30	9	2	17
	1,529	863	446	66	28	126
Interest income on deposits	108	-	-	-	-	108
Other interest income	8	-	-	-	-	8
Other operating income	101	55	42	2	-	2
	217	55	42	2	-	118
Total income	1,746	918	488	68	28	244
Operating Expenses						
Freight and transportation services	1,487	1,482	-	-	-	5
Third-party charges relating to integrated freight forwarding and logistics services	4,021	3,985	3	2	13	18
Repair services	689	163	524	-	-	2
Rent of property and equipment	23	19	-	-	-	4
Other expenses	163	72	32	-	-	59
	6,383	5,721	559	2	13	88
Purchases of property, plant and equipment	135	6	93	-	-	36
Contributions to non-state pension funds	29	-	-	-	-	29
Total other transactions	164	6	93	-	-	65

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24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and balances with related parties as at 31 December 2012 and for the six-month period ended 30 June 2012 are shown below:

	Total	Parent company (RZD)	Other RZD group entities	Group's associates	Group's joint ventures	Other related parties
ASSETS						
Non-current assets						
Advances for acquisition of non-current assets	40	-	3	-	-	37
Trade receivables	452	-	452	-	-	-
	492	-	455	-	-	37
Current assets						
Short-term investments	1,293	-	-	-	-	1,293
Cash and cash equivalents	948	-	-	-	-	948
Trade receivables	604	210	358	11	23	2
Other receivables	91	7	81	-	-	3
Advances to suppliers	1,458	1,431	23	1	-	3
	4,394	1,648	462	12	23	2,249
Total assets	4,886	1,648	917	12	23	2,286
LIABILITIES						
Current liabilities						
Trade payables	114	52	7	2	26	27
Liabilities to customers	70	1	30	1	4	34
Other payables	44	1	-	-	-	43
	228	54	37	3	30	104
Revenue						
Rail-based container shipping services	351	112	59	87	4	89
Terminal services and agency fees	895	879	3	-	-	13
Integrated freight forwarding and logistics services	594	3	490	31	26	44
Other services	116	24	27	48	1	16
	1,956	1,018	579	166	31	162
Interest income on deposits	90	-	75	-	-	15
Other interest income	7	-	7	-	-	-
Gain recognised on disposal of interest in former associate	72	-	72	-	-	-
Other operating income	47	28	12	-	-	7
	216	28	166	-	-	22
Total income	2,172	1,046	745	166	31	184
Operating Expenses						
Freight and transportation services	1,764	1,744	3	2	-	15
Third-party charges relating to integrated freight forwarding and logistics services	3,223	3,182	4	20	5	12
Repair services	645	151	492	-	-	2
Rent of property and equipment	19	18	-	-	-	1
Other expenses	161	61	47	3	-	50
	5,812	5,156	546	25	5	80
Interest expense on finance lease obligations	25	-	-	-	-	25
Discounting of accounts receivables	88	-	88	-	-	-
	113	-	88	-	-	25
Total expenses	5,925	5,156	634	25	5	105
Purchases of property, plant and equipment	70	4	66	-	-	-
Purchase of materials	2	-	-	-	-	2
Contributions to non-state pension funds	41	-	-	-	-	41
Total other transactions	113	4	66	-	-	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.

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24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Dividends

During the six-month period ended 30 June 2013 RUR 602m and RUR 270m of dividends were paid to RZD and the Group FAR-EASTERN SHIPPING COMPANY PLC., accordingly (for the six-month period ended 30 June 2012 RUR 609m and RUR 257m, respectively) (Note 11).

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 June 2013 and 30 June 2012, respectively. Total gross compensation (including insurance contributions and before withholding of personal income tax) to key management personnel amounted to RUR 93m (including total insurance contributions of RUR 5m) and RUR 138m (including total insurance contributions of RUR 9m) for the six-month periods ended 30 June 2013 and 30 June 2012, respectively. This compensation is included under payroll and related charges and other expenses in the consolidated profit and loss and comprises primarily short-term benefits.

As stated in Note 15, during the year ended 30 June 2013, the Group recognised expenses of RUR 28m (58m as at 30 June 2012) related to the Share Option Plan approved by the Board of Directors in October 2010. Expenses related to options provided to the General Director and his deputies comprised RUR 15m (RUR 31m as at 30 June 2012).

25. COMMITMENTS UNDER OPERATING LEASES

As at 30 June 2013, the Group leases a loading platform at Dostyk Station in Kazakhstan and container terminal Dobra in Slovakia. The remaining period of agreements validity is 13 and 12 years, respectively.

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

As at 30 June 2013 the Group leases 4,122 flatcars (500 flatcars as at 31 December 2012) from JSC Kaztemirtrans. The expiry date of the lease is 31 December 2013.

Also in February 2013 the Group entered into agreement to lease 477 flatcars from JSC Kaztransservice. The expiry date of the lease is 31 December 2013.

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

	<u>30 June 2013</u>	<u>31 December 2012</u>
Within one year	1,066	359
Within two to five years	972	381
After five years	<u>1,732</u>	<u>614</u>
Total minimum lease payments	<u>3,770</u>	<u>1,354</u>

26. CAPITAL COMMITMENTS

The Group's capital commitments as at 30 June 2013 and 31 December 2012 consisted of the following, including VAT:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Acquisition of containers and flatcars	889	853
Construction of container terminal complexes and modernisation of existing assets	548	715
Acquisition of lifting machines and other equipment	<u>57</u>	<u>52</u>
Total capital commitments	<u>1,494</u>	<u>1,620</u>

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27. RISK MANAGEMENT ACTIVITIES

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 information does not include all financial risk management information and disclosures required in the annual consolidated financial statements of the Group, prepared for the year ended 31 December 2012. The information disclosed in the interim condensed consolidated financial information as at 30 June 2013 should be considered in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. There have been no significant changes in the Group's risk management policy during the six-month period ended 30 June 2013.

Fair value of financial assets and liabilities measured at amortised cost

The following table shows the fair value of the Group's bonds:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Financial liabilities		
Bonds	8,045	6,026
	<u>8,045</u>	<u>6,026</u>

The fair value of the following financial assets and liabilities approximately equals to their carrying value: trade and other receivables, other financial assets, cash and cash equivalents, trade and other payables.

28. SUBSEQUENT EVENTS

Acquisition of containers – In July 2013 the Group has signed an agreement with Yang Zhou Runyang Logistic Equipment Co., Ltd. for the purchase of 5,000 containers for the total amount of USD 19m (RUR 627m at the Central Bank of Russia exchange rate as at the reporting date), not subject to VAT. In July-August 2013 the Group paid in advance USD 9m (RUR 301m at the Central Bank of Russia exchange rate as at the date of payment) under the purchase-and-sale agreement. In August 2013 1,280 containers for a total amount of RUR 160m (not subject to VAT) were delivered.

Agreement on acquisition of containers - In August 2013 the Group entered into an agreement with LLC RCTM Asset Management for the purchase of 600 containers for the total amount of RUR 60m (plus VAT in the amount of RUR 10m) and paid in advance RUR 30m (plus VAT in the amount RUR 5m). Delivery of containers is expected in October 2013.