JSC "TransContainer"

Management report and consolidated financial statements

for the year ended 31 December 2011

Management report

JSC “TransContainer” (the “Company” together with its consolidated subsidiaries) presents its management report together with the audited consolidated financial statements for the year ended 31 December 2011. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Operating and financial review

Summary

JSC “TransContainer” is the leading intermodal container transportation company in Russia. As of 31 December, 2011 the Company is estimated to own about 60% of Russia’s flatcar fleet and holds approximately 51% of all rail container transportation in Russia. It owns and operates more than 24,000 flatcars and approximately 60,000 containers. TransContainer also owns a network of rail-side container terminals located at 46 railway stations across Russia and operates one terminal in Slovakia under a long-term lease agreement. It also operates 17 inland rail-side terminals and a cross-border terminal in Kazakhstan via its subsidiary Kedentransservice. The Company’s sales network is comprised of approximately 150 sales outlets across Russia and has apresence in the CIS, Europe and Asia.

The Company’s financial results for the year ended 31 December 2011 reflect the strong recovery in the rail container market in Russia which started in 2010, as well as results of the Company’s measures aimed at improving its financial and operational performance.

The Company’s rail container transportation volumes for the full year 2011 increased by 13.3% to 1,362 thousand TEU compared to 1,202 thousand TEU in 2010; revenue-generating transportation[1] volumes increased by 17.2% to 1,020 thousand TEU. Terminal handling in Russia grew by 4.8% to 1,577 thousand TEU. In 2011 the Company significantly improved its key operational metrics, namely empty run ratio and turnover of the rolling stock. The empty run ratio for containers improved from 39.1% in 2010 to 34.4% in 2011, the empty run ratio for flatcars decreased from 8.8% to 8.3%, and flatcar turnover increased from 14.2 days to 13.1 days.

In 2011, the Company’s total revenue increased by 35.2% to RUR 30,876 million; adjusted revenue increased by 37.6% to RUR 22,701 million; operating income increased by 2.7 times to RUR 5,735 million; and EBITDA grew by 90.8% to RUR 8,448 million. Profit for the year increased by 4.1 times from RUR 928 million for the year ended 31 December 2010 to RUR 3,843 million for the year ended 31 December 2011. Total comprehensive income for 2011 grew by 4.4 times from RUR 935 million for the year ended 31 December 2010 to RUR 4,115 million for the year ended 31 December 2011.

The improvement in the Company’s financials led to the stronger debt position and reduced interest expenses. Despite an increase in the total debt, up 33.0% to RUR 9,348 million, the Net Debt/EBITDA ratio improved from 1.3 as of 31 December 2010 to 0.7 as of 31 December 2011; and interest expense for the year ended 31 December 2011 decreased by 0.8% to RUR 841 million.

Capital expenditure increased by 4.9% to RUR 4,244 million in 2011 from RUR 4,046 million in 2010, primarily due to the Company’s investments in the modernization of its flatcar fleet and improvement in its fleet structure through the purchase of new 80’ flatcars. Additionally, the Company acquired a 67%

[1] transportation of clients’ containers and own loaded containers

stake in leading Kazakh terminal operator Kedentransservice, investing RUR 1,551 million (net of cash acquired). In accordance with the Company's policy, capital expenditures in 2011 were financed by internally generated cash flow, while the acquisition of Kedentransservice was fully financed by a bank loan.

Outlook

The 2012 global economic and market environment is expected to be rather uncertain and volatile. Although the Company's operating and financial performance as well as overall container market conditions in the 1st quarter of 2012 remained strong, the market prospects for the second half of 2012 are still hard to predict. Under current economic conditions, the Company's management pays special attention to lead economic indicators, such as rail freight turnover, and continues to work on improving both financial and operational efficiency. In 2012 the Company will also pursue a flexible pricing and investment policy depending on the market situation. If this recovery persists and trade grows, management currently expects the Company's revenue to grow in line with this recovery as well as with seasonality trends.

The Company's management believes that in the longer run the Russian container transportation market retains the potential for the sustainable growth, driven by economic development, consumer demand and improving containerization ratio.

Key operating results

The Company's rail container transportation volumes for the full year 2011 increased by 13.3% to 1,362 thousand TEU compared to 1,202 thousand TEU in 2010, mainly due to an increase in import and export transportation. Domestic transportation volumes in 2011 rose by 8.2% to 778 thousand TEU.

Transportation of containers by TransContainer's fleet for 2011 (ISO Loaded + Empty), 000' TEU

	2011	**2010**	**Change**	
			000' TEU	**Percent**
Domestic Routes	778	719	59	+8.2%
Export	329	264	64	+24.4%
Import	222	190	32	+16.6%
Transit	34	29	5	+17.8%
All Routes	**1,362**	**1,202**	**160**	**+13.3%**

The Company's revenue-generating container transportation volumes increased by 17.2% to 1,020 thousand TEU in 2011 as compared to 870 thousand TEU in 2010. TransContainer's estimated share of Russia's rail container transportation decreased slightly to 51.1% in 2011 from 52.1% in 2010.

Terminal handling

For the full year 2011, the Company's terminal handling volumes at Russian terminals amounted to 1,577 thousand TEU, representing an increase of 4.8% over 2010. A 14.4% increase in ISO container handling from 1,208 thousand TEU in 2010 to 1,381 thousand TEU in 2011 was partially offset by a decrease in MDC handling by 34.1% from 297 thousand TEU to 196 thousand TEU.

Asset utilisation

The majority of the Company's key asset utilization metrics showed significant improvement for the full year 2011, as compared with 2010 as a result of Company's efforts aimed at improving operational efficiency.

	2011	2010
Turnover of containers, days	21.9	21.8
Turnover of flatcars, days	13.1	14.2
Empty run* for containers, %	34.4%	39.1%
Empty run* for flatcars, %	8.3%	8.8%

* Empty run ratio is calculated as an average empty run in kilometres divided by an average total run in kilometres

Description of Key Consolidated Statement of Comprehensive Income Items

The following table sets forth the Company's results for the years ended 31 December 2011 and 2010.

RUR million	2011	2010	Period on period change	Period on period percent change
Revenue	30,876	22,841	8,035	35.2%
Operating expenses net	(25,141)	(20,748)	(4,393)	21.2%
Operating income	**5,735**	**2,093**	**3,642**	**174.0%**
Interest expense	(841)	(848)	7	-0.8%
Interest income	64	15	49	326.7%
Foreign exchange loss net	119	16	103	643.8%
Share of result of associates	(47)	-		
Other gains and losses	-	66		
Profit before income tax	**5,030**	**1,342**	**3,688**	**274.8%**
Income tax expense	(1,187)	(414)	(773)	186.7%
Profit for the year	**3,843**	**928**	**2,915**	**314.1%**
Attributable to:			0	
Equity holders of the parent	3,810	928	2,882	310.6%
Non-controlling interest	33	-		
Other comprehensive income				
Exchange differences on translating foreign operations	272	7	265	3785.7%
Total comprehensive income	**4,115**	**935**	**3,180**	**340.1%**
Attributable to:				
Equity holders of the parent	3,996	935	3,061	327.4%
Non-controlling interest	119	-		

Non-IFRS financial information

Adjusted Revenue, Adjusted Operating Expenses, EBITDA, Adjusted EBITDA Margin and Adjusted Operating Margin are non-IFRS measures presented as supplemental measures of our operating performance. These supplemental measures have limitations as analytical tools, and investors should not consider any of them in isolation, or any combination of them, as a substitute for analysis of our results as reported under IFRS.

RUR million	2011	2010	Period on period change	Period on period percent change
Adjusted Revenue[1]	22,701	16,502	6,199	37.6%
Adjusted operating expenses[2], net	(16,966)	14,409	2,557	17.7%
EBITDA[3]	8,448	4,427	3,931	90.8%
Adjusted EBITDA Margin[4]	37.2%	26.8%		
Net Debt[5]	6,107	5,735	372	6.5%
Net Debt/ EBITDA	0.7	1.3		

[1]Adjusted Revenue is calculated as total revenue less cost of integrated freight forwarding and logistics services.

[2] Adjusted Operating Expenses is calculated as operating expenses less cost of integrated freight forwarding and logistics services.

[3] EBITDA is defined as profit for the period before income tax, interest expense and depreciation and amortization.

[4] Adjusted EBITDA Margin is defined as EBITDA divided by Adjusted Revenue.

[5] Net Debt is calculated as Long-term debt, finance lease obligations, sort-term debt and current portion of long-term debt less cash and cash equivalents and short-term investments.

Revenue

The following table sets forth the breakdown of the total revenue for the years ended 31 December 2011 and 2010.

RUR million	2011	2010	Period on period change	Period on period percent change
Integrated freight forwarding and logistics services	14,894	11,240	3,654	32.5%
Rail-based container shipping services	10,289	6,980	3,309	47.4%
Terminal services and agency fees	2,449	2,008	441	22.0%
Truck deliveries	1,710	1,513	197	13.0%
Other freight forwarding services	1,025	746	279	37.4%
Bonded warehousing services	383	273	110	40.3%
Other	126	81	45	55.6%
Total revenue	**30,876**	**22,841**	**8,035**	**35.2%**

Total revenue increased by RUR 8,035 million, or 35.2%, from RUR 22,841 million for the year ended 31 December 2010 to RUR 30,876 million for the year ended 31 December 2011. This increase was primarily due to a higher demand for our key services as a result of improving overall economic conditions and consumer confidence and, hence, increasing transportation and handling volumes in addition to a favourable pricing environment.

Adjusted Revenue

The following table sets forth Adjusted Revenue for the years ended 31 December 2011 and 2010.

