

**OPEN JOINT STOCK COMPANY
“TRANSCONTAINER”**

**Interim Condensed Consolidated
Financial Information**

For the Six-Month Period Ended 30 June 2008

OJSC “TRANSCONTAINER”

TABLE OF CONTENTS

	Page
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 2008	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008:	
Interim condensed consolidated balance sheet	3
Interim condensed consolidated statement of income	4
Interim condensed consolidated statement of cash flows	5
Interim condensed consolidated statement of changes in equity	6
Notes to the interim condensed consolidated financial information	7-27

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 2008

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the review report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the interim condensed consolidated financial information of Open Joint Stock Company "TransContainer" and its joint venture (the "Group").

Management is responsible for the preparation and presentation of the interim condensed consolidated financial information that presents fairly the financial position of the Group as of 30 June 2008 and the results of its operations, cash flows and changes in equity for the six-month period then ended, in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the interim condensed consolidated financial information; and
- Preparing the interim condensed consolidated financial information on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

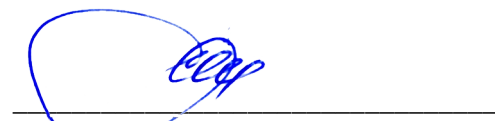
Management is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group complies with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- 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 2008 was approved on 30 September 2008 by: -



P. V. Baskakov
General Director



K. S. Kalmykov
Chief Accountant

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Open Joint Stock Company "TransContainer":

We have reviewed the accompanying interim condensed consolidated balance sheet of Open Joint Stock Company "TransContainer" and its joint venture (the "Group") as of 30 June 2008 and the related interim condensed consolidated statements of income, cash flows and changes in equity 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 condensed consolidated 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 comparative interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

The accompanying interim condensed consolidated financial information for the six-month period ended 30 June 2007 was not audited or reviewed by us and, accordingly, we do not express an opinion or any other form of assurance thereon.

Emphasis of matter

We draw attention to Note 19 to the interim condensed consolidated financial information, which discloses a significant concentration of the Group's transactions with related parties.

As discussed in Note 3, the comparative interim condensed consolidated financial information for the six-month period ended 30 June 2007 has been restated.





30 September 2008

OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2008 (UNAUDITED) (Amounts in thousands of Russian Roubles)

	Notes	30 June 2008	31 December 2007
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,327,677	15,801,871
Advances for acquisition of non-current assets		1,433,728	735,818
Intangible assets		90,712	78,877
Long-term investments		292,188	280,000
Total non-current assets		21,144,305	16,896,566
Current assets			
Inventory		114,351	95,347
Trade and other receivables	6	2,050,911	1,163,878
Prepayments and other current assets	7	1,599,179	1,342,158
Prepaid income tax		128,396	121,169
Short-term bank deposits		-	109,124
Cash and cash equivalents	8	2,693,089	1,351,866
Total current assets		6,585,926	4,183,542
TOTAL ASSETS		27,730,231	21,080,108
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	13,894,778	13,894,778
Reserve fund	14	148,691	72,099
Other reserves		(2,220,634)	(2,254,346)
Retained earnings		4,315,070	2,958,747
Total equity		16,137,905	14,671,278
Non-current liabilities			
Finance lease obligations, net of current maturities	9	1,081,062	293,637
Employee benefit liability	10	402,728	338,827
Deferred tax liability	18	1,861,141	1,890,434
Total non-current liabilities		3,344,931	2,522,898
Current liabilities			
Trade and other payables	11	3,953,563	3,148,947
Income tax payable		238,190	23,832
Taxes other than income tax payable	12	156,036	137,256
Finance lease obligations, current maturities	9	224,549	94,261
Dividends payable	14	153,259	-
Five-year RUR bonds, series 1	13	3,073,781	-
Accrued and other current liabilities		448,017	481,636
Total current liabilities		8,247,395	3,885,932
TOTAL EQUITY AND LIABILITIES		27,730,231	21,080,108


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

30 September 2008

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

OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

(Amounts in thousands of Russian Roubles, except shares and earnings per share amounts)

	Notes	2008	2007 (Restated)
Revenue	15	9,145,704	5,984,535
Operating expenses	16	(6,767,890)	(4,804,164)
Operating income		2,377,814	1,180,371
Interest expense	17	(241,470)	(5,552)
Interest income		75,235	49,778
Foreign exchange loss, net		(13,515)	(6,550)
Profit before income tax		2,198,064	1,218,047
Income tax expense	18	(611,890)	(366,134)
Profit for the year		1,586,174	851,913
Earnings per share, basic and diluted (Russian Roubles)		114	61
Weighted average number of shares outstanding		13,894,778	13,894,778


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30 September 2008

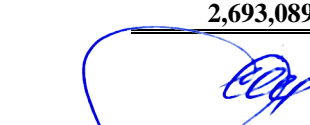
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OJSC "TRANSCONTAINER"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008 (UNAUDITED) (Amounts in thousands of Russian Roubles)

	<u>2008</u>	<u>2007 (Restated)</u>
Cash flows from operating activities:		
Profit before income tax	2,198,064	1,218,047
Adjustments for:		
Depreciation and amortization	1,040,789	941,800
Change in provision for impairment of receivables	40,009	41,456
Loss/(gain) on disposal of property, plant and equipment	46,544	(62,055)
Interest income	(75,235)	(49,778)
Interest expense	241,470	5,552
Foreign exchange loss, net	13,515	6,550
Change in provision for tax liabilities, other than income tax	-	99,093
Operating profit before working capital changes	3,505,156	2,200,665
Increase in inventories	(19,004)	(35,045)
Increase in trade and other receivables	(927,042)	(89,639)
Increase in prepayments and other current assets	(257,021)	(969,424)
Increase in trade and other payables	872,627	261,627
Increase in taxes other than income tax	18,780	167,238
(Decrease)/increase in accrued and other current liabilities	(33,619)	64,131
Increase in employee benefit liabilities	63,901	15,838
Net cash from operating activities before income tax	3,223,778	1,615,391
Interest paid	(141,256)	(43,339)
Income tax paid	(434,051)	(348,738)
Net cash provided by operating activities	2,648,471	1,223,314
Cash flows from investing activities:		
Capital expenditure	(4,277,706)	(1,543,940)
Purchase of long-term investments	(742)	-
Proceeds from disposal of property, plant and equipment	-	837
Short-term bank deposits	-	(257,880)
Cash received on maturity of short-term bank deposits	107,880	500,000
Purchase of intangible assets	(30,850)	(57,395)
Interest received	65,032	49,778
Net cash used in investing activities	(4,136,386)	(1,308,600)
Cash flows from financing activities:		
Cash collected for shares issued	-	973,090
Proceeds from short-term borrowings	1,000,000	-
Proceeds from five-year RUR bonds, series 1	2,973,568	-
Repayments of finance lease obligations	(130,915)	(41,357)
Principal payments on short-term borrowings	(1,000,000)	-
Net cash provided by financing activities	2,842,653	931,733
Net increase in cash and cash equivalents	1,354,738	846,447
Cash and cash equivalents at beginning of the period	1,351,866	1,231,980
Foreign exchange loss on cash and cash equivalents	(13,515)	(6,550)
Net cash and cash equivalents at end of the period	2,693,089	2,071,877


