

**Public Joint Stock
Company Novorossiysk
Commercial Sea Port and
Subsidiaries**

**Interim Condensed Consolidated
Financial Statements**
For the Nine Months Ended 30 September 2009

PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

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**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

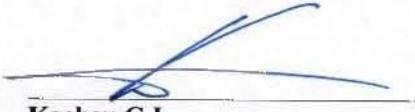
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009
(in thousands of US Dollars, unless otherwise indicated)**

All amounts in the statement of comprehensive income relate to continuing operations

	Notes	Nine months ended 30 September 2009	Nine months ended 30 September 2008
REVENUE	5	508,238	487,560
COST OF SALES	6	<u>(169,623)</u>	<u>(265,493)</u>
GROSS PROFIT		338,615	222,067
Selling, general and administrative expenses	7	<u>(38,931)</u>	<u>(49,586)</u>
OPERATING PROFIT		299,684	172,481
Interest income on deposits		8,038	4,049
Finance costs		(24,204)	(29,039)
Foreign exchange loss		(22,382)	(15,243)
Other (expenses)/income, net	8	<u>(306)</u>	<u>(833)</u>
PROFIT BEFORE INCOME TAX		260,830	131,415
INCOME TAX EXPENSE			
Current income tax expense		(55,333)	(47,083)
Deferred tax benefit		<u>2,587</u>	<u>22,003</u>
PROFIT FOR THE PERIOD		208,084	106,335
OTHER COMPREHENSIVE LOSSES			
Effect of translation to presentation currency		<u>(1,396)</u>	<u>(19,834)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>206,688</u>	<u>86,501</u>
Profit for the period attributable to:			
Equity shareholders		204,195	100,823
Minority interest		<u>3,889</u>	<u>5,512</u>
		<u>208,084</u>	<u>106,335</u>
Total comprehensive income attributable to:			
Equity shareholders		203,996	81,709
Minority interest		<u>2,692</u>	<u>4,792</u>
		<u>206,688</u>	<u>86,501</u>
Weighted average number of ordinary shares outstanding		19,259,815,400	19,259,815,400
BASIC AND DILUTED EARNINGS PER SHARE (US cents)		1.06	0.52

23 November 2009


Vilinov I.E.
Chief Executive Officer


Kachan G.I.
Chief Accountant

The notes on pages 5 to 22 are an integral part of these interim condensed consolidated financial statements.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2009 AND 31 DECEMBER 2008
(in thousands of US Dollars)**

	Notes	30 September 2009	31 December 2008
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	566,600	576,367
Goodwill		396,625	406,234
Mooring rights		9,891	10,615
Investments in securities and other financial assets	11	4,348	3,216
Non-current VAT recoverable		3,634	5,100
Spare parts		4,532	5,023
Deferred tax assets		3,412	2,213
Other intangible assets		1,434	1,480
Total non-current assets		<u>990,476</u>	<u>1,010,248</u>
CURRENT ASSETS:			
Inventories	12	7,741	6,011
Advances to suppliers		2,604	2,115
Trade and other receivables	13	40,450	29,887
VAT recoverable and other taxes receivable		22,744	29,348
Investments in securities and other financial assets	11	165,835	85,976
Cash and cash equivalents	14	104,549	42,868
Total current assets		<u>343,923</u>	<u>196,205</u>
TOTAL ASSETS		<u>1,334,399</u>	<u>1,206,453</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Share premium		9,255	9,255
Foreign currency translation reserve		(37,947)	(37,748)
Retained earnings		<u>778,425</u>	<u>606,383</u>
Equity attributable to shareholders of the parent		760,204	588,361
Minority interest		<u>19,675</u>	<u>27,117</u>
Total equity		<u>779,879</u>	<u>615,478</u>
NON-CURRENT LIABILITIES:			
Long-term debt	15	328,392	463,231
Defined benefit obligation		9,769	7,643
Deferred tax liabilities		<u>38,792</u>	<u>41,294</u>
Total non-current liabilities		<u>376,953</u>	<u>512,168</u>
CURRENT LIABILITIES:			
Current portion of long-term debt	15	136,964	42,254
Trade and other payables		7,299	7,026
Advances received from customers		14,728	11,348
Taxes payable		6,678	7,188
Interest rate swap liability		3,597	4,741
Accrued expenses		<u>8,301</u>	<u>6,250</u>
Total current liabilities		<u>177,567</u>	<u>78,807</u>
TOTAL EQUITY AND LIABILITIES		<u>1,334,399</u>	<u>1,206,453</u>

The notes on pages 5 to 22 are an integral part of these interim condensed consolidated financial statements.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009
(in thousands of US Dollars)**