RUR million	2011	2010	Period on period change	Period on period percent change
Revenue	30,876	22,841	8,035	35.2%
Less cost of integrated freight forwarding and logistics services	(8,175)	(6,339)	(1,836)	29.0%
Adjusted Revenue	**22,701**	**16,502**	**6,199**	**37,6%**

Adjusted Revenue (as defined above) grew by 37.6% from RUR 16,502 million for the year ended 31 December 2010 to RUR 22,701 million for the year ended 31 December 2011. This was primarily due to a 17.2% increase in revenue-generating rail container transportation volumes by the Company's fleet, to 1,020 thousand TEU in 2011 as compared to 870 thousand TEU in 2010; a 4.8%, growth in terminal throughput in Russia to 1,577 thousand TEU for the reporting period from 1,505 thousand TEU in 2010; a 13.2% increase in handling volumes of non-containerised cargo at terminals operated by JSC Kedentransservice, and the effect of the Company's pricing policy.

The following table sets forth the components of relative contribution to Adjusted Revenue for the years ended 31 December 2011 and 2010.

	2011		2010		Period on period change	
	RUR mln	share, %	RUR mln	share, %	RUR mln	%
Rail-based container transportation	10,289	45.3%	6,980	42.3%	3,309	47.4%
Adjusted Integrated freight forwarding and logistics services	6,719	29.6%	4,901	29.7%	1,818	37.1%
Terminal services and agency fees	2,449	10.8%	2,008	12.2%	441	22.0%
Truck deliveries	1,710	7.5%	1,513	9.2%	197	13.0%
Other freight forwarding and logistics services	1,025	4.5%	746	4.5%	279	37.4%
Bonded warehousing services	383	1.7%	273	1.7%	110	40.3%
Other	126	0.6%	81	0.5%	45	55.6%
Adjusted Revenue	22,701	100%	16,502	100%	6,199	37.6%

In 2011 the structure of Adjusted Revenue remained relatively stable. Rail-based container transportation services remain the biggest component of Adjusted Revenue, representing 45.3% of Adjusted Revenue as compared to 42.3% in 2010; the share of integrated freight forwarding and logistics services, net of cost of integrated freight forwarding and logistics services, remained flat at 29.6%; the share of terminal services decreased from 12.2% to 10.8%, reflecting a decrease primarily in handling volumes of MDC containers; and the relative contribution of value-added services, such as freight forwarding and logistics services and bonded warehousing services, remains unchanged.

Integrated freight forwarding and logistics services

Revenue from integrated freight forwarding and logistics services increased by 32.5% to RUR 14,894 million for the reporting period.

The following table sets forth Adjusted Integrated freight forwarding and logistics services calculations for the years ended 31 December 2011 and 2010 respectively.

RUR million	2011	2010	Period on period change	Period on period percent change
Integrated freight forwarding and logistics services	14,894	11,240	3,654	32.5%
Less Cost of integrated freight forwarding and logistics services	(8,175)	(6,339)	(1,836)	29.0%
Adjusted Integrated freight forwarding and logistics services	6,719	4,901	1,818	37.1%

Revenue from Adjusted Integrated freight forwarding and logistics services grew by 37.1% to RUR 6,719 million for the year ended 31 December 2011. This increase was primarily due to growth in container transportation volumes under integrated logistics contracts of 11.8% to 419 thousand loaded TEU in 2011 from 374 thousand loaded TEU in 2010 and also due to an increase in prices driven by higher customer demand and the increasing complexity of services.

Rail-based container transportation services

Revenue from rail-based container transportation increased by 47.4% from RUR 6,980 million for the year ended 31 December 2010 to RUR 10,289 million for the year ended 31 December 2011 mainly due to an increase in revenue-generating transportation volumes in terms of TEU under standard rail transportation agreements by 21.4%, from 495 thousand TEU in 2010 to 601 thousand TEU in 2011, as well as due to an increase in prices driven by higher customer demand.

Terminal services and agency fees

Revenue from terminal services, including agency fees, increased by RUR 441 million, or 22.0%, from RUR 2,008 million for the year ended 31 December 2010 to RUR 2,449 million for the year ended 31 December 2011

This increase was primarily due to the consolidation of JSC Kedentransservice, a leading operator of rail terminals in Kazakhstan, from 18 March 2011. Other factors include an increase in throughput of the Company's Russian terminals by 4.8%, to 1,577 thousand TEU for the reporting period, from 1,505 thousand TEU for the same period of 2010, and an increase in prices.

Agency fees, which are charged for services the Company renders as an agent of Russian Railways, increased by 13.4%, from RUR 1,612 million to RUR 1,828 million. This increase was primarily due to a rise in terminal throughput at the Company's terminals across the Russian railway network by 4.8% in 2011, as well as by price increases.

Truck deliveries

Revenue from truck deliveries increased by RUR 197 million, or 13.0%, from RUR 1,513 million for the year ended 31 December 2010 to RUR 1,710 million for the year ended 31 December 2011, resulting from an increase in container transportation volumes by our own and outsourced truck fleet of 4.2% from 630 thousand TEU in 2010 to 657 thousand TEU in 2011,which corresponds to an increase in the Company's terminal throughput, in addition to a favorable pricing environment.

Other freight forwarding and logistics services

Revenue from Other freight forwarding and logistics services, which are freight forwarding and logistics services of non-integrated nature, grew by 37.4% to RUR 1,025 million for the reporting period. The increase was primarily due to an increase in rail transportation volumes as well as higher customer demand for ancillary value-added services.

Bonded warehousing services

Revenue from bonded warehousing services increased by RUR 110 million, or 40.3%, from RUR 273million for the year ended 31 December 2010 to RUR 383 million for the year ended 31 December 2011, primarily due to an increase in international container transportation from the Company's rolling stock of 20.9%, and an increase in the number of bonded warehouses from 10 to 11 during the reporting period.

Operating expenses

The following table sets forth a breakdown of the Company's operating expenses for the years ended 31 December 2010 and 2011 respectively.

RUR million	2011	2010	Period on period change	Period on period percent change
Cost of integrated freight forwarding and logistics services	8,175	6,339	1,836	29.0%
Payroll and related charges	4,728	3,128	1,600	51.2%
Freight and transportation services	4,624	4,534	90	2.0%
Depreciation and amortization	2,577	2,237	340	15.2%
Materials, repair and maintenance	2,363	1,887	476	25.2%
Taxes other than income tax	995	559	436	78.0%
Other expenses, net	1,679	2,064	-385	-18.7%
Total operating expenses, net	**25,141**	**20,748**	**4,393**	**21.2%**

TransContainer's total operating expenses grew by RUR 4,393 million, or 21.2%, from RUR 20,748 million for the year ended 31 December 2010 to RUR 25,141 million for the year ended 31 December 2011, primarily due to an increase in third-party charges relating to integrated logistics services as well as payroll and related charges.

The following table sets forth a breakdown of the Company's significant operating expenses for the years ended 31 December 2011 and 2010.

	2011			2010		
	RUR mln	Percent of operating expenses	Percent of total revenue	RUR mln	Percent of operating expenses	Percent of total revenue
Cost of integrated freight forwarding and logistics services	8,175	32.5%	26.5%	6,339	30.6%	27.8%
Payroll and related charges	4,728	18.8%	15.3%	3,128	15.1%	13.7%
Freight and transportation services	4,624	18.4%	15.0%	4,534	21.9%	19.9%
Depreciation and amortization	2,577	10.3%	8.3%	2,237	10.8%	9.8%
Materials, repair and maintenance	2,363	9.4%	7.7%	1,887	9.1%	8.3%
Taxes other than income tax	995	4.0%	3.2%	559	2.7%	2.4%
Other expenses, net	1,679	6.7%	5.4%	2,064	9.9%	9.0%
Total operating expenses, net	**25,141**	**100.0%**	**81.4%**	**20,748**	**100.0%**	**90.8%**

As a percentage of the total revenue, total operating expenses decreased from 90.8% for the year ended 31 December 2010 to 81.4% for the year ended 31 December 2011, primarily due to an increase in total revenue exceeding an increase in operating expenses. As a percentage of total revenue, costs related to freight and transportation services decreased from 19.9% in 2010 to 15.0% in 2011; whilst the cost of integrated freight forwarding and logistics services decreased from 27.8% in 2010 to 26.5% in 2011. Materials, repair and maintenance as a percentage of total revenue decreased from 8.3% to 7.7% while other expense items either decreased or remained flat.

Cost of integrated freight forwarding and logistics services

Cost of integrated freight forwarding and logistics services increased by 29.0%, from RUR 6,339 million in 2010 to RUR 8,175 million in 2011, primarily due to an 11.8% increase in cargo transportation volumes under integrated logistics contracts to 419 thousand loaded TEU in 2011, from 374 thousand loaded TEU in 2010; due to the growing complexity of logistics chains and the resulting increases in subcontractor service volumes; due to changes in regulation of the Company's fleet operations in CIS countries since the second quarter of 2010; and due to subcontractors' price increase (primarily Russian Railways tariffs).

Adjusted operating expenses

The following table sets forth Adjusted Operating Expenses for the years ended 31 December 2011 and 2010.

RUR million	2011	2010	Period on period change	Period on period percent change
Total operating expenses, net	25,141	20,748	4,393	21.2%
Third-party charges relating to integrated logistics services	(8,175)	(6,339)	(1,836)	29.0%
Adjusted operating expenses	**16,966**	**14,409**	**2,557**	**17.7%**

Adjusted Operating Expenses, as described above, increased by 17.7% from RUR 14,409 million for the year ended 31 December 2010 to RUR 16,966 million for the year ended 31 December 2011, primarily due to increases in payroll and related charges; materials, repair and maintenance, and taxes other than income tax. This increase was partially offset by a decrease in net other expenses and relatively stable freight and transportation costs.

The following table sets forth a breakdown of the Company's significant Adjusted Operating Expenses, as defined above, for the years ended 31 December 2011 and 2010.

