OPEN JOINT STOCK COMPANY
“TRANSCONTAINER”

Interim Condensed Consolidated
Financial Information
For the Six-Month Period Ended 30 June 2010

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 2010

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of OJSC "TransContainer" (the "Company"), its joint venture and subsidiary (the "Group") as of 30 June 2010 and the consolidated results of its operations, cash flows and changes in equity for the six-month period then ended, in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information for the six-month period ended 30 June 2010 was approved on 22 October 2010 by:

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

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

We have reviewed the accompanying interim condensed consolidated statement of financial position of Open Joint Stock Company "TransContainer", its subsidiary and its joint venture (the "Group") as of 30 June 2010 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to Note 20 to the interim condensed consolidated financial information, which discloses a significant concentration of the Group's transactions with related parties.

Deloitte & Touche

22 October 2010

OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2010 (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Notes	30 June 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	3	24,534	23,097
Advances for acquisition of non-current assets	3	2,241	2,308
Intangible assets		105	102
Long-term investments	4	208	206
Total non-current assets		**27,088**	**25,713**
Current assets			
Inventory		150	134
Trade and other receivables	5	1,940	1,941
Prepayments and other current assets	6	2,204	2,263
Prepaid income tax		59	98
Short-term investments	7	93	143
Cash and cash equivalents	8	662	449
Total current assets		**5,108**	**5,028**
TOTAL ASSETS		**32,196**	**30,741**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	13,895	13,895
Reserve fund		284	283
Other reserves		(2,221)	(2,221)
Retained earnings		6,680	6,486
Total equity		**18,638**	**18,443**
Non-current liabilities			
Long-term debt	10	6,232	1,520
Finance lease obligations, net of current maturities	11	575	1,115
Employee benefit liability		536	490
Deferred tax liability		1,461	1,516
Deferred income	11	28	49
Total non-current liabilities		**8,832**	**4,690**
Current liabilities			
Trade and other payables	13	3,453	3,172
Income tax payable		46	76
Taxes other than income tax payable	14	232	170
Finance lease obligations, current maturities	11	506	793
Dividends payable	9	2	-
Accrued expenses and other current liabilities	15	330	184
Deferred income	11	48	60
Current portion of long-term debt	10	109	3,153
Total current liabilities		**4,726**	**7,608**
TOTAL EQUITY AND LIABILITIES		**32,196**	**30,741**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

22 October 2010

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

OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

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

	Notes	2010	2009
Revenue	16	9,942	7,720
Operating expenses, net	17	(9,160)	(7,118)
Operating income		**782**	**602**
Interest expense	18	(473)	(491)
Interest income		9	33
Foreign exchange (loss)/gain, net		(3)	10
Profit before income tax		**315**	**154**
Income tax expense	19	(118)	(65)
Profit and comprehensive income for the period		**197**	**89**
Earnings per share, basic and diluted (Russian Roubles)		**14**	**6**
Weighted average number of shares outstanding		**13,894,778**	**13,894,778**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

22 October 2010

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OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010 (UNAUDITED)
(Amounts in millions of Russian Roubles)

