OJSC TRANSCONTAINER

Full Year 2011 Financial Results Announcement

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 a presence 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 (transportation of clients' containers and own loaded containers) 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% 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 of RUR 198 million and an increase in net purchases of short-term investments of RUR 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 Trust Union 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

Downloads

The Company's Management Report and consolidated financial statements for the year ended 31 December 2011 are available via the National Storage Mechanism at: http://www.hemscott.com/nsm.do or at the Company's website: http://www.trcont.ru

25 April 2012

Enquiries:

TransContainer

Andrey Zhemchugov, Director, Capital Markets and Investor Relations **+7 (499) 262 8506**

E-mail **ir@trcont.ru**

Website **www.trcont.ru**

College Hill

Tony Friend / Alexandra Roper **+44 (0)20 7457 2020**

Legal Disclaimer

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. You can identify forward-looking statements by terms such as 'expect', 'believe', 'anticipate', 'estimate', 'intend', 'will', 'could', 'may' or 'might', the negative of such terms or other similar expressions. JSC "TransContainer" wishes to caution you that these statements are only predictions and that actual events or results may differ materially. JSC "TransContainer" does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of JSC "TransContainer", including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries JSC "TransContainer" operates in, as well as many other risks specifically related to JSC "TransContainer" and its operations