OJSC TRANSCONTAINER

Interim Results for the Nine Months Ended 30 September 2012

JSC "TransContainer" (the "Company" together with its consolidated subsidiaries) today announces its management report together with the unaudited interim condensed consolidated financial information for the nine month period ended 30 September 2012. The financial information presented in this announcement has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Operating and financial review

Summary

TransContainer is the leading intermodal container transportation company in Russia. As of 30 September 2012, the Company is estimated to own approximately 59% of Russia's flatcar fleet and accounts for an estimated 50% of all rail container transportation in Russia. It owns and operates 24,448 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. The Company also operates 18 inland rail-side terminals in Kazakhstan via its subsidiary Kedentransservice. The Company's sales network is comprised of approximately 140 sales outlets across Russia with a presence in the CIS, Europe and Asia.

The Company's financial results for the nine months ended 30 September 2012 reflect the continuing market growth in rail container transportation in Russia, as well as the Company's efforts aimed at improving efficiency.

The Company's rail container transportation volumes for the nine months ended 30 September 2012 increased by 10.2% to 1,102 thousand TEU compared to 1,000 thousand TEU in the same period of 2011, whilst revenue-generating transportation[1] volumes increased by 12.2% to 835 thousand TEU. Terminal handling volumes decreased for the reporting period by 9.0% to 1,071 thousand TEU, mainly due to a 36.8% decrease in handling of medium-duty containers.

During the reporting period the Company's total revenue increased by 24.5% to RUR 27,353 million, adjusted revenue increased by 20.3% to RUR 19,351 million, operating income increased by 35.3% to RUR 5,943 million, and EBITDA grew by 28.6% to RUR 8,218 million. Profit for the period increased by 42.8% from RUR 2,992 million for the nine months ended 30 September 2011 to RUR 4,273 million for the nine months ended 30 September 2012. Total comprehensive income for the period grew by 27.3% from RUR 3,237 million for the nine months ended 30 September 2011 to RUR 4,121 million for the nine months ended 30 September 2012.

As of 30 September 2012, the Company's financial position remained strong with total debt of RUR 9,215 million and net debt of only RUR 5,410 million.

Capital expenditures for the nine months ended 30 September 2012 increased by 30.8% year on year to RUR 3,386 million and were primarily focused on the modernisation of the Company's flatcar fleet and improvements in the fleet structure through the purchase of new 80' flatcars, acquisitions of containers and modernisation of rail-side terminals. In accordance with the Company's policy, capital expenditures in 2012 were financed by internally generated cash flow.

Outlook

Although the Russian container market environment remains strong and the Company's management expect the market to grow at around 10.5% in 2012, the market prospects for the coming year are expected to remain dependent on the domestic and global macroeconomic situation. Given the

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

weakening consensus forecast for the Russian GDP growth in 2013 as well as the first signs of slowdown in the Russian rail freight turnover in November 2012, the Company's management expects the rail container market growth rates to turn to the single-digit level in 2013, subject to any external economic factors. The Company's management will continue to closely monitor key lead market indicators and focus on key financial and operational metrics. The Company will also pursue a flexible pricing and investment policy depending on the market situation.

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

Key operating results

The Company's rail container transportation volumes for the first nine months of 2012 increased by 10.2% to 1,102 thousand TEU compared to 1,000 thousand TEU in the first nine months of 2011, mainly due to an increase in import and transit transportation. Domestic transportation volumes in the first nine months of 2012 rose by 2.9% to 592 thousand TEU.

Transportation of containers by TransContainer's fleet for 9 months of 2012 (ISO Loaded + Empty), 000' TEU

	9m 2012	9m 2011	Change	
			000' TEU	Percent
Domestic Routes	592	575	16	2.9%
Export	262	244	18	7.2%
Import	179	161	17	10.8%
Transit	70	19	51	262.8%
All Routes	**1,102**	**1,000**	**102**	**10.2%**

Revenue-generating container transportation volumes grew by 12.2% to 835 thousand TEU as compared to 744 thousand TEU for the same period of 2011. TransContainer's estimated market share remained flat at around 50% during the first nine months of 2012.