	2011		2010		Period on period change	
	RUR mln	Percent of Adjusted operating expenses	RUR mln	Percent of Adjusted operating expenses	RUR mln	Percent change
Payroll and related charges	4,728	27.9%	3,128	21.7%	1,600	51.2%
Freight and transportation services	4,624	27.3%	4,534	31.5%	90	2.0%
Depreciation and amortization	2,577	15.2%	2,237	15.5%	340	15.2%
Materials, repair and maintenance	2,363	13.9%	1,887	13.1%	476	25.2%
Taxes other than income tax	995	5.9%	559	3.9%	436	78.0%
Other expenses, net	1,679	9.9%	2,064	14.3%	-385	-18.7%
Adjusted operating expenses	**16,966**	**100.0%**	**14,409**	**100.0%**	**2,557**	**17.7%**

Share of freight and transportation services in Adjusted Operating Expenses decreased to 27.3% for the reporting period from 31.5% for the year 2010 and net other expenses dropped from 14.3% to 9.9%, while payroll and related charges grew from 21.7% to 27.9% and taxes other than income tax grew from 3.9% to 5.9% as a result of the factors described below.

Payroll and related charges

Payroll and related charges increased by RUR 1,600 million, or 51.2%, from RUR 3,128 million for the year ended 31 December 2010 to RUR 4,728 million for the year ended 31 December 2011. This increase primarily resulted from the consolidation of JSC Kedentransservice, which led to an increase in the average number of the Group's employees by 31.5% despite a decrease in average headcount at TransContainer of 3.1%. Other drivers were the implementation of the share option programme for the Company's management resulting in recognition of expenses of RUR 148 million for the reporting period; an increase in average salaries in TransContainer associated with salaries indexing and an increase in performance-linked payments to employees.

Freight and transportation services

Expenses relating to freight and transportation services increased by just RUR 90 million, or 2.0%, to RUR 4,624 million for the reporting period. This increase was primarily due to an increase in rail-based transportation by the Company's own containers from 895 thousand TEU to 933 thousand TEU, or by 4.2%, as well as due to a ca. 5% increase in tariffs charged for empty runs by Russian Railways. These factors were substantially offset by a decrease in the empty run ratio for the Company's containers to 34.4% in 2011 from 39.1% in 2010.*Depreciation and amortisation*

Depreciation and amortization increased by 15.5%, to RUR 2,577 million in 2011 from RUR 2,237 million in 2010. The increase was primarily due to the acquisition of a subsidiary JSC Kedentransservice, including property, plant and equipment amounting to RUR 2,336 million, as well as to acquisitions of new rolling stock during this period.

Materials, repair and maintenance

Expenses related to materials, repair and maintenance increased by 25.2%, to RUR 2,363 million in 2011 from RUR 1,887 million in 2010. The increase resulted from the consolidation of JSC Kedentransservice; an increase in the number of repairs of flatcars; changes in the composition of repair works, and an increase in average repair costs of 14.7%.

Taxes other than income tax

Taxes other than income tax increased by 78.0% from RUR 559 million for the year ended 31 December 2010 to RUR 995 million for the year ended 31 December 2011, primarily due to an increase in non-deductible VAT, consolidation of JSC Kedentransservice as well as payments of property tax associated with the acquisition of property, plant and equipment.

Other expenses

Other expenses are an aggregate of expense items such as rent, consulting expenses, fuel and energy, communication services, charity, provisions for impairment etc. Other expenses decreased by 18.7% to RUR 1,679 million in 2011 from RUR 2,064 million in 2010, primarily due to a decrease in rent, charity payments, communication costs and net other expenses as well as due to an increase from disposal of property, plant and equipment. This decrease was partially offset by an increase in costs related to consulting services and provisions for impairment.

Operating income

Operating income increased by RUR 3,642 million, or 174.0%, from RUR 2,093 million for the year ended 31 December 2010 to RUR 5,735 million for the year ended 31 December 2011, as a result of factors discussed above.

Interest expense

Interest expense decreased by RUR 7 million, or 0.8%, from RUR 848 million for the year ended 31 December 2010 to RUR 841 million for the year ended 31 December 2011 as a result of the Company's measures aimed at reducing its cost of debt by refinancing financial lease obligations as well as due to scheduled financial lease repayments. As a result, interest expense related to financial leases decreased in 2011 by RUR 169 million, or 61.7%, which offset an increase in both interest expense on bonds and bank loans, resulting from an increase in bonds and loans outstanding.

Interest income

Interest income increased by RUR 49 million, or 4.3 times, from RUR 15 million in the year ended 31 December 2010 to RUR 64 million in the year ended 31 December 2011 due to an increase in cash balances on the Company's deposits resulting from an increase in cash inflows from operating activities in 2011.

Profit before income tax

Profit before income tax increased by RUR 3,688 million, or 274.8%, from RUR 1,342 million for the year ended 31 December 2010, to RUR 5,030 million for the year ended 31 December 2010. The increase was due to the factors discussed above.

Income tax expense

Income tax expense increased by RUR 773 million, or 186.7%, from RUR 414 million for the year ended 31 December 2010 to RUR 1,187 million for the year ended 31 December 2011, primarily due to an increase in profit before income tax. The effective tax rate decreased from 30.8% for the year ended 31 December 2010 to 23.6% for the year ended 31 December 2011 primarily due to a lower proportion of non-deductible expenses attributed to the profit before income tax.

Total comprehensive income for the year

As a result of factors discussed above the profit for the year increased by RUR 2,915 million, or 314.1%, from RUR 928 million for the year ended 31 December 2010 to RUR 3,843 million for the year ended 31 December 2011. Taking into account differences arising on translating foreign operations, the total comprehensive income for the year was RUR 4,115 million for the year ended 31 December 2011 as compared with RUR 935 million for the previous year.

Liquidity and Capital Resources

As of 31 December 2011 the Company had cash and cash equivalents of RUR 2,300 million and the Company's current assets exceeded current liabilities by RUR 1,797 million.

The Company's business is asset and capital-intensive and requires substantial capital expenditure for, amongst other things, the purchase of flatcars and containers, the development of rail-side terminals and investment in the expansion and modernisation of its truck fleet. For the year ended 31 December 2011 the Company's operations and a majority of its capital expenditures were financed from internally generated cash flows while bank loans were used primarily for the purposes of financing the acquisition of a majority stake in JSC Kedentransservice.

Cash flows

The following table sets forth the principal components of the Company's consolidated cash flows for the years ended 31 December 2011 and 2010:

	2011	2010
Net cash provided by operating activities	5,779	3,653
Net cash used in investing activities	(6,163)	(3,731)
Net cash provided by financing activities	1,287	922
Net increase in cash and cash equivalents	903	844
Cash and cash equivalents at the end of the year	**2,300**	**1,291**

Cash flow provided by operating activities

Cash flow provided by operating activities increased by RUR 2,126 million, or 58.2%, from RUR 3,653 million for the year ended 31 December 2010 to RUR 5,779 million for the year ended 31 December 2011, primarily due to an increase in operating profit before working capital changes of RUR 4,009 million, from RUR 4,281 million to RUR 8,290 million resulting from the improving operational and price environment. The cash flow provided by operating activities was negatively affected by an increase in income tax paid primarily due to an increase in profit before income tax.

Cash flow used in investing activities

Cash flow used in investing activities increased by RUR 2,432 million, or 65.2%, from RUR 3,731 for the year ended 31 December 2010 to RUR 6,163 million for the year ended 31 December 2011. This increase was primarily due to the acquisition of a stake in JSC Kedentransservice for RUR 1,551 million (net of cash acquired of RUR 304 million), a well as due to an increase in capital expenditure ofRUR 198 million and an increase in net purchases of short-term investments ofRUR 991 million. This increase was partially offset by an increase in proceeds from the disposal of property, plant and equipment of RUR 324 million from RUR 230 million in 2010 to RUR 554 in 2011.

Cash flow provided by financing activities

Cash flow provided by financing activities increased by RUR 365 million, or 39.6%, from RUR 922 million for the year ended 31 December 2010 to RUR 1,287 million for the year ended 31 December 2011, primarily due to proceeds from long-term bank loans to finance the acquisition of a subsidiary.

Capital Expenditures

Capital expenditures increased by RUR 198 million, or 4.9%, from RUR 4,046 million for the year ended 31 December 2010 to RUR 4,244 million for the year ended 31 December 2011. The majority of the capital expenditure was on the acquisition of 910 units of 80’ flatcars.

The Company also continued investing in the development and modernization of key terminals, such as Kleschikha, Kostarikha Bazaikha and Batareynaya. Other capital expenditure items also included the purchase of lifting equipment and the renovation of the Company’s office buildings.

Planned capital expenditures for 2012

The Company’s capital expenditure programme is aimed at maintaining TransContainer’s leadership in the container market, improving its position in the foreign market and optimising its asset structure and key operational metrics.

The total capital expenditure budget for 2012 is up to RUR 7.1 billion (excluding VAT), of which up to RUR 5.1 billion may be spent on the acquisition of new flatcars and containers (including purchases resulting from the termination of financial lease contracts); up to RUR 1.2 billion may be invested to upgrade and modernize the Company's key rail-side terminals and up to RUR 365 million may be spent on the acquisition of lifting equipment.

Capital resources

The Company's operations and capital expenditures have historically been financed primarily from internally generated cash flow and proceeds from issuing domestic debt. As of 31 December 2011, the Company's financial indebtedness consisted of outstanding bonds, bank loans, financial lease obligations and other borrowings in an aggregate principal amount of RUR 9,348 million, compared with RUR 7,026 million as of 31 December 2010. As of 31 December 2011, the Company's net debt was RUR 6,107 million.

As of 31 December 2011, the major portion of the Company's financial indebtedness was unsecured, except for the obligations under finance leases, which were secured by the lessors' title to the lease assets. The vast majority of the Company's indebtedness is denominated in Russian Roubles, except for the indebtedness of JSC Kedentransservice which is denominated in Kazakh Tenge and was repaid in April 2012. The vast majority of the Company's indebtedness bears a fixed rate of interest.