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

30 September 2008


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 2008 (UNAUDITED) (Amounts in thousands of Russian Roubles)

	Share capital	Reserve fund	Other reserves	Retained earnings	Total
Balance at 31 December 2006	13,894,778	-	(2,254,346)	1,241,459	12,881,891
Dividends	-	-	-	(144,247)	(144,247)
Profit for the period (as restated – see Note 3)	-	-	-	851,913	851,913
Balance at 30 June 2007	13,894,778	-	(2,254,346)	1,949,125	13,589,557
Transfer to reserve fund	-	72,099	-	(72,099)	-
Profit for the period	-	-	-	1,081,721	1,081,721
Balance at 31 December 2007	13,894,778	72,099	(2,254,346)	2,958,747	14,671,278
Dividends	-	-	-	(153,259)	(153,259)
Transfer to reserve fund	-	76,592	-	(76,592)	-
Shareholder contribution (Note 5)	-	-	33,712	-	33,712
Profit for the period	-	-	-	1,586,174	1,586,174
Balance at 30 June 2008	13,894,778	148,691	(2,220,634)	4,315,070	16,137,905


P. V. Baskakov
General Director


K. S. Kalmykov
Chief Accountant

30 September 2008

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

OJSC “TRANSCONTAINER”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008 (UNAUDITED) (Amounts in thousands 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, which largely commenced from 1 July 2006, include rail-based container transportation and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. In addition, during the six-month period ended 30 June 2008 the Group’s services provided on a through rate basis have increased significantly. The Company owns and operates 47 container terminals along the railway network in Russia. As of 30 June 2008 the Company operated 20 branches located in the Russian Federation. The registered office of the Company is located at 6/2, Kalanchevskaya street, Moscow, 107174, Russian Federation.

In June 2008 the Group established a joint venture, “Trans-Eurasia Logistics GmbH”, in which it has 20% share of ownership. It was created to handle containerized shipments between Germany and Russia. As of 30 June 2008 and for the period then ended the joint venture has not yet commenced operating activities.

The interim condensed consolidated financial information of OJSC “TransContainer” and its joint venture “Oy ContainerTrans Scandinavia Ltd.” as of 30 June 2008 and for the six-month period then ended was authorized for issue by the General Director of the Company on 30 September 2008.

2. BASIS OF PREPARATION 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”.

Significant Accounting Policies – The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Group’s annual financial statements as of 31 December 2007 and for the year then ended.

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. CORRECTION OF ERRORS

Leases of flatcars

During the year ended 31 December 2006 the Group entered into finance lease agreements with LLC "FinanceBusinessGroup", a related party, to acquire new flatcars. The lease agreements were for a period of 5 years and were classified as finance leases in the Group's interim condensed consolidated financial information as of and for the six-month period ended 30 June 2007.

During the year ended 31 December 2007, due to manufacturing defects discovered in the leased flatcars the leases were terminated, and the related assets returned to the manufacturer. The manufacturer of the leased flatcars agreed to pay a penalty to the Group equal to the amount of lease payments made by the Group up until 1 March 2007. In its interim condensed consolidated financial information for the six-month period ended 30 June 2007, the Group did not derecognize the flatcars and the related lease liability for the cancelled leases and recorded depreciation charge for the period even though they were never put into use.

Additionally, in April 2007 the Group entered into a new finance lease agreement with the same lessor for a finance lease of flatcars with fair value of RUR 360,054 thousand for a period of 5 years with the effective interest rate varying from 14.57% to 14.80% per annum. This lease agreement was not recognized in the Group's interim condensed consolidated financial information for the six-month period ended 30 June 2007.

As a result of these errors the Group's property plant and equipment was understated by RUR 95,731 thousand, finance lease obligations were overstated by RUR 156,695 thousand, trade and other payables were understated by RUR 135,044, operating expenses were overstated by RUR 79,595 thousand, and interest expense on finance lease obligations was overstated by RUR 37,787 thousand.

Revenue recognition errors

Due to certain errors with respect to consistency of application of the Company's revenue recognition policies, revenue for the six-month period ended 30 June 2007 was overstated by RUR 23,615 thousand, trade and other payables were understated by RUR 123,595 thousand, and trade receivables were understated by RUR 99,980 thousand.

Cumulative effect of restatement

The effect of correction of errors discussed above on the Group's interim condensed consolidated balance sheet as of 30 June 2007 and the interim condensed consolidated statements of income and cash flows for the six-month period ended 30 June 2007 is presented below.

Interim condensed consolidated balance sheet:

	<u>As originally reported</u>	<u>Restated</u>	<u>Difference</u>
ASSETS			
Non-current assets			
Property, plant and equipment	14,208,947	14,304,678	95,731
Intangible assets	87,496	87,496	-
Total non-current assets	14,296,443	14,392,174	95,731
Current assets			
Inventory	84,030	84,030	-
Trade and other receivables	875,403	975,383	99,980
Prepayments and other current assets	1,874,784	1,874,784	-
Prepaid income tax	92,116	92,116	-
Short-term bank deposits	257,880	257,880	-
Cash and cash equivalents	2,071,877	2,071,877	-
Total current assets	5,256,090	5,356,070	99,980
Total assets	19,552,533	19,748,244	195,711

