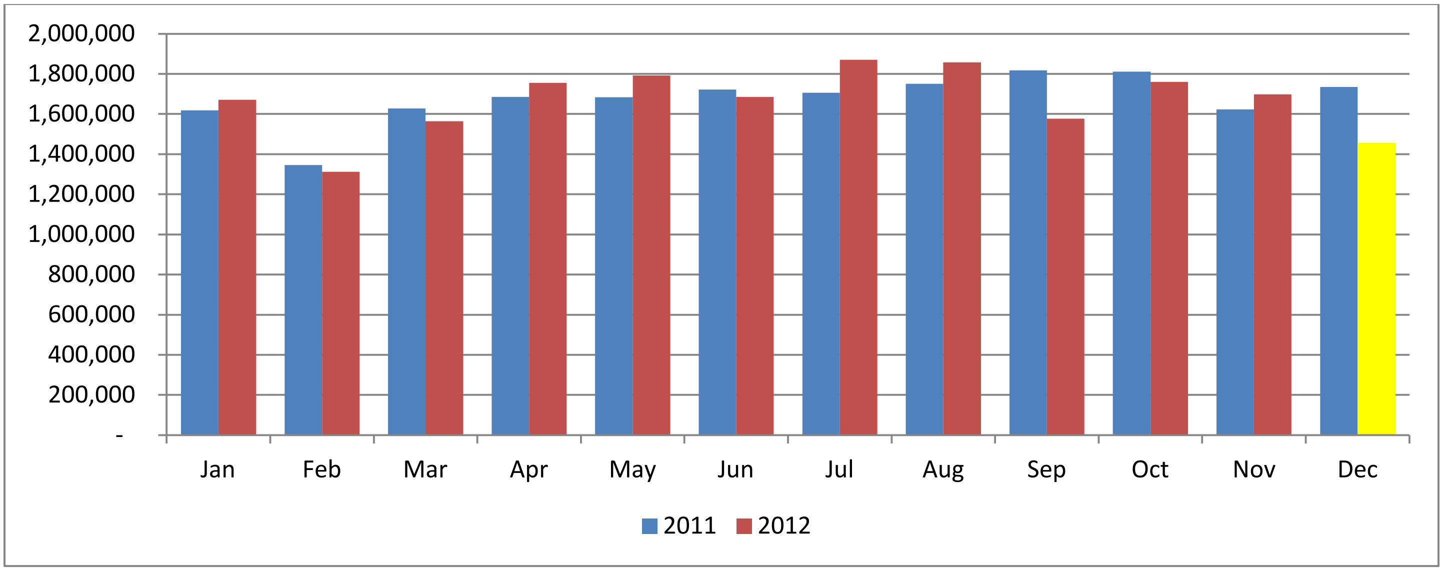
Georgian Railway JSC

Cargo Transportation Development in eleven month period ended November 30, 2012

Total Cargo Volumes

Cargo transportation volumes for 11 month period ended 31 October 2012 has increased by 0.8% compared to the same period in 2011, however preliminary data for transportation shows the decrease in transportation in December 2012 compared to December 2011.

Following graph shows the monthly development for total cargo volumes transported in eleven month period ended 30 November, 2012 and 2011 and preliminary forecast of transportation in December 2012.