For the nine months ended 30 September 2012 container handling volumes in the Company's terminal network in Russia decreased by 106 thousand TEU, or 9.0%, to 1,071 thousand TEU. This decrease was a result of, among other factors, a further decrease in medium-duty containers (MDC) handling, as the MDC fleet is phased out on the Russian railway network.

Empty run for flatcars for the nine months ended 30 September 2012 was 7.7% compared to 8.6% one year ago. Empty run for containers has been improving throughout 2012, though it still remains at higher levels compared to 2011. Turnover metrics for flatcars and containers remain essentially flat despite continuing decreases in the average train speed across the Russian railway network in 2012.

	9m 2012	9m 2011
Turnover of containers, days	22.7	21.9
Turnover of flatcars, days	13.3	13.0
Empty run* for containers, %	36.8%	34.4%
Empty run* for flatcars, %	7.7%	8.6%

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

Description of Key Consolidated Statement of Comprehensive Income Items

The following table sets out the Company's results for the nine months ended 30 September 2012 and 2011.

RUR million	9m 2012	9m 2011	Period on period change	Period on period percent change
Revenue	27,353	21,971	5,382	24.5%
Other operating income	226	552	-326	-59.1%
Operating expenses	-21,636	-18,131	-3,505	19.3%
Operating income	**5,943**	**4,392**	**1,551**	**35.3%**
Interest expense	-674	-576	-98	17.0%
Interest income	173	33	140	424.2%
Foreign exchange gain, net	4	95	-91	-95.8%
Share of result of associates	-21	-24	3	-12.5%
Gain recognised on disposal of interest in former associate	72	0	72	
Profit before income tax	**5,497**	**3,920**	**1,577**	**40.2%**
Income tax expense	-1,224	-928	-296	31.9%
Profit for the period	**4,273**	**2,992**	**1,281**	**42.8%**
Attributable to:				
Equity holders of the parent	4,153	3,120	1,033	33.1%
Non-controlling interest	-32	117	-149	-127.4%
Other comprehensive income				
Exchange differences on translating foreign operations	-152	245	-397	-162.0%
Total comprehensive income for the period	**4,121**	**3,237**	**884**	**27.3%**
Attributable to:				
Equity holders of the parent	4,153	3,120	1,033	33.1%
Non-controlling interest	-32	117	-149	-127.4%

Non-IFRS financial information

Adjusted Revenue, Adjusted Operating Expenses, EBITDA, Adjusted EBITDA Margin and Adjusted Operating Margin are not measures of financial performance under IFRS and are presented as supplemental measures of the Company's 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	9m 2012	9m 2011	Period on period change	Period on period percent change
Adjusted Revenue[1]	19,351	16,088	3,263	20.3%
Adjusted operating expenses[2]	-13,634	-12,248	-1,386	11.3%
EBITDA[3]	8,218	6,392	1,826	28.6%
Adjusted EBITDA margin[4]	42.5%	39.7%	2.7%	
Total debt	9,215	9,295	-80	-0.9%
Net debt[5]	5,410	5,714	-304	-5.3%

[1]Adjusted Revenue is calculated as total revenue less cost of integrated freight forwarding and logistics services.
[2] Adjusted Operating Expenses are 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 amortisation.
[4] Adjusted EBITDA Margin is defined as EBITDA divided by Adjusted Revenue.
[5] Net Debt is calculated as long-term debt, finance lease obligations, short-term debt and current portion of long-term debt less cash and cash equivalents and short-term investments.

Revenue

The following table sets out the breakdown of total revenue for the nine months ended 30 September 2012 and 2011 respectively.