	<u>As originally reported</u>	<u>Restated</u>	<u>Difference</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13,894,778	13,894,778	-
Other reserves	(2,254,346)	(2,254,346)	-
Retained earnings	1,877,881	1,949,144	71,263
Total equity	<u>13,518,313</u>	<u>13,589,576</u>	<u>71,263</u>
Non-current liabilities			
Finance lease obligations, net of current maturities	380,877	314,548	(66,329)
Employee benefit liability	253,216	253,216	-
Deferred tax liability	1,963,233	1,985,737	22,504
Total non-current liabilities	<u>2,597,326</u>	<u>2,553,501</u>	<u>(43,825)</u>
Current liabilities			
Trade and other payables	2,162,020	2,420,659	258,639
Income tax payable	105,873	105,873	-
Taxes other than income tax payable	312,694	312,694	-
Finance lease obligations, current maturities	131,882	41,516	(90,366)
Dividends payable	144,228	144,228	-
Accrued and other liabilities	580,197	580,197	-
Total current liabilities	<u>3,436,894</u>	<u>3,605,167</u>	<u>168,273</u>
Total equity and liabilities	<u>19,552,533</u>	<u>19,748,244</u>	<u>195,711</u>

Interim condensed consolidated statement of income:

	<u>As originally reported</u>	<u>Restated</u>	<u>Difference</u>
Revenue	6,008,150	5,984,535	(23,615)
Operating expenses			
Freight and transportation services	(1,457,957)	(1,457,957)	-
Depreciation and amortization	(950,079)	(941,800)	8,279
Payroll and related charges	(939,552)	(939,552)	-
Materials, repair and maintenance	(786,533)	(786,533)	-
Taxes other than income tax	(226,785)	(226,785)	-
Rent	(112,716)	(103,173)	9,543
Change in provision for impairment of receivables	(41,456)	(41,456)	-
Other expenses, net	(368,681)	(306,908)	61,773
Total operating expenses	<u>(4,883,759)</u>	<u>(4,804,164)</u>	<u>79,595</u>
Operating income	1,124,391	1,180,371	55,980
Interest income	49,778	49,778	-
Interest expense on finance lease obligations	(43,339)	(5,552)	37,787
Foreign exchange loss	(6,550)	(6,550)	-
Profit before income tax	1,124,280	1,218,047	93,767
Income tax expense	(343,630)	(366,134)	(22,504)
Profit for the period	<u>780,650</u>	<u>851,913</u>	<u>71,263</u>

Interim condensed consolidated statement of cash flows:

	<u>As originally reported</u>	<u>Restated</u>	<u>Difference</u>
Cash flows from operating activities:			
Profit before income tax	1,124,280	1,218,047	93,767
Adjustments for:			
Depreciation and amortization	950,079	941,800	(8,279)
Change in provision for impairment of receivables	41,456	41,456	-
Gain on disposal of property, plant, equipment	(281)	(62,055)	(61,774)
Interest expense	43,339	5,552	(37,787)
Interest income	(49,778)	(49,778)	-
Foreign exchange loss, net	6,550	6,550	-
Change in provision for tax liabilities, other than income tax	99,093	99,093	-
Operating profit before working capital changes	2,214,738	2,200,665	(14,073)
Increase in inventories	(35,045)	(35,045)	-
Decrease / (increase) in trade and other receivables	10,341	(89,639)	(99,980)
Increase in prepayments and other current assets	(969,424)	(969,424)	-
Increase in trade and other payables	138,032	261,627	123,595
Increase in taxes other than income tax	167,238	167,238	-
Increase in accrued and other current liabilities	64,131	64,131	-
Increase in employee benefit liabilities	15,838	15,838	-
Net cash from operating activities before income tax	1,605,849	1,615,391	9,542
Interest paid	(43,339)	(43,339)	-
Income tax paid	(348,738)	(348,738)	-
Net cash provided by operating activities	1,213,772	1,223,314	9,542
Cash flows from investing activities:			
Capital expenditure	(1,543,940)	(1,543,940)	-
Proceeds from disposal of property, plant and equipment	837	837	-
Short-term bank deposits	(257,880)	(257,880)	-
Cash received on maturity of short-term bank deposits	500,000	500,000	-
Purchase of intangible assets	(57,395)	(57,395)	-
Interest received	49,778	49,778	-
Cash collected for shares issued	973,090	973,090	-
Net cash used in investing activities	(335,510)	(335,510)	-
Cash flows from financing activities:			
Repayment of finance lease obligations	(31,815)	(41,357)	(9,542)
Net cash used in financing activities	(31,815)	(41,357)	(9,542)
Net increase in cash and cash equivalents	846,447	846,447	-
Cash and cash equivalents at the beginning of the period	1,231,980	1,231,980	-
Foreign exchange loss on cash and cash equivalents	(6,550)	(6,550)	-
Cash and cash equivalents at the end of the period	2,071,877	2,071,877	-

4. RECLASSIFICATIONS

Certain information for the period ended 30 June 2007 has been reclassified for consistency with the method of presentation adopted in the Group's annual financial statements for the year ended 31 December 2007. The most significant changes in classification are explained below.

The Group presented details of its revenue (Note 15) in a way that reflects management's strategic view of the Group's business. Comparative information for the period from 1 January 2007 to 30 June 2007 has been reclassified accordingly.

The Group also made the following changes in presenting details of its operating expenses:

	<u>After reclassification</u>	<u>Before reclassification</u>	<u>Difference</u>
Operating Expenses			
Freight and transportation services	1,431,802	1,457,957	(26,155)
Taxes other than income tax	127,692	226,785	(99,093)
Changes in provision for tax liabilities, other than income tax	99,093	-	99,093
External services for through rate transportation	26,155	-	26,155
Fuel costs	24,295	-	24,295
Advertising costs	-	54,542	(54,542)
Gain on disposal of property, plant and equipment	(62,055)	-	(62,055)
Other expenses, net	168,919	76,617	92,302
			<u><u>-</u></u>

The following reclassification was also made in the Group's interim condensed consolidated statement of cash flows:

	<u>After reclassification</u>	<u>Before reclassification</u>	<u>Difference</u>
Cash flow from investing activities			
Cash collected for shares issued	-	973,090	(973,090)
Net cash used in investing activities	(1,308,600)	(335,510)	(973,090)
Cash flow from financing activities			
Cash collected for shares issued	973,090	-	973,090
Net cash provided by (used in) financing activities	931,733	(41,357)	973,090
			<u><u>-</u></u>

Cash received in connection with issue of shares by the Company is now classified as cash flow from financing activities. It was previously presented as cash flow from investing activities.