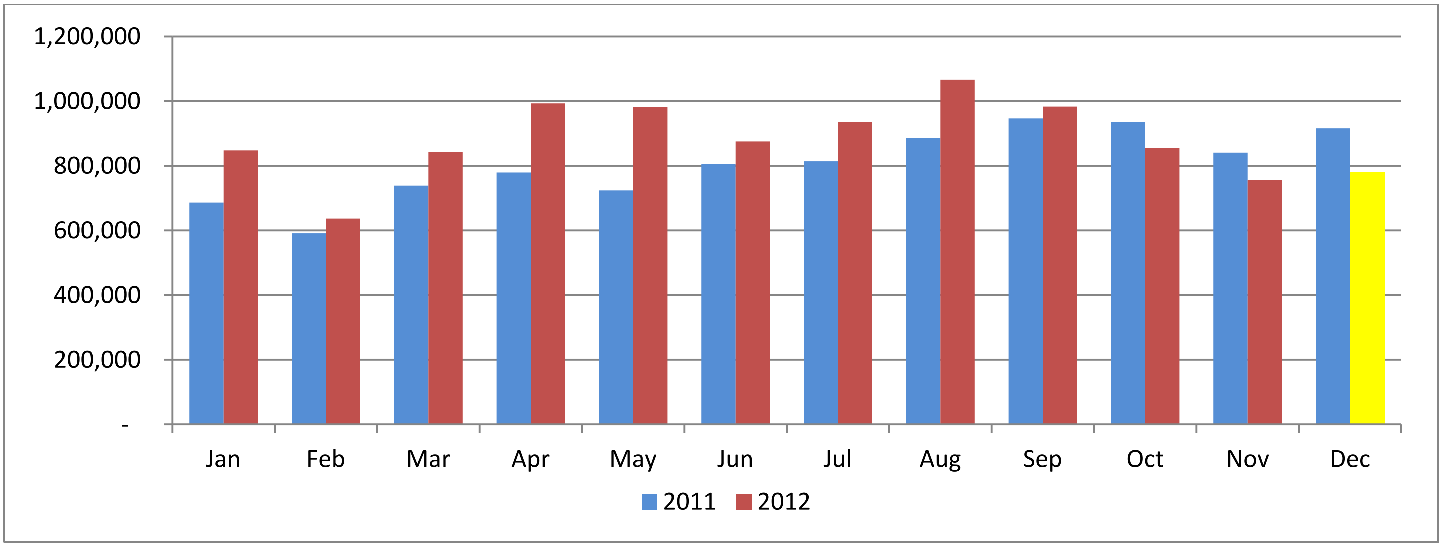


Dry Cargo

Transportation dynamics

Dry cargo transportation in eleven month period ended October 31, 2012 has increased compared to the same period in the previous year. Total increase was 11.7%.

Following graphs show the monthly development for dry cargo transportation in eleven month period ended November 30, 2012 and 2011 and preliminary forecast of transportation in December 2012 (figures are in tons):

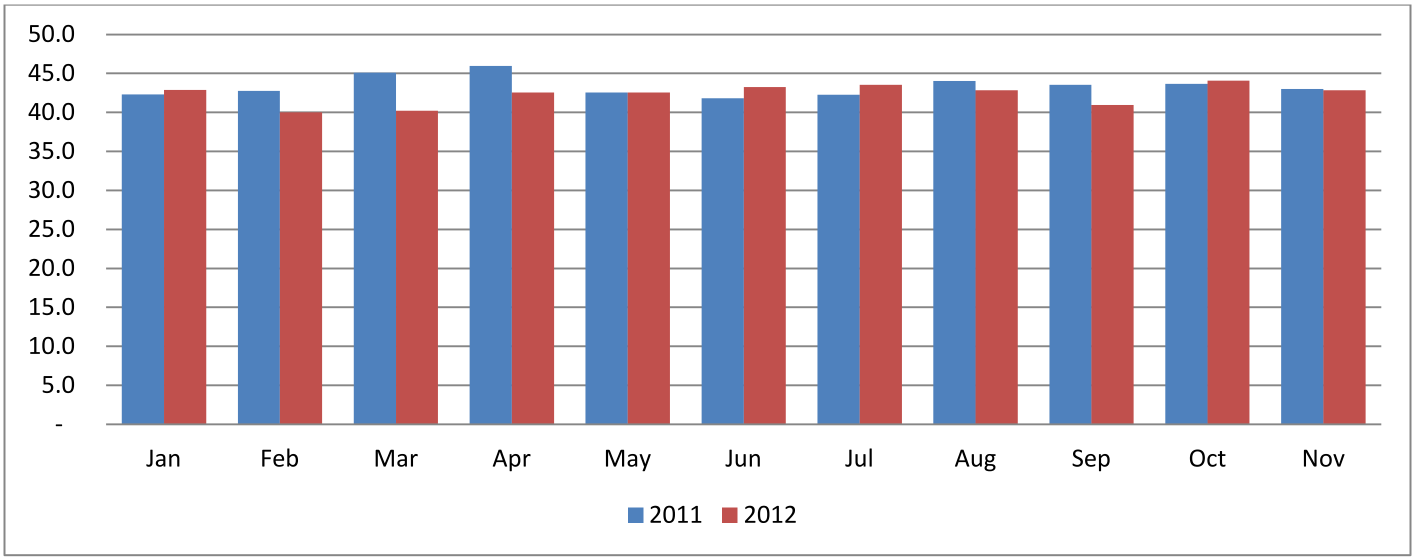


In November 2012, transportation dynamics of dry cargo is lower than for November of 2011, as well as dry cargo transportation for December of 2012 compared to the previous year. Management estimates that the reason for the decreased transportation in dry cargo is the strike in Poti port, which took place between November 1 and November 10. In December 2012 there was a decrease because of natural weather conditions and the decline in construction projects. Management expects that this decline will be offset in 2013.

