OPEN JOINT STOCK COMPANY TRANSCONTAINER

Interim Condensed Consolidated Financial Information

For the Nine-Month Period Ended 30 September 2011

OJSC TRANSCONTAINER

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of OJSC TransContainer (the "Company"), its joint ventures and subsidiaries (the "Group") as of 30 September 2011 and the results of its operations, cash flows and changes in equity for the nine-month period then ended, in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information for the nine-month period ended 30 September 2011 was approved on 5 December 2011 by:

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

OJSC TRANSCONTAINER

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

	Notes	30 September 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	5	28,175	25,644
Advances for acquisition of non-current assets	5	2,111	2,004
Intangible assets other than goodwill		640	85
Goodwill	4	217	-
Investments in associates		81	101
Long-term investments		54	8
Other non-current assets		72	12
Deferred tax asset		4	4
Total non-current assets		**31,354**	**27,858**
Current assets			
Inventory		221	179
Trade and other receivables	6	1,995	1,331
Prepayments and other current assets	7	3,073	2,857
Prepaid income tax		273	115
Short-term investments		86	-
Cash and cash equivalents	8	3,495	1,291
Total current assets		**9,143**	**5,773**
TOTAL ASSETS		**40,497**	**33,631**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	13,895	13,895
Treasury shares	13	(514)	-
Reserve fund		304	284
Translation reserve		173	7
Equity-settled employee benefits reserve	13	118	-
Other reserves		(2,221)	(2,221)
Retained earnings		10,306	7,411
Total equity attributable to equity holders of the parent		**22,061**	**19,376**
Non-controlling interest	4	959	-
Total equity		**23,020**	**19,376**
Non-current liabilities			
Long-term debt	10	8,303	5,976
Finance lease obligations, net of current maturities	11	18	392
Employee benefit liability	12	717	677
Deferred tax liability		1,785	1,438
Deferred income		2	12
Total non-current liabilities		**10,825**	**8,495**
Current liabilities			
Trade and other payables	14	4,458	3,965
Income tax payable		289	77
Taxes other than income tax payable	15	424	741
Provisions		32	34
Finance lease obligations, current maturities	11	521	545
Dividends payable	9	18	-
Accrued and other current liabilities	16	437	248
Deferred income		19	37
Current portion of long-term debt	10	453	113
Total current liabilities		**6,651**	**5,760**
TOTAL EQUITY AND LIABILITIES		**40,497**	**33,631**

P. V. Baskakov
General Director
5 December 2011

K. S. Kalmykov
Chief Accountant

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

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

	Notes	2011	2010
Revenue	17	21,971	16,475
Operating expenses, net	18	(17,579)	(15,001)
Operating income		**4,392**	**1,474**
Interest expense	19	(576)	(666)
Interest income		33	12
Foreign exchange loss, net		95	9
Share of result of associates		(24)	-
Profit before income tax		**3,920**	**829**
Income tax expense	20	(928)	(277)
Profit for the period		**2,992**	**552**
Attributable to:			
Equity holders of the parent		2,955	552
Non-controlling interest		37	-
Other comprehensive income			
Exchange differences on translating foreign operations		245	9
Total comprehensive income for the period		**3,237**	**561**
Attributable to:			
Equity holders of the parent		**3,120**	**561**
Non-controlling interest		**117**	**-**
Earnings per share, basic and diluted (Russian Roubles)		**214**	**40**
Weighted average number of shares outstanding		**13,830,923**	**13,894,778**

P. V. Baskakov
General Director
5 December 2011

K. S. Kalmykov
Chief Accountant

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

OJSC TRANSCONTAINER

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER (UNAUDITED)

(Amounts in millions of Russian Roubles)

	Notes	2011	2010
Cash flows from operating activities:			
Profit before income tax		**3,920**	**829**
Adjustments for:			
Depreciation and amortization	18	1,896	1,680
Change in provision for impairment of receivables	18	155	5
Gain on disposal of property, plant and equipment	18	(247)	(72)
(Reversal)/loss on impairment of property, plant and equipment	5	(1)	9
Loss from termination of finance lease		-	31
Share of result of associates		24	-
Interest expense, net		543	655
Equity-settled employee benefits reserve	13	118	-
Foreign exchange gain, net		(95)	(9)
Change in provisions		(1)	-
Other non-cash operating costs		2	-
Operating profit before working capital changes		**6,314**	**3,128**
Decrease/(increase) in inventory		17	(27)
Increase in trade and other receivables		(545)	(530)
Increase in prepayments and other current assets		(242)	(55)
Increase in trade and other payables		746	325
(Decrease)/increase in taxes other than income tax		(418)	318
Increase in accrued expenses and other current liabilities		84	119
Increase in employee benefit liabilities		39	78
Net cash from operating activities before income tax		**5,995**	**3,356**
Interest paid		(599)	(762)
Income tax paid		(886)	(353)
Net cash provided by operating activities		**4,510**	**2,241**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(2,588)	(3,275)
Proceeds from disposal of property, plant and equipment		402	215
Sale of non-current assets classified as held for sale		111	-
Acquisition of subsidiary, net of cash acquired of RUR 304 million	4	(1,550)	-
Purchases of long-term investments		(40)	-
Purchases of short-term investments		(86)	-
Purchases of intangible assets		(14)	(23)
Interest received		33	16
Net cash used in investing activities		**(3,732)**	**(3,017)**
Cash flows from financing activities:			
Proceeds from long-term borrowings		2,336	-
Proceeds from issue of long-term bonds		-	2,997
Repayments of finance lease obligations		(397)	(930)
Proceeds from sale and leaseback		-	404
Acquisition of treasury shares	13	(514)	-
Dividends		(40)	(2)
Principal payments on long-term borrowings		(11)	(1 520)
Principal payments on short-term borrowings		(2)	-
Net cash provided by financing activities		**1,372**	**949**
Net increase in cash and cash equivalents		**2,150**	**173**
Cash and cash equivalents at beginning of the period		**1,291**	**449**
Foreign exchange effect on cash and cash equivalents		54	4
Net cash and cash equivalents at end of the period		**3,495**	**626**