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Land, buildings and constructions</u>	<u>Containers and flatcars</u>	<u>Cranes and loaders</u>	<u>Vehicles and other equipment</u>	<u>Construction in-progress</u>	<u>Total</u>
Cost						
31 December 2006	1,632,413	10,467,271	120,607	154,306	99,437	12,474,034
Additions	92,854	586,635	732,691	289,459	297,693	1,999,332
Transfers	9,074	20,075	16,860	57,715	(103,724)	-
Additions through contribution in kind	-	1,394,228	-	-	-	1,394,228
Disposals	-	(470,106)	-	(564)	-	(470,670)
30 June 2007	1,734,341	11,998,103	870,158	500,916	293,406	15,396,924
Additions	700,128	779,810	268,198	424,419	856,873	3,029,428
Transfers	7,311	85,158	-	25,332	(117,801)	-
Disposals	-	(207,267)	(234)	(1,806)	-	(209,307)
31 December 2007	2,441,780	12,655,804	1,138,122	948,861	1,032,478	18,217,045
Additions	73,664	3,609,288	52,081	296,552	562,872	4,594,457
Transfers	107,833	93,279	-	31,510	(232,622)	-
Disposals	(7,538)	(42,860)	(21,812)	(180)	-	(72,390)
30 June 2008	2,615,739	16,315,511	1,168,391	1,276,743	1,362,728	22,739,112
Accumulated depreciation						
31 December 2006	(146,092)	(553,668)	(13,171)	(24,170)	-	(737,101)
Depreciation charge	(148,359)	(705,182)	(42,828)	(49,817)	-	(946,186)
Disposals	-	20,085	-	8	-	20,093
30 June 2007	(294,451)	(1,238,765)	(55,999)	(73,979)	-	(1,663,194)
Depreciation charge	(158,553)	(430,092)	(106,905)	(74,846)	-	(770,396)
Impairment	-	(995)	(1,892)	2,611	-	(276)
Disposals	-	17,199	87	1,406	-	18,692
31 December 2007	(453,004)	(1,652,653)	(164,709)	(144,808)	-	(2,415,174)
Depreciation charge	(182,951)	(634,382)	(99,531)	(108,676)	-	(1,025,540)
Disposals	2,104	21,214	5,792	169	-	29,279
30 June 2008	(633,851)	(2,265,821)	(258,448)	(253,315)	-	(3,411,435)
Net Book Value						
31 December 2007	1,988,776	11,003,151	973,413	804,053	1,032,478	15,801,871
30 June 2008	1,981,888	14,049,690	909,943	1,023,428	1,362,728	19,327,677

Included in land, buildings and constructions is the amount of RUR 85,690 thousand and RUR 19,249 thousand, which represents the value of land plots owned by the Group as of 30 June 2008 and 31 December 2007, respectively.

Vehicles and other equipment category includes motor transport used for terminal services in the amount of RUR 744,940 thousand and RUR 509,734 thousand as of 30 June 2008 and 31 December 2007, respectively.

Construction in-progress as of 30 June 2008 consists primarily of capital expenditures incurred in relation to:

- Construction of new container terminals in Zabaikalsk, Novosibirsk and Nizhniy Novgorod in the amount of RUR 725,156 thousand, RUR 160,007 thousand and RUR 37,280 thousand, respectively;
- Reconstruction of existing container terminals in Yekaterinburg, Irkutsk in the amount of RUR 44,450 thousand and RUR 9,010 thousand, respectively;
- Reconstruction of repair depots in Likhobory and Gryazi in the amount of RUR 26,660 thousand and RUR 39,406 thousand, respectively;
- Construction of new office facilities in the amount of RUR 198,144 thousand.

Leased assets as of 30 June 2008 and 31 December 2007, included above where the Group is a lessee under the finance lease, were comprised of the following:

	30 June 2008	31 December 2007
Cost – capitalized finance leases	1,706,410	412,870
Accumulated depreciation	<u>(36,287)</u>	<u>(7,317)</u>
Net book value	<u>1,670,123</u>	<u>405,553</u>

During the six-month period ended 30 June 2008 the Group assumed rights and obligations under three existing lease agreements with CJSC “Russian-German Leasing Company” (RG Leasing), initially concluded between RZD and RG Leasing. RG Leasing is a related party to the Group. The agreements are for lease of:

- Flatcars with net book value (as at the date of transfer of assets) of RUR 1,337,855 thousand;
- Flatcars with net book value (as at the date of transfer of assets) of RUR 601,165 thousand;
- Containers with net book value (as at the date of transfer of assets) of RUR 140,468 thousand.

In order to acquire the leasing rights under the above agreements the Group paid RZD a total consideration of RUR 487,568 thousand. These transactions have been treated by management as transactions with shareholders. The related finance lease assets and liabilities have been recorded at their carrying value in the books of RZD immediately before their transfer to the Company with any resulting difference adjusted directly against the Group’s equity. Consequently, the difference between the net carrying value of assets and liabilities, acquired under the lease agreements, and payments made to RZD in regard to acquisition of the leasing rights, which gave rise to a net gain of RUR 33,712 thousand, was included in Other Reserves.

Assets under the latter two agreements have subsequently been purchased by the Group, and the corresponding leasing agreements terminated. The effective interest rate for the remaining lease agreement is 16.23%. Refer to Note 9 for further details regarding finance lease obligations of the Group.