RUR million	9m 2012	9m 2011	Period on period change	Period on period percent change
Integrated freight forwarding and logistics services	14,357	10,343	4,014	38.8%
Rail-based container shipping services	7,668	6,669	999	15.0%
Terminal services and agency fees	3,110	2,366	744	31.4%
Truck deliveries	1,198	1,269	-71	-5.6%
Other freight forwarding services	647	873	-226	-25.9%
Bonded warehousing services	303	310	-7	-2.3%
Other	70	141	-71	-50.4%
Total revenue	**27,353**	**21,971**	**5,382**	**24.5%**

Total revenue increased by RUR 5,382 million, or 24.5%, from RUR 21,971 million for the nine months ended 30 September 2011 to RUR 27,353 million for the nine months ended 30 September 2012. This increase was primarily due to higher demand for the Company's key services on the back of continuing economic growth and strong consumer confidence, and hence increasing transportation volumes and creating a favourable pricing environment.

Adjusted Revenue

The following table sets out Adjusted Revenue calculations for the nine months ended 30 September 2012 and 2011 respectively.

RUR million	9m 2012	9m 2011	Period on period change	Period on period percent change
Total revenue	27,353	21,971	5,382	24.5%
Cost of integrated freight forwarding and logistics services	8,002	5,883	2,119	36.0%
Adjusted Revenue	**19,351**	**16,088**	**3,263**	**20.3%**

Adjusted Revenue (as defined above) grew by 20.3% from RUR 16,088 million for the nine months ended 30 September 2011 to RUR 19,351 million for the nine months ended 30 September 2012. This was primarily due to a 12.2% increase in revenue-generating rail container transportation volumes by the Company's fleet to 835 thousand TEU for the first nine months of 2012 as compared to 744 thousand TEU for the same period of 2011, as well as the Company's pricing policy.

The following table sets out the components of relative contribution to Adjusted Revenue for the nine months ended 30 September 2012 and 2011.

	9m 2012		9m 2011		Period on period change	
	RUR mln	share, %	RUR mln	share, %	RUR mln	%
Rail-based container shipping services	7,668	39.6%	6,669	41.5%	999	15.0%
Adjusted integrated freight forwarding and logistics services	6,355	32.8%	4,460	27.7%	1,895	42.5%
Terminal services and agency fees	3,110	16.1%	2,366	14.7%	744	31.4%
Truck deliveries	1,198	6.2%	1,269	7.9%	-71	-5.6%
Other freight forwarding services	647	3.3%	873	5.4%	-226	-25.9%
Bonded warehousing services	303	1.6%	310	1.9%	-7	-2.3%
Other	70	0.4%	141	0.9%	-71	-50.4%
Total adjusted revenue	**19,351**	**100.0%**	**16,088**	**100.0%**	**3,263**	**20.3%**

In the nine months ended 30 September 2012, rail-based container transportation services remained the biggest component of Adjusted Revenue, representing 39.6% of Adjusted Revenue as compared to 41.5% in the same period of 2011. The share of integrated freight forwarding and logistics services net of cost of integrated freight forwarding and logistics services increased to 32.8% from 27.7%, the share of terminal services and agency fees increased to 16.1% from 14.7% and the relative contribution of truck deliveries decreased from 7.9% to 6.2%, reflecting a decrease in terminal handling volumes in Russia.

Rail-based container transportation services

Revenue from rail-based container transportation increased by 15.0% to RUR 7,668 million for the reporting period from RUR 6,669 million for the same period of 2011 mainly due to an increase in revenue-generating transportation volumes, other than under integrated logistics contracts, in terms of TEU by 6.7%, as well as due to an accrued price increase undertaken by the Company in 2011 and 2012.

Integrated freight forwarding and logistics services

The following table sets out Adjusted Integrated freight forwarding and logistics services calculation for the nine months ended 30 September 2012 and 2011.

RUR million	9m 2012	9m 2011	Period on period change	Period on period percent change
Integrated freight forwarding and logistics services	14,357	10,343	4,014	38.8%
Cost of integrated freight forwarding and logistics services	8,002	5,883	2,119	36.0%
Adjusted revenue from integrated freight forwarding and logistics services	**6,355**	**4,460**	**1,895**	**42.5%**

Revenue from Adjusted Integrated freight forwarding and logistics services grew by 42.5% to RUR 6,355 million for the nine months ended 30 September 2012. This increase was primarily due to a 20.3% growth in loaded container transportation volumes under integrated logistics contracts from 303 thousand TEU in the first nine months of 2011 to 364 thousand TEU in the first nine months of 2012, as well as an increase in average prices driven by higher customer demand and the effect of consolidation of subsidiaries.