Average Revenue per thousand ton-kilometers (USD):

November of 2012 was relatively stable in terms of average revenue per 1,000 ton-km. There were almost no changes compared to November of previous year.

Following graphs show the monthly development of average revenue per thousand ton-kilometers for dry cargo in ten month periods ended October 31 of 2012 and 2011 (figures are in USD*):



*Until February 2012, Company quoted its tariffs in CHF. In February 2012 tariffs were translated to USD at a rate of 1.1. In order to calculate average revenue per ton-kilometers in USD before February 2012, the Company used average revenue per thousand ton-kilometers in CHF for such periods and divided it by 1.1;

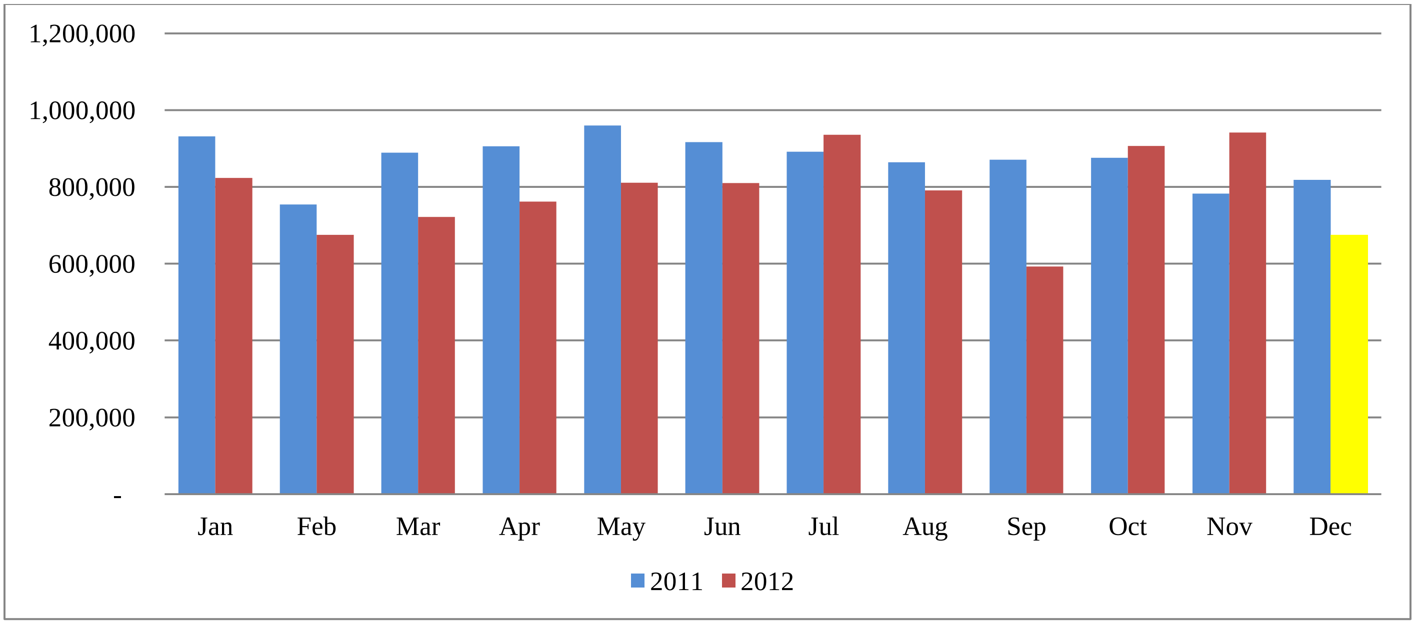
Going forward, management expects average revenue per thousand ton-km for dry cargo to remain stable.

Liquid Cargo

Transportation dynamics

Liquid cargo transportation in eleven month period ended November 30, 2012 has decreased compared to the same period in the previous year. Total decrease was 9.0%.

Following graphs show the monthly development for liquid cargo transportation in eleven month period ended November 30, 2012 and 2011 (figures are in tons) and preliminary forecast of transportation in December 2012 (figures are in tons):



In the first half of the year there was a decline in liquid cargo transportation as a result of tank car shortage in the corridor. However, GR has partially dealt with the shortage by renting additional tank cars which have shown their effect on July's transportation volumes. In August and September of 2012, there was a decrease in liquid cargo transportation as a result of maintenance works on Tengiz production field, which began in August and ended in late September. Following the completion of the maintenance works, transportation volumes rose in October and continued their positive development in November as well. Preliminary data has shown that in December there was a decline in transportation volumes as a result of accident on Kazakhstan oil production field, which took more than two weeks to be solved.