6. TRADE AND OTHER RECEIVABLES

	<u>30 June 2008</u>	<u>31 December 2007</u>
Trade receivables, net	1,943,529	1,094,552
Other receivables, net	<u>107,382</u>	<u>69,326</u>
Total trade and other receivables	<u>2,050,911</u>	<u>1,163,878</u>

	<u>Outstanding balance, gross</u>	<u>Provision for impairment</u>	<u>Outstanding balance, net</u>
30 June 2008			
Trade receivables	1,972,179	(28,650)	1,943,529
Other receivables	<u>165,578</u>	<u>(58,196)</u>	<u>107,382</u>
Total	<u>2,137,757</u>	<u>(86,846)</u>	<u>2,050,911</u>
31 December 2007			
Trade receivables	1,133,308	(38,756)	1,094,552
Other receivables	<u>77,407</u>	<u>(8,081)</u>	<u>69,326</u>
Total	<u>1,210,715</u>	<u>(46,837)</u>	<u>1,163,878</u>

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

Balance at 31 December 2006	(19,164)
Additional provision recognized in the period	(41,456)
Release of provision	<u>-</u>
Balance at 30 June 2007	(60,620)
Additional provision recognized in the period	(5,381)
Release of provision	<u>19,164</u>
Balance at 31 December 2007	(46,837)
Additional provision recognized in the period	(86,846)
Release of provision	<u>46,837</u>
Balance at 30 June 2008	<u>(86,846)</u>

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>30 June 2008</u>	<u>31 December 2007</u>
VAT receivable	869,782	981,490
Advances to suppliers	720,647	350,719
Other current assets	<u>8,750</u>	<u>9,949</u>
Total prepayments and other current assets	<u>1,599,179</u>	<u>1,342,158</u>

8. CASH AND CASH EQUIVALENTS

	30 June 2008	31 December 2007
Russian Rouble denominated cash in hand and balances with banks	835,863	175,473
Foreign currency denominated balances with banks	155,619	28,513
Russian Rouble denominated bank deposits	1,553,976	1,000,482
Euro denominated bank deposits	147,631	-
US Dollar denominated bank deposits	-	147,398
Total cash and cash equivalents	<u>2,693,089</u>	<u>1,351,866</u>

The terms of Russian Rouble denominated short-term bank deposits included in cash and cash equivalents vary from nine days to three months depending on the immediate cash requirements of the Group. The deposits attract interest at a rate of 5% – 7.7% per annum. The Russian rouble denominated deposits are placed with OJSC “TransCreditBank”, a related party, CJSC “GLOBEX Commercial Bank”, and OJSC “International Industrial Bank”. A one month Euro denominated short-term bank deposit, placed with CJSC “GLOBEX Commercial Bank”, attracts interest at a rate of 7% per annum.

9. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Due within one year	417,003	140,909	224,549	94,261
Due after one year but not more than five years	<u>1,433,749</u>	<u>384,592</u>	<u>1,081,062</u>	<u>293,637</u>
	1,850,752	525,501	1,305,611	387,898
Less future finance charges	<u>(545,141)</u>	<u>(137,603)</u>	-	-
Present value of minimum lease payments	<u>1,305,611</u>	<u>387,898</u>	<u>1,305,611</u>	<u>387,898</u>

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

10. EMPLOYEE BENEFIT LIABILITY

Defined contribution plans

The total amount recognized as an expense in respect of contributions to defined contribution plans for the six-month periods ended 30 June 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Pension Fund of the Russian Federation	168,037	127,005
Non-state defined contribution plan "Blagosostoyanie"	382	318
Total expense for defined contribution plans	<u>168,419</u>	<u>127,323</u>

Defined benefit plans

The Group uses actuarial valuation method for measurement of the present value of post-employment benefit obligations and related current service cost. This method involves the use of demographic assumptions about the future characteristics of the current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, disability and early retirement, etc.), as well as financial assumptions (discount rate, future salary and benefits levels, expected rate of return on plan assets, etc.). In the event that further changes in the key assumptions are required, the future amounts of the pension benefit costs may be materially affected.

There were 5,673 employees eligible for some part of the supplementary post-employment and post-retirement benefit program of the Group as of 30 June 2008 (5,460 as of 31 December 2007), of which 906 employees (914 as of 31 December 2007) were considered active participants. An active participant is a person making contributions to the pension plan at his/her own expense. Such contributions are matched by the Group. In addition, there were 231 retired employees eligible for the post-retirement benefit program of the Group through not-for-profit fund "Pochet" as of 30 June 2008 (232 as of 31 December 2007).

The most recent actuarial valuation of the defined benefit obligation was carried out as of 31 December 2007 by an independent actuary, at which point the present value of the defined benefit obligations, and related current service cost and past service cost, were measured using the projected unit credit method. In accordance with IAS 34, the Group determined employee benefit liabilities as of 30 June 2008 and related costs for the six-month period then ended by means of making adjustments to the 2007 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 statement of income for the six-month period ended 30 June 2008 which are included in "Payroll and related charges", are as follows:

	<u>Blago- sostoyanie</u>	<u>Pochet</u>	<u>One-time bonus</u>	<u>Other post- employment benefits</u>	<u>Total</u>
Current service cost	5,256	-	3,483	555	9,294
Interest on obligation	9,270	288	5,151	777	15,486
Expected return on plan assets	(778)	-	-		(778)
Actuarial losses recognized in the period	32,189	193	9,966	(1,193)	41,155
Amortization of past service cost	7,659	-	473	36	8,168
Losses arising from transfer of employees ⁽ⁱ⁾	7,323	-	5,623	729	13,675
Net expense recognized in the consolidated statement of income	<u>60,919</u>	<u>481</u>	<u>24,696</u>	<u>904</u>	<u>87,000</u>

- (i) Loss arising from transfer of employees represents the transfer of obligations on post-retirement benefits, which originated from the movement of employees from RZD (parent company). The effect of this settlement is immaterial for pension plan administrated by not-for-profit fund "Pochet" and other plans.

The amounts recognized in the interim condensed consolidated statement of income for the six-month period ended 30 June 2007 are as follows:

	Blago- sostoyanie	Pochet	One-time bonus	Other post- employment benefits	Total
Current service cost	4,026	-	2,167	480	6,673
Interest on obligation	7,235	127	3,471	752	11,585
Expected return on plan assets	(645)	-	-	-	(645)
Amortization of past service cost	6,843	-	395	24	7,262
Net expense recognized in the consolidated statement of income	17,459	127	6,033	1,256	24,875

The amount recognized in the interim condensed consolidated balance sheet as of 30 June 2008 in respect of these defined benefit plans is as follows:

	Blago- sostoyanie	Pochet	One-time bonus	Other post- employment benefits	Total
Present value of funded defined benefit obligation	285,946	-	-	-	285,946
Fair value of plan assets	(23,376)	-	-	-	(23,376)
Present value of unfunded defined benefit obligation	-	7,929	158,331	21,312	187,572
Deficit	262,570	7,929	158,331	21,312	450,142
Unrecognized past service cost	(42,378)	-	(4,610)	(426)	(47,414)
Net employee benefit liability	220,192	7,929	153,721	20,886	402,728