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 year ended 31 December 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 of 31 December 2011. The carrying value of the bonds as of 31 December 2011 amounted to RUR 3,000m (RUR 3,000m at 31 December 2010). The amount of accrued interest is RUR 96m (RUR 95m at 31 December 2010), and has been included as short-term debt in the consolidated statement of financial position.

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 the 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 between the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as of the reporting date. The carrying value of the bonds as of31 December 2011 amounted to RUR 2,978m (RUR 2,976m at 31 December 2010). The amount of accrued interest is RUR 21m (RUR 18m at 31 December 2010), and has been included as short-term debt in the consolidated statement of financial position.

Kazakh Tenge-denominated bonds

Due to the acquisition of the subsidiary, the Company 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 of 31 December 2011 the carrying value of the bonds amounted to RUR 362m and the amount of accrued interest was RUR 9m. The weighted average coupon rate for the year ended 31 December 2011 is 8.93% per annum. The bonds were redeemed on 3 April 2012 and had been included as short-term liabilities in the consolidated statement of financial position as of the reporting date.

Bank loans and other borrowings

On 18 March 2011 and 17 June 2011, the Company obtained loans from Alfa Bank for the total principal amount of RUR 1,822 million at interest rates varying from 9.5% to 9.75% per annum. The amount of accrued interest is RUR 2million and has been included as short-term debt in the consolidated statement of financial position. These loans were drawn down to finance the acquisition of JSC Kedentransservice. The loans are unsecured and have a seven year maturity. The Group is obliged to observe a Debt/EBITDA ratio and a minimum level of quarterly cash turnover with Alfa Bank. As of 31 December 2011, the Group is in compliance with the covenants.

On 23 May 2011, the Company borrowed funds from LLC TrustUnion AM for the principal amount of RUR 514 million at an interest rate of 9.5% per annum to finance the acquisition of the Company's ordinary shares in order to carry out a share option plan for the Company's management. The outstanding debt as of 31 December 2011 was RUR 501 million. The loan has a five year maturity.

As of 31 December 2011 the Company also recognised financial obligations under the repurchase of previously sold shares for the amount of RUR 63m in accordance with repurchase agreements between LLC Prostor Invest Group and CJSC Investment company Troika Dialog. The Agreement was settled in January 2012.

Working Capital

The Company's working capital is defined as the difference between its current assets and current liabilities. The table below sets forth the key components of TransContainer's working capital for the years ended 31 December 2011 and 2010:

	2011	**2010**
CURRENT ASSETS		
Inventory	278	179
Trade and other receivables	1,152	1,331
Prepayments and other current assets	3,702	2,857
Prepaid income tax	193	115
Short-term investments	941	0
Cash and cash equivalents	2,300	1,291
Total current assets	**8,566**	**5,773**
CURRENT LIABILITIES		
Trade and other payables	4,593	3,965
Income tax payable	134	77
Taxes other than income tax payable	303	741
Provisions	5	34
Finance lease obligations, current maturities	479	545
Accrued expenses and other current liabilities	689	248
Deferred income	13	37
Current portion of long-term debt	553	113
Total current liabilities	**6,769**	**5,760**
WORKING CAPITAL	**1,797**	**13**

Working capital increased by RUR 1,784 million from RUR 13 million as of 31 December 2010 to RUR 1,797 million as of 31 December 2011. This increase was primarily due to an increase in short-term investments and cash and cash equivalents in the total amount of RUR 1,950 million. This increase resulted from an increase in cash flow from operations

Risk Management

Risk management is carried out by the Company on a continuous basis and represents an important part of the Company's corporate strategy.

Basic risk management principles

The Company's basic risk management principles are stated in the Risk Management Policies adopted by the Board of Directors on 18 March 2010. The key principles of the Company's risk management policies are:

- Manage all types of risk at any level of the organisational structure of the Company following a single methodology;
- Maintain a balance between the risk management costs and the potential harm from the occurrence of a risk event;
- Separate powers in the risk management system between the Board of Directors, the Audit Committee and the General Director;
- Ensure tight integration of the risk management system and the Company's internal control system.

Developing a risk management system

In 2010 and 2011, the Company essentially completed the introduction of its corporate risk management system (CRMS) and thereby achieved the following key objectives:

- CRMS goals and objectives were defined and formalised;
- Basic CRMS methodology documents were developed as follows:
- Risk Management Policies;
- Risk Management Concept;
- Risk Management Process Regulations;
- A Corporate Risk Map (Register) set out the Company's risks in a structured format that identified risks, stated their possible causes and consequences, and designated an owner for each risk;
- A Risk Management Working Group headed by the First Deputy General Director was created as a collective Risk Management body for leading risk management work in the Company and for the monitoring, evaluation and registration of risks;
- Basic risk management processes were introduced at the Company'ssenior management level with the following components:

- An annual Corporate Risk Map is to be approved by the Board of Directors on an annual basis;
- An action plan for impacting risks is to be developed and approved on an annual basis;
- There is to be quarterly monitoring of the implementation of measures that will impact risks;
- "Critical" risks are managed at the Board of Directors level, "acceptable" risks are managed at the Audit Committee level, and "minor" risks are managed at the Risk Management Working Group level.

Key risks

The following key groups of risks are allocated in accordance with the Company's Corporate Risk Map:

- Strategic risks include, inter alia, risks associated with deteriorating economic conditions, adverse changes in tariff regulations, strategic planning errors, development, evaluation and implementation of investment projects and corporate governance risks.
- Resource provision risks include risks associated with limited availability of resources required for the Company's basic operations, including acquisition and maintenance of rolling stock, growth in prices for basic resources, as well as risks associated with planning of procurement and with quality management and timing of delivery of services, materials and equipment.
- Core operational risks include risks associated with the operation of equipment in the process of providing services, including professional accidents and injuries, risks associated with the operation of information systems, hardware and software, risks associated with the retention of key personnel, etc.;
- Marketing risks include negative changes in the price for services offered by the Company; tariff policy errors, increased competition, etc.
- Economic security risks include risks related to illegal actions of Company personnel and third parties;
- Legal risks include risks associated with the implementation of current law, as well as risks related to the proper formalisation of the Company's rights to property, etc.
- Financial risks include interest rate, currency, credit, and tax risks.

The Risk Map also describes key environmental (force majeure) risks.

All of the Company's risks are classified by level of significance ("critical", "acceptable" and "minor").

Plans for 2012

Based on the results of implementing the first annual cycle of risk management activities in the year under review, a diagnosis of the Company's risk management system was carried out in cooperation with Ernst & Young (CIS) BV. This diagnosis sought to analyse the results of implementing the risk management system and to develop recommendations regarding key CRMS components in the medium and long term.

The CRMS organisational structure largely corresponds with practices commonly accepted duringthe implementation stage and enables the introduction of basic risk management elements at a minimum cost and within a short timeframe.

Plans for 2012 include the development and approval of a new risk map in which risk classification will be made in accordance with international COSO-ERM risk management standards.

Corporate governance

Corporate Governance Principles

TransContainer, as a public company, follows best international and Russian corporate governance practices.

TransContainer recognises the importance of corporate governance for ensuring the effectiveness of the Company's operations and for enhancing its investment attractiveness. The Company is actively developing and improving corporate governance procedures and practices.

The Company follows the recommendations of the UK Combined Code of Corporate Governance and Code of Corporate Conduct[2]. The Company's Code of Corporate Governance sets corporate governance standards and principles that complement the requirements set by law and the Company's internal documents. Compliance with the Code of Corporate Governance by the Company demonstrates its commitment to high standards of corporate governance.

The corporate governance principles used by the Company for guidance are aimed at building trust in relationships relating to the management of the Company and provide a basis for all standards and rules governing corporate relations:

Fair and equitable treatment of shareholders

TransContainer acts in relation to the Company's shareholders fairly and refrains from preferential satisfaction of the interests of any group of shareholders to the detriment of other shareholders.

Accountability

The General Director of the Company is accountable to the General Meeting of Shareholders and the Board of Directors and submits regular reports on his/her activities to enable assessment of the Company's effectiveness and performance results. The Board of Directors, in turn, is accountable to the General Meeting of Shareholders of TransContainer.

Transparency

TransContainer provides timely, regular, full and accurate disclosure of its activities.

Social Responsibility

[2] The Code of Corporate Conduct was recommended by Decision No 421/r of 4 April 2002 of the Federal Securities Control Committee

The Company seeks to achieve long-term, sustainable profitability of its business based on a balance between its economic interests and voluntarily assumed social obligations. It seeks to make improvements in the social, economic and environmental aspects of life and society in general.

Disclosure of information

The Company's disclosure policy is focused on securing the highest possible degree of confidence in shareholders, investors, creditors and other interested parties. It does this by providing to such parties information about the Company, its activities and securities to an extent sufficient to allow them to make informed and balanced decisions regarding the Company and its securities.

The Company regularly, and in a timely manner, fully discloses accurate information about all important matters of the Company, including its financial condition, the results of its operations, its ownership structure, lists of its affiliated persons/entities, reports of material facts and other information in accordance with Russian law.

The Company also publishes reports on the most important decisions of its management bodies, financial results, performance results and ownership structure and other information in accordance with the laws of the United Kingdom through the Regulatory News Service (RNS).

The TransContainer Board of Directors has approved Disclosure Regulations that set the Company's basic information policy principles:

- Regularity and timeliness of information;
- Accuracy and completeness of information;
- Availability of disclosed information;
- Neutrality of disclosure;
- Provision of a reasonable balance between openness of the Company and protection of its commercial interests.