	2010	2009
Cash flows from operating activities:		
Profit before income tax	**315**	**154**
Adjustments for:		
Depreciation and amortization	1,114	1,141
Change in provision for impairment of receivables	5	(25)
Gain on disposal of property, plant and equipment	(27)	-
Loss on impairment of property, plant and equipment	9	7
Loss from termination of finance leases	31	-
Interest expense, net	464	458
Foreign exchange loss/(gain), net	3	(10)
Change in provision for tax liabilities, other than income tax	-	(30)
Operating profit before working capital changes	**1,914**	**1,695**
Increase in inventory	(16)	(11)
Increase in trade and other receivables	(735)	(177)
Decrease in prepayments and other current assets	122	363
Increase/(decrease) in trade and other payables	174	(295)
Increase in taxes other than income tax payable	134	32
Increase/(decrease) in accrued expenses and other current liabilities	148	(11)
Increase/(decrease) in employee benefit liabilities	46	(39)
Net cash from operating activities before income tax	**1,787**	**1,557**
Interest paid	(552)	(408)
Income tax paid	(164)	(73)
Net cash provided by operating activities	**1,071**	**1,076**
Cash flows from investing activities:		
Capital expenditure	(2,385)	(1,033)
Proceeds from disposal of property, plant and equipment	215	-
Purchases of long-term investments	-	(4)
Proceeds from disposal of short-term investments	50	-
Purchases of intangible assets	(21)	(45)
Interest received	14	28
Net cash used in investing activities	**(2,127)**	**(1,054)**
Cash flows from financing activities:		
Proceeds from short-term borrowings	-	3,521
Proceeds from issue of bonds	2,997	2,855
Repayments of finance lease obligations	(858)	(205)
Repayments of long-term borrowings	(1,263)	-
Repayments of short-term borrowings	-	(3,078)
Repayments of short-term RUR bonds	-	(2,902)
Proceeds from sale and leaseback	404	-
Net cash provided by financing activities	**1,280**	**191**
Net increase in cash and cash equivalents	**224**	**213**
Cash and cash equivalents at beginning of the period	**449**	**453**
Foreign exchange loss on cash and cash equivalents	(11)	(129)
Net cash and cash equivalents at end of the period	**662**	**537**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

22 October 2010

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

OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010 (UNAUDITED)
(Amounts in millions of Russian Roubles)

	Share capital	Reserve fund	Other reserves	Retained earnings	Total
Balance at 1 January 2009	**13,895**	**149**	**(2,221)**	**6,299**	**18,122**
Profit and comprehensive income for the period	-	-	-	89	89
Dividends	-	-	-	(268)	(268)
Transfer to reserve fund	-	134	-	(134)	-
Balance at 30 June 2009	**13,895**	**283**	**(2,221)**	**5,986**	**17,943**
Profit and comprehensive income for the period	-	-	-	500	500
Balance at 31 December 2009	**13,895**	**283**	**(2,221)**	**6,486**	**18,443**
Profit and comprehensive income for the period	-	-	-	197	197
Dividends	-	-	-	(2)	(2)
Transfer to reserve fund	-	1	-	(1)	-
Balance at 30 June 2010	**13,895**	**284**	**(2,221)**	**6,680**	**18,638**

P. V. Baskakov
General Director

K. S. Kalmykov
Chief Accountant

22 October 2010

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

(Amounts in millions of Russian Roubles)

1. NATURE OF THE BUSINESS

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

TransContainer's principal activities include arrangement of rail-based container shipping and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. The Company owns and operates 46 container terminals along the railway network in Russia. As of 30 June 2010 the Company operated 19 branches located in the Russian Federation. The Company's registered address is 12, Novoryazanskaya Street, Moscow, 107228, Russian Federation, and the head office is located at 15A, Kalanchevskaya Street, Moscow, 107174, Russian Federation.

As of 30 June 2010 the Company has ownership in the following entities:

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

The interim condensed consolidated financial information of OJSC "TransContainer", its subsidiary and its joint venture (the "Group") as of 30 June 2010 and for the six-month period then ended was authorized for issue by the General Director of the Company on 22 October 2010.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

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

The consolidated statement of financial position as at 31 December 2009, 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 2009. This interim condensed consolidated financial information should be read in conjunction with the audited annual consolidated financial statements.

Significant accounting policies – The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements as of 31 December 2009 and for the year then ended.

During the six-month period ended 30 June 2010 there were no changes in the accounting standards that had significant effect on the Group's financial position and performance from the adoption of new standards.

Seasonality – The business of the Group is subject to significant seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for North regions) and consumer market cycles. Typically, the number of orders received between June and August exceeds significantly the year-average, while the number of orders received between January and February is below the year-average. To mitigate the impact of seasonal swings during the low seasons the Group offers its clients favorable tariffs and seeks to schedule flatcars and containers maintenance and repair. In accordance with IFRS, revenue and the related expenses are recognized in the period in which they are realized and incurred, respectively. The Group's results for the interim period do not necessarily reflect a continuing trend which will be reflected in the year-end results.

3. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Cost						
1 January 2009	**4,098**	**18,823**	**1,184**	**1,593**	**854**	**26,552**
Additions	-	1,705	-	44	107	1,856
Transfers	122	-	-	40	(162)	-
Disposals	(11)	(36)	(1)	(6)	(2)	(56)
30 June 2009	**4,209**	**20,492**	**1,183**	**1,671**	**797**	**28,352**
Additions	8	952	-	98	416	1,474
Transfers	45	-	-	1	(46)	-
Disposals	(35)	(205)	(10)	(8)	-	(258)
31 December 2009	**4,227**	**21,239**	**1,173**	**1,762**	**1,167**	**29,568**
Additions	-	2,296	4	48	211	2,559
Transfers	33	2	57	7	(99)	-
Disposals	(6)	(76)	(9)	(6)	-	(97)
30 June 2010	**4,254**	**23,461**	**1,225**	**1,811**	**1,279**	**32,030**
Accumulated depreciation						
1 January 2009	**(753)**	**(2,982)**	**(358)**	**(400)**	**-**	**(4,493)**
Depreciation charge	(111)	(765)	(83)	(164)	-	(1,123)
Impairment	(7)	-	-	-	-	(7)
Disposals	-	35	1	6	-	42
30 June 2009	**(871)**	**(3,712)**	**(440)**	**(558)**	**-**	**(5,581)**
Depreciation charge	(91)	(752)	(76)	(167)	-	(1,086)
Impairment	-	-	(9)	-	-	(9)
Disposals	18	173	8	6	-	205
31 December 2009	**(944)**	**(4,291)**	**(517)**	**(719)**	**-**	**(6,471)**
Depreciation charge	(107)	(755)	(74)	(159)	-	(1,095)
Reversal of impairment / (impairment)	4	-	(13)	-	-	(9)
Disposals	1	69	5	4	-	79
30 June 2010	**(1,046)**	**(4,977)**	**(599)**	**(874)**	**-**	**(7,496)**
Net book value						
31 December 2009	**3,283**	**16,948**	**656**	**1,043**	**1,167**	**23,097**
30 June 2010	**3,208**	**18,484**	**626**	**937**	**1,279**	**24,534**

Included in land, buildings and constructions is the amount of RUR 110 million, which represents the value of land plots owned by the Group as of 30 June 2010 and 31 December 2009.

Vehicles and other equipment category includes motor transport used for terminal services and truck deliveries in the amount of RUR 844 million and RUR 837 million as of 30 June 2010 and 31 December 2009, respectively.

Construction in-progress as of 30 June 2010 consisted mainly of the following:

- Capital expenditure incurred in relation to construction of new container terminals in Novosibirsk, Nizhniy Novgorod and Moscow Region amounting to RUR 363 million, RUR 270 million and RUR 51 million, respectively;
- Maintenance and reconstruction of container terminals in Yekaterinburg and Saratov in the amount of RUR 113 million and RUR 15 million, respectively;
- Reconstruction of repair depot in Lipetsk region in the amount of RUR 24 million;
- Capital expenditure related to construction of the Company's new offices of RUR 177 million.

Leased assets as of 30 June 2010 and 31 December 2009 where the Group is a lessee under finance leases, comprised the following:

	30 June 2010	31 December 2009
Cost	1,994	2,753
Accumulated deprecation	(175)	(145)
Net book value	**1,819**	**2,608**

Refer to Note 11 for further details regarding finance leases.

Advances for acquisition of non-current assets

As of 30 June 2010 advances for acquisition of non-current assets consisted of amounts paid for acquisition of an office building in Moscow (RUR 1,642 million), acquisition of containers and flatcars (RUR 359 million) and acquisition of other non-current assets (RUR 240 million).