	Notes	Attributable to shareholders of the parent company				Total	Minority interest	Total
		Share capital	Share premium	Foreign currency translation reserve	Retained earnings			
At 1 January 2008		10,471	9,255	80,045	631,458	731,229	38,883	770,112
Profit for the period		-	-	-	100,823	100,823	5,512	106,335
Other comprehensive income		-	-	(19,114)	-	(19,114)	(720)	(19,834)
Dividends	9	-	-	-	(14,818)	(14,818)	-	(14,818)
Purchase of non-controlling minority interest		-	-	-	(93,388)	(93,388)	(10,466)	(103,854)
Minority interest liability		-	-	-	(17,230)	(17,230)	(2,589)	(19,819)
At 30 September 2008		10,471	9,255	60,931	606,845	687,502	30,620	718,122
At 1 January 2009		10,471	9,255	(37,748)	606,383	588,361	27,117	615,478
Profit for the period		-	-	-	204,195	204,195	3,889	208,084
Other comprehensive loss		-	-	(199)	-	(199)	(1,197)	(1,396)
Dividends	9	-	-	-	(15,714)	(15,714)	-	(15,714)
Purchase of non-controlling minority interest	16	-	-	-	(16,439)	(16,439)	(10,134)	(26,573)
At 30 September 2009		10,471	9,255	(37,947)	778,425	760,204	19,675	779,879

The notes on pages 5 to 22 are an integral part of these interim condensed consolidated financial statements.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009
(in thousands of US Dollars)**

	Notes	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Cash flows from operating activities			
Cash generated from operations		343,176	254,213
Income tax paid		(53,719)	(55,273)
Interest paid		(18,786)	(22,817)
		<u>270,671</u>	<u>176,123</u>
Net cash generated by operating activities			
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		751	570
Purchase of property, plant and equipment		(49,677)	(75,377)
Proceeds from disposal of securities and other financial assets		146,275	43,308
Purchase of securities and other financial assets		(223,263)	(66,521)
Proceeds from disposal of OJSC Office Centre Pokrovsky and City Park		-	32,081
Increase of ownership in subsidiaries	16	(26,573)	(103,687)
Proceeds from disposal of subsidiaries, net of cash disposed		-	26,280
Interest received		3,846	4,049
Purchase of intangible assets		(512)	-
		<u>(149,153)</u>	<u>(139,297)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayments of long-term borrowings		(48,778)	(22,260)
Dividends paid		(14,656)	(10,734)
		<u>(63,434)</u>	<u>(32,994)</u>
Net cash used in financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	14	42,868	66,660
Effect of translation into presentation currency and exchange rate changes on the balance of cash held in foreign currencies		3,597	(1,745)
		<u>104,549</u>	<u>68,747</u>
Cash and cash equivalents at the end of the period	14	<u><u>104,549</u></u>	<u><u>68,747</u></u>

The notes on pages 5 to 22 are an integral part of these interim condensed consolidated financial statements.

PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

(in thousands of US Dollars)

1. GENERAL

Organisation

Public Joint Stock Company Novorossiysk Commercial Sea Port (“NCSP”) was founded in 1845. NCSP was transformed from a state-owned enterprise to a public joint stock company in December 1992. NCSP’s principal activities include stevedoring, additional port services, and sea vessel services. NCSP and its subsidiaries (the “Group”) primarily operate in the Russian Federation. The principal activities and significant entities of the Group as at 30 September 2009 were as follows:

<u>Subsidiaries</u>	<u>Nature of business</u>
OJSC IPP	Stevedoring and additional port services
PJSC Fleet of Novorossiysk Commercial Sea Port	Tug and towing services
OJSC Novorossiysk Shipyard	Stevedoring and marine vessels repair services
OJSC Novoroslesexport	Stevedoring and additional port services
PJSC Novorossiysk Grain Terminal	Stevedoring and additional port services
LLC Baltic stevedore company	Stevedoring and additional port services

Main subsidiaries of the Group are located in the Eastern sector of the Black Sea in Tsemesskaya bay and in Kaliningrad.

NCSP is the largest stevedore of the Group and the holding company. It has one main cargo-loading district, the Sheskharis oil terminal, the technical support base and the passenger terminal in Novorossiysk. NCSP has six significant subsidiaries, the primary activities of which are as follows:

Open Joint Stock Company IPP (“IPP”)

IPP is a liquid-cargo processing enterprise. Starting from 2007 IPP also provides bunkering services.