Average Revenue per thousand ton-kilometers (USD):

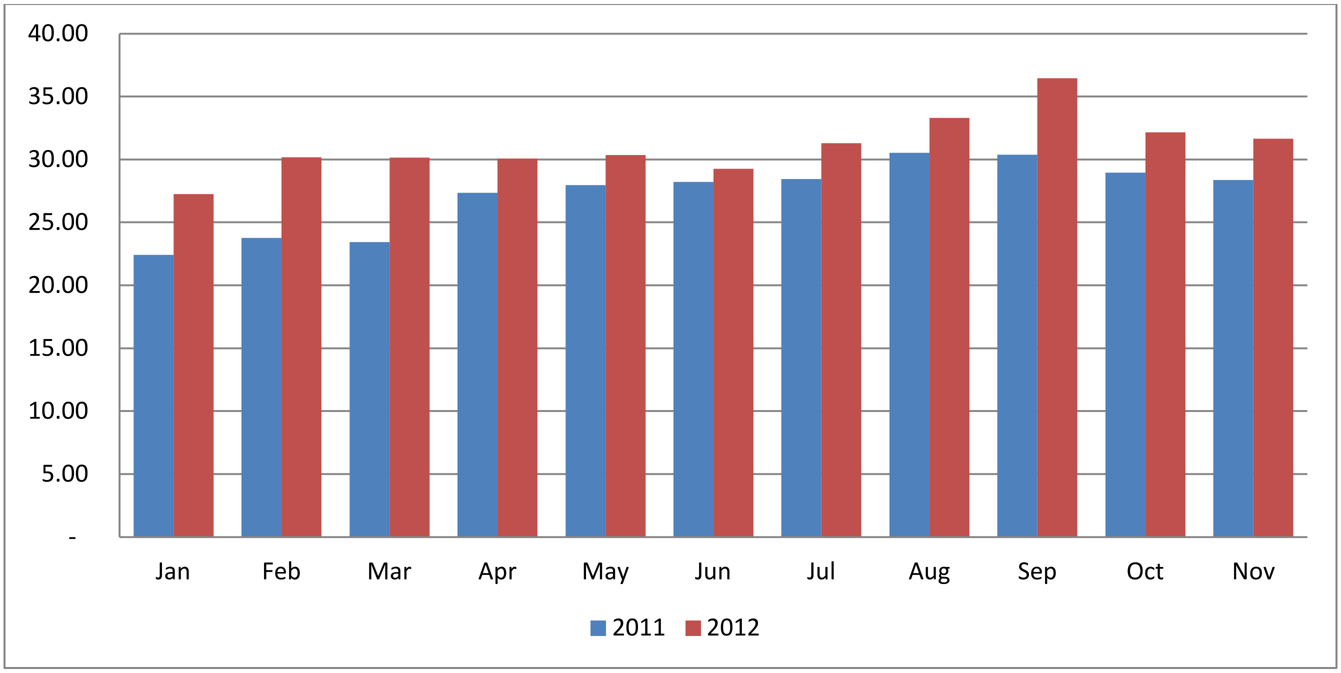
Average revenue per thousand ton-kilometers for liquid cargo has shown a significant increase in eleven month period ended November 30, 2012 compared to the same period of 2011.

The reason behind the increase is the decrease of discounts for transportation of liquid products –

- Starting from April 2011, the company has decreased discounts for transportation of crude oil and oil products by 33% and 23% respectively.
- Decrease of discounts from February 2012, when the company decreased discounts for transportation of crude oil and oil products by USD 0.5 per ton of transported discounted liquid cargo.
- Starting From July 2012, the company adopted additional decrease of discounts for transportation of crude oil and oil products by USD 1.5 and USD 1.0 per ton respectively. This increase was done to enable the company to cover the costs associated with the additions of tank cars into the corridor in the case further need of railcars.

Such increase in tariffs has had its effect on average revenue from transportation of liquid cargo in terms of USD.

Following graphs show the monthly development of average revenue per thousand ton-kilometers for liquid cargo in eleven month periods ended November 30 of 2012 and 2011 (figures are in USD*):



*Until February 2012, Company quoted its tariffs in CHF. In February 2012 tariffs were translated to USD at a rate of 1.1. In order to calculate average revenue per ton-kilometers in USD before February 2012, the Company used average revenue per thousand ton-kilometers in CHF for such periods and divided it by 1.1;

Management expects average revenue per thousand ton-kilometers for liquid cargo to remain higher than in the previous periods as a result of the mentioned tariff increases.