In disclosing information about itself, the Company does not limit the scope of disclosure by information whose disclosure is mandatory in accordance with the requirements of Russian and UK laws, and additionally discloses other information that may affect the value of the Company's securities and provides a high degree of transparency of the Company in a manner provided by law.

Corporate Governance Ratings

In 2011, the quality of the Company’s corporate governance was rated by independent rating agencies. TransContainer has maintained its international and national corporate governance ratings since 2008.

The following table sets for the Company’s Corporate Governance Rating history:

	2008	2009	2010	2011
GAMMA Rating (Standard & Poor’s)	5+	6	6	6
National Corporate Governance Rating (RID – Expert RA)	6	6+	7	7+

The Company's international rating was confirmed by the Corporate Governance Rating Service of Standard & Poor's as GAMMA-6 in September 2011 and simultaneously withdrawn as a result of the decision of Standard & Poor's to stop providing corporate governance evaluation services using the GAMMA methodology.

The Company's National Corporate Governance Rating was improved in 2011 by the RID-Expert RA Consortium from level 7 to level 7+ (Developed Corporate Governance Practices). The RID-Expert RA Consortium noted that the Company had low levels of corporate governance risks, complied with the requirements of Russian laws relating to corporate governance, and followed most of the recommendations of the Russian Code of Corporate Conduct and some of the recommendations of international corporate governance best practices.

The Company's management and control system

The Company's management and control system is comprised of:

- General Meeting of Shareholders;
- Board of Directors;
- General Director;
- Audit Commission;
- Internal Audit Service.

General Meeting of Shareholders

The Company seeks to maintain a constructive dialogue with its shareholders based on respect for human rights and shareholders' legal interests by providing a high level of confidence between the shareholders and the Company in relations arising in connection with management of the Company. At the same time, the Company adheres to the principle of equal treatment of all shareholders of the Company, including those holding small amounts of the Company's securities.

To inform the Company's shareholders about a General Meeting of Shareholders (GMS) in a timely manner, the Company sends notices to persons entitled to attend the GMS no later than thirty days before the date of the GMS.

In order to provide shareholders with free and unhindered access to the materials of a GMS, the Company posts all materials relating to the agenda of a GMS on the Company's website no later than thirty days prior to the date of holding the GMS.

In order to secure shareholders' right to attend a GMS and the reliability of the voting results, the Company's Registrar acts as the Counting Committee at GMSs.

The Company invites the Board of Directors and Audit Committee members, the Auditor, the Head of the Internal Audit Service and the General Director to attend GMSs.

Board of Directors

The Board of Directors is a management body of the Company, responsible for overall management of its operations. The Board of Directors determines the strategy of the Company and oversees the activities of its executive bodies and ensures effectiveness of the Company's internal control and risk management systems.

Members of the Board of directors

Pavel Il'ichev, BoD Chair

Year of birth: 1974

Education: St. Petersburg State Academy of Aerospace Instrumentation (specialisation: Research Engineer), Higher School of Economics at St. Petersburg State University of Economics and Finance (Economist)

2007 to 2009: Corporate Finance Director at Eurosib JSC

2009 to present: Deputy Head of Corporate Finance Department of JSC RZD

Member of Board of Directors of Russian Troika JSC, KIT Finance Investment Bank OJSC, RZD Logistics OJSC, Zheldorremmash OJSC, Vagonremmash OJSC, TransCreditBank OJSC, and a member of the Supervisory Board of TLC Bely Rast LLC

Sergei Generalov, BoD Deputy Chair

Year of birth: 1963

Education: Moscow Power Engineering Institute (Radiophysics and Electronics), Graduate School of Management at the Ordzhonikidze State Management Academy (Management of Foreign Economic Operations)

2007 to present: President of FESCO

2009 to present: President and Board of Directors Chair of FESCO Transport Group LLC

Member of Board of Directors of Solar Energy LLC, FESCO Transport Group LLC, Maritime Bank OJSC, Avia Management Group JSC, Chairman of the Board of Directors of FESCO, Chairman of the Supervisory Board of VMTP OJSC

Petr Baskakov, General Director

Year of birth: 1961

Education: Moscow Institute of Railway Engineers (Railway Haulage Management), Academy of National Economy of the Government of the Russian Federation (State Railway Transport Management and Modern Problems of Corporate Governance of Railway Transport), Higher School of Economics (Corporate Director Programme). PhD in Technical Sciences.

2007 to present: General Director of JSC TransContainer

Member of Board of Directors of Kedentransservice JSC, Oy ContainerTrans Scandinavia Ltd, Member of the Supervisory Board of TransContainer - Slovakia, as, member of the Shareholders' Committee of Trans-Eurasia logistics GmbH, Deputy Chairman of the Board of Directors of RZD Logistics OJSC

David Hexter, Independent Director

Year of birth: 1949

Education: University of Oxford (Philosophy, Politics and Economics), Cranfield School of Management (MBA), University of London (Philosophy), University College of London (Law and Political Theory)

2007 to 2010: Adviser at Denholm Hall Investment management

2007 to present: Chairman of Advisory Board of Private Equity New Markets

2011 to present: Senior Advisor at XENON Capital Partners

2009 to 2010: Lecturer at University of London

Member of Board of Directors of AO Kaspi Bank (Caspian Bank), TransTeleCom JSC, member of Strategy Committee of Inter RAO UES

Irina Shitkina, Independent Director

Year of birth: 1965

Education: Moscow State University (Law), PhD (Law), Professor of Business Law at Moscow State University

2007 to 2009: Deputy General Director for Personnel and Legal Affairs at Elinar Holding Company OJSC

2009 to 2011: Deputy General Director for Corporate Governance at Elinar Holding Company OJSC

2011 to present: Advisor to General Director at Elinar Holding Company OJSC

Chairman of Supervisory Board of Elinar Holding Company OJSC, Member of Supervisory Board of Vladimir Film Materials OJSC, Elinar Electric Insulation Materials JSC, member of Board of Directors of Elinar-Broiler Russian-American Poultry JSC

Alexei Averin

Year of birth: 1962

Education: Moscow State International Relations Institute of USSR Ministry of Foreign Affairs.

2007 to 2010: Head of International Relations Department of RZD OJSC

2009 to 2011: Chairman of Board of Directors of KRP-Invest OJSC

2010 to present: Advisor to President of RZD OJSC

Alexei Davydov

Year of birth: 1971

Education: St. Petersburg Engineering and Economics Institute (Engineering and Economics), St. Petersburg University (Law).

2007 to 2010: Head of Treasury Department of RZD OJSC

2010 to present: Head of Subsidiaries and Affiliates Management Department of RZD OJSC

Member of Board of Directors of Zheldorremmash OJSC, RZhDstroy OJSC, BET OJSC, VGK OJSC, ELTEZA OJSC, TD RZD OJSC, PGK OJSC, FPK OJSC, Chairman of Board of Directors of VRK-1.

Kirill Rubinsky

Year of birth: 1968

Education: Moscow State Institute of International Relations (Economics), Graduate School of Paris (Master of Business Administration).

2007 to present: Chairman of Board of Directors of FESCO Transport Group Management Company OJSC, member of Board of Directors of Marine Joint Stock Bank OJSC, FESCO, Avia Management Group JSC, Mokeiha-Zybinskoe OJSC

Zhanar Rymzhanova

Year of birth: 1968

Education: Kazakh Academy of Management, Georgetown University

2007 to 2010: Senior Banker and Senior Business Consultant at European Bank for Reconstruction and Development, Transport Sector for Russia/Central Asia

2010 to present: Director for Infrastructure and Energy (Russia) at European Bank for Reconstruction and Development

Dmitry Mukhin

Year of birth: 1968

Education: St. Petersburg State Electrotechnical University, Moscow State University of Railway Transport

2007 to 2011: First Deputy Head of Investment Department of RZD OJSC

2011 to present: Head of Investment Department of RZD OJSC

Viacheslav Petrenko

Year of birth: 1964

Education: Leningrad Institute of Railway Engineers (Railway Haulage Control), Doctor Candidate in Technical Sciences

2007 to 2008: Deputy General Director for Marketing and Tariffs at Corporate Transport Service Centre (structural unit of RZD OJSC)

2008 to present: Head of Freight Marketing and Tariff Policy Department of RZD OJSC

Chairman of Board of Directors of Refservice OJSC.

Key decisions of the Board of Directors in 2011:

1. New versions of the Company's Regulations on Insider Information and an Insider Information List were approved. These documents were designed pursuant to the requirements of the Federal Law "On Combating Misuse of Insider Information and Market Manipulations and on Amending Individual Legislative Acts of the Russian Federation" in order to ensure fair pricing of the Company's financial instruments, provide equal opportunities for investors and strengthen investor confidence by creating a legal mechanism for detecting and preventing misuse of insider information and market manipulations.

2. Regulations on the Motivation of Company Management were approved. These Regulations were developed in order to motivate the Company management to improve the efficiency of Company management, to secure the attainment of the Company's strategic goals and to retain qualified personnel in the Company based on principles providing for transparency and simplicity of calculating total amounts of remuneration, competitiveness in respect of the level and structure of remuneration, and balance of the interests of shareholders and management of the Company.

3. A new version of the Code of Corporate Governance was approved[3].

4. Regulations on Dividend Policies for 2011-2013 were approved.

5. Target values of key performance indicators (KPIs) of the General Director for the year 2011 were approved.

The implementation of the KPI system sought to attain medium-term objectives and long-term strategic goals as set by the Board of Directors.

Manning of the Board of Directors in 2011

During the period from January to March 2011, the Board of Directors, following the decision of the Extraordinary General Meeting of Shareholders of 19 October 2010 (Minutes No. 15 of 20 October 2010), and included the following persons:

1. Averin, A.A.
2. Baskakov, P.V.
3. Davydov, A.Yu.
4. Lozovsky, G.
5. Novikov, D.K.
6. Rymzhanova, Zh.
7. Ryaschin, I.P.
8. Hexter, D.
9. Shitkina, I.S.