Terminal services and agency fees

Revenue from terminal services, including agency fees, increased by 31,4% to RUR 3,110 million for the nine months ended 30 September 2012 from RUR 2,366 million for the same period of 2011.

This increase was primarily due to the consolidation of JSC Kedentransservice, a leading operator of rail terminals in Kazakhstan, from 18 March 2011, as well as due to an increase in prices, partly offset by a 9.0% decrease of TransContainer's terminal throughput in Russia.

Agency fees, which are charged for the services the Company renders as an agent of Russian Railways, remained flat at RUR 1,374 million for the nine months ended 30 September 2012 compared to RUR 1,364 million for the same period of 2011, as a result of a 9.0% decrease in TransContainer's terminal network throughput in Russia, offset by tariff indexing.

Truck deliveries

Revenue from truck deliveries decreased by RUR 71 million, or by 5.6%, to RUR 1,198 million for the nine months ended 30 September 2012, due to a 8.4% reduction in container transportation volumes by the Company's own and outsourced truck fleet from 491 thousand TEU in the first nine months of 2011 to 450 thousand TEU in 2012, which is in line with the decrease in the Company's terminal throughput.

Other freight forwarding and logistics services

Revenue from other freight forwarding and logistics services, which are freight forwarding and logistics services of a non-integrated nature, decreased by 25.9% to RUR 647 million for the nine months ended 30 September 2012. This decrease was primarily due to changes in the business profile of the Company's subsidiary in Korea.

Bonded warehousing services

Revenue from bonded warehousing services decreased by RUR 7 million, or 2.3%, to RUR 303 million for the nine months ended 30 September 2012 from RUR 310 million in the same period of 2011, primarily due to a decrease in average storage time driven by an improvement in customs clearance procedures.

Operating expenses

The following table sets out a breakdown of the Company's operating expenses for the nine month periods ended 30 September 2012 and 2011 respectively.

RUR million	**9m 2012**	**9m 2011**	**Period on period change**	**Period on period percent change**
Cost of integrated freight forwarding and logistics services	8,002	5,883	2,119	36.0%
Freight and transportation services	3,810	3,469	341	9.8%
Payroll and related charges	3,673	3,029	644	21.3%
Depreciation and amortisation	2,047	1,896	151	8.0%
Materials, repair and maintenance	1,904	1,610	294	18.3%
Taxes other than income tax	417	683	-266	-38.9%
Rent	420	281	139	49.5%
Other expenses	1,363	1,280	83	6.5%
Total operating expenses	**21,636**	**18,131**	**3,505**	**19.3%**

TransContainer's total operating expenses grew by RUR 3,505 million, or 19.3%, to RUR 21,636 million for the nine months ended 30 September 2012 from RUR 18,131 million for the same period of 2011, primarily due to an increase in the cost of integrated freight forwarding and logistics services, as well as payroll and related charges and materials, repair and maintenance.

The following table sets out a breakdown of the Company's largest operating expenses for the nine month period ended 30 September 2012 and 2011 respectively.

	9m 2012			**9m 2011**		
	RUR	Percent of	Percent	RUR	Percent of	Percent

	mln	operating expenses	of total revenue	mln	operating expenses	of total revenue
Cost of integrated freight forwarding and logistics services	8,002	37.0%	29.3%	5,883	32.4%	26.8%
Freight and transportation services	3,810	17.6%	13.9%	3,469	19.1%	15.8%
Payroll and related charges	3,673	17.0%	13.4%	3,029	16.7%	13.8%
Depreciation and amortisation	2,047	9.5%	7.5%	1,896	10.5%	8.6%
Materials, repair and maintenance	1,904	8.8%	7.0%	1,610	8.9%	7.3%
Taxes other than income tax	417	1.9%	1.5%	683	3.8%	3.1%
Rent	420	1.9%	1.5%	281	1.5%	1.3%
Other expenses	1,363	6.3%	5.0%	1,280	7.1%	5.8%
Total operating expenses	**21,636**	**100.0%**	**79.1%**	**18,131**	**100.0%**	**82.5%**