Public Joint Stock Company Fleet of NCSP (“Fleet”)

Fleet is a maritime tug and towing company. It provides most of the tug and towing, mooring and bunkering services for ships and other maritime vessels at and around the Novorossiysky Port (the “Port”). In addition, it carries out emergency services such as transferring vessels to shelter zones during emergencies, provides cleaning and containment services for oil or other liquid spills in and around the Port and provides hazardous material response and waste management services pursuant to its agreement on water use with Kubanskoye Basin Department of Krasnodar region under the Russian Ministry of Natural Resources.

Open Joint Stock Company Novorossiysk Shipyard (“Shipyard”)

Shipyard is the largest ship-repair enterprise in the south of Russia that has a major universal port at its disposal. The cargo specialization of Shipyard is the transshipment of ferrous metals. It also handles loose goods in soft containers and big bags, construction cargo, oversize cargo, food and perishable cargo, ro-ro cargo at own ferry berth.

Open Joint Stock Company Novoroslesexport (“Timber Export”)

Timber Export provides stevedoring and storage services for the export of the timber, containerised cargo and nonferrous metals. It is engaged in all year-round cargo operations.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

Public Joint Stock Company Novorossiysk Grain Terminal (“Grain Terminal”)

Grain Terminal manages grain storage and shipment terminal in the western part of the Tsemesskaya bay.

Limited Liability Company Baltic Stevedore Company (“Baltic Stevedore”)

Baltic Stevedore is a stevedoring company operating the container, car-ferry, cargo and passenger terminal of the Baltiysk port in Kaliningrad District.

Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared using accounting policies as set forth in the consolidated financial statements as of and for the year ended 31 December 2008 and in compliance with the requirements of International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. These financial statements do not include all of the information required for disclosure in annual financial statements and should be read in conjunction with the last issued audited consolidated financial statements as of and for the year ended 31 December 2008. These financial statements reflect all adjustments which are, in the opinion of Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of results to be expected for the full year.

Adoption of new and revised standards and interpretations

Amendment to IAS 1 “Presentation of Financial Statements” was adopted by the Group and effective for the financial year started on 1 January 2009. This revised standard separates owner and non-owner changes in the statement of changes in equity. Based on the revised standard the statement of changes in equity includes only details of transactions with owner, with non-owner changes in equity presented as a single line item and separately disclosed in statement of comprehensive income. In addition, the Standard introduces the statement of comprehensive income and introduces new names of some statements. All information presented in these interim condensed consolidated financial statements was amended, accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied in the interim condensed consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2008.

Functional and presentation currency

The functional currency of NCSP and each of its subsidiaries is the Russian Rouble (“RUR”), which reflects the economic substance of the underlying events and transactions of each entity’s respective operations.

The presentation currency of these interim condensed consolidated financial statements is the US Dollar (“USD”). Management consider that the USD is a more relevant presentation currency for international users of the interim condensed consolidated financial statements of the Group.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

Rates of exchange

The exchange rates used by the Group in the preparation of these interim condensed consolidated financial statements are as follows:

	30 September 2009	31 December 2008
Period-end rates		
RUR / 1 US Dollar	30.0922	29.3804
	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Average rates for the period		
RUR / 1 US Dollar	32.4814	24.0454

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The critical accounting judgments, estimates and assumptions made by management of the Group and applied in the accompanying interim condensed consolidated financial statements for the nine months ended 30 September 2009 are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2008.

4. SEGMENT INFORMATION

The Group's reportable segments under IFRS 8 are as follows:

- Stevedoring services (liquid and bulk cargo transshipping services, including bunkering and additional port services (forwarding, storage, custom documentation, repacking, etc));
- Fleet services; and
- Ship repair services.

The Group's reportable segments are based on the information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Other operations mainly comprise passenger transit, rent and resale of energy and utilities to external customers. Neither of these operations constitutes a separate reportable segment due to their insignificant nature.

Information regarding the Group's reportable segments as at 30 September 2009 and for the nine months then ended and the comparative information as at 31 December 2008 and for the nine months ended 30 September 2008 is presented below.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

The segment information for the nine months ended 30 September 2009:

	Stevedoring and additional	Fleet	Ship repair	Other	Adjustments and eliminations	Consolidated
Segment revenue						
Third parties	465,980	35,622	445	6,191	-	508,238
Inter-segment	2,966	1,655	613	8,976	(14,210)	-
Total revenue	468,946	37,277	1,058	15,167	(14,210)	508,238
Segment profit/(loss)	281,055	14,920	(652)	9,460	(43,953)	260,830
Segment assets	799,436	119,017	3,381	26,989	385,576	1,334,399
Segment liabilities	(489,564)	(529)	(80)	(3,416)	(60,931)	(554,520)
Other segment information						
Depreciation and amortisation charge	38,641	3,221	783	793	3,105	46,543
Capital expenditures	43,861	3,707	-	59	2,452	50,079

Capital expenditure consists of additions of property, plant and equipment, construction in progress and advances paid in the period in relation to it, and intangible assets.

