



Press Release

Results for the twelve months to 31st December 2007

April 30, 2008

Novorossiysk Commercial Sea Port (LSE: NCSP, RTS: NMTP, MICEX: NMTP) (“NCSP”) announces its consolidated audited financial results for the twelve months to 31st December 2007, in accordance with International Financial Reporting Standards.

Full consolidated audited financial statements for the twelve months to 31st December 2007 are available on NCSP’s web-site: <http://www.nmtp.info/>

Key financial indicators for the period

		2006	2007	Change
Revenue	\$ mln.	277,277	483,380	74,33 %
Gross Profit	\$ mln.	104,380	227,671	118,12 %
Operating Profit	\$ mln.	70,401	154,573	119,56 %
EBITDA	\$ mln.	119,075	227,915	91,4 %
EBITDA margin	%	42,9	47,2	-----
Net Profit	\$ mln.	44,089	93,674	112,47%
Total Cargo Turnover	mln. tons	80,926	79,303	-2,01%

Mr. Igor Vilinov, CEO of NCSP, said: «I am happy to announce that the financial results of NCSP for the 12 months of 2007 are in line with our expectations showing significant improvement in our key financial indicators. In comparison to last year, revenue grew 74,33%, net profit is up 112,47%, operating profit grew 119,56%, EBITDA showed an increase of 91,4% while EBITDA margin grew from 42,9% to 47,2%.

The results demonstrate successful growth of the company and confirm the effectiveness of the strategy being implemented by NCSP’s management – capacity growth through the development of world class facilities, focus on highly profitable cargo and efficiency increase through the consolidation synergies and implementation of new terminals.

Successful November listing of ordinary shares in Moscow and GDRs in London has subsequently raised NCSP’s profile. In 2007, the company achieved significant progress in increasing the efficiency of its operations by concentrating on further integration and consolidation of assets, as well as improving corporate governance with the purpose of increasing capitalization, investment attractiveness and transparency».



Growth Factors

- Consolidation of five stevedoring companies of the Novorossiysk Port in 2006 (Novoroslesexport, IPP, NZT, NSRZ, NCSP Fleet) whose financial results began to affect the consolidated reporting of OAO “NCSP” in 3Q2006, as well as the purchase of 50% of shares in “Baltic Stevedore Co.” and 15,04% of NSRZ in May 2007.
- Establishment of new tariffs for services of the port in connection with the realization of investment program aimed at modernization and port capacity increase
- Commissioning of new port complexes (NZT Grain Terminal, NLE Container and Lumber Terminals, IPP Bunkerage Complex)
- Technical modernization (purchase and commissioning of new equipment)
- Introduction of an effective system of cost control
- Increase of labor productivity
- Improvement of debt quality and access to international capital markets

Development of the Company in 2007

1) During the first 9 months of 2007 NCSP has continued to execute its \$700+ million investment program aimed at modernization and port capacity increase.

As of 31st December 2007 the following high-performance projects have been completed:

- Construction of a new grain terminal (NZT) with overall capacity of 4 million tons of grain per year. Transshipment of cargoes began on the 29th August 2007. Total investment — approximately \$82,6 million
- Construction of a new bunkerage complex (IPP) with overall capacity of 648,000 tons per year. The complex was commissioned on the 1st of October 2007. Total investment — approximately \$19,8 million
- Reconstruction of the container terminal (Novoroslesexport) with the aim of increasing the capacity from 60 thousand TEU to 350 thousand TEU. Total investment — approximately \$86,4 million
- Reconstruction of the lumber terminal (Novoroslesexport) with the aim of increasing the capacity from 2.2 million cubic meters to 3 million cubic meters. Total investment — approximately \$14,8 million

Purchase of high-efficiency equipment (as of 12 December 2007):



- Five new specialized container handlers Reachstaker manufactured by Ferrari company, with a loading capacity of 45 tons each, which is used in container transportation within the territory of the terminal and their warehousing stacks
- Crane equipment manufactured by ZPMC company for container terminal of Novorossiysk: two STS container reloaders, two rubber-tired gantry cranes RTG and rail-mounted gantry cranes RMG