As a percentage of the total revenue, total operating expenses decreased from 82.5% for the nine months ended 30 September 2011 to 79.1% for the nine months ended 30 September 2012, 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 15.8% for the nine months ended 30 September 2011 to 13.9% for the nine months ended 30 September 2012. Taxes other than income tax as a percentage of total revenue decreased from 3.1% to 1.5%, whilst other components of operating expenses as a percentage of the total revenue changed insignificantly.

Cost of integrated freight forwarding and logistics services

Costs of integrated freight forwarding and logistics services increased by 36.0%, to RUR 8,002 million for the nine months ended 30 September 2012 from RUR 5,883 million for the same period of 2011, driven by a 20.3% increase in container transportation volumes under integrated logistics contracts, an increase in infrastructure tariffs as well as the consolidation of JSC Kedentransservice, which started to implement these kind of services since the second half of 2011.

Adjusted operating expenses

The following table sets out Adjusted operating expenses for the nine month period ended 30 September 2012 and 2011 respectively.

RUR million	9m 2012	9m 2011	Period on period change	Period on period percent change
Total operating expenses	21,636	18,131	3,505	19.3%
Cost of integrated freight forwarding and logistics services	8,002	5,883	2,119	36.0%
Adjusted operating expenses	**13,634**	**12,248**	**1,386**	**11.3%**

Adjusted Operating Expenses, as defined above, increased by 11.3% to RUR 13,634 million for the nine months ended 30 September 2012 from RUR 12,248 million for the same period of 2011, primarily due to increases in Freight and transportation services expenses; Payroll and related charges; Materials, repair and maintenance, and Depreciation and amortisation. This increase was partially offset by a decrease in Taxes other than income tax.

The following table sets out a breakdown of the Company's largest Adjusted operating expenses, as defined above, for the nine month period ended 30 September 2012 and 2011 respectively.

	9m 2012		9m 2011		Period on period change	
	RUR mln	Percent of Adjusted operating expenses	RUR mln	Percent of Adjusted operating expenses	RUR mln	Percent change
Freight and transportation services	3,810	27.9%	3,469	28.3%	341	9.8%

Payroll and related charges	3,673	26.9%	3,029	24.7%	644	21.3%
Depreciation and amortisation	2,047	15.0%	1,896	15.5%	151	8.0%
Materials, repair and maintenance	1,904	14.0%	1,610	13.1%	294	18.3%
Taxes other than income tax	417	3.1%	683	5.6%	-266	-38.9%
Rent	420	3.1%	281	2.3%	139	49.5%
Other expenses	1,363	10.0%	1,280	10.5%	83	6.5%
Adjusted operating expenses	**13,634**	**100.0%**	**12,248**	**100.0%**	**1,386**	**11.3%**

Freight and transportation services as a percent of Adjusted operating expenses decreased to 27.9% for the nine months ended 30 September 2012 from 28.3% for the same period of 2011; whilst Payroll and Related Charges increased from 24.7% to 26.9%; Materials, Repair and Maintenance increased from 13.1% to 14.0%; Rent increased from 2.3% to 3.1% and Other expenses decreased from 10.5% to 10.0% as a result of the factors described below.

Freight and transportation services

Expenses relating to freight and transportation services increased by 9.8%, to RUR 3,810 million for the nine months ended 30 September 2012. This increase was mainly due to an increase in empty run costs driven by (i) rail-based transportation by the Company's own containers from 690 thousand TEU to 723 thousand TEU, or by 4.7%, (ii) a growth in container empty run ratio from 34.4% to 36.8% and (iii) a 6% increase in tariffs charged for empty runs by Russian Railways. This increase was partially offset by a decrease in flatcar empty run ratio from 8.6% for the first nine months ended 30 September 2011 to 7.7% in the nine months ended 30 September 2012 as well as due to a reduction in outsourced trucking costs.