[3] The new version of the Code of Corporate Conduct is available on the Company's website at: http://www.trcont.ru/?id=427&L=0.

The Board of Directors as described above acted from January to March 2011 and held four meetings in person.

On 18 April 2011, an extraordinary General Meeting of Shareholders was held, initiated by a minority shareholder who had acquired TransContainer's shares in a public offering held in November 2010 (FESCO Transport Group), where the Board of Directors was elected as follows:

1. Averin, A.A.
2. Baskakov, P.V.
3. Il'ichev, P.D.
4. Davydov, A.Yu.
5. Shitkina, I.S.
6. Hexter, D.
7. Rymzhanova, Zh.
8. Generalov, S.V.
9. Rohan, Gerald J.

The Board of Directors as described above acted from April to June 2011 and held three meetings in person.

At the GMS held on 28 June 2011, the number of members of the Board of Directors was increased to 11 members. The Board of Directors was elected as follows:

Person	Status in BoD	Audit Committee membership	Strategy Committee membership	Personnel and Remuneration Committee membership
Il'ichev, P.D.	BoD Chairman			
Generalov, S.V.	BoD Deputy Chairman		Deputy Committee Chairman	Committee Member
Baskakov, P.V.	BoD Member, General Director		Committee Member	
Averin, A.A.	BoD Member			
Davydov, A.Yu.	BoD Member		Committee Chair	
Shitkina, I.S.	Independent Director			Committee Chairman
Hexter, D.	Independent Director	Committee Chairman		
Rymzhanova, Zh.	BoD Member		Committee Member	
Rubinsky, K.Yu.	BoD Member	Committee Member		
Mukhin, D.T.	BoD Member	Committee Member		
Petrenko, V.A.	BoD Member			Committee Member

From July to December 2011, the Board of Directors held five meetings in person and one meeting in absentia.

Statistics on Board of Directors meetings

In 2011, the Board of Directors held 13 meetings, of which 12 were held in person and one in absentia. At the meetings of the Board of Directors held within that period, 168 issues were considered and over 160 transactions of interest for the Company were approved. Participation of members of the Board of Directors in meetings held in 2011:

Name	Participation	Per cent

Il'ichev, P.D.	10/10	100%
Generalov, S.V.	10/10	100%
Baskakov, P.V.	13/13	100%
Averin, A.A.	11/13	85%
Davydov, A.Yu.	12/13	92%
Shitkina, I.S.	13/13	100%
Hexter, D.	13/13	100%
Rymzhanova, Zh.	12/13	92%
Rubinsky, K.Yu.	5/6	83%
Mukhin, D.T.	5/6	83%
Petrenko, V.A.	6/6	100%
Rohan, Jerald J.	3/3	100%
Lozovsky, G.	4/4	100 %
Novikov, D.K.	4/4	100 %
Ryaschin, I.P.	4/4	100 %

Members of the Board of Directors do not own shares in the Company.

The Company's General Director Petr Baskakov purchased 1,700 Company’s shares in 2010. The number of ordinary shares held by Petr Baskakov remained unchanged in 2011 and was 0.012% of the Company's authorised capital.

Indepndent Directors

Having considered the criteria for Independent Directors, the Board of Directors concluded that BoD members Irina Shitkina and David Hexter met the requirements for Independent Directors (Minutes No. 2 of 8 Sept 2011).

The Board of Directors made this decision in consideration of criteria independently set out in Russian Federal laws, the Corporate Governance Code of TransContainer, the Corporate Conduct Code of the Russian Federal Securities Committee and the UK Combined Corporate Governance Code.

Independent Directors chair BoD Committees: David Hexter chairs the Audit Committee and Irina Shitkina chairs the Personnel and Remuneration Committee.

Independent Directors make a significant contribution to the work of the Board of Directors and the Committees, demonstrating a high level of professionalism in decision-making, independent voting on agenda issues and voicing independent opinions at meetings. The input made by the Independent Directors promotes the adoption of decisions that take into consideration the interests of various stakeholder groups and improves the quality of managerial decisions.

BoD Committees

BoD Committees were established in order to give preliminary consideration to the most important issues placed within the jurisdiction of the Board of Directors and to develop essential recommendations to the Board of Directors.

Board committees are made up of individuals with extensive experience and expertise in the relevant area, which is expected to improve the efficiency and quality of BoD performance. The Company aims to form BoD committees of Independent Directors and representatives of minority shareholders.

The Company has the following committees:

- Strategy Committee;

- Audit Committee;

- Personnel and Remuneration Committee.

During the reporting period, the Committees have done considerable work on the development of the strategic management process and the internal control and risk management systems, as well as the incentive system for the Board of Directors and the management of the Company.

Strategy Committee

The Strategy Committee provides preliminary consideration and preparation of recommendations on issues placed within the scope of reference for the Board of Directors with respect to setting priorities for the Company's activity, developing the Company's strategy, proposing how strategy is to be implemented and for monitoring such implementation.

During the period from January to April 2011, the Strategy Committee comprised the following:

Name	Position
Davydov, A.Yu.	BoD Member, Strategy Committee Chair
Baskakov, P.V.	BoD Member, Company General Director, Strategy Committee Deputy Chair
Lozovsky, G.	BoD Member
Valeyev, R.R.	Deputy Head of Department for Subsidiary and Affiliated Entities of RZD OJSC. Not a BoD Member

From 20 April 2011 to December 2011, the Strategy Committee comprised the following:[4]

Name	Position
Davydov, A.Yu.	BoD Member, Strategy Committee Chair
Generalov, S.V.	BoD Member, Strategy Committee Deputy Chair
Baskakov, P.V.	BoD Member, Company General Director
Rymzhanova, Zh.	BoD Member

In 2011, the Strategy Committee held nine meetings in person.

Attendance by Strategy Committee members of meetings held in 2011:

Name	Attendance	Per cent
Davydov, A.Yu.	8/9	89%
Baskakov, P.V.	9/9	100%
Valeyev, R.R.	2/2	100%
Lozovsky, G.	0/2	0%

[4] The Strategy Committee was appointed in this form by Company BoD decisions of April 20, 2011 and July 11, 2011

Generalov, S.V.	6/7	86%
Rymzhanova, Zh.	5/7	71%

During the reporting period, the Strategy Committee considered the following material issues:

1. Action plan for purchasing Kedentransservice JSC shares.
2. Establishment of a special structure for holding Kedentransservice JSC shares.
3. Implementation of the Company's budget 2010.
4. Implementation of the Company's investment programme 2010.
5. Implementation of the Company's strategy 2015.
6. Feasibility of increasing the operating platform fleet and upgrading the container fleet.
7. Performance results of the Company's subsidiaries and affiliates and management of subsidiaries and affiliates.
8. KPI target values for the General Director and the Company management in 2011.
9. Target indicators and key parameters of the Company's investment programme 2012.
10. The Company's investment programme 2012.
11. List of the Company's business processes.
12. Regulations on the Company's Dividend Policies 2011 to 2013

Audit Committee

The Audit Committee gives preliminary consideration to and prepares recommendations on issues placed within the terms of reference for the Board of Directors with reference to the Company's interaction with the external auditor, monitoring the accuracy and completeness of the Company's financial statements, including the execution of the Company's business plans and budget, evaluating how effectively the internal control system is operated and evaluating how effectively the risk management system is operated.

During the period from January to April 2011, the Audit Committee comprised the following:

Name	Position
Hexter, D.	Independent Director, Audit Committee Chair
Averin, A.A.	BoD Member, Deputy Audit Committee Chair
Shitkina, I.S.	Independent Director

On April 20, 2011, the Audit Committee composition changed to comprise the following:

Name	Position
Hexter, D.	Independent Director, Audit Committee Chair
Averin, A.A.	BoD Member, Deputy Audit Committee Chair
Rohan, Jerald J.	BoD Member

On July 11, 2011, the Audit Committee composition changed to comprise the following:

Name	Position
Hexter, D.	Independent Director, Audit Committee Chair
Mukhin, D.T.	BoD Member, Deputy Audit Committee Chair
Rubinsky, K.Yu.	BoD Member

In 2011, the Audit Committee held 10 meetings in person.

Attendance by Audit Committee members of meetings held in 2011:

Name	Attendance	Per cent
Hexter, D.	10/10	100%
Averin, A.A.	3/6	50%
Shitkina, I.S.	3/3	100%
Rohan, Jerald J.	3/3	100%
Mukhin, D.T.	4/4	100%
Rubinsky, K.Yu.	2/4	50%

During the reporting period, the Audit Committee considered the following material issues:

1. Procedures for placement of orders for goods, works and services to secure the Company's operations
2. Interaction of the Audit Committee with the Accounts department and with the Company's External Auditor
3. New version of Regulations on the Audit Committee
4. Results of auditing financial statements 2010
5. Reports of the Internal Audit Service on the results of its performance in Quarter 4 of 2010 and Quarters 1 to 3 of 2011
6. Selection of the Company's Auditor for 2011
7. The Company's Annual Report 2010
8. Annual financial statements of TransContainer for 2010
9. The Company Auditor's opinion on the Company's financial statements 2010 prepared in accordance with Russian Accounting Standards (RAS) and IFRS
10. The Audit Committee's report based on the result of auditing the Company's operation in 2010
11. Risk management in TransContainer
12. The Auditor's fees
13. The Company's credit rating
14. List of TransContainer business processes
15. The Company's accounting policy 2012

Personnel and Remuneration Committee

The functions of the Personnel and Remuneration Committee include recommending priorities for the Company's policies on human resources and remuneration to the Company's management. The functions also include development of the Company's policies and standards concerning the selection of candidates for the Company's management with the aim of attracting skilled professionals and creating the required incentives.

