

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

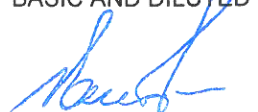
Consolidated Financial Information
For the Nine Months Ended 30 September 2013

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
NINE MONTHS ENDED 30 SEPTEMBER 2013**

(in thousands of US Dollars, except earnings per share)

	Notes	Nine months ended 30 September 2013	Nine months ended 30 September 2012
REVENUE	3	691,393	785,882
COST OF SERVICES	4	<u>(318,457)</u>	<u>(319,358)</u>
GROSS PROFIT		372,936	466,524
Selling, general and administrative expenses	5	(56,634)	(57,109)
Gain on disposal of property, plant and equipment		<u>137</u>	<u>161</u>
OPERATING PROFIT		316,439	409,576
Interest income		18,441	7,269
Finance costs		(102,639)	(115,061)
Share of profit/(loss) in joint venture, net		635	(1,863)
Foreign exchange (loss)/gain, net		(108,100)	96,363
Other income, net		<u>1,715</u>	<u>470</u>
PROFIT BEFORE INCOME TAX EXPENSE		126,491	396,754
Income tax expense		<u>(24,646)</u>	<u>(77,084)</u>
PROFIT FOR THE PERIOD		101,845	319,670
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX			
<i>Items not to be subsequently reclassified to profit or loss:</i>			
Effect of translation to presentation currency		(81,976)	41,000
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		<u>(81,976)</u>	<u>41,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		19,869	360,670
Profit for the period attributable to:			
Equity shareholders of the parent company		97,806	315,587
Non-controlling interests		<u>4,039</u>	<u>4,083</u>
		101,845	319,670
Total comprehensive income attributable to:			
Equity shareholders of the parent company		17,775	355,501
Non-controlling interests		<u>2,094</u>	<u>5,169</u>
		19,869	360,670
Weighted average number of ordinary shares outstanding		18,743,128,904	18,743,128,904
BASIC AND DILUTED EARNINGS PER SHARE (US Dollars)		0.0052	0.0168



Y.V. Matvienko
Chief Executive Officer



G.I. Kachan
Chief Financial Officer

28 November 2013

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013
(in thousands of US Dollars)**

	Notes	30 September 2013	31 December 2012
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment		1,963,361	2,068,857
Goodwill		1,398,207	1,489,007
Mooring rights		6,964	7,864
Investments in securities and other financial assets		18,645	11,159
Investment in joint venture		8,844	8,916
Spare parts		6,333	5,467
Deferred tax assets		7,509	1,075
Other intangible assets		2,211	2,691
Other non-current assets		2,343	9,958
		<u>3,414,417</u>	<u>3,604,994</u>
CURRENT ASSETS:			
Inventories		9,908	8,195
Advances to suppliers		6,377	8,093
Trade and other receivables, net		45,067	43,037
VAT recoverable and other taxes receivable		22,520	23,965
Income tax receivable		1,382	272
Investments in securities and other financial assets		4,940	50,131
Cash and cash equivalents		373,570	242,579
		<u>463,764</u>	<u>376,272</u>
TOTAL ASSETS		<u>3,878,181</u>	<u>3,981,266</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Treasury shares		(281)	(281)
Foreign currency translation reserve		(121,444)	(41,413)
Retained earnings		1,410,885	1,327,102
Equity attributable to shareholders of the parent company		<u>1,299,631</u>	<u>1,295,879</u>
Non-controlling interests		34,530	32,445
TOTAL EQUITY		1,334,161	1,328,324
NON-CURRENT LIABILITIES:			
Long-term debt	6	1,724,284	2,171,762
Obligations under finance leases		16,112	6,089
Cross currency and interest rate swap		11,323	4,602
Defined benefit obligation		9,206	9,551
Deferred tax liabilities		269,793	292,082
Other non-current liabilities		508	949
		<u>2,031,226</u>	<u>2,485,035</u>
CURRENT LIABILITIES:			
Current portion of long-term debt	6	457,784	90,200
Current portion of obligations under finance leases		8,238	2,711
Trade and other payables		21,723	12,380
Advances received from customers		5,272	26,392
Taxes payable		5,432	6,113
Income tax payable		2,714	11,183
Accrued expenses		11,631	18,928
		<u>512,794</u>	<u>167,907</u>
TOTAL EQUITY AND LIABILITIES		<u>3,878,181</u>	<u>3,981,266</u>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
(in thousands of US Dollars)**