Payroll and related charges

Payroll and related charges increased by RUR 644 million, or 21.3%, to RUR 3,673 million for the nine months ended 30 September 2012 from RUR 3,029 million for the same period of 2011. This increase was primarily a result of the consolidation of JSC Kedentransservice from 18 March 2011, as well as wage indexing, an effect of the management stock option programme and an increase in performance-linked payments to employees, partly offset by a decrease in the average headcount of 3.8% in JSC TransContainer.

Depreciation and amortisation

Depreciation and amortisation increased by 8.0% to RUR 2,047 million in the nine months ended 30 September 2012 from RUR 1,896 million in the same period of 2011. The increase was primarily due to the consolidation of JSC Kedentransservice, as well as acquisition of new rolling stock, lifting equipment and other fixed assets.

Materials, repair and maintenance

Expenses related to materials, repair and maintenance increased by 18.3%, to RUR 1,904 million in the nine months ended 30 September 2012 from RUR 1,610 million in the same period of 2011. The increase resulted from an increase in railcar average repair price and cost of repairs conducted by JSC Kedentransservice.

Taxes other than income tax

Taxes other than income tax reduced by 38.9% to RUR 417 million in the nine months ended 30 September 2012 from RUR 683 million in the same period of 2011, primarily due to VAT settlements.

Rent

Rent expenses grew by RUR 139 million, or by 49.5% to RUR 420 million in the reporting period from RUR 281 million in the same period of 2011, primarily due to an effect of the consolidation of JSC Kedentransservice.

Other expenses

Other expenses are an aggregate of expense items such as consulting expenses, fuel and energy, communication services, charity, provisions for impairment. Other expenses increased by 6.5% to RUR 1,363 million in the nine months ended 30 September 2012 from RUR 1,280 million in the same period of 2011, primarily due to a growth in payments for license and software and other expenses and partly offset by consulting services and a change in provision for impairment of receivables.

Operating income

Operating income increased by RUR 1,551 million, or 35.3%, to RUR 5,943 million in the nine months ended 30 September 2012 from RUR 4,392 million in the same period of 2011, as a result of the factors discussed above.

Interest expense

Interest expenses increased by RUR 98 million, or 17.0%, to RUR 674 million in the nine months ended 30 September 2012 from RUR 576 million in the same period of 2011 due to the growth in total debt in 2011 when the Company obtained loans from OJSC Alfa Bank for the total amount of RUR 1,822 million to finance the acquisition of JSC Kedentransservice and from LLC Trust Union Asset Management for the total amount of RUR 501 million to finance the Company's management stock option programme. This increase was partially offset by a redemption in some of the financial lease obligations in 2012.

Interest income

Interest income increased by RUR 140 million, or 5.2 times to RUR 173 million in the nine months ended 30 September 2012 from RUR 33 million in the same period of 2011 due to an increase in cash balances on deposits resulting from an increase in cash inflows from operating activities in 2012 as well as an accumulation of cash in anticipation of dividend payments in July 2012 and bond redemption in 2013.

Profit before income tax

Profit before income tax increased by RUR 1,577 million, or by 40.2%, from RUR 3,920 million for the nine months ended 30 September 2011 to RUR 5,497 million for the six months ended 30 September 2012. This increase was due to the factors discussed above.

Income tax expenses

Income tax expenses increased by RUR 296 million, or 31.9%, to RUR 1,224 million in the nine months ended September 2012 from RUR 928 million in the same period of 2011, primarily due to an increase in profit before income tax. The effective tax rate in the reporting period decreased to 22.3% from 23.7% for the same period of 2011 due to a lower proportion of non-deductible expenses attributed to the profit before income tax.