P. V. Baskakov
General Director
5 December 2011

K. S. Kalmykov
Chief Accountant

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 2010		**13,895**	**-**	**283**	**-**	**-**	**(2,221)**	**6,486**	**18,443**	**-**	**18,443**
Profit for the period		-	-	-	-	-	-	552	552	-	552
Other comprehensive income for the period		-	-	-	9	-	-	-	9	-	9
Total comprehensive income for the period		**-**	**-**	**-**	**9**	**-**	**-**	**552**	**561**	**-**	**561**
Dividends		-	-	-	-	-	-	(2)	(2)	-	(2)
Transfer to reserve fund		-	-	1	-	-	-	(1)	-	-	-
Balance at 30 September 2010		**13,895**	**-**	**284**	**9**	**-**	**(2,221)**	**7,035**	**19,002**	**-**	**19,002**
Profit for the period		-	-	-	-	-	-	376	376	-	376
Other comprehensive income for the period		-	-	-	(2)	-	-	-	(2)	-	(2)
Total comprehensive income for the period		**-**	**-**	**-**	**(2)**	**-**	**-**	**376**	**374**	**-**	**374**
Balance at 31 December 2010		**13,895**	**-**	**284**	**7**	**-**	**(2,221)**	**7,411**	**19,376**	**-**	**19,376**
Profit for the period		-	-	-	-	-	-	2,955	2,955	37	2,992
Other comprehensive income for the period		-	-	-	166	-	-	-	166	80	246
Total comprehensive income for the period		**-**	**-**	**-**	**166**	**-**	**-**	**2,955**	**3,121**	**117**	**3,238**
Acquisition of subsidiary	4	-	-	-	-	-	-	-	-	856	856
Acquisition of treasury shares	13	-	(514)	-	-	-	-	-	(514)	-	(514)
Equity-settled employee benefits reserve	13	-	-	-	-	118	-	-	118	-	118
Dividends	9	-	-	-	-	-	-	(40)	(40)	(14)	(54)
Transfer to reserve fund		-	-	20	-	-	-	(20)	-	-	-
Balance at 30 September 2011		**13,895**	**(514)**	**304**	**173**	**118**	**(2,221)**	**10,306**	**22,061**	**959**	**23,020**

P. V. Baskakov
General Director
5 December 2011

K. S. Kalmykov
Chief Accountant

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

(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 of 30 September 2011, the Company operated 17 branches in Russia. The Company’s registered address is 12 Novoryazanskaya Street, Moscow, 107228, Russian Federation. Its principal place of business is 19 Oruzheiniy pereulok, Moscow, 125047, Russian Federation.

The Company has ownership in the following entities:

				% interest held		% voting rights	
Name of Entity	**Type**	**Country**	**Activity**	**30 September 2011**	**31 December 2010**	**30 September 2011**	**31 December 2010**
Oy ContainerTrans ScandinaviaLtd	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	Investment activity	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
Trans-Eurasia Logistics GmbH	Associate	Germany	Container shipments	20	20	20	20
Far East Land Bridge Ltd.	Associate	Cyprus	Container shipments	10	10	25	25
LLC Prostor Invest Group (Note 13)	Subsidiary	Russia	Share option programme operator	100	-	100	-
JSC Kedentransservice (Note 4)	Subsidiary	Kazakhstan	Handling	67	-	67	-
Helme's Development Company Ltd. (Note 4)	Subsidiary	British Virgin Isles	Investment activity	100	-	100	-
Helme’s Operation UK Limited (Note 4)	Subsidiary	Great Britain	Investment activity	100	-	100	-
Logistic Investment SARL (Note 4)	Subsidiary	Luxemburg	Investment activity	100	-	100	-
Logistic System Management B.V. (Note 4)	Subsidiary	Netherlands	Investment activity	100	-	100	-

The interim condensed consolidated financial information of OJSC TransContainer, its subsidiaries and its joint ventures (the “Group”) as of 30 September 2011 and for the nine-month period then ended was authorized for issue by the General Director of the Company on 5 December 2011.

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 of 31 December 2010, 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 2010. 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 of 31 December 2010 and for the year then ended, as described in those annual consolidated financial statements.

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

The Company changed the accounting policy regarding representation of revenue from services rendered under compound rate in the interim condensed consolidated financial information. Revenue from these services was reclassified from freight forwarding and logistics services into the revenue from the integrated logistics services. As a result the revenue from services rendered under through-rate and from services rendered under compound rate which have a similar principle of service package formation began to represent in revenue from the integrated freight forwarding and logistics services. The management of the Company considers that the given change will lead to more correct and significant representation of these services in the interim condensed consolidated financial information for its users.

The changed position of the accounting policy which was applied by preparation of this interim condensed consolidated financial information, is presented below:

Integrated freight forwarding and logistics services are service packages including rail container transportation, terminal handling, truck deliveries, freight forwarding and logistic services. There are two types of integrated freight forwarding and logitstic services: through-rate services and compound rate services. If the Company is responsible for the rendering services throughout the entire logistic chain and such services are rendered under a single contract at a single price, they are treted as through-rate services. If services rendered by the Company at a single price represent only a part of the logistic chain while remaining services are provided at a stand-alone basis separately, the first ones are treated as "compound services". Revenue from integrated freight forwarding and logistics services is a combination of revenues relating to various services, which, when provided under separate contracts, are shown in corresponding revenue line items. Revenues from integrated freight forwarding and logistics services are recognized in the accounting period in which the services are rendered.

The following changes in the accounting policy were introduced to account for the implementation of the revised standard IAS 24 as of 1 January 2011:

IAS 24 "Related party disclosures" (revised) – simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. Due to this amendment, the Group changed the disclosure of operations with related parties regarding operations with associates of OJSC RZD (Note 3, 21).