	Notes	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Cash flows from operating activities			
Cash from operations		357,786	480,059
Income tax paid		(44,857)	(32,033)
Interest paid		(90,482)	(103,950)
		<u>222,447</u>	<u>344,076</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		563	1,186
Purchases of property, plant and equipment		(59,561)	(39,262)
Proceeds from investments in securities and other financial assets		64,559	307,934
Purchases of investments in securities and other financial assets		(20,204)	(357,934)
Interest received		15,840	2,745
Purchases of other intangible assets		(506)	(1,538)
		<u>691</u>	<u>(86,869)</u>
Cash flows from financing activities			
Repayments of loans and borrowings		(65,068)	(373,020)
Proceeds from loans and borrowings		-	136,207
Dividends paid		(14,050)	(14,177)
Increase of ownership in subsidiaries	7	(28)	-
Payments under lease contracts		(5,064)	(4,110)
		<u>(84,210)</u>	<u>(255,100)</u>
Net increase in cash and cash equivalents		138,928	2,107
Cash and cash equivalents at the beginning of the period		242,579	127,522
Effect of translation into presentation currency on cash and cash equivalents		(7,937)	2,763
		<u>373,570</u>	<u>132,392</u>
Cash and cash equivalents at the end of the period		373,570	132,392

PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 *(in thousands of US Dollars, except as otherwise stated)*

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied in consolidated financial information are consistent with those applied in the consolidated financial statements for the year ended 31 December 2012.

Functional and presentation currency

The functional currency of NCSP and principally all of its subsidiaries is the Russian Rouble ("RUR"). The consolidated financial information are presented in US Dollars.

Exchange rates

The Group used the following exchange rates in the preparation of the consolidated financial information:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Period-end rates		
RUR / 1 USD	32.3451	30.3727
RUR / 1 EUR	43.6497	40.2286
	Nine months ended	
	<u>30 September 2013</u>	<u>30 September 2012</u>
Average for the period		
RUR / 1 USD	31.6170	31.0984
RUR / 1 EUR	41.6507	39.8329

As at 30 September 2013 the USD exchange rate increased by 1.9724 rubles compared to 31 December 2012. This led to a significant amount of foreign exchange loss for the nine months ended 30 September 2013 arising from loans from Sberbank received in USD.

2. SEGMENT INFORMATION

The Group's operations are managed by type of services: stevedoring services and additional port services; fleet services; and other services mainly comprising rent, resale of energy and utilities to external customers (which individually do not constitute separate reportable segments). Substantially all Group operations are located within the Russian Federation. All segments have different segment managers responsible for each segment's operations. The chief operating decision maker is responsible for allocating resources to and assessing the performance of each segment of the business.

As decisions regarding allocating resources and further assessment of the performance are made separately for each region, the reportable segments are further split between the three regions where the Group operates: Novorossiysk, Primorsk, Baltiysk.

Segment revenue and segment results

Sales transactions between segments are made at prices which are defined in price list. The price list contains both services, tariffs which are regulated by the state and other services for which prices are set by the Group. Prices for non-regulated services are close to market prices.

The segment revenue and results for the nine months ended 30 September 2013 and 2012 are as follows:

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

**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
(in thousands of US Dollars, except as otherwise stated)**

	<u>Segment revenue</u>		<u>Inter-segments sales</u>		<u>Segment profit</u>	
	<u>Nine months ended</u>		<u>Nine months ended</u>		<u>Nine months ended</u>	
	<u>30 September 2013</u>	<u>30 September 2012</u>	<u>30 September 2013</u>	<u>30 September 2012</u>	<u>30 September 2013</u>	<u>30 September 2012</u>
Stevedoring and additional services	609,155	698,319	9,103	4,788	275,358	364,185
Novorossiysk	453,203	526,971	9,098	4,754	196,769	268,031
Primorsk	145,643	160,128	5	34	74,677	91,629
Baltiysk	10,309	11,220	-	-	3,912	4,525
Fleet services	70,210	76,386	3,788	3,940	27,607	39,556
Novorossiysk	38,255	41,479	1,894	2,015	8,079	15,183
Primorsk	31,955	34,907	1,894	1,925	19,528	24,373
Other services	12,028	11,177	12,749	10,528	15,711	13,156
Total reportable segments	691,393	785,882	25,640	19,256	318,676	416,897
Unallocated amounts					(192,185)	(20,143)
Profit before income tax expense					126,491	396,754