During the period from January to April 2011, the Personnel and Remuneration Committee comprised the following:

Name	Position
Shitkina, I.S.	Independent Director, Chair of Personnel and Remuneration Committee
Kostenets, I.A.	Head of Department for Administrative and Personnel Issues of RZD OJSC (not a BoD member), Deputy Chair of Personnel and Remuneration Committee
Averin, A.A.	BoD Member
Ryaschin, I.P.	BoD Member

On April 20, 2011, the Personnel and Remuneration Committee composition changed to comprise the following:

Name	Position
Shitkina, I.S.	Independent Director, Chair of Personnel and Remuneration Committee
Kostenets, I.A.	Head of Department for Administrative and Personnel Issues of RZD OJSC (not a BoD member), Deputy Chair of Personnel and Remuneration Committee
Averin, A.A.	BoD Member
Generalov, S.V.	BoD Member

From 11 July 2011, the Personnel and Remuneration Committee comprised the following:

Name	Position
Shitkina, I.S.	Independent Director, Chair of Personnel and Remuneration Committee
Kostenets, I.A.	Head of Department for Administrative and Personnel Issues of RZD OJSC (not a BoD member), Deputy Chair of Personnel and Remuneration Committee
Petrenko, V.A.	BoD Member
Generalov, S.V.	BoD Member

In 2011, the Personnel and Remuneration Committee held 15 meetings in person. Attendance by Personnel and Remuneration Committee members of meetings held in 2011:

Name	Attendance	Per cent
Shitkina, I.S.	14/14	100%
Kostenets, I.A.	12/14	86%
Averin, A.A.	6/7	86%
Petrenko, V.A.	10/11	91%
Generalov, S.V.	6/7	86%
Ryaschin, I.P.	1/3	33%

In the reporting period, the Personnel and Remuneration Committee gave consideration to the following material issues:

1. KPI target values for the General Director and Company management in 2011
2. Incentives for members of the Board of Directors
3. Incentives for Company management
4. Bonuses for the General Director
5. Independent Directors (conformity of newly elected BoD members with independence criteria)
6. Preliminary evaluation of candidates for General Director

Self-assessment of the Board of Directors

The Board of Directors annually evaluates its performance by questioning its members and, based on the results of discussion of the evaluation outcomes at a full-time meeting of the Board of Directors, adopts decisions to improve the effectiveness of the Board of Directors.

Based on the results of the corporate year 2010 to 2011, the performance of the Board of Directors was evaluated in June 2011. According to the results of the evaluation, the majority of the members of the Board of Directors believed that the Board of Directors had successfully met the objectives set for the year, that the recommendations made by Board Committees were of importance for the Board of Directors, and that the Board of Directors paid sufficient attention to the Company's strategy and to the risks that may have had a significant impact on the Company's operations.

The Board of Directors also evaluates annually the performance of its Committees. In June 2011, the Board of Directors recognised that the performance of its Committees in corporate year 2010 to 2011 had been satisfactory.

Liability insurance

Since February 2009, the Company has signed annual liability insurance agreements in order to provide liability insurance for Board members and Company management (D&O policy).

Remuneration to Board of Directors' and Board of Directors Committees' members

Remuneration to BoD members

The payment of remuneration and compensation to BoD members is carried out in accordance with the Regulation on Payment of Remunerations and Compensations to BoD Members that was approved in a new version by the Annual General Meeting of Shareholders on 28 June 2011.[5]

Pursuant to the said Regulation, remuneration to BoD members consists of two parts, namely fees for participation in the work of the Board of Directors and annual remuneration.

1. As remuneration for participation in the work of the Board of Directors, a member of the Board of Directors is paid a bonus of RUB 30,000 for attending a BoD meeting within a month of the meeting. The source of payment of these fees is Miscellaneous Expenses which are not deducted from the tax base when calculating income tax for the Company's financial reporting purposes.

The total amount of remuneration paid to BoD members for participating in the work of the Board of Directors in 2011 amounted to RUB 3,259,275.00.

2. Annual remuneration to BoD members consists of two parts:

2.1. A fixed fee of RUB 1,400,000 per annum (before making an attendance rate reduction in proportion to the number of BoD meetings in which the BoD Member did not participate).

2.2. Remuneration for growth of the Company's capitalisation, which is calculated as follows:

S cap = 1750 * 10 * (p2-p1), where

S cap : Remuneration for growth of the Company's capitalisation paid to a BoD member

1750 : Number of Company shares provisionally allocated to the BoD member for the purpose of calculating the remuneration

10 : Number of GDRs for Company shares, each corresponding to one Company share

[5] The Regulations are available on the Company's website at: http://www.trcont.ru/?id=427&L=0

p1 and p2 : Market value of one GDR for Company shares as of the beginning and end of the period respectively (calculated with the use of an averaging procedure).

The size of the above remuneration is increased by 50% when paid to the BoD Chair and by 25% when paid to the Deputy BoD Chair.

Annual remuneration to BoD members is paid from the Company's net income received during the reporting period and from retained earnings of previous periods.

The total amount of annual remuneration paid to BoD members in 2011 amounted to RUB 29,662,651.94.

Remuneration to members of BoD Committees

In accordance with the Company's Regulations on BoD Committees, and with committee budgets approved by the Board of Directors, Committee members receive remuneration for participation in the work of the Committee and annual fees.

A BoD Committee member is paid for participating in a Committee meeting:

- RUB 20,000 if the Committee member participated in the meeting in person;
- RUB 12,000 if the Committee member participated in the meeting in absentia (and produced a written opinion).

If approved by the Annual General Meeting of Shareholders, a Committee member may be paid an annual fee.

The above fees are increased by 25% when paid to the Committee Chair and Deputy Chair.

BoD Committee members are paid fees from the Company's net profit for the current year.

Remuneration paid to BoD members and BoD Committee members in 2011[6]

BoD member	**Remuneration for participation in BoD work (RUB)**	**Annual fee to BoD member (RUB)**	**Remuneration for participation in BoD committee work (RUB)**	**Annual fee to BoD Committee member (RUB)**	**Compensations to BoD members (RUB)**
Il'ichev, P.D.	355,212.00	1,623,712.44			-
Generalov, S.V.	296,010.00	1,353,093.70	320,306.75	153,360.00	-
Baskakov, P.V.	310,248.00	3,131,807.89	174,306.00	210,870.00	-
Averin, A.A.	276,063.00	2,724,999.49	182,344.50	603,855.00	-
Davydov, A.Yu.	316,320.00	2,665,141.22	216,465.00	239,625.00	-
Shitkina, I.S.	310,248.00	3,225,141.22	392,987.00	686,925.00	-
Hexter, D.	310,248.00	3,225,141.22	239,996.25	431,325.00	239,810.02
Rymzhanova, Zh.	291,078.00	3,131,807.89	98,685.00	76,680.00	-
Rubinsky, K.Yu.	150,000.00		40,000.00		-
Mukhin, D.T.	150,000.00		99,393.75		-
Petrenko, V.A.	180,000.00		119,030.00		-
Rohan, Jerald J.	56,808.00	1,082,474.96	57,510.00	76,680.00	-
Lozovsky, G.	73,440.00	2,142,666.26		115,020.00	-
Novikov, D.K.	110,160.00	3,213,999.39			-
Ryaschin, I.P.	73,440.00	1,769,332.93	18,468.00	76,680.00	-

[6] Amounts before Personal Income Tax deduction.

Kostenets, I.A.			290,967.50	396,180.00	-
Fedulov, G.M.		373,333.33		143,775.00	-
Valeyev, R.R.			46,170.00	297,135.00	-
TOTAL	**3,259,275.00**	**29,662,651.94**	**2,296,629.75**	**3,508,110.00**	**239,810.02**

Corporate Secretary

The Company's Corporate Secretary is subordinate to the Board Chair.

The Corporate Secretary's key tasks are: to ensure compliance of Company bodies and officers with the requirements set by laws, the Articles of Association and the Company's internal documents regulating the provision and protection of shareholders' rights; to ensure compliance with procedures for preparation and conduct of General Meetings of Shareholders and Board of Directors meetings and with procedures for disclosure of information about the Company, and to improve the Company's corporate governance practices.

The Corporate Secretary's key functions are:

- Provide organisational and information support to the Board of Directors and its Committees;
- Prepare and conduct General Meetings of Shareholders;
- Interact with BoD members and advise BoD members on corporate governance issues;
- Arrange interaction between the Company and its shareholders;
- Arrange storage of the Company's documents pertaining to corporate governance issues;
- Provide for disclosure of information about the Company.

The work of the Corporate Secretary is guided by the Company's Regulations on the Corporate Secretary.

General Director

The General Director is the sole executive body of the Company. The General Director is elected by the Board of Directors and is accountable to the General Meeting of Shareholders and to the Board of Directors. The rights and duties of the employer of the General Director are exercised by the Board of Directors on behalf of the Company. The General Director acts on behalf of the Company without power of attorney while abiding by the restrictions set by Russian Federal laws, the Articles of Association and BoD resolutions.

Petr Baskakov has been General Director of TransContainer since 2006. In 2011, Petr Baskakov was listed among the top 1,000 managers in the Transport business category in Russia's Best Top Managers rating in the Russian Managers' Association and Komersant newspaper. Petr Baskakov has been awarded a medal "For Railway Development" and an "Honorary Railwayman" badge of honour.

The fees paid to the General Director and key Company managers (21 persons) in 2011 (including insurance premiums before Personal Income Tax deductions) totalled RUB 263,485,641.11.

Dividend policies and dividend history

In December 2011, the Board of Directors approved a new version of the Regulations on Dividend Policies for 2011 to 2013 (Minutes No. 6 of 22 December 2011). According to these regulations, the size of the dividends recommended to the General Meeting of Shareholders is determined by the Board of Directors based on the Company's financial performance during the year under review and amounts to 10% of the Company's net profit.