Due to the occurrence of new transactions for the nine-month period ended 30 September 2011, the Group used new positions for their accounting policy in preparing this interim condensed consolidated financial information, discussed below:

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

Consolidated financial statements – Subsidiaries are those companies and other entities (including special purpose entities) in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain benefits. The existence and effect of potential voting rights that are either presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries (other than those acquired from parties under common control). Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of the acquiree’s net assets. The Group decides which principle to apply for measuring non-controlling interest is defined by the Group individually for each particular business combination.

Goodwill is measured by deducting the acquiree’s net assets from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of the interest in the acquiree held immediately before the acquisition date. Any negative amount (“negative goodwill”) is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excluding acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt; and all other transaction costs associated with the acquisition are expensed.

Investments in associates – Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group’s share of an associate’s net assets are recognised as follows: (i) the Group’s share of profits or losses of associates is recorded in the consolidated profit or loss for the period as the share of result of associates, (ii) the Group’s share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group’s share of the carrying value of net assets of associates are recognised in profit or loss within the share of result of associates.

When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill – Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least once a year and whenever there are indications that goodwill may be impaired. Goodwill is allocated to cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on the disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Non-current assets classified as held for sale – Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the statement of financial position as non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group’s management has approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period’s statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and includes the liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plants and equipment are not depreciated.

Share-based payment transactions – the share option plan allows Group employees to acquire shares of the Company. The fair value of share-based payment awards is measured at the grant date based on the Black-Scholes-Merton model, which takes into account the terms and conditions upon which the instruments were granted. The fair value of the options is then expensed between the grant date and the vesting date written into the share option contract.

Treasury shares – where any Group company purchases the Company’s equity instruments, the consideration paid, including any directly attributable incremental costs, and net of income taxes, is deducted from equity attributable to the Company’s owners until the equity instruments are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company’s owners.

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.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (CONTINUED)

There are two types of the Company's services for which critical accounting judgments are involved in revenue recognition:

1) In case the Company provides integrated freight forwarding and logistic services the customers do not interact with other transportation organisations. A full service is charged by the Company 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 Company 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 Company bears the credit risk and controls the flow of receipts and payments and is independent in its own pricing policy.

Management believes that the Company acts as a principal in these arrangements and the Company accounts receipts from customers as sales revenue and third-party charges, including the railroad tariff is included in third-party charges relating to integrated freight forwarding and logistics services.

Had railway tariff directly attributable to such services been excluded from revenues and cost of sales both would have decreased by RUR 5,816m for the nine-month period ended 30 September 2011 (RUR 4,237m for the nine-month period ended 30 September 2010).

2) In case Rail-based container shipping services are provided the Company agrees with the customer the transport fee as above, excluding the railroad tariff which is paid by the Company and reinvoiced to the client as reimbursement or may be paid by customer directly to the provider on rail infrastructure and locomotive services. Management believes that railroad tariff should not be included in revenue and cost of sales 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 2010, with the exception of changes in estimates that are required in determining the provision for income taxes (see above).

Seasonality – The business of the Group is subject to significant 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 June and August exceeds significantly the annual average, while the number of orders received between January and February is below the annual average. To mitigate the impact of seasonal swings, during the low season, the Group offers its clients favourable 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. In the financial year ended 31 December 2010, 72% of revenues accumulated in the first three quarters of the year, with 28% accumulating in the fourth quarter of the year.

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

3. CHANGES IN ACCOUNTING POLICY

Due to changes in the Company's accounting policy revenue from services rendering under integrated rate was reclassified from freight forwarding and logistics services in revenue from the integrated logistics services.

The effect on revenue for the nine-month period ended 30 September 2010 is as follows:

	Revenue as originally presented	Revenue as reclassified	Reclassification
Integrated freight forwarding and logistics services (integrated logistics services)	7,659	7,992	333
Other freight forwarding services (freight forwarding and logistics services)	881	548	(333)

The effect on transactions and balances with related parties as at 31 December 2010 and for the nine-month period ended 30 September 2010 is as follows:

	Revenue as originally presented		Revenue as reclassified		Reclassification	
	RZD, its subsidiaries, joint ventures and associates	Other	RZD, its subsidiaries, joint ventures and associates	Other	RZD, its subsidiaries, joint ventures and associates	Other
Integrated freight forwarding and logistics services (integrated logistics services)	8	36	11	40	3	4
Other freight forwarding services (freight forwarding and logistics services)	7	47	4	44	(3)	(4)

Due to the implementation of the revised standard IAS 24 "Related party disclosures" as of 1 January 2011, the comparative data were adjusted by the Group as of 31 December 2010, and for the period ended 30 September 2010. The revised standard considers relations between subsidiaries and associates of the same enterprise as mutual relations between related parties. Given this, the Group began to classify operations with the associates of OJSC RZD as operations with related parties.

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

3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

The effect on transactions and balances with related parties as of 31 December 2010 and for the period ended 30 September 2010 is as follows:

	RZD, its subsidiaries, joint ventures and associates as originally presented	RZD, its subsidiaries, joint ventures and associates as reclassified	Reclassification
Trade and other accounts payable			
Trade payables	32	268	236
Liabilities to customers	30	32	2
Revenue			
	548	549	1
	1,178	1,179	1
Other services	44	138	94
Operating Expenses			
Freight and transportation services	2,378	2,379	1
Repair services	731	734	3
Other expenses	225	223	(2)
Other transactions			
Acquisition of property, plant and equipment	469	827	358

Trade and other accounts payable includes RUR 236m payable to LLC TMKH Vagonostroenie, an associate of RZD.

Revenue includes RUR 92m received from OJSC Nevskaya Cosmetica, an associate of RZD.

Other transactions include acquisition of flatcars from LLC TMKH Vagonostroenie, an associate of RZD, for a total amount of RUR 358m.