3. REVENUE

	<u>Nine months ended</u>	
	<u>30 September 2013</u>	<u>30 September 2012</u>
Stevedoring services	546,039	630,216
Fleet services	70,210	76,386
Additional port services	63,116	68,103
Other	12,028	11,177
Total	691,393	785,882

4. COST OF SERVICES

	<u>Nine months ended</u>	
	<u>30 September 2013</u>	<u>30 September 2012</u>
Fuel for resale and own consumption	104,018	107,008
Depreciation and amortisation	57,786	57,638
Salaries	56,063	51,844
Rent	49,705	49,306
Taxes directly attributable to salaries	15,170	13,804
Repairs and maintenance	11,462	15,856
Subcontractors	9,446	8,100
Materials	5,734	7,604
Other	9,073	8,198
Total	318,457	319,358

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

**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
(in thousands of US Dollars, except as otherwise stated)**

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended	
	30 September 2013	30 September 2012
Salaries	26,859	27,985
Taxes other than income tax	7,415	6,435
Taxes directly attributable to salaries	5,003	4,986
Security services	3,284	3,289
Depreciation and amortisation	3,084	2,970
Charitable donations	2,630	2,745
Professional services	1,281	913
Other	7,078	7,786
Total	56,634	57,109

6. DEBT

	Interest rate	Maturity date	30 September 2013	31 December 2012
Unsecured borrowings				
Bonds (RUR)	9.0%	April 2015	128,091	133,347
Unsecured bank loans (RUR)				
Sberbank	8.5%	November 2014	104,039	177,314
Sberbank	8.5%	November 2014	3,869	6,594
Total unsecured borrowings			235,999	317,255
Secured bank loans (USD)				
Sberbank	LIBOR 3M + 4.85%	January 2018	1,946,069	1,944,707
Total debt			2,182,068	2,261,962
Current portion of long-term borrowings			(457,784)	(90,200)
Total non-current debt			1,724,284	2,171,762

The Group borrowings as at 30 September 2013 are repayable as follows:

	Principal amount	Contractual interest liability	Total
Due within three months	21,557	32,780	54,337
Due from three to six months	142,664	33,958	176,622
Due from six months to twelve months	286,078	74,992	361,070
	450,299	141,730	592,029
Between 1 and 2 years	630,942	116,225	747,167
Between 2 and 5 years	1,093,342	103,401	1,196,743
Total	2,174,583	361,356	2,535,939

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**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

(in thousands of US Dollars, except as otherwise stated)

On 25 November 2013 an additional agreement to the contract dated 19 January 2011 with maturity date in January 2018 was signed with Sberbank. The parties agreed on a new schedule and the amount of the repayments of the principal amount and set the interest rate from 19 January 2014 equal LIBOR 3M plus a fixed margin of 5%. The certain financial covenants have also been changed by the agreement.

Given the signed agreement the Group borrowings are repayable as follows:

	<u>Principal amount</u>	<u>Contractual interest liability</u>	<u>Total</u>
Due within three months	21,557	32,780	54,337
Due from three to six months	21,557	26,811	48,368
Due from six months to twelve months	191,960	57,931	249,891
	235,074	117,522	352,596
Between 1 and 2 years	368,440	98,925	467,365
Between 2 and 5 years	1,571,069	149,480	1,720,549
Total	2,174,583	365,927	2,540,510

7. INCREASE OF OWNERSHIP IN SHARES IN A SUBSIDIARY

During the nine months ended 30 September 2013 the Group acquired an additional 0.0098% of interest in IPP for a cash consideration of 28. The carrying value of IPP's net assets in the consolidated financial statements on the date of acquisition of non-controlling interest was 78,110 in total. As a result of these transactions, the Group recognised a decrease in net assets attributable to non-controlling interests in the amount of 7. The excess of the consideration paid over the Group's share in net assets acquired in the amount of 21 was recognised in the statement of changes in equity as a decrease of retained earnings.

8. EVENTS AFTER THE BALANCE SHEET DATE

On 28 October 2013 LLC "Transneft-Service" (controlled by OJSC "Transneft ") acquired the right to dispose of 10.5% of shares comprising the authorized capital of NCSP.

Direct price regulation for loading and unloading, storage of goods, providing berths in the port of Primorsk was changed to price monitoring by the FTS decision on 19 November 2013. An order submitted to the Ministry of Justice for registration.

On 25 November 2013 the additional agreement with Sberbank to the loan agreement dated 19 January 2011 providing for significant change in terms of the contract was signed (Note 6).