The amount recognized in the consolidated balance sheet as of 31 December 2007 in respect of its defined benefit plans is as follows:

	Blago- sostoyanie	Pochet	One-time bonus	Other post- employment benefits	Total
Present value of funded defined benefit obligation	247,192	-	-	-	247,192
Fair value of plan assets	(18,538)	-	-	-	(18,538)
	228,654	-	-	-	228,654
Present value of unfunded defined benefit obligation	-	7,676	137,365	20,712	165,753
Deficit	228,654	7,676	137,365	20,712	394,407
Unrecognized past service cost	(50,037)	-	(5,082)	(461)	(55,580)
Net employee benefit liability	178,617	7,676	132,283	20,251	338,827

Movements in the present value of net defined benefit obligation are as follows:

	<u>Blago- sostoyanie</u>	<u>Pochet</u>	<u>One-time bonus</u>	<u>Other</u>	<u>Total</u>
Net defined benefit obligation as at 31 December 2006	131,133	3,242	88,231	14,772	237,378
Net expense recognized in the statement of income	17,459	127	6,033	1,256	24,875
Contributions	(8,670)	(292)	-	(75)	(9,037)
Net defined benefit obligation as at 30 June 2007	<u>139,922</u>	<u>3,077</u>	<u>94,264</u>	<u>15,953</u>	<u>253,216</u>
Net expense recognized in the statement of income	53,324	4,863	43,609	4,551	106,347
Contributions	(14,629)	(264)	(5,590)	(253)	(20,736)
Net defined benefit obligation as at 31 December 2007	<u>178,617</u>	<u>7,676</u>	<u>132,283</u>	<u>20,251</u>	<u>338,827</u>
Net expense recognized in the statement of income	60,919	481	24,696	904	87,000
Contributions	(19,345)	(227)	(3,258)	(269)	(23,099)
Net defined benefit obligation as at 30 June 2008	<u>220,191</u>	<u>7,930</u>	<u>153,721</u>	<u>20,886</u>	<u>402,728</u>

Movements in the fair value of defined benefit pension plans are as follows:

Fair value of plan assets as at 31 December 2007	18,538
Expected return on plan assets	778
Actuarial losses	(366)
Contributions from the employer	23,099
Contributions from the employees	-
Assets distributed on settlements	-
Benefits paid	(18,673)
Fair value of plan assets as at 30 June 2008	<u>23,376</u>

The principal assumptions used in computation of the Group's defined benefit obligation as of 30 June 2008 have not changed from those used in preparation of the annual consolidated financial statements for the year ended 31 December 2007.

The current period actuarial losses related to the defined benefit obligation were significant due to increase in the average salary level of the Group's employees following its formation.

The actual return on plan assets was RUR 412 thousand and RUR 645 thousand for the six-month periods ended 30 June 2008 and 30 June 2007, respectively.

11. TRADE AND OTHER PAYABLES

	<u>30 June 2008</u>	<u>31 December 2007</u>
Trade payables	744,956	458,633
Amounts payable for the acquisition of property, plant and equipment	370,525	438,536
Liabilities to customers	2,838,082	2,251,778
Total trade and other payables	<u>3,953,563</u>	<u>3,148,947</u>

12. TAXES OTHER THAN INCOME TAX PAYABLE

	<u>30 June 2008</u>	<u>31 December 2007</u>
Property tax	75,316	78,508
Unified social tax	62,549	43,944
Personal income tax	12,807	12,564
Other taxes	5,364	2,240
Total taxes other than income tax	<u>156,036</u>	<u>137,256</u>

13. FIVE-YEAR RUR BONDS, SERIES 1

On 4 March 2008 the Group issued non-convertible five-year bonds for the total amount of RUR 3,000,000 thousand with 1,000 roubles par value. Net proceeds from the issuance, after the deduction of related offering costs, amounted to RUR 2,973,568 thousand. The coupon rate of the bonds for the first two coupons is 9.5% per annum, with interest being paid semi-annually. The rate for the remaining coupons is to be determined by the Group. Bond holders have a put option to realize their investment at par value after the second interest payment. Due to existence of such option these borrowings are presented as current liabilities. The bonds have been guaranteed by LLC “Trans-Invest”, a related party of the Group.

As at 30 June 2008 the carrying value of the bonds equals to RUR 3,073,781 thousand included the amount of accrued coupon of RUR 92,130 thousand.

14. EQUITY

Share Capital

The Group shareholder structure as of 30 June 2008 and 31 December 2007 was as follows:

	<u>Number of outstanding ordinary shares</u>	<u>Percentage of ownership</u>
30 June 2008		
OJSC “RZD”	11,810,561	85.00000%
European Bank for Reconstruction and Development	1,284,574	9.24501%
Moore Capital	347,369	2.50000%
GLG Partners	347,369	2.50000%
Troika Dialog Investments Limited	104,904	0.75498%
OJSC “Baminvest”	1	0.00001%
	<u>13,894,778</u>	<u>100%</u>
31 December 2007		
OJSC “RZD”	13,894,777	99.99999%
OJSC “Baminvest”	1	0.00001%
	<u>13,894,778</u>	<u>100%</u>

On 5 February 2008 the parent company (RZD) sold 15% of the shares of the Group to four investment banks: EBRD (9.25%), Moore Capital (2.5%), GLG Partners (2.5%), and Troika Dialog Investments Limited (0.75%).

Retained Earnings, Dividends

In accordance with the Russian legislation, dividends may only be declared to the shareholders of the Company from accumulated undistributed and unreserved earnings as shown in the Company's statutory financial statements. TransContainer had approximately RUR 3,680,000 thousand and RUR 2,695,000 thousand of undistributed and unreserved earnings as of 30 June 2008 and 31 December 2007, respectively.

In respect of 2007, the shareholders approved dividends of RUR 11.03 per share at the annual shareholders' meeting on 27 June 2008. The full amount of approved dividends equal to RUR 153,259 thousand was paid to the shareholders in August 2008.

Reserve Fund

According to its charter, the Company established a reserve fund through the allocation of 5 percent of net profit as computed under Russian accounting regulations. The total amount of the reserve fund is limited to 15 percent of the Company's share capital. The reserve fund may only be used to offset losses of the Company as well as to redeem bonds issued or to purchase treasury shares. As of 30 June 2008 the Company's reserve fund amounted to RUR 148,691 thousand.