4. ACQUISITIONS OF SUBSIDIARIES

JSC Kedentransservice

On 18 March 2011 the Company obtained control of JSC Kedentransservice, a leading operator of railway terminals in Kazakhstan, by acquiring a 67% of its share capital, thus enabling the Group to establish its presence in the Kazakh rail terminal services market.

The acquisition has been carried out as follows: the Company directly acquired 20.1% of the share capital of Kedentransservice and indirectly 46.9% by acquisition of a 100% share in Helme's Development Company Ltd, which owns a 100% interest in Helme's Operation UK Limited which in turn owns a 46.9% interest in JSC Kedentransservice. The total consideration as of 30 September 2011, was USD 68m (RUR 1,955m at the Central Bank of Russia exchange rate as of 18 March 2011), of which USD 64.5m (RUR 1,855m at the Central Bank of Russia exchange rate as of 18 March 2011) has been paid out in cash as of 30 September 2011. Unpaid payment USD 3.5 m (RUR 112m at the Central Bank of Russia exchange rate as of 30 September 2011) should be transferred to the seller in March 2012 in accordance with purchase-and-sale agreement, in case of absence of adjustments which can be executed in accordance with conditions of the given agreement. The amounts of the adjustments to the consideration are subject to fulfilment of certain terms and conditions by the parties and cannot be determined reliably as of the date this interim condensed consolidated financial information was authorized for issue.

In March 2011, the Group also entered into a joint venture cooperation agreement with JSC Kazakh Temir Zholy (“KTZ”), the second shareholder of Kedentransservice, which owns 33% of its share capital. In

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

4. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

accordance with the terms of the agreement, KTZ may purchase 17% of the shares owned by the Group, bringing the Company's share of ownership in Kedentransservice to 50%, subject to the fulfilment by each party of certain conditions and responsibilities, which must be met according to the agreement. As of the date this financial information was authorized for issue, these necessary conditions have not been met. The joint venture agreement also contains certain clauses which upon formation of the joint venture will serve to protect the interests of both parties and trigger the right of one party to sell its shares to the other party in the event the other party does not comply with certain provisions of the agreement.

In March 2011 in Luxembourg, the Group registered Logistics Investments SARL, a 100% subsidiary, with share capital in the amount of EUR 12,500 (RUR 0,5m at the Central Bank of Russia exchange rate as of 30 September 2011). In September 2011, 20.1% of the shares of Kedentransservice currently directly owned by the Company were transferred to this new subsidiary. The rest of 46.9% shares of Kedentransservice indirectly owned by the Company also are to be transferred to Logistics Investments SARL.

In July 2011 the Group registered a 100% subsidiary of Logistic Investment SARL, Logistic System Management B.V., in the Netherlands with share capital in the amount of EUR 90,000 (equivalent to RUR 4m at the Central Bank of Russia exchange rate on 30 September 2011).

JSC Kedentransservice (continued)

	Fair value as recognised on acquisition
Intangible assets	545
Property, plant and equipment	2,336
Inventories	67
Trade accounts receivable	177
Advances paid	69
Income tax receivable	9
Cash and cash equivalents	304
Other assets	4
Total assets	**3,511**
Long-term debt	323
Deferred tax liabilities	334
Trade and other payables	152
Taxes other than income tax payable	102
Other liabilities	5
Total liabilities	**916**
Net assets	**2,595**
Less non-controlling interest	(856)
Net assets acquired	**1,739**
Goodwill	216
Cost of acquisition	**1,955**

The non-controlling interest represents the acquiree's share in net assets attributable to owners of non-controlling interest.

The amount of goodwill recognized as a result of the acquisition is attributable to the expected synergies from the combining of the operations of the Group and JSC Kedentransservice. The goodwill will not be deductible for tax purposes in future periods.

The gross contractual amount of trade accounts receivable and advances paid was RUR 238m and RUR 105m, respectively. The fair values of accounts receivable at acquisition date represents gross contractual amounts net of the best estimates of the contractual cash flows not expected to be collected.

The acquired subsidiary contributed revenue of RUR 901m and profit of RUR 102m to the Group for the period from the date of acquisition to 30 September 2011. If the acquisition had occurred on 1 January

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

4. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

2011, Group revenue for the nine-month period ended 30 September 2011 would have been RUR 22,248m, and profit for nine-month period ended 30 September 2011 would have been RUR 3,079m.

LLC Prostor Invest Group

In February 2011, the Company acquired 100% ownership interest in LLC Prostor Invest Group, a special purpose entity used in the Group's Share Option Plan (Note 13). Cash consideration of RUR 12,500 was paid. As this entity does not constitute a business, the Group recognized this purchase as an acquisition of its assets and liabilities.

5. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Cost						
1 January 2010	**4,227**	**21,239**	**1,173**	**1,762**	**1,167**	**29,568**
Additions	8	3,313	-	133	231	**3,685**
Transfers	85	-	62	7	(154)	**-**
Disposals	(6)	(208)	(11)	(75)	(32)	**(332)**
30 September 2010	**4,314**	**24,344**	**1,224**	**1,827**	**1,212**	**32,921**
Accumulated depreciation						
1 January 2010	**(944)**	**(4,291)**	**(517)**	**(719)**	**-**	**(6,471)**
Depreciation charge	(160)	(1,144)	(112)	(236)	-	**(1,652)**
Impairment	4	-	(13)	-	-	**(9)**
Disposals	1	187	6	72	-	**266**
30 September 2010	**(1,099)**	**(5,248)**	**(636)**	**(883)**	**-**	**(7,866)**