Profit and Total comprehensive income for the period

As a result of the factors discussed above the profit for the nine months ended 30 September 2012 increased by RUR 1,281 million, or 42.8% and reached RUR 4,273 million as compared with RUR 2,992 million for the nine months ended 30 September 2011. Taking into account the exchange differences in translating foreign operations, the total comprehensive income for the nine months ended 30 September 2012 increased by RUR 884 million, or 27.3% and totaled RUR 4,121 million as compared to RUR 3,237 million for the nine months ended 30 September 2011.

Liquidity and Capital Resources

As of 30 September 2012 the Company's net cash and cash equivalents amounted to RUR 2,676 million and the Company's current assets exceeded current liabilities by RUR 998 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 lifting equipment and truck fleet. For the nine months ended 30 September 2012 the Company's operations and its capital expenditures were financed from internally generated cash flows.

Cash flows

The following table sets out the principal components of the Company's consolidated cash flows for the nine months ended 30 September 2012 and 2011 respectively.

	9m 2012	9m 2011
Net cash provided by operating activities	5,993	4,510
Net cash used in investing activities	(3,541)	(3,732)
Net cash provided by financing activities	(2,301)	1,372
Net increase in cash and cash equivalents	421	2,150
Net cash and cash equivalents at the end of the period	**2,676**	**3,495**

Cash flow generated by operating activities

Cash flow generated by operating activities increased by RUR 1,483 million, or 32.9%, to RUR 5,993 million in the nine months ended 30 September 2012 from RUR 4,510 million in the same period of 2011. This was primarily due to a 27.6% increase in operating profit before working capital changes to RUR 8,054 million in the nine months ended 30 September 2012 from RUR 6,314 million in the same period of 2011, resulting from the improving operational and pricing environment. The cash flow generated by operating activities was negatively affected by a decrease in trade and other payables and an increase in income tax payments.

Cash flow used in investing activities

Cash outflow used in investing activities decreased by RUR 191 million, or 5.1% to RUR 3,541 million in the nine months ended 30 September 2012 from RUR 3,732 million in the same period of 2011. This decrease was primarily due to the one-off acquisition of a stake in JSC Kedentransservice for RUR 1,550 million in 1Q 2011 (net of cash acquired) as well as the disposal of property of RUR 513 million in the nine months of 2011, which was partially offset by an increase in the purchase of property, plant and equipment by RUR 798 million, or 30.8%.

Cash flow generated by financing activities

Cash flow generated by financing activities turned to negative RUR 2,031 million in the nine months ended 30 September 2012 from positive RUR 1,372 million in the same period of 2011, primarily due to dividend payments, which increased by RUR 1,188 million, from RUR 40 million in 2011 to RUR 1,228 million in 2012 as well as repayments of financial lease and redemption of Kazakh tenge-denominated bonds by JSC Kedentransservice in April 2012.

Capital Expenditure

Capital expenditures increased by RUR 798 million, or 30.8%, to RUR 3,386 million in the nine months ended 30 September 2012 from RUR 2,588 million in the same period of 2011. The majority of the capital expenditure was a result of the acquisition of 653 units of 80' flatcars and 3,318 containers, as well as the construction of buildings and terminal infrastructure in the pursuit of modernisation of terminal facilities. Capital expenditure items also included the purchase of lifting equipment and trucks.

Planned capital expenditures for 2012

The Company's capital expenditure programme is aimed at maintaining TransContainer's position as a market leader in the Russian container sector, improving its position in the foreign market and optimising its asset structure and key operational metrics.

The total capital expenditure in 2012 is estimated at RUR 5.6 billion (excluding VAT), of which up to RUR 3.2 billion may be spent on the acquisition of new flatcars and containers and up to RUR 1.4 billion may be invested into the upgrade and modernisation of the Company's key rail-side terminals.

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 30 September 2012, the Company's financial indebtedness consisted of outstanding bonds, bank loans, financial lease obligations and other borrowings in an aggregate amount of RUR 9,215 million compared to RUR 9,348 million as of 31 December 2011. As of 30 September 2012, the Company's net debt was RUR 5,410 million.