15. REVENUE

	<u>2008</u>	<u>2007</u>
Rail-based container transportation services	4,834,573	3,976,937
Through rate shipments	1,551,375	36,776
Terminal services and agency fees	1,217,709	938,913
Truck deliveries	736,952	505,012
Freight forwarding and other logistics services	639,301	464,151
Bonded warehousing services	126,478	45,604
Other	39,316	17,142
Total revenue	<u>9,145,704</u>	<u>5,984,535</u>

16. OPERATING EXPENSES

	<u>2008</u>	<u>2007</u>
Freight and transportation services	1,676,914	1,431,802
Payroll and related charges	1,312,046	939,552
Depreciation and amortization	1,040,789	941,800
Materials, repair and maintenance	869,438	786,533
External services for through rate transportation	806,509	26,155
Taxes other than income tax	156,443	127,692
Consulting services	137,685	19,608
Security	105,892	77,145
Rent	90,463	103,173
Storage costs	62,352	29,644
Fuel costs	55,279	24,295
Loss / (gain) on disposal of property, plant and equipment	46,544	(62,055)
Communication costs	42,002	18,643
Change in provision for impairment of receivables	40,009	41,456
Business travel expenses	27,433	12,843
Energy costs	24,255	17,866
Changes in provision for tax liabilities, other than income tax	-	99,093
Other expenses, net	273,837	168,919
Total operating expenses	<u>6,767,890</u>	<u>4,804,164</u>

17. INTEREST EXPENSE

	<u>2008</u>	<u>2007</u>
Interest expense on finance lease obligations	120,355	5,552
Interest expense on five-year RUR bonds, series 1	100,213	-
Interest expense on bank loans (i)	<u>20,902</u>	<u>-</u>
Total interest expense	<u>241,470</u>	<u>5,552</u>

- (i) During the period the Group had obtained and repaid a three-month bank loan from OJSC “Evrofinance Mosnarbank” in the amount of RUR 1,000,000 thousand with 8.5% interest rate.

18. INCOME TAX EXPENSE

	<u>2008</u>	<u>2007</u>
Current income tax charge	(641,183)	(483,251)
Deferred income tax benefit	<u>29,293</u>	<u>117,117</u>
	<u>(611,890)</u>	<u>(366,134)</u>

Income before taxation for financial reporting purposes is reconciled to tax expense for as follows:

	<u>2008</u>	<u>2007</u>
Profit before income tax	<u>2,198,064</u>	<u>1,218,047</u>
Theoretical tax charge at statutory rate (24%)	(527,535)	(292,331)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Benefits in-kind and other non-deductible payments to employees	(14,204)	(9,017)
Non-deductible post-employment benefits	(6,259)	(1,780)
Charity	(10,156)	(559)
Loss on disposal of assets	(43,862)	-
Other non-deductible expenses	(23,344)	(16,629)
Income tax adjustments for prior periods	-	(22,037)
Changes in provision for tax risks – taxes other than income tax	-	(23,781)
Changes in provision for tax risks – income tax	<u>13,470</u>	<u>-</u>
Income tax	<u>(611,890)</u>	<u>(366,134)</u>

Total accumulated temporary differences that arise between the Russian statutory tax base of assets and liabilities and their carrying amounts in the accompanying consolidated balance sheets give rise to the following deferred tax effects:

	30 June 2007	Credited to statement of income	31 December 2007	Credited to statement of income	30 June 2008
Property, plant and equipment	2,246,863	(137,205)	2,109,658	232,534	2,342,192
Intangible assets	10,498	(6,341)	4,157	17,178	21,335
Five-year RUR bonds, series 1	-	-	-	4,404	4,404
Other	-	72	72	365	437
Trade and other receivables	17,190	(31,894)	(14,704)	(1,874)	(16,578)
Finance lease obligations	(85,455)	(7,641)	(93,096)	(220,251)	(313,347)
Trade and other payables	(169,778)	96,992	(72,786)	(51,670)	(124,456)
Employee benefits liability	(33,581)	(9,286)	(42,867)	(9,979)	(52,846)
Total net deferred tax liability	1,985,737	(95,303)	1,890,434	(29,293)	1,861,141

	31 December 2006	Effect of business combinations	Credited to statement of income	30 June 2007
Property, plant and equipment	2,079,352	264,466	(96,955)	2,246,863
Intangible assets	2,092	-	8,406	10,498
Trade and other receivables	(12,554)	-	29,744	17,190
Finance lease obligations	(130,698)	-	45,243	(85,455)
Trade and other payables	(68,332)	-	(101,446)	(169,778)
Employee benefits liability	(31,472)	-	(2,109)	(33,581)
Total net deferred tax liability	1,838,388	264,466	(117,117)	1,985,737

19. 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 whom the Group entered into significant transactions or had significant balances outstanding as of 30 June 2008 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”
LLC “Finans-Proekt”	An entity related to OJSC “TransCreditBank”
LLC “Refservice”	Fellow subsidiary of RZD
LLC “Roszheldorstroy”	Fellow subsidiary of RZD
LLC “Trans-Invest” (Note 13)	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 of 30 June 2008 and 31 December 2007 the Group had the following significant balances with related parties:

	30 June 2008	31 December 2007
Cash and cash equivalents		
Cash on bank accounts	978,987	193,929
Bank deposits	700,000	1,000,482
Short-term bank deposits	<u>-</u>	<u>7,880</u>
	1,678,987	1,202,291
Trade and other accounts receivables		
Trade receivables	966,050	626,878
Advances to suppliers	270,474	165,085
Prepaid income tax	128,396	121,169
VAT receivable	869,782	981,490
Other receivables	<u>23,458</u>	<u>21,332</u>
	2,258,160	1,915,954
Long-term investments	<u>292,188</u>	<u>280,000</u>
Total assets	<u>4,229,335</u>	<u>3,398,245</u>
Trade and other accounts payable		
Trade payables	593,797	431,029
Liabilities to customers	94,607	9,094
Taxes payable	394,226	161,088
Other payables	<u>7,257</u>	<u>20,510</u>
	1,089,887	621,721
Finance lease obligations	<u>1,305,611</u>	<u>387,898</u>
Total liabilities	<u>2,395,498</u>	<u>1,009,619</u>

The amounts outstanding to and from related parties are unsecured except as disclosed for finance leases (Note 9). No guarantees have been given or received.