	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
Cost						
1 January 2011	**4,896**	**24,425**	**1,290**	**1,924**	**1,332**	**33,867**
Additions	117	1,539	72	134	322	**2,184**
Acquisition through business combination	1,448	396	132	334	26	**2,336**
Transfers	438	67	69	136	(710)	**-**
Reclassification to assets classified as held for sale	-	(28)	-	-	-	**(28)**
Disposals	(210)	(234)	(119)	(79)	(25)	**(667)**
Exchange difference	142	37	14	33	3	**229**
30 September 2011	**6,831**	**26,202**	**1,458**	**2,482**	**948**	**37,921**
Accumulated depreciation						
1 January 2011	**(1,146)**	**(5,447)**	**(673)**	**(954)**	**(3)**	**(8,223)**
Depreciation charge	(228)	(1,216)	(132)	(275)	-	**(1,851)**
Impairment	2	-	-	-	(1)	**1**
Reclassification to assets classified as held for sale	-	28	-	-	-	**28**
Disposals	6	204	39	70	-	**319**
Exchange difference	(6)	(7)	(4)	(3)	-	**(20)**
30 September 2011	**(1,372)**	**(6,438)**	**(770)**	**(1,162)**	**(4)**	**(9,746)**
Net book value						
1 January 2011	**3,750**	**18,978**	**617**	**970**	**1,329**	**25,644**
30 September 2011	**5,459**	**19,764**	**688**	**1,320**	**944**	**28,175**

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

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included under land, buildings and constructions are the amounts of RUR 740m and RUR 231m, which represent the value of land plots owned by the Group as of 30 September 2011 and 31 December 2010, respectively.

During the nine-month period ended 30 September 2011, the Group acquired a subsidiary, JSC Kedentransservice (Note 4), including property, plant and equipment in the total amount of RUR 2,336m.

The vehicles and other equipment category includes motor transport used for terminal services and truck deliveries in the amount of RUR 973m and RUR 859m as of 30 September 2011 and 31 December 2010, respectively.

Construction in-progress as of 30 September 2011 consisted mainly of the capital expenditures incurred for the expansion, maintenance and reconstruction of container terminals in Novosibirsk, Yekaterinburg Krasnoyarsk and Irkutsk amounting to RUR 406m, RUR 160m, RUR 64m and RUR 54m, respectively.

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

Leased assets as of 30 September 2011 and 31 December 2010, for which the Group is a lessee under finance leases, comprised the following:

	30 September 2011	31 December 2010
Cost	1,737	1,994
Accumulated deprecation	(371)	(232)
Net book value	**1,366**	**1,762**

See Note 11 for further details regarding finance leases.

Advance for acquisition of non-current assets

As of 30 September 2011 and 31 December 2010, advances for the acquisition of non-current assets consisted of: 1) security deposit paid in accordance with a preliminary purchase-and-sale agreement with LLC Ladya River for the acquisition of premises in a Moscow office building (RUR 1,642m), 2) advances for the acquisition of rolling stock (RUR 257m and RUR 247m, respectively), and 3) advances for the acquisition of other non-current assets (RUR 212m and RUR 115m, respectively).

Under the preliminary purchase-and-sale agreement for acquisition of premises with LLC Ladya River, the security deposit should be returned to the Company before the signing of the final purchase-and-sale agreement for acquisition of premises, or if the preliminary purchase-and-sale agreement is cancelled. As the purchase-and-sale agreement will stipulate advance payment for acquisition of premises in an amount equalling the security deposit, the security deposit is classified as an advance for the acquisition of non-current assets. The Company expects to enter into the final purchase-and-sale aqreement in 2012.

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

6. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Provision for impairment	Outstanding balance, net
30 September 2011			
Trade receivables	2,150	(243)	1,907
Other receivables	104	(16)	88
Total trade and other receivables	**2,254**	**(259)**	**1,995**
31 December 2010			
Trade receivables	1,382	(84)	1,298
Other receivables	33	-	33
Total trade and other receivables	**1,415**	**(84)**	**1,331**

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

Balance as of 1 January 2010	**(62)**
Additional provision, recognised in the period	(5)
Balance as of 30 September 2010	**(67)**
Additional provision, recognised in the period	(37)
Release of provision	8
Utilisation of provision	12
Balance as of 31 December 2010	**(84)**
Additional provision, recognised in the period	(155)
Utilisation of provision	23
Acquisition of Kedentransservice	(104)
Exchange differences on translating foreign operations	(9)
Balance as of 30 September 2011	**(329)**

As of 30 September 2011 provision for impairment of accounts receivable was recognised in respect of trade and other receivables balances (RUR 259m), advances to suppliers (RUR 56m), advances for acquisition of non-current assets (RUR 5m) and other non-current assets (RUR 9m).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2011	31 December 2010
VAT receivable	1,058	854
Advances to suppliers	1,861	1,855
Other current assets	154	148
Total prepayments and other current assets	**3,073**	**2,857**

8. CASH AND CASH EQUIVALENTS

	30 September 2011	31 December 2010
Cash and Russian Rouble denominated current accounts with banks	931	533
Foreign currency denominated current accounts with banks	618	154
Russian Rouble denominated bank deposits	1,752	600
Foreign currency denominated bank deposits	194	4
Total cash and cash equivalents	**3, 495**	**1,291**

The terms of Russian Rouble-denominated short-term bank deposits vary from nine days to three months, depending on the Company's immediate cash requirements. Four Russian Rouble-denominated short-term bank deposits in the amount of RUR 500m, 500m, 300m and RUR 450m, bearing interest at annual rates of 4.5%, 5.8%, 5.8% and 6% respectively, were placed with JSC TransCreditBank, a related party,

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

8. CASH AND CASH EQUIVALENTS (CONTINUED)

as of 30 September 2011 (Note 21). The deposits matured on 9 October 2011, 27 October 2011, 28 October 2011 and 29 October 2011 respectively.

Two Kazakh Tenge-denominated short-term bank deposits in the amount of KZT 300m each, bearing interest at annual rate of 2% and 3.5% respectively, were placed with JSC ATFBank, as of 30 September 2011. These deposits matured on 10 November 2011 and 12 December 2011 respectively.

Also Kazakh Tenge-denominated short-term bank deposit in the amount of KZT 300m, bearing interest at annual rate of 3.3%, was placed with JSC BTABank, as of 30 September 2011. This deposit matured on 12 November 2011.