Segment profit is adjusted (eliminated) against the following items to be reconciled to profit before tax and discontinued operations:

	Nine months ended 30 September 2009
Unallocated:	
Interest income on deposits	8,038
Other expenses, net	(306)
Foreign exchange gain	(22,382)
Finance costs	(24,204)
Other unallocated expenses	(5,099)
Total adjustments	(43,953)
Eliminated:	
Inter-segment purchases	14,210

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

Segment assets and liabilities are adjusted (eliminated) against the following items to be reconciled to total assets and liabilities:

	<u>30 September 2009</u>
ASSETS	
Unallocated (managed on a Group basis):	
Current investments in securities and other financial assets	165,966
Cash and cash equivalents	104,549
Property, plant and equipment	79,802
Non-current investments in securities and other financial assets	71,115
Trade and other receivables	17,355
VAT recoverable and other taxes receivable	11,645
Inventories	4,941
Deferred tax assets	3,412
Advances to suppliers	1,520
Other intangible assets	1,376
Eliminated:	
Inter-segment	<u>(76,105)</u>
Total adjustments and eliminations for assets	<u>385,576</u>
LIABILITIES	
Unallocated (managed on a Group basis):	
Long term debt	(68,697)
Deferred tax liabilities	(38,792)
Defined benefit obligations	(9,769)
Trade payables and other payables	(7,324)
Accrued expenses	(6,587)
Interest rate swap liability	(3,597)
Tax payable	(2,270)
Eliminated:	
Inter-segment	<u>76,105</u>
Total adjustments and eliminations for liabilities	<u>(60,931)</u>

The segment information for the nine months ended 30 September 2008 and 31 December 2008, respectively:

	<u>Stevedoring and additional</u>	<u>Fleet</u>	<u>Ship repair</u>	<u>Other</u>	<u>Adjustments and eliminations</u>	<u>Consolidated</u>
Segment revenue						
Third parties	440,035	35,709	363	11,453	-	487,560
Inter-segment	4,574	2,296	-	7,462	(14,332)	-
Total revenue	<u>444,609</u>	<u>38,005</u>	<u>363</u>	<u>18,915</u>	<u>(14,332)</u>	<u>487,560</u>
Segment profit/(loss)	171,050	10,148	(131)	4,999	(54,651)	131,415
Segment assets	<u>760,837</u>	<u>125,391</u>	<u>4,025</u>	<u>51,167</u>	<u>265,033</u>	<u>1,206,453</u>
Segment liabilities	<u>(495,094)</u>	<u>(909)</u>	<u>(32)</u>	<u>(3,341)</u>	<u>(91,599)</u>	<u>(590,975)</u>
Other segment information						
Depreciation and amortisation charge	68,880	866	982	1,533	18,378	90,639
Capital expenditures	58,454	206	608	88	14,988	74,344

Capital expenditure consists of additions of property, plant and equipment, construction in progress and advances paid in the period in relation to it, and intangible assets.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

Segment profit is adjusted (eliminated) against the following items to be reconciled to profit before tax and discontinued operations:

	Nine months ended 30 September 2008
Unallocated:	
Investment income on deposits	4,049
Other expenses, net	(833)
Foreign exchange gain	(15,243)
Finance costs	(29,038)
Other unallocated expenses	(13,586)
Total adjustments	(54,651)
Eliminated:	
Inter-segment purchases	14,332

Segment assets and liabilities are adjusted (eliminated) against the following items to be reconciled to total assets and liabilities:

	31 December 2008
ASSETS	
Unallocated (managed on a Group basis):	
Current investments in securities and other financial assets	137,833
Property, plant and equipment	106,999
Cash and cash equivalents	42,868
Trade and other receivables, net	11,895
VAT recoverable and other taxes receivable	9,736
Inventories	3,012
Non-current investments in securities and other financial assets	2,637
Deferred tax assets	2,213
Other intangible assets	1,502
Advances to suppliers	1,108
Eliminated:	
Inter-segment	(54,770)
Total adjustments and eliminations for assets:	265,033
LIABILITIES	
Unallocated (managed on a Group basis):	
Long term debt	(82,813)
Deferred tax liabilities	(41,294)
Defined benefit obligations	(7,643)
Accrued expenses	(6,249)
Tax payable	(4,717)
Trade payables and other payables	(1,884)
Current portion of long-term debt	(1,769)
Eliminated:	
Inter-segment	54,770
Total adjustments and eliminations for liabilities	(91,599)

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

5. REVENUE

	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Stevedore services	403,802	378,837
Additional port services	62,177	64,293
Fleet services	35,622	38,488
Ship repair services	445	363
Other	6,192	5,579
Total	508,238	487,560

Certain comparative information, presented in the revenue note for the nine months ended 30 September 2008, has been reclassified in order to achieve comparability with the presentation used in the consolidated financial statements for the nine months ended 30 September 2009.