As of 30 September 2012, 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 small portion of indebtedness of JSC Kedentransservice under finance lease obligations which is denominated in Kazakh Tenge. The vast majority of the Company's indebtedness bears a fixed interest rate.

RUR bonds series 1

On 4 March 2008, the Company issued non-convertible five-year bonds for a total amount of RUR 3,000 million at a par value of RUR 1,000 each. The coupon rate for the period ended 30 June 2012 is 9.5% per annum, 9.5% per annum for the year ended 31 December 2011. As these bonds will mature in February 2013 they are classified as short-term debt as at 30 June 2012.

The carrying value of the bonds as at 30 September 2012 and 31 December 2011 amounted to RUR 3,000 million. The amount of accrued interest is RUR 26 million and RUR 96 million as at 30 September 2012 and 31 December 2011 respectively, and has been included in the interim condensed consolidated statement of financial position as short-term debt.

RUR bonds series 2

On 10 June 2010, the Company issued non-convertible five-year bonds for a total amount of RUR 3,000 million at a par value of RUR 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUR 2,975 million. The annual coupon rate of the bonds for five years is 8.8% with interest paid semi-annually. The series 2 bonds will be redeemed in four equal semi-annual installments during the fourth and fifth year. As a result, these bonds are classified as long-term borrowings as at the reporting date.

The carrying value of the bonds as at 30 September 2012 amounted to RUR 2,982 million, RUR 2,978 million at 31 December 2011. The amount of accrued interest is RUR 86 million, RUR 21 million at 31 December 2011, and has been included in the interim condensed consolidated statement of financial position as short-term debt.

Bank loans and other borrowings

The Group obtained loans from OJSC Alfa Bank for the total amount of RUR 1,822 million during the year ended 31 December 2011 to finance the acquisition of JSC Kedentransservice. The amount of accrued interest is RUR 3 million and has been included in the interim condensed consolidated statement of financial position as short-term debt. The loans mature in seven years. As at 30 September 2012 the total amount of loans was RUR 1,577 million.

As at 30 September 2012 a short-term part of OJSC Alfa Bank long-term loans equals to 245 million and this amount has been included in the interim condensed consolidated statement of financial position as short-term debt.

During the year ended 31 December 2011 the Group obtained borrowed funds from LLC TrustUnion Asset Management for the amount of RUR 501 million to finance the acquisition of ordinary nominal shares in OJSC TransContainer in order to carry out a share option plan for the Company's management. The loan matures in five years. As at 30 September 2012 the amount of the loan outstanding was RUR 499 million.

Working Capital

The Company's working capital is defined as the difference between its current assets and current liabilities. The table below sets out the key components of TransContainer's working capital for the nine months ended 30 September 2012.

	30 September 2012	**31 December 2011**
CURRENT ASSETS		
Inventory	331	278
Trade and other receivables	1,478	1,152
Prepayments and other current assets	3,711	3,702

Prepaid income tax	155	193
Short-term investments	1,129	941
Cash and cash equivalents	2,676	2,300
Total current assets	**9,480**	**8,566**
CURRENT LIABILITIES		
Trade and other payables	3,880	4,593
Short-term debt	3,360	553
Income tax payable	247	134
Taxes other than income tax payable	241	303
Provisions	5	5
Finance lease obligations current maturities	122	479
Accrued and other current liabilities	626	689
Deferred income	1	13
Total current liabilities	**8,482**	**6,769**
WORKING CAPITAL	**998**	**1,797**

Working capital decreased by RUR 799 million to RUR 998 million in the nine months ended 30 September 2012 from RUR 1,797 million at the end of 2011. This decrease was primarily due to an increase in short-term debt to the amount of RUR 3,360 million from RUR 553 million at 31 December 2011 as the Series 1 bond and a portion of bank loans were recognised as a short term debt, partially offset by an increase in trade and other receivables and short-term investments.

Downloads

The consolidated financial statements for the nine month period ended 30 September 2012 are available via the National Storage Mechanism at: http://www.hemscott.com/nsm.do or at the Company's website: http://www.trcont.ru

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