9. EQUITY

a. Share capital

As of 30 September 2011, the Company’s authorized and issued share capital as well as its shareholder structure has not changed since 31 December 2010.

b. Dividends

For 2010, dividends of RUR 2.91 per share were approved at the annual shareholders’ meeting on 28 June 2011. In August 2011 the dividends were fully paid out to shareholders.

10. LONG-TERM DEBT

Bank loans

	Effective interest rate	30 September 2011	31 December 2010
OJSC Alfa Bank	9.75%-9.5%	1,822	-
LLC TrustUnion Asset Management	9.5%	503	-
Total		**2,325**	**-**

The Group obtained loans from Alfa Bank during the nine-month period ended 30 September 2011 to finance the acquisition of JSC Kedentransservice (Note 4). The loans mature in seven years and should be secured by at least 67% of the Company’s ordinary voting shares in JSC Kedentransservice. As of 30 September 2011 no relevant predge agreement had yet been signed.

Under the loan terms, the Group is subject to certain financial and non-financial covenants, including compliance with a specific Debt/EBITDA ratio, which is calculated on the basis of annual and interim financial statements. For calculation purposes, debt includes all short- and long-term borrowings, finance lease obligations and interest expenses for the 12-month period ending on 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 early loan repayment if non-compliance with the financial covenants is not remediated within 30 calendar days.

As of 30 September 2011 the Group is in compliance with the covenants.

The Group obtained borrowed funds from LLC TrustUnion Asset Management 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 13). The loan matures in five years.

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

10. LONG-TERM DEBT (CONTINUED)

Five-year RUR bonds, series 1 – On 4 March 2008, the Company issued non-convertible five-year bonds for a total amount of RUR 3,000m at a par value of RUR 1,000 each. The coupon rate for the nine-month period ended 30 September 2011 is 9.5% per annum (9.5% per annum for the year ended 31 December 2010).

As these bonds are currently not puttable and will mature in February 2013, they are classified as long-term borrowings as at 30 September 2011.

The carrying value of the bonds as at 30 September 2011 amounted to RUR 3,024m (RUR 3,095m at 31 December 2010). The amount of accrued interest is RUR 24m (RUR 95m at 31 December 2010), 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 a total amount of RUR 3,000m at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 2,975m. The annual coupon rate of the bonds for five years is 8.8% with interest paid semi-annually.

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

The carrying value of the bonds as at 30 September 2011 amounted to RUR 3,057m (RUR 2,994m at 31 December 2010). The amount of accrued interest is RUR 79m (RUR 18m at 31 December 2010), and has been included as the current portion of long-term debt in the interim condensed consolidated statement of financial position.

Foreign currency-denominated bonds. Due to the acquisition of the subsidiary, the Group accepted obligations on bonds issued on 3 March 2006 amounting to 1,694,320 coupon bonds at a par value of Kazakh Tenge (KZT) 1,000 each without any security. As at 30 September 2011 the carrying value of the bonds amounted to RUR 344m and the amount of accrued interest was RUR 27m. The weighted average coupon rate for the nine-month period ended 30 September 2011 is 8.4% per annum.

The bonds will be redeemed on 3 April 2012 and were included as short-term liabilities in the interim condensed consolidated statement of financial position as at the reporting date.

11. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		**Present value of minimum lease payments**	
	30 September 2011	**31 December 2010**	**30 September 2011**	**31 December 2010**
Due within one year	591	610	521	545
Due after one year but not more than five years	30	530	18	392
	621	1,140	539	937
Less future finance charges	(82)	(203)	-	-
Present value of minimum lease payments	**539**	**937**	**539**	**937**

During the nine-month period ended 30 September 2011 the Group purchased assets leased under the finance lease agreement with LLC FinanceBusinessGroup, which was entered into in 2007 for a 50-month period.

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

11. FINANCE LEASE OBLIGATIONS (CONTINUED)

On 31 December 2009 the Group entered into a sale and leaseback agreement with CJSC Gorodskaya Innovacionno-Lizingovaya Kompaniya for the sale and financial leaseback of the Group's trucks with a net book value of RUR 296m. The 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 109m has been recognized as deferred income in the interim condensed consolidated statement of financial position, and will be amortized over the lease term.

The amortization of this balance during the nine-month period ended 30 September 2011 was RUR 29m and is included in interest expense on finance lease obligations in the interim condensed consolidated statement of comprehensive income. The lease agreement is for a three-year period with an effective interest rate of 28.3% (including the effect of offsetting the deferred income over the lease term).

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 for payments to defined contribution plans for the nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	2011	2010
Pension Fund of the Russian Federation	400	271
Non-state defined contribution plan Blagosostoyanie	10	4
Total expense for defined contribution plans	**410**	**275**

Defined benefit plans

The most recent actuarial valuation of the defined benefit obligation was carried out as of 31 December 2010 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 September 2011 and related costs for the nine-month period then ended by making adjustments to the 2010 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 condensed consolidated profit or loss for the nine-month periods ended 30 September 2011 and 2010 in respect of these defined benefit plans, which are included under payroll and related charges, are as follows:

	30 September 2011	30 September 2010
Current service cost	28	21
Interest on obligation	44	36
Expected return on plan assets	(2)	(2)
Actuarial losses recognized during the period	36	48
Past service cost	6	15
Net expense recognized in the interim condensed consolidated profit or loss	**112**	**118**

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

12. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

The amounts recognized in the statement of financial position as of 30 September 2011 and 31 December 2010 in respect of these defined benefit plans are as follows:

	30 September 2011	31 December 2010
Present value of defined benefit obligations	768	720
Fair value of plan assets	(46)	(36)
(Surplus)/deficit in plan	722	684
Unrecognized past service cost	(5)	(7)
Net liability in the interim condensed consolidated statement of financial position	**717**	**677**

The principal assumptions used in computing the Group's defined benefit obligation as of 30 September 2011 have not changed from those used in preparing the annual consolidated financial statements for the year ended 31 December 2010.