6. COST OF SALES

	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Fuel	50,636	81,430
Depreciation and amortisation	43,926	85,170
Payroll	32,863	45,940
Repairs and maintenance	8,675	11,068
Unified social tax	7,942	11,094
Rent	7,354	8,436
Raw materials	5,782	8,295
Subcontractors	4,896	4,660
Energy and utilities	3,285	4,317
Insurance	263	1,279
Other	4,001	3,804
Total	169,623	265,493

During the 2008 financial year, the Group reassessed the useful life of certain property, plant and equipment due to the completion of significant investment programs, such as building of grain terminal and reconstruction of container terminal. As a result of the assessment, the useful life of certain assets was changed. This led to increase of depreciation expenses for the nine months ended 30 September 2008.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Personnel expenses	16,225	20,218
Taxes other than income tax	6,177	6,626
Security services	2,981	4,376
Depreciation and amortisation	2,617	5,469
Unified social tax	1,961	2,583
Bank charges	1,690	1,040
Charity	1,388	2,586
Rent	954	1,286
Travel and representation expenses	884	1,902
Repairs and maintenance	855	913
Advertising	656	1,588
Raw materials	537	473
Other	2,006	526
Total	38,931	49,586

8. OTHER EXPENSES AND INCOME, NET

	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Loss on disposal of property, plant and equipment	(164)	(3,967)
Other (expenses) / income, net	(142)	3,134
Total	(306)	(833)

9. DIVIDENDS

During the nine months 2009, Company declared dividends in respect of the year ended 31 December 2008 in the amount of 15,714. As of 30 September 2009 the main part of the dividends was paid off.

In 2008 the Company declared dividends in respect of the year ended 31 December 2007 in the amount of 14,818. The main amount of the dividends was paid during the second half of 2008.

**PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

(in thousands of US Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Marine vessels</u>	<u>Aircraft</u>	<u>Vehicles</u>	<u>Office and other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost									
As at 1 January 2008	22,738	268,448	237,124	78,685	26,632	17,895	69,284	154,549	875,355
Additions	-	1,942	11,081	-	-	1,383	1,017	58,921	74,344
Transfer	-	57,082	35,875	72	-	81	1,228	(94,338)	-
Disposals	-	(5,979)	(305)	(855)	-	(258)	(132)	(537)	(8,066)
Disposal of subsidiary	-	-	-	-	(27,187)	-	-	-	(27,187)
Effect of translation into presentation currency	(631)	(9,969)	(8,796)	(2,145)	555	(555)	(2,022)	(2,574)	(26,137)
As at 30 September 2008	22,107	311,524	274,979	75,757	-	18,546	69,375	116,021	888,309
Accumulated depreciation									
As at 1 January 2008	-	(23,984)	(60,697)	(14,273)	(2,663)	(4,711)	(13,576)	-	(119,904)
Depreciation charge	-	(21,327)	(42,760)	(9,428)	(906)	(2,806)	(12,428)	-	(89,655)
Disposals	-	2,206	282	855	-	138	47	-	3,528
Disposal of subsidiary	-	-	-	-	3,625	-	-	-	3,625
Effect of translation into presentation currency	-	1,574	3,704	804	(56)	258	966	-	7,250
As at 30 September 2008	-	(41,531)	(99,471)	(22,042)	-	(7,121)	(24,991)	-	(195,156)
Net book value									
As at 1 January 2008	22,738	244,464	176,427	64,412	23,969	13,184	55,708	154,549	755,451
As at 30 September 2008	22,107	269,993	175,508	53,715	-	11,425	44,384	116,021	693,153