2) Eurobonds issue

- In May 2007 NCSP placed 5-year Eurobonds for a total of \$300 million at 7% annually.
- Release of security, upgraded level of unsecured debt from 4.3% up to 87%

3) Offering of ordinary shares and GDRs

- In November 2007 NCSP carried out an offering of ordinary shares on RTS, MICEX and GDRs on LSE having placed 19.38% of stock at the top of the price range - \$0.256 for one share and \$19.2 for a GDR (one GDR represents 75 shares)
- The capitalization of NCSP based on the offering price totaled \$4.9 billion. Global coordinators, co-lead managers and bookrunners were Morgan Stanley and Troika Dialog

4) Scheduled tariff increase

5) Increase in labor productivity

- In 2007, the indicator of labor productivity increased 7% in comparison with the previous year due to an increase of automation of operations and the introduction of new technologies that allowed for the reduction of unskilled labor

6) Optimization of cargo turnover through a shift to highly profitable cargoes (as of 31 December 2007):

- The volume of grain turnover in 2007 reached a record level of 5,808 thousand tons, demonstrating a more than 42% growth year-on year (4,084 thousand tons in 2006)



- The volume of turnover of containers in 2007 grew to 3,495 thousand tons or 250 thousand TEU, demonstrating growth of more than 63% (2,143 thousand tons in 2006)

Outlook

The investment program of NCSP, focused on the modernization and growth of the port capacities, will promote the growth of profitability and stock price of the company.

The management of NCSP positively estimates the prospects of the development of the Russian economy and sees great potential for escalating the turnover of goods and increase in the assortment and quality of rendered services. The prospects of growth of cargo traffic in the regions the company operates supports NCSP`s intentions to continue a sustainable growth with focus on highly profitable cargoes.

Key growth factors for the company:

- Construction of new terminals and the increase in existing capacities in the processing of following cargoes:
 - Containers – BSK, NCSP, NLE
 - Oil products
 - Crude oil
 - Dry imported bulk cargoes
- Scheduled increase in tariffs
- Purchase of new assets
- Purchase of minority stakes in subsidiaries

Realization of the corporate strategy within growing volumes of Russia`s international sea trade will allow the company to become, in the near term, one of the leading ports in Europe by volumes of transferred cargoes and operating efficiency.

Events after reporting date

Novorossiysk Commercial Sea Port consolidated 100% stock of the “Baltic Stevedore Co.”, which specializes on container cargo.

The transaction has been effected as part of NCSP`s strategy aimed at enhancing company`s presence in the northwestern region and shipment of highly remunerative cargo. Consolidation of 100% stock of “Baltic Stevedore Co.” shall maximize the efficiency of



company management and implementation of the program on increasing its cargo turnover up to 300,000 TEU by 2010.

Conference Call

NCSP will be holding a telephone conference call today at 17:00 Moscow time (London - 14:00, New York – 9:00), to discuss these results.

To take part in the call, please dial:

- Russia +7 495 981 08 73
- United Kingdom +44 207 740 9501
- USA +1 718 354 1175

Pin-code for participants: 989 523

Live Meeting web conference link:

https://www.livemeeting.com/cc/btconferencing_eventsssl3/join?id=K5213650&role=attend&pw=989523A

If the meeting link above does not work, please use the following:

Web conference link:

https://www.livemeeting.com/cc/btconferencing_eventsssl3

Web conference meeting ID: K5213650

Attendee meeting key: 989523A

A Recording of the conference call and an investor presentation will also be available on NCSP's web-site (www.nmtp.info) in the section "Press-center".

NCSP

NCSP operates primarily at the Port of Novorossiysk (the "Port"), a multi-purpose, yearround, deep-water port located on the Russian shore of the Black Sea which has geographic, topographic and infrastructure advantages in comparison to ports and potential port sites in the Black Sea-Azov basin. The Port is Russia's largest sea port in terms of cargo turnover volume according to the Association of Russian Sea Ports, and Europe's fifth largest commercial sea port by cargo volume in 2005, according to Global Insight/ISL.