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

13. EMPLOYEE SHARE OPTION PLAN

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

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

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

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

Ordinary shares will be allocated from treasury shares purchased by the Group for this purpose on the open market by a special-purpose entity, LLC Prostor Invest Group, which is fully controlled by the Group.

The exercise price will be RUR 2,464 per share plus certain costs and expenses related to Plan implementation. Plan Participants will have up until June 2016 to exercise their share options.

As at 30 September 2011, in relation to the Plan, the Group had purchased 208,421 treasury shares. Their purchase cost was RUR 513.6m. The shares were purchased by LLC Prostor Invest Group.

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

13. EMPLOYEE SHARE OPTION PLAN (CONTINUED)

As at 30 September 2011 the following number of share options is outstanding:

	Number of shares
Options outstanding at 1 January 2011	-
Options granted in the first nine months 2011	208,421
Options outstanding at 30 September 2011	**208,421**

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 services received.

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

The measure of volatility used in the Black-Scholes-Merton model is the 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 nine-month period ended 30 September 2011, the Group recognized expenses of RUR 118.4m related to the options. These expenses were included into payroll and related charges disclosed in Note 18.

No options were exercised during the nine-month period ended 30 September 2011.

14. TRADE AND OTHER PAYABLES

	30 September 2011	31 December 2010
Trade payables	709	483
Amounts payable for the acquisition of property, plant and equipment	76	495
Liabilities to customers	3,673	2,987
Total trade and other payables	**4,458**	**3,965**

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

15. TAXES OTHER THAN INCOME TAX PAYABLE

	30 September 2011	31 December 2010
VAT	141	561
Property tax	106	120
Social insurance contribution	65	39
Personal income tax	25	16
Other taxes	87	5
Total taxes other than income tax payable	**424**	**741**

16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 September 2011	31 December 2010
Settlements with employees	222	194
Payable for acquisition of Kedentransservice's shares	112	-
Other liabilities	103	54
Total accrued expenses and other current liabilities	**437**	**248**

Settlements with employees as of 30 September 2011 and 31 December 2010 comprised accrued salaries and bonuses of RUR 98m and RUR 104m, respectively, and accruals for unused vacation of RUR 125m and RUR 90m, respectively.

17. SEGMENT INFORMATION

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

a. Analysis of revenue by category

	2011	2010
Integrated freight forwarding and logistics services	10,343	7,992
Rail-based container shipping services	6,669	5,083
Terminal services and agency fees	2,366	1,483
Truck deliveries	1,269	1,114
Other freight forwarding services	873	548
Bonded warehousing services	310	192
Other	141	63
Total revenue	**21,971**	**16,475**

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

17. SEGMENT INFORMATION (CONTINUED)

b. Analysis of revenue by location of customers

	2011	2010
Revenue from external customers		
Russia	18,885	14,841
Kazakhstan	961	-
Korea	560	197
Germany	559	715
China	343	302
Switzerland	172	141
Finland	137	81
Other	354	198
Total revenue	**21,971**	**16,475**

During the period ended 30 September 2011, OJSC Russian Railways (RZD) accounted for 10% of the Group’s total revenue: RUR 2,264m. During the period ended 30 September 2010, OJSC Russian Railways (RZD) accounted for 11% of the Group’s total revenue: RUR 1,877m. 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 Kedentransservice and are located in Kazakhstan.

18. OPERATING EXPENSES, NET

	2011	2010
Cost of integrated freight forwarding and logistics services	5,883	4,414
Freight and transportation services	3,469	3,362
Payroll and related charges	3,029	2,295
Depreciation and amortization	1,896	1,680
Materials, repair and maintenance	1,610	1,383
Taxes other than income tax	683	389
Rent	281	382
Security	209	166
Consulting services	155	153
Fuel costs	128	90
License and software	97	94
Communication costs	71	75
Charity	5	54
Loss from termination of finance leases	-	31
Movement in the provision for impairment	155	5
Gain on disposal of property, plant and equipment	(247)	(72)
Other expenses, net	155	500
Total operating expenses, net	**17,579**	**15,001**

19. INTEREST EXPENSE

	2011	2010
Interest expense on RUR bonds	388	342
Interest expense on finance lease obligations	84	232
Interest expense on bank loans	104	92
Total interest expense	**576**	**666**

20. INCOME TAX

	2011	2010
Current income tax charge	(945)	(315)
Deferred income tax benefit	17	38
Income tax	**(928)**	**(277)**

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 “Related party disclosures”, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related-party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

The nature of the related-party relationships for those related parties with which the Group has entered into significant transactions, or had significant balances outstanding as of 30 September 2011, are disclosed below:

Related party	Nature of relationship
OJSC Russian Railways (RZD)	Parent company
OJSC TransCreditBank	Associate of RZD
LLC FinanceBusinessGroup	Associate of RZD
CJSC Sberbank Leasing	Subsidiary of Sberbank
JSC Wagon Repair Company - 1	Subsidiary of RZD
JSC Wagon Repair Company - 2	Subsidiary of RZD
JSC Wagon Repair Company - 3	Subsidiary of RZD
JSC The incorporated electrotechnical plants (ELTEZA)	Subsidiary of RZD
OJSC RZD Logistics	Subsidiary of RZD
LLC TMKH Vagonostroenie	Associate of RZD
Fund Blagosostoyanie	Post-employment benefit plan for Company employees
Fund Pochet	Post-employment benefit plan for Company employees

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

As a part of its ordinary course of business, the Group enters into various transactions and has outstanding balances with state-controlled entities and governmental bodies, which are shown as “other” in the tables below. The majority of related-party transactions are with OJSC Russian Railways (RZD), its subsidiaries, joint ventures and associates, 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 the arranging the container transportation process. As the assets required for performing such functions were transferred to the Group, RZD engaged the Company to act as its agent in the performance of these functions. Group revenues generated from such transactions with RZD is reported as agency fees in the accompanying interim condensed consolidated statement of comprehensive income.

The Group maintains several bank accounts at OJSC TransCreditBank.