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	Land	Buildings and constructions	Machinery and equipment	Marine vessels	Vehicles	Office and other equipment	Construction in progress	Total
Cost								
As at 1 January 2009	19,399	316,031	242,838	65,097	16,052	65,471	47,798	772,686
Additions	-	5,055	10,268	3,296	1,751	2,455	27,255	50,080
Transfer	-	2,297	1,987	-	-	1,224	(5,508)	-
Disposals	-	(146)	(794)	(1,844)	(840)	(128)	(63)	(3,815)
Effect of translation into presentation currency	(458)	(6,903)	(4,834)	(1,425)	(307)	(1,267)	590	(14,604)
As at 30 September 2009	18,941	316,334	249,465	65,124	16,656	67,755	70,072	804,347
Accumulated depreciation								
As at 1 January 2009	-	(41,968)	(98,522)	(21,882)	(7,306)	(26,641)	-	(196,319)
Depreciation charge	-	(14,439)	(20,598)	(3,027)	(1,848)	(5,718)	-	(45,630)
Disposals	-	24	655	1,499	671	98	-	2,947
Effect of translation into presentation currency	-	(152)	749	396	78	184	-	1,255
As at 30 September 2009	-	(56,535)	(117,716)	(23,014)	(8,405)	(32,077)	-	(237,747)
Net book value								
As at 1 January 2009	19,399	274,063	144,316	43,215	8,746	38,830	47,798	576,367
As at 30 September 2009	18,941	259,799	131,749	42,110	8,251	35,678	70,072	566,600

As of 30 September 2009 construction in progress included 49,498 (31 December 2008: 29,345) of advances paid for property, plant and equipment. Property, plant and equipment with carrying value of 8,778 (31 December 2008: 16,269) were pledged to secure bank overdrafts and loans granted to the Group. During the nine months, ended 30 September 2009, no interest expenses were capitalised to the cost of property, plant and equipment (during the nine months, ended 30 September 2008: 2,635).

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11. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	30 September 2009	31 December 2008
Current		
Financial assets carried at amortised cost		
Deposits	148,198	76,900
Promissory notes	16,464	7,000
Loans issued	1,173	2,076
Total current	165,835	85,976
Non-current		
Financial assets carried at amortised cost		
Deposits with maturity period over year	2,762	-
Promissory notes and other financial assets	1,586	3,216
Total non-current	4,348	3,216

Short-term deposits denominated in USD are placed in Open Joint Stock Company Commercial Savings Bank of the Russian Federation (Sberbank) with interest rates varying from 3.6% to 6.1% per annum and in VTB bank with interest rate 3.35% per annum. Short-term deposits denominated in RUR are placed in Sberbank with interest rate 4.1% per annum.

Short-term promissory notes at 30 September 2009 consist of the Sberbank RUR promissory notes amounted to 2,393 with interest rates varying from 8.05% to 8.6% per annum and USD promissory notes amounted to 14,071 with interest rate from 0.95% to 3.65% per annum.

Non-current deposits denominated in USD are placed in Sberbank with interest rate 6% per annum and in VTB bank with interest rate 5.25% per annum.

Loans issued include loans given to employees of the Group and to related parties.

12. INVENTORIES

	30 September 2009	31 December 2008
Raw materials and low value items	7,170	7,663
Fuel	1,772	926
Goods for resale	1,535	548
Other	409	9
Less: allowance for slow-moving inventories	(3,145)	(3,135)
Total	7,741	6,011

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13. TRADE AND OTHER RECEIVABLES

	<u>30 September 2009</u>	<u>31 December 2008</u>
Trade accounts receivables	30,610	25,191
Interest receivables	4,849	333
Other receivables	5,920	5,503
Less: allowance for doubtful receivables	<u>(929)</u>	<u>(1,140)</u>
Total	<u>40,450</u>	<u>29,887</u>

14. CASH AND CASH EQUIVALENTS

	<u>30 September 2009</u>	<u>31 December 2008</u>
Bank deposits	86,062	31,901
Current accounts in EUR	5,798	-
Current accounts in USD	5,214	8,033
Current accounts in RUR	7,382	2,914
Cash in hand	<u>93</u>	<u>20</u>
Total	<u>104,549</u>	<u>42,868</u>

Bank deposits as at 30 September 2009 mainly represent deposits with Sberbank with an original maturity of three months or less.

15. DEBT

	<u>Interest rate</u>	<u>Maturity Date</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
Non-current				
<i>Unsecured bank loans (USD)</i>				
Loan participation notes (USD)	7.0%	May 2012	297,574	296,787
UniCredit Bank and Bank Austria Creditanstalt (USD)	LIBOR+1.6%	July 2010	-	117,547
Sberbank (USD)*	10.0%	August 2011	25,188	-
Sberbank(USD)	10.0%	September 2011	2,837	4,964
Sberbank(USD)	10.75%	November 2010	-	3,222
Sberbank(USD)	10.5%	March 2010	-	1,905
Sberbank(USD)	10.5%	June 2010	-	1,678
<i>Secured bank loans</i>				
Sberbank (USD)*	10.0%	August 2011	-	32,240
Sberbank (USD)	11.0%	December 2011	1,426	2,416
UniCredit Bank (USD)	8.95%	September 2011	895	1,525
Sberbank (USD)	11.0%	December 2011	<u>472</u>	<u>947</u>
Total non-current			<u>328,392</u>	<u>463,231</u>
Current				
Current portion of long-term loans			<u>136,964</u>	<u>42,254</u>
Total debt			<u>465,356</u>	<u>505,485</u>

*The loan denoted with an asterix is the secured note which was modified during 2009 and as a result of the modification the loan was unsecured.