4. LONG-TERM INVESTMENTS

	Effective interest rate	30 June 2010	31 December 2009
Promissory notes (Note 7)	0%	197	197
Other long-term investments	-	11	9
Total long-term investments		**208**	**206**

5. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
30 June 2010			
Trade receivables	1,953	(57)	1,896
Other receivables	54	(10)	44
Total trade and other receivables	**2,007**	**(67)**	**1,940**
31 December 2009			
Trade receivables	1,114	(56)	1,058
Other receivables	889	(6)	883
Total trade and other receivables	**2,003**	**(62)**	**1,941**

The movement in the provision for impairment in respect of accounts receivables is as follows:

Balance as of 1 January 2009	**(87)**
Additional provision, recognized in the period	(36)
Release of provision	61
Balance as of 30 June 2009	**(62)**
Balance as of 31 December 2009	**(62)**
Additional provision, recognized in the period	(5)
Balance as of 30 June 2010	**(67)**

6. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2010	31 December 2009
VAT receivable	891	681
Advances to suppliers	1,120	1,450
Other current assets	193	132
Total prepayments and other current assets	**2,204**	**2,263**

7. SHORT-TERM INVESTMENTS

	30 June 2010	31 December 2009
Promissory notes	-	55
Loans	93	88
Total short-term investments	**93**	**143**

As at 31 December 2009 the total carrying value of investments in promissory notes of LLC "Finance-Proekt", a related party, was equal to RUR 252 million, of which RUR 197 million was included in long-term investments (Note 4). During the six-month period ended 30 June 2010 the short-term portion of the notes, totalling RUR 55 million, was redeemed in cash. The notes are repayable on demand, non-interest bearing and guaranteed by OJSC "TransCreditBank", a related party (Note 20).

LLC "Finance-Proekt" owns 100% of LLC "Zapadny Port". A substantial part of port facilities located on Don river near Rostov-na-Donu, owned by LLC "Zapadny Port", is rented out to the Group under an operating lease agreement.

8. CASH AND CASH EQUIVALENTS

	30 June 2010	31 December 2009
Cash in hand and RUR balances with banks	348	387
Foreign currency denominated balances with banks	314	62
Total cash and cash equivalents	**662**	**449**

9. EQUITY

Share Capital

The Company's authorized and issued share capital as well as the shareholder structure as of 30 June 2010 has not changed since 31 December 2009.

Dividends

In respect of 2009, dividends of RUR 0.16 per share were approved at the annual shareholders' meeting on 23 June 2010. As of 30 June 2010 the amount of dividends payable amounted to RUR 2 million, which were paid to the shareholders in August 2010.

10. LONG-TERM DEBT

Bank loans – RUR-denominated five-year loans from Alfa Bank were obtained by the Group during 2009 to finance acquisition of flatcars. The effective interest rate for the loans is 12.0%-12.5%, with interest payable on the 25^{th} of each month.

During the six-month period ended 30 June 2010 the Group made a partial early repayment of the loans. Carrying value of the bank loans as at 30 June 2010 is RUR 257 million (RUR 1,520 million as at 31 December 2009). Subsquent to the reporting date the Group made an additional payment of RUR 100 million to partially settle the loans.

In accordance with the loan terms the Group is subject to certain financial and non-financial covenants, including observance of a Debt/EBITDA ratio, calculated every six months on the basis of annual and interim financial statements. For the purposes of calculation debt includes all short and long-term borrowings, finance lease obligations and interest expense for a twelve-month period ended as at the reporting date. EBITDA includes income before interest expense, income tax, depreciation and amortization. In the event of non-compliance with the specified requirements the bank may increase the annual interest rate by 3%. In addition, the bank may require an early repayment of the loans if non-compliance with the financial covenants is not timely remediated.

The Group is also required to observe a minimal amount of quarterly cash turnover with the bank, non-compliance with which may result in fines.

As at 30 June 2010 the Group is in compliance with covenants.

Flatcars with net book value of RUR 364 million are pledged as a collateral under this loan agreement as at the reporting date (RUR 1,552 million as at 31 December 2009).