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

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and balances with related parties as at and for the nine-month period ended 30 September 2011 are shown below:

	Total	RZD, its subsidiaries, joint ventures and associates	Other
Cash and cash equivalents	2,937	2,937	-
Trade and other accounts receivables			
Trade receivables	1,023	391	632
Other receivables	22	17	5
	1,045	408	637
Prepayments and other current assets			
Advances to suppliers	1,505	1,502	3
Investments in associates	81	-	81
Advances for acquisition of non-current assets	1	1	-
Total assets	**5,569**	**4 848**	**721**
Trade and other accounts payable			
Trade payables	59	43	16
Liabilities to customers	95	55	40
	154	98	56
Accrued and other liabilities			
Other payables	74	5	69
Finance lease obligations	417	-	417
Total liabilities	**645**	**103**	**542**
Revenue			
Rail-based container shipping services	436	355	81
Agency fees	1,364	1,358	6
Integrated freight forwarding and logistics services	780	498	282
Other services	130	53	77
	2,710	2,264	446
Interest income on deposits	24	24	-
Total income	**2,734**	**2,288**	**446**
Operating Expenses			
Freight and transportation services	2,283	2,238	45
Third-party charges relating to integrated freight forwarding and logistics services	4,510	4,344	166
Repair services	864	862	2
Rent of property and equipment	29	29	-
Other expenses	123	58	65
	7,809	7,531	278
Interest expense on finance lease obligations	62	9	53
Total expenses	**7,871**	**7,540**	**331**
Acquisition of property, plant and equipment	608	587	21
Purchase of materials	8	-	8
Contributions to non-state pension funds	53	-	53
Total other transactions	**669**	**587**	**82**

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

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions and balances with related parties as at 31 December 2010 and for the nine-month period ended 30 September 2010:

	Total	RZD, its subsidiaries, joint ventures and associates	Other
Cash and cash equivalents	1,262	1,261	1
Trade and other accounts receivables			
Trade receivables	527	306	221
Other receivables	40	1	39
	567	307	260
Prepayments and other current assets			
Advances to suppliers	1,651	1,648	3
Investments in associates	101	-	101
Total assets	**3,581**	**3,216**	**365**
Trade and other accounts payable			
Trade payables	46	32	14
Liabilities to customers	56	30	26
	102	62	40
Accrued and other liabilities			
Other payables	33	5	28
Finance lease obligations	756	208	548
Total liabilities	**891**	**275**	**616**
Revenue			
Rail-based container shipping services	571	549	22
Agency fees	1,183	1,179	4
Integrated freight forwarding and logistics services	50	11	39
Other services	205	138	67
	2,009	1,877	132
Interest income on deposits	11	11	-
Total income	**2 020**	**1,888**	**132**
Operating expenses			
Freight and transportation services	2,496	2,379	117
Third-party charges relating to integrated freight forwarding and logistics services	3,389	3,039	350
Repair services	736	734	2
Rent of property and equipment	133	133	-
Other expenses	278	223	55
	7,032	6,508	524
Interest expense on finance lease obligations	110	27	83
Total expenses	**7,142**	**6,535**	**607**
Acquisition of property, plant and equipment	829	827	2
Purchase of materials	6	-	6
Contributions to non-state pension funds	30	-	30
Total other transactions	**865**	**827**	**38**

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

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

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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 17 persons as of 30 September 2011 and 30 September 2010, respectively. Total gross compensation (including insurance contributions and before withholding of personal income tax) to key management personnel amounted to RUR 120m (including total insurance contributions of RUR 2m) and RUR 78m (including total insurance contributions of RUR 3m) for the nine-month periods ended 30 September 2011 and 30 September 2010, respectively. This compensation is included under payroll and related charges in the interim condensed consolidated profit and loss and comprises primarily short-term benefits. Post-employment and other long-term benefits of key management personnel were immaterial.

As stated in Note 13, during the nine-month period ended 30 September 2011, the Group recognized expenses of RUR 118.4m 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 60m.

22. COMMITMENTS UNDER OPERATING LEASES

As at 30 September 2011, the Group leases a loading platform at Dostyk Station in Kazakhstan. This agreement has been concluded for a 15-year term.

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.

The Group continues to rent flatcars from OJSC RusTransVagon under an operating lease agreement.

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

	30 September 2011	31 December 2010
Within one year	201	192
Within two to five years	142	56
After five years	314	4
Total minimum lease payments	**657**	**252**

23. CAPITAL COMMITMENTS

The Group's capital commitments as of 30 September 2011 and 31 December 2010 consisted of the following:

	30 September 2011	31 December 2010
Construction of container terminal complexes and modernization of existing assets	835	786
Acquisition of containers and flatcars	1,530	789
Acquisition of lifting machines and other equipment	3	76
Total capital commitments	**2,368**	**1,651**

24. SUBSEQUENT EVENTS

Acquisition of flatcars – In October-November 2011 the Group obtained 70 flatcars from LLC Tehmaktrans, for a total amount of RUR 171m (plus VAT in the amount of RUR 31m), 40 flatcars from LLC Prioritet, for a total amount of RUR 98m (plus VAT in the amount of RUR 18m) and 20 flatcars from LLC InterSystemCapital, for a total amount of RUR 41m (plus VAT in the amount of RUR 7m).

Acquisition of ISO containers - In October-November 2011 the Group obtained 582 ISO containers from LLC RusTransCom, for a total amount of RUR 114m (plus VAT in the amount of RUR 21m).

Second security deposit for the acquisition of premises – In November 2011 under the preliminary purchase-and-sale agreement for acquisition of premises with LLC Ladya River the Company redeemed the second security deposit in the amount of RUR 300m.

Additional agreements with Alfa Bank – in October 2011, after approval by the Company's Board of Directors, additional agreements to credit contracts concluded with Alfa Bank, which cancel Company's obligations on pledging of not less than 67% of the Company's ordinary voting shares in JSC Kedentransservice, have come into force (Note 10).