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During the nine months of 2009 Sberbank unsecured loans with maturity in March 2010, June 2010 and November 2010 were repaid.

The interest on the Sberbank loans is accrued on a monthly basis and is payable at the end of each month.

As at 30 September 2009, the average effective borrowing rate was 6.71% per annum (31 December 2008: 7.02% per annum). A majority of the Group's debt have interest rates that are fixed at the contract date. The Group has one loan with variable interest rates and thus exposes the Group to interest rate risk. To mitigate the risk, the Group entered into interest rate swap agreement to fix the LIBOR rate on the loan provided by Unicredit Bank and Bank Austria Creditanstalt.

The Group borrowings are repayable as follows:

	30 September 2009	31 December 2008
Due within three months	8,121	6,889
Due from three to six months	3,354	5,584
Due from six months to twelve months	125,489	29,781
	136,964	42,254
Between 1 and 2 years	30,818	139,784
Between 2 and 5 years	297,574	323,447
Total	465,356	505,485

16. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

During 2009, the Group acquired additional 2.41% of interest in IPP and 9.51% of interest of Fleet for a cash consideration of 26,573 increasing its ownership to 99.97% and 95.19%, respectively. The carrying value of IPP and Fleet net assets in the consolidated financial statements on the dates of acquisition of additional interests was 143,916 in total. As a result of this transaction, the Group recognised a decrease in net assets attributable to minority interest in the amount of 10,134. Excess of consideration paid over the Group's share in net assets acquired in the amount of 16,439 was recognised in the statement of changes in equity as a decrease of retained earnings.

On 19 May 2009, the Group founded a joint venture LLC "Novorossiysk Mazutnyi Terminal" in equal shares with Centrosun Holdings Limited with share capital of 3 (100 thousand RUR) for the purposes of building stevedoring facilities for oil product transshipment. On 30 September 2009 share capital was increased to 2,624.

On 29 June 2009, OJSC Fleet of NCSP became founder of Longbranch Shipping Enterprises Ltd. Co (Cyprus) with the share capital of 1.4 (one thousand EUR) to expand the tow business. Ownership in the subsidiary of Fleet equals to 80%, ownership of second founder (unrelated party) equals to 20%. Contribution to the share capital was made in July 2009.

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17. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The related party receivables and payables resulting from operating activities are settled in the normal course of business. Details of transactions with related parties are disclosed below.

Due to 20% stake owned by Federal Agency significant balances and transactions with state-controlled entities are considered transactions with related parties. At 30 September 2009 and 31 December 2008, the Group had balances and transactions with Sberbank, Transneft and its subsidiaries, Rosneft, Military divisions, Russian Railways, etc.

Transactions with state-controlled entities

	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Sales and income received from related parties		
Sales and income received from related parties	60,328	32,999
Interest income	7,528	1,024
Purchases from related parties		
Non-capital expenditures	4,077	3,191
Capital expenditures	-	594
Interest expenses	3,966	3,843

Balances with state-controlled entities

	30 September 2009	31 December 2008
Cash in related parties banks		
Cash and cash equivalents in related party bank	65,225	38,804
Deposit with related party bank	148,546	76,900
Receivables from related parties		
Trade accounts receivable	2,773	1,523
Advances paid to suppliers	195	226
Interest receivable	4,682	331
Other receivables	6	31
Short-term loans to related parties	-	681
Short-term promissory notes	16,464	7,000
Long-term promissory notes	-	3,131
Payables to related parties		
Trade and other accounts payables	125	84
Advances received	397	1,706
Long-term debt	29,923	47,371
Current portion of long-term debt	10,467	38,745

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Other related parties are considered to include the ultimate controlling parties, affiliates and entities under common ownership and control with the Group.

As at the date of approval of these interim condensed consolidated financial statements the ultimate controlling parties of the Group were members of the families of Mr. Ponomarenko and Mr. Scorobogatko.