NCSP is a key Southern gateway for the import and export of a wide range of cargoes to and from the Russian economy (including oil, oil products, timber, grain, fertilizers, ferrous metals, containers, automobiles and general cargo). NCSP handles approximately 20% by



volume of cargoes shipped through Russian sea ports according to the Association of Russian Sea Ports.

During 2006, NCSP consolidated its shareholdings in the majority of other operators and stevedores in the Port.

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APPENDIX

PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007 (in thousands of US Dollars, except earnings per share)

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Revenue	6	483,380	277,277
Cost of services	7	(255,709)	(172,897)
Gross profit		227,671	104,380
Selling, general and administrative expenses	8	(73,098)	(33,979)
OPERATING PROFIT		154,573	70,401
Share of profit of associates		-	3,065
Investment income	9	1,061	4,542
Finance costs	10	(44,793)	(22,703)
Foreign exchange gain		34,776	5,391
Other expenses, net	11	(15,165)	(3,578)
Excess of Group's interest in the fair value of acquired companies' net assets over cost		2,956	618
PROFIT BEFORE INCOME TAX		133,408	57,736
INCOME TAX	12	(39,734)	(13,647)
PROFIT FOR THE YEAR		93,674	44,089
Attributable to:			
Equity shareholders		93,713	44,469
Minority interest		(39)	(380)
		93,674	44,089
Earnings per share			
Weighted average number of ordinary shares in issue during the year		19,196,480,589	19,124,483,167
Basic and diluted earnings per share (US Dollars)		0.0049	0.0023

I.E. Vilinov
Chief Executive Officer

G.I. Kachan
Chief Accountant



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

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2007
(in thousands of US Dollars)**

	Notes	31 December 2007	31 December 2006
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	755,451	664,166
Goodwill	16	490,077	456,856
Mooring rights and other intangible assets	17	14,836	14,195
Investments in securities and other financial assets	18	15,863	12,903
Non-current VAT recoverable		998	11,095
Spare parts		6,585	4,840
Deferred tax assets	12	3,078	4,079
		<u>1,286,888</u>	<u>1,168,134</u>
CURRENT ASSETS:			
Inventories, net	19	7,875	6,581
Trade and other receivables, net	20	71,184	65,155
Investments in securities and other financial assets	18	3,999	23,470
Cash and cash equivalents	21	66,660	37,037
		<u>149,718</u>	<u>132,243</u>
TOTAL ASSETS		<u>1,436,606</u>	<u>1,300,377</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	10,471	10,366
Share premium		10,063	-
Foreign currency translation reserve		80,045	32,533
Retained earnings		630,650	569,024
		<u>630,650</u>	<u>569,024</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		731,229	611,923
MINORITY INTEREST		<u>38,883</u>	<u>41,734</u>
TOTAL EQUITY		<u>770,112</u>	<u>653,657</u>
NON-CURRENT LIABILITIES:			
Long-term debt	23	508,189	482,297
Retirement benefit obligation	24	8,181	6,451
Deferred tax liabilities	12	77,304	71,751
		<u>593,674</u>	<u>560,499</u>
CURRENT LIABILITIES:			
Short-term debt	23	30,426	60,400
Trade payables	25	17,481	7,086
Other payables and accruals	26	24,913	18,735
		<u>72,820</u>	<u>86,221</u>
TOTAL EQUITY AND LIABILITIES		<u>1,436,606</u>	<u>1,300,377</u>



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

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007
(in thousands of US Dollars)**

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Cash flows from operating activities			
Cash generated from operations	27	228,713	123,178
Income tax paid		(49,987)	(18,770)
Interest paid		(40,413)	(21,316)
Employee benefits paid		(525)	(236)
Net cash generated by operating activities		137,788	82,856
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		5,742	1,715
Payments for property, plant and equipment		(93,