The Company's Dividend Policies are based on the following principles:

- The Company annually allocates a portion of the net profit, if available, for dividend payment and uses the rest of the profit primarily for reinvestment in order to increase the Company's capitalisation;
- The Company balances its interests with the interests of its shareholders;
- The Company seeks to increase its capitalisation and attractiveness as an investment;
- The Company respects shareholders' rights protected by laws of the Russian Federation and provided for by best practices of corporate governance;
- The Company provides for transparency regarding the procedures used for determining the size of dividends and their payment.

The Company publishes on its website:

- The Company's Dividend Policies;
- Decisions of the General Meeting of shareholders to pay dividends;
- Information on the size of dividends and on the timeframes and forms of dividend payment;
- Information about the announcement and payment of dividends, in the form of statements of material facts.

Dividends allocated and paid by the Company between 2007 and 2011

Dividends	**2007 (for 2006)**	**2008 (for 2007)**	**2009 (for 2008)**	**2010 (for 2009)**	**2011 (for 2010)**
Total size of dividends, RUB million	144.2	153.3	268.0	2.2	40.434
Dividend per share, RUB	10.38	11.03	19.29	0.16	2.91
Dividends as percentage of net profit	10%	10%	10%	10 %	10 %
Announcement date	June 20, 2007	June 20, 2008	June 23, 2009	June 23, 2010	June 28,.2011
Actual payment date	August 13, 2007	August 22, 2008	August 20, 2009	August 10, 2010	August 18, 2011

Auditor

In order to ensure independent auditing of its financial reporting, the Company has an approved policy for rotation of external auditors and for interaction with external auditors in terms of their provision of non-auditing services (the External Auditor Rotation Policy).

The selection of a candidate for the role of External Auditor, whose job it is to audit the financial reports of TransContainer under RAS and IFRS, is carried out on a competitive basis, with a frequency of no less than once in five years. Candidates must come from the Big Four auditors. That said, the Company considers it appropriate to select a single auditor for auditing the Company's financial reports under both RAS and IFRS.

The Audit Committee evaluates annually the performance of the Company's External Auditor and its compliance with the requirements of independence.

In 2011, Deloitte & Touche CIS, as the Company's External Auditor approved by the Annual General Meeting of Shareholders of 23 June 2010, was paid the following fees:

Type of service	**Remuneration (VAT inclusive), RUB**
Audit of consolidated financial reporting prepared in accordance with RAS, for 2010	4,753,040.00
An audit of consolidated financial reporting prepared in accordance with IFRS, for 2010	17,652,800.00
Consultancy services for preparing written authorisations for the Company's triennial financial reporting and for inclusion of this in the investment memorandum, including audit opinions, and also services for writing letters of comfort when preparing an investment memorandum as part of IPO implementation activities7.	11,742,261.42
TOTAL	**34,148,101.42**

Pursuant to the Company's Annual General Meeting of Shareholders' decision of 28 June 2011, PricewaterhouseCoopers Audit JSC was approved as the Company's Auditor (under both RAS and IFRS) for 2011 on the basis of competitive selection conducted by the Company's Audit Committee.

In September 2011, the Board of Directors set the remuneration to PricewaterhouseCoopers Audit JSC for auditing the Company's financial reporting for 2011 under RAS and IFRS in the amount of RUB 12.9 million, VAT not inclusive. In 2011, PricewaterhouseCoopers Audit JSC was paid a fee of RUB 4,753,040.00, VAT inclusive, for reviewing the Company's consolidated financial reporting under IFRS for six months in 2011.

Pursuant to the External Auditor Rotation Policy, in order to ensure independence of the External Auditor, the remuneration to be paid to the Auditor for the provision of non-audit services should not exceed 10% of the amount paid to the Auditor for auditing the Company's financial reporting.

In 2011, Deloitte & Touche CIS JSC and PricewaterhouseCoopers Audit JSC provided no non-audit services to JSC TransContainer as the Company's auditors.

Internal Audit Service

The Internal Audit Service was established by the Board of Directors in 2009 in order to improve internal control and risk management in the Company, to provide the Company's management bodies with accurate and complete information about the Company's operations and to identify and prevent violations and abuses.

[7] These services are not considered to be non-auditor services as they may be rendered only by the Company Auditor and are classified as services associated with audit.

The Internal Audit Service is subordinated to the Board of Directors' Audit Committee. Annual work plans for the Internal Audit Service are approved by the Audit Committee. The Internal Audit Service reports to the Audit Committee on a quarterly and annual basis.

To attain its objectives, the Internal Audit Service performs the following functions:

- Check the Company's production, business and financial activities;
- Participate in optimisation of the Company's organisational and management structure and business processes to ensure their effectiveness and compliance with the approved strategic Company development plans;
- Prepare reports (opinions) for the Audit Committee and the General Director as to the results of scheduled audits;
- Prepare and submit to the General Director proposals to eliminate and prevent deficiencies identified in the Company's production, business and financial activities, and proposals to take disciplinary and other punitive and compensatory action as provided for by laws and the Company's internal documents;
- Identify and prevent financial, operational and other risks in the Company's activities, and evaluate the likelihood of materialisation of identified risks and the losses likely to result from the materialisation; take part in the formulation of a programme for General identified risks and present relevant proposals to the Audit Committee and the General Director; evaluate the adequacy and effectiveness of risk management and internal control processes;
- Within the scope of its reference, interact with the Company's External Auditor;
- Within the scope of its reference, carry out assignments given by the Audit Committee, Board of Directors and General Director.

Audit Commission

The Audit Commission is a continually operating body of internal control, carrying out regular monitoring of the Company's financial and business operations, including those of the Company's branches and representative offices, to ensure compliance with Russian laws, the Articles of Association and the Company's internal documents.

The Audit Commission acts in the interests of Company shareholders and is accountable to the General Meeting of Shareholders. In carrying out its tasks, the Audit Commission is independent of Company officials. Audit Commission members are not officers or employees of the Company.

The Audit Commission was elected by the Annual General Meeting of Shareholders of 28 June 2011 and comprises the following:

Name	**Position**
Ivanov, O.B.	Head of Zheldorkontrol Monitoring and Internal Audit Centre, Chair of the Audit Commission
Lem, N.A.	Head of Accounts Department of RZD OJSC
Davydov, S.V.	Head of Division for Interaction with Subsidiaries and Affiliates and In-group Accounting of Department for Consolidated IFRS Reporting of RZD OJSC
Chernyavskaya, A.N.	Sector Head, Deputy Head of Division for Internal Audit and Control of Financial and Business Activities of Structural Subdivisions of RZD OJSC of Zheldorkontrol Monitoring and Internal Audit Centre
Romanov, A.Yu.	Head of Financial Control and Prognosis Division, Deputy Head of Corporate Finance Department of RZD OJSC

Audit Commission members are paid in accordance with the Company's Regulations on Remuneration to Audit Commission members[8]. The annual remuneration to Audit Commission members totalled RUB 702,900 in 2011.

Registrar

In order to ensure reliable protection of Company shareholders' entitlement to shares, an independent registrar acts as Registrar of Company Shareholders. Since October 2010, STATUS Registrar Company (STATUS LLC) has been acting as Registrar for the Company.

Share capital structure

Company's shares are admitted for trading on MICEX RTS Stock Exchange. Depositary receipts for Company shares are traded at the Main Market of the London Stock Exchange (LSE).

Share capital structure of stockholders' equity as of December 31, 2011

Entity	Number of shares	Share in authorised capital, %
Russian Railways OJSC (RZD OJSC)	6,947,391	50.000014
The Bank of New York International Nominees (GDR issuer)	2,831,406	20.377483
European Bank for Reconstruction and Development (EBRD)	1,284,574	9.245013
HALIMEDA INTERNATIONAL LIMITED[9]	1,215,794	8.75
UK TRANSFINGRUP JSC (beneficial ownership of pension funds of BLAGOSOSTOYANIE ("WELFARE") Private Pension Foundation 14/DU)	709,842	5.10869
Others	905,771	6.5188
TOTAL	**13,894,778**	**100**

Ordinary shares

The Company's authorised capital totals RUB 13,894,778,000 and consists of 13,894,778 ordinary registered shares of nominal value of RUB 1,000 each.

Global Depository Receipts (GDRs)

Global Depositary Receipts have been issued for TransContainer shares at the rate of 10 GDR = 1 share. The Depositary bank is The Bank of New York Mellon. As of 31 December 2011, depositary receipts had been issued for 20.4% of the Company's share capital. The number of securities traded on stock exchanges is not constant, and GDR owners may convert them into shares and vice versa.

Listing

As of 1 January 2011, the Company's shares were traded on the MICEX Stock Exchange JSC (Quotation List I) and on RTS OJSC (RTS Quotation List I). On September 1, 2011, the Company's shares were transferred from Quotation List I to Quotation List B of the MICEX Stock Exchange CJSC. On 12

[8] The Regulations are available on the Company's website at: ..

[9] The share held by Halimeda International Limited controlled by OJSC FESCO in the authorised capital of TransContainer is 18.5%, including 9.75% represented by GDRs

December 2011, ordinary TransContainer’s shares were excluded from the RTS OJSC Quotation List as a result of the merger of RTS OJSC with MICEX Stock Exchange. Since 31 December 2011, Company shares have been traded at MICEX RTS Stock Exchange in Quotation List B.

The Global Depositary Receipts are traded on the Main market of the London Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

P.V. Baskakov, General Director of JSC "TransContainer" confirms on behalf of the Board of Directors to the best of its knowledge that:

(a) the consolidated financial statements for 2011, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of JSC "TransContainer" and its consolidated subsidiaries (hereinafter referred to as the "Group"); and

(b) the management report for the year 2011 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Neither JSC "TransContainer" nor the directors accept any liability to any person in relation to the management report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A of the Financial Services and Markets Act 2000.

P.V. BASKAKOV

General Director

25 April 2012