NCSP, its subsidiaries and associates, in the ordinary course of their business, enter into various sales, purchases and service transactions with related parties: TPS, Kuban Security Company, Ekomarin, etc. Details of transactions between the Group and other related parties are disclosed below.

Transactions with other related parties

	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Sales and income received from related parties		
Sales and income received from related parties	512	640
Interest income	71	112
Purchases from related parties		
Non-capital expenditures	1,995	1,249

Balances with other related parties

	30 September 2009	31 December 2008
Receivables from related parties		
Trade accounts receivable	69	172
Advances paid to suppliers	111	299
Other receivables	893	970
Short-term loans given to related parties	1,101	1,650
Payables to related parties		
Trade accounts payables	81	83

Compensation of key management personnel

For the nine months ended 30 September 2009 and 30 September 2008, the remuneration of the directors and other members of key management was 6,084 and 5,260, respectively.

The remuneration of directors and key executives is determined by the Board of Directors based on the performance of individuals and market trends.

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18. COMMITMENTS AND CONTINGENCIES

Proceedings

The Group is involved in various claims and legal proceedings arising in the ordinary course of business. These claims relate to, but are not limited to, its business practices and tax matters. The Group believes that they will not have a material adverse effect on its interim condensed consolidated financial statements based on information currently available.

However, litigation is inherently unpredictable and, although the Group believes that it has valid defenses in these matters, unfavorable resolutions could occur, which could have a material adverse effect on the Group's consolidated financial statements in future reporting periods.

Taxation contingencies in the Russian Federation

The government of the Russian Federation has commenced a revision of the Russian tax system and passed certain laws implementing tax reform. The new laws reduce the number of taxes and overall tax burden on businesses and simplify tax legislation. However, these new tax laws continue to rely heavily on the interpretation of local tax officials and fail to address many existing problems. Many issues associated with practical implication of new legislation are unclear and complicate the Group's tax planning and related business decisions.

In terms of Russian tax legislation, authorities have a period of up to three years to re-open tax declarations for further inspection. Changes in the tax system that may be applied retrospectively by authorities could affect the Group's previously submitted and assessed tax declarations.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that the tax authorities in the Russian Federation could take differing positions with regard to interpretative issues. This uncertainty may expose the Group to additional taxation, fines and penalties that could be significant.

Environmental matters

The Group is subject to extensive federal and local environmental controls and regulations. The Group's management believes that the Group operations are in compliance with all current existing environmental legislation in the Russian Federation. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those laws and regulations may change, or the cost thereby.

Russian Federation risk

The economy of the Russian Federation, while deemed to be of market status, continue to display certain traits consistent with that of an emerging market. These characteristics have in the past included higher than normal inflation, insufficient liquidity of the capital markets, and the existence of currency controls. The continued success and stability of the Russian economy will be subject to their government's continued actions with regard to supervisory, legal and economic reforms.

Insurance

As at 30 September 2009, the Group has insurance coverage in respect of potential damage of its major facilities. NCSP has business interruption insurance and third party liability insurance in respect of environmental damage. Until the Group obtains comprehensive insurance coverage exceeding the book value of property, plant and equipment, there is a risk that the loss or destruction of certain assets could have a material adverse effect on Group's operations and financial position.

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Operating lease arrangements

Operating lease arrangements relate to the lease of land, mooring installation and vessels from the Russian State. These arrangements have lease terms of between 5 and 49 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the land and mooring installations at the expiry of the lease period.

Non-cancellable operating leases with initial terms in excess of one year are as follows:

	30 September 2009
2009	2,538
2010	9,985
2011	9,732
2012	9,041
2013	8,934
Thereafter	183,098
Total	223,328

19. CAPITAL COMMITMENTS

At 30 September 2009, the Group had the following capital commitments for acquisition of property, plant and equipment and construction works:

	30 September 2009	31 December 2008
PJSC NCSP	25,909	22,388
OJSC IPP	622	32
OJSC Novoroslesexport	53	23
OJSC Novorossiysk Grain Terminal	39	-
OJSC Novorossiysk Shipyard	9	71
Total	26,632	22,514

The above commitments were entered into to enhance of the Groups' transshipment capacities during the following 3-10 years.

20. RECLASSIFICATIONS

Certain comparative information, presented in the inerim condensed consolidated financial statements for the nine months ended 30 September 2008, has been reclassified in order to achieve comparability with the presentation used in the interim consolidated financial statements for the nine months ended 30 September 2009.

These reclassifications did not have an impact of equity or profit for the period.

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21. EVENTS AFTER THE BALANCE SHEET DATE

No events that would materially impact the Group's operation have occurred between the reporting date and the signature date of these statements.