Five-year RUR bonds, series 1 – On 4 March 2008 the Company issued non-convertible five-year bonds for the total amount of RUR 3,000 million with 1,000 roubles par value. On 13 March 2009 majority of the bondholders requested redemption of their bonds in accordance with the put option. The Group redeemed the bonds and re-issued them on the same day. As at 31 December 2009 the coupon rate for the bonds was 16.5% per annum, with interest being paid semi-annually. On 12 March 2010 the coupon rate was changed to 9.5%, in accordance with the terms of the initial bond offering.

Carrying value of the bonds as at 30 June 2010 amounts to RUR 3,094 million (RUR 3,153 million at 31 December 2009). The amount of accrued coupon is RUR 94 million (RUR 164 million at 31 December 2009), and has been included as the Current portion of long-term debt in the interim condensed consolidated statement of financial position.

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

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

Carrying value of the bonds as at 30 June 2010 amounts to RUR 2,990 million. The amount of accrued coupon is RUR 15 million, and has been included as the Current portion of long-term debt in the interim condensed consolidated statement of financial position.

11. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2010	**31 December 2009**	**30 June 2010**	**31 December 2009**
Due within one year	586	909	506	793
Due after one year but not more than five years	854	1,682	575	1,115
	1,440	2,591	1,081	1,908
Less future finance charges	(359)	(683)	-	-
Present value of minimum lease payments	**1,081**	**1,908**	**1,081**	**1,908**

During the six-month period ended 30 June 2010 the Group purchased assets leased under two finance lease agreements, which were entered into during 2009. The excess of consideration paid over the outstanding finance lease liability as at the date of purchase amounted to RUR 31 million and has been recognized in the consolidated profit or loss.

On 31 December 2009 the Group has entered into a sale and leaseback agreement with CJSC “Gorodskaya Innovacionno-Lizingovaya Kompaniya” for a sale and financial leaseback of the Group’s trucks with a net book value of RUR 296 million. Group continued to recognize the assets under the lease agreement at their previous carrying amounts. The excess of sale proceeds over the net book value of the assets in the amount of RUR 109 million has been recognized as deferred income in the consolidated statement of financial position, and will be amortized over the lease term. The lease agreement is for the period of three years with the effective interest rate of 28.3% (including the effect of offsetting the deferred income over the lease term).

During the six-month period ended 30 June 2010 deferred income, related to the sale and leaseback agreement has been amortized in the amount of RUR 33 million and included in Interest expense on finance lease obligations in the consolidated profit or loss.

All leases are on a fixed repayment basis and denominated in Russian Roubles. The Group’s obligations under finance leases are secured by the lessors’ title to the leased assets.

12. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognized as an expense in respect of payments to defined contribution plans for the six-month periods ended 30 June 2010 and 2009 consisted of the following:

	2010	**2009**
Pension Fund of the Russian Federation	185	161
Non-state defined contribution plan “Blagosostoyanie”	4	1
Total expense for defined contribution plans	**189**	**162**

Defined benefit plans

The most recent actuarial valuation of the defined benefit obligation was carried out as of 31 December 2009 by an independent actuary. The present value of the defined benefit obligations, and related current service costs and past service cost, were measured using the projected unit credit method. The Group determined employee benefit liabilities as of 30 June 2010 and related costs for the six-month period then ended by means of making adjustments to the 2009 year-end amounts to reflect significant changes in the number of plan participants, salary increases and other significant events.

The amounts recognized in the interim consolidated profit or loss for the six-month periods ended 30 June 2010 and 2009 in respect of these defined benefit plans, which are included in Payroll and related charges, are as follows:

	30 June 2010	30 June 2009
Current service cost	14	14
Interest on obligation	23	25
Expected return on plan assets	(1)	(1)
Actuarial losses / (gains) recognized during the period	33	(64)
Amortization of past service cost	8	8
Charges arising from transfer of employees (i)	2	9
Net expense / (income) recognized in the consolidated profit or loss	**79**	**(9)**

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

The principal assumptions used in computation of the Group's defined benefit obligation as of 30 June 2010 have not changed from those used in preparation of the annual consolidated financial statements for the year ended 31 December 2009.