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2008 and 30 June 2007:

	<u>30 June 2008</u>	<u>30 June 2007</u>
Revenue		
Rail-based container transportation services	554,076	280,210
Agency fees	851,589	747,533
Other services	23,746	25,018
	<u>1,429,411</u>	<u>1,052,761</u>
Interest income on long-term investments	11,446	-
Interest income on deposits	27,250	1,077
Total income	<u>1,468,107</u>	<u>1,053,838</u>
Expenses		
Freight and transportation services	1,994,605	1,076,140
Repair services	573,496	589,912
Rent of property and equipment	12,377	72,835
Other expenses	103,879	46,249
	<u>2,684,357</u>	<u>1,758,136</u>
Income tax and other tax expenses	1,015,061	852,726
Interest expense on finance lease obligations	120,355	5,552
Total expenses	<u>3,819,773</u>	<u>2,616,414</u>
Acquisition of property, plant and equipment	854,188	940,370
Purchase of materials	19,217	4,883
Contributions to non-state pension funds	19,572	9,037
Total other transactions	<u>892,977</u>	<u>954,290</u>

As a part of its normal operations, the Group enters into various transactions with state-controlled entities and governmental bodies. The majority of related party transactions are with the following companies: OJSC “Russian Railways” (RZD) and its subsidiaries, and OJSC “TransCreditBank”, which are also state-controlled. The most significant transactions are described below:

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 performing 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 income.

The interim condensed consolidated financial information of the Group includes the following balances and transactions with RZD and its subsidiaries (with the exception of transactions and balances with OJSC “TransCreditBank” information about which is presented separately below):

	30 June 2008	31 December 2007
Trade and other accounts receivables		
Trade receivables	923,647	614,399
Advances to suppliers	251,766	104,353
Other receivables	1,579	17,267
	<u>1,176,992</u>	<u>736,019</u>
Total assets	<u>1,176,992</u>	<u>736,019</u>
Trade and other accounts payable		
Trade payables	467,488	180,943
Liabilities to customers	17,665	637
Other payables	1,883	16,899
	<u>487,036</u>	<u>198,479</u>
Finance lease obligations	<u>323,048</u>	<u>52,816</u>
Total liabilities	<u>810,084</u>	<u>251,295</u>
	2008	2007
Revenue		
Rail-based container transportation services	531,405	280,210
Agency fees	849,298	747,533
Other services	19,307	21,788
	<u>1,400,010</u>	<u>1,049,531</u>
Total income	<u>1,400,010</u>	<u>1,049,531</u>
Expenses		
Freight and transportation services	1,993,714	1,076,140
Repair services	569,512	589,912
Rent of property, plant and equipment	11,206	72,835
Other expenses	66,573	21,085
	<u>2,641,005</u>	<u>1,759,972</u>
Total expenses	<u>2,641,005</u>	<u>1,759,972</u>
Acquisition of property, plant and equipment	374,470	940,370
Purchase of materials	<u>19,004</u>	<u>4,883</u>
Total other transactions	<u>393,474</u>	<u>945,253</u>

A provision for impairment of receivables amounting to RUR 28,650 thousand and RUR 46,837 thousand was recognized by the Group with regard to receivables from RZD as of 30 June 2008 and 31 December 2007, respectively.

Relationships with OJSC “TransCreditBank”

The Group maintains several bank accounts in OJSC “TransCreditBank”. The interim condensed consolidated financial information of the Group includes the following balances and transactions with this credit institution:

	<u>30 June 2008</u>	<u>31 December 2007</u>
Cash and cash equivalents		
Cash on bank accounts	978,987	193,929
Bank deposits	700,000	1,000,482
Short-term bank deposits	-	7,880
	<u>1,678,987</u>	<u>1,202,291</u>
Total assets	<u>1,678,987</u>	<u>1,202,291</u>
	<u>2008</u>	<u>2007</u>
Interest income on deposits	27,250	1,077
Total income	<u>27,250</u>	<u>1,077</u>

In addition, OJSC “TransCreditBank” has guaranteed the promissory notes of LLC “Finans-Proekt”, acquired by the Group.

Compensation of key management personnel

Key management personnel consists of members of the Board of Directors of the Company, the General Director and his deputies, totaling 14 and 10 persons as of 30 June 2008 and 30 June 2007, respectively. Total gross compensation (including unified social tax and before withholding of personal income tax) to key management personnel included in payroll and related charges in the interim condensed consolidated statement of income amounted to RUR 44,074 thousand (including unified social tax of RUR 391 thousand) and RUR 13,595 thousand (including unified social tax of RUR 376 thousand) for the six months ended 30 June 2008 and 30 June 2007, respectively. Such compensation comprises primarily short-term benefits. Post-employment and other long-term benefits of key management personnel were immaterial.

20. COMMITMENTS UNDER OPERATING LEASES

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

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

	<u>30 June 2008</u>	<u>31 December 2007</u>
On demand or within one year	6,606	7,600
In two to five years	20,342	23,885
After five years	32	33
Total minimum lease payments	<u>26,980</u>	<u>31,518</u>

21. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

The Group's capital commitments related to acquisition containers and platforms, lifting and other equipment, and construction of container terminals and modernization of existing assets as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008	31 December 2007
Acquisition of containers and platforms	2,501,086	-
Construction of container terminal complexes and modernization of existing assets	869,957	151,488
Acquisition of lifting machines and other equipment	73,373	66,912
Total capital commitments	3,444,416	218,400

Operating environment of the Group – Whilst there have been improvements in the Russian economic situation, such as an increase in gross domestic product and a reduced rate of inflation, Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Recent volatility in global and Russian financial markets – In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in Russia, notwithstanding any potential economic stabilisation measures that may be put into place by the Russian Government, there exists as at the date this financial information is authorized for issue economic uncertainties surrounding the continual availability, and cost, of credit both for the entity and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential impact on the entity's profitability and Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

22. SUBSEQUENT EVENTS

Contract for purchase of flatcars

In August 2008 the Group has signed an agreement with CJSC "RusUkrVagon" for purchase of flatcars for the total amount of RUR 491,000 thousand. The shipment of the flatcars is expected to take place prior to 2008 year-end.

Formation of OJSC "TransEurasia"

On 4 September 2008 the Group's board of directors has made a decision to establish a joint venture OJSC "TransEurasia" with JSC "Kaztransservice" (formerly OJSC "Kaztransservice").