The current year actuarial losses related to the defined benefit obligation were caused by the increase in the average salary level of the Group's employees.

13. TRADE AND OTHER PAYABLES

	30 June 2010	31 December 2009
Trade payables	405	585
Amounts payable for the acquisition of property, plant and equipment	433	342
Liabilities to customers	2,615	2,245
Total trade and other payables	**3,453**	**3,172**

14. TAXES OTHER THAN INCOME TAX PAYABLE

	30 June 2010	31 December 2009
Property tax	101	98
Unified social tax	70	41
Personal income tax	24	10
Other taxes	37	21
Total taxes other than income tax payable	**232**	**170**

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2010	31 December 2009
Settlements with employees	266	133
Other liabilities	64	51
Total accrued expenses and other current liabilities	**330**	**184**

Settlements with employees as of 30 June 2010 and 31 December 2009 comprised accrued salaries and bonus of RUR 183 million and RUR 65 million, respectively, and the accrual for unused vacation of RUR 83 million and RUR 68 million, respectively.

16. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the General Director of TransContainer. The General Director reviews the Group's internal reporting in order to assess performance and allocate resources. Currently the General Director evaluates the business from a single perspective as one unit providing container shipping and other related services. While single groups of assets, such as containers, flatcars, container terminals, warehouses, and trucks may be able to generate some measure of revenue independently of each other, the Group can only sustain its competitive advantage and required profitability when all groups of assets function simultaneously, providing to the customers a completed package of shipping services. For this reason the General Director and the Group's management considers the entire Group to be a single operating and reportable segment.

Information on the basis of which the General Director assesses the Group's performance is revenue by category and load factor, which is measured in terms of transported TEUs (twentyfoot equivalent units) for both containers and flatcars, and fleet turnover – the amount of times the entire fleet of containers or flatcars on average makes a loaded trip during a year.

Analysis of revenue by category

	2010	2009
Integrated logistics services	4,414	2,571
Rail-based container shipping services	3,223	3,093
Terminal services and agency fees	941	778
Truck deliveries	685	728
Freight forwarding and logistics services	521	387
Bonded warehousing services	113	120
Other	45	43
Total revenue	**9,942**	**7,720**

Analysis of revenue by location of customers

	2010	2009
Revenue from external customers		
Russia	8,945	7,197
Germany	490	290
China	150	54
Korea	99	39
Switzerland	88	-
Other	170	140
Total revenue	**9,942**	**7,720**

During the six-month period ended 30 June 2010 no single customer accounted for over 10% of the Group's revenue. The largest customer, OJSC "Russian Railways" (RZD), accounted for RUR 910 million (9%) of the Group's revenue. During the six-month period ended 30 June 2009 revenue from RZD accounted for RUR 991 million (13%) of the Group's revenue.

17. OPERATING EXPENSES, NET

	2010	2009
Third-party charges relating to integrated logistics services	2,473	1,365
Freight and transportation services	2,031	1,757
Payroll and related charges	1,538	1,183
Depreciation and amortization	1,114	1,141
Materials, repair and maintenance	763	572
Rent	274	187
Taxes other than income tax	208	210
Security	112	105
Consulting services	98	143
Fuel costs	60	55
License and software	53	19
Communication costs	47	47
Charity	42	34
Loss from termination of finance leases	31	-
Changes in provision for tax liabilities, other than income tax	-	(30)
Gain on disposal of property, plant and equipment	(27)	-
Other expenses, net	343	330
Total operating expenses, net	**9,160**	**7,118**

18. INTEREST EXPENSE

	2010	2009
Interest expense on five-year RUR bonds, series 1	188	231
Interest expense on five-year RUR bonds, series 2	15	-
Interest expense on finance lease obligations	183	163
Interest expense on bank loans	87	97
Total interest expense	**473**	**491**

19. INCOME TAX

	2010	2009
Current income tax charge	(173)	(162)
Deferred income tax benefit	55	97
Income tax	**(118)**	**(65)**

20. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

The nature of the related party relationships for those related parties, with whom the Group entered into significant transactions or had significant balances outstanding as of 30 June 2010 are disclosed below:

Related party	Nature of relationship
OJSC "Russian Railways" (RZD)	Parent company
OJSC "TransCreditBank"	Fellow subsidiary of RZD
LLC "FinanceBusinessGroup"	An entity related to OJSC "TransCreditBank"
CJSC "Sberbank Leasing"	Subsidiary of Sberbank
LLC "Finans-Proekt" (Note 7)	An entity related to OJSC "TransCreditBank"
LLC "Zapadny Port" (Note 7)	Subsidiary of LLC "Finans-Proekt"
LLC "Roszheldorstroy"	Fellow subsidiary of RZD
LLC "Trans-Invest"	An entity related to Fund Blagosostoyanie
Fund Blagosostoyanie	Post-employment benefit plan for the benefit of employees of the Company
Fund Pochet	Post-employment benefit plan for the benefit of employees of the Company

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

As a part of its normal operations, the Group enters into various transactions and has outstanding balances with state-controlled entities and governmental bodies, which are shown as "other" in the tables below. The majority of related party transactions are with OJSC "Russian Railways" (RZD) and its subsidiaries, and OJSC "TransCreditBank", which are also state-controlled.

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

The Group performs a variety of transactions with RZD (the "Parent"), which is the sole owner and provider of railroad infrastructure and locomotive services in Russia. Furthermore, RZD owns the vast majority of rail-cars repair facilities in Russia, which are used by the Group to maintain its rolling stock in the operational condition.

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

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

The following table provides the total amount of transactions, which have been entered into with related parties during the six-month period ended 30 June 2010, as well as ending balances as at 30 June 2010:

	Total	RZD and its subsidiaries	Other
Cash and cash equivalents	594	592	2
Trade and other accounts receivables			
Trade receivables	1,183	1,181	2
Other receivables	41	1	40
	1,224	1,182	42
Prepayments and other current assets			
Advances to suppliers	718	661	57
Prepaid income tax	59	-	59
VAT receivable	891	-	891
	1,668	661	1,007
Long-term investments	197	-	197
Total assets	**3,683**	**2,435**	**1,248**
Trade and other accounts payable			
Trade payables	306	298	8
Liabilities to customers	36	13	23
	342	311	31
Accrued and other liabilities			
Other payables	38	-	38
Income tax payable	46	-	46
Taxes other than income tax payable	232	-	232
Finance lease obligations	865	230	635
Total liabilities	**1,523**	**541**	**982**
Revenue			
Rail-based container shipping services	397	392	5
Agency fees	740	737	3
Other services	53	30	23
	1,190	1,159	31
Interest income on deposits	7	7	-
Total income	**1,197**	**1,166**	**31**
Operating Expenses			
Freight and transportation services	1,517	1,515	2
Third-party charges relating to integrated logistics services	2,011	1,762	249
Repair services	406	404	2
Taxes other than income tax	208	-	208
Rent of property and equipment	162	162	-
Other expenses	125	88	37
	4,429	3,931	498
Income tax	118	-	118
Interest expense on finance lease obligations	75	18	57
Total expenses	**4,622**	**3,949**	**673**
Acquisition of property, plant and equipment	458	456	2
Purchase of materials	4	-	4
Contributions to non-state pension funds	26	-	26
Total other transactions	**488**	**456**	**32**

The following table provides the total amount of transactions, which have been entered into with related parties during the six-month period ended 30 June 2009, as well as ending balances as at 31 December 2009:

	Total	RZD and its subsidiaries	Other
Cash and cash equivalents	429	429	-
Trade and other accounts receivables			
Trade receivables	321	321	-
Other receivables	7	1	6
	328	322	6
Prepayments and other current assets			
Advances to suppliers	1,128	1,123	5
Prepaid income tax	98	-	98
VAT receivable	681	-	681
	1,907	1,123	784
Short-term investments	55	-	55
Long-term investments	197	-	197
Total assets	**2,916**	**1,874**	**1,042**
Trade and other accounts payable			
Trade payables	106	77	29
Liabilities to customers	39	12	27
	145	89	56
Accrued and other liabilities			
Other payables	132	118	14
Income tax payable	76	-	76
Taxes other than income tax payable	170	-	170
Finance lease obligations	973	-	973
Total liabilities	**1,496**	**207**	**1,289**
Revenue			
Rail-based container shipping services	346	339	7
Agency fees	634	634	-
Other services	104	18	86
	1,084	991	93
Interest income on short-term investments	5	-	5
Interest income on deposits	27	27	-
Total income	**1,116**	**1,018**	**98**
Operating Expenses			
Freight and transportation services	1,337	1,336	1
Third-party charges relating to integrated logistics services	1,034	1,034	-
Repair services	351	351	-
Taxes other than income tax	210	-	210
Rent of property and equipment	68	25	43
Other expenses	114	70	44
	3,114	2,816	298
Income tax	65	-	65
Interest expense on bank loans	54	-	54
Interest expense on finance lease obligations	93	-	93
Total expenses	**3,326**	**2,816**	**510**
Acquisition of property, plant and equipment	66	55	11
Purchase of materials	3	2	1
Contributions to non-state pension funds	23	-	23
Total other transactions	**92**	**57**	**35**

The amounts outstanding to and from related parties are unsecured except as disclosed for finance leases (Note 11).

Compensation of key management personnel

Key management personnel consist of members of the Board of Directors of the Company, the General Director and his deputies, totaling 15 and 14 persons as of 30 June 2010 and 30 June 2009, respectively. Total gross compensation (including unified social tax and before withholding of personal income tax) to key management personnel amounted to RUR 46 million (including unified social tax of RUR 1 million) and RUR 25 million (including unified social tax of RUR 1 million) for the six-month periods ended 30 June 2010 and 30 June 2009, respectively. Such compensation is included in Payroll and related charges in the consolidated profit or loss and comprises primarily short-term benefits. Post-employment and other long-term benefits of key management personnel were immaterial.

21. COMMITMENTS UNDER OPERATING LEASES

The Group leases certain cranes, production buildings and office premises. The respective lease agreements have duration varying from one to six years. Additionally the Group leases land on which the Group's container terminals are located.

The Group continues to rent property of Zapadny Port and flatcars from OJSC "RusTransVagon" under operating lease agreements.

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

	30 June 2010	31 December 2009
Within one year	204	466
In two to five years	56	388
After five years	4	3
Total minimum lease payments	**264**	**857**

22. CAPITAL COMMITMENTS

The Group's capital commitments as of 30 June 2010 and 31 December 2009 consisted of the following:

	30 June 2010	31 December 2009
Construction of container terminal complexes and modernization of existing assets	695	1,027
Acquisition of containers and flatcars	1,189	701
Acquisition of lifting machines and other equipment	57	187
Total capital commitments	**1,941**	**1,915**

23. SUBSEQUENT EVENTS

Acquisition of flatcars – In July 2010 the Group has purchased 95 flatcars from OJSC "Transportnoye Mashinostroyenie", for a total amount of RUR 223 million (including VAT in the amount of RUR 34 million).

Management incentive and share option programs – On 15 October 2010 the board of directors of Russian Railways approved an incentive program for the Company's management. Pursuant to the incentive program certain eligible managers of the Company can acquire in aggregate up to 208,421 ordinary shares of the Company at the time of its planned initial public offering ("IPO") at 7.5 percent discount from the price at which the shares are priced in the IPO, but not below RUR 2,311.29 per share.

On 20 October 2010 the board of directors of the Company approved the stock option program for its certain managers eligible to participate in it. The stock option program provides for the grant of options to acquire up to 208,421 ordinary shares of the Company, exercisable over the four-year period beginning in 2011, with up to 25 percent of the stock option exercisable annually. It is intended that the options will be granted following the completion of the planned IPO. The price per share payable upon exercise of an option is the price at which a share is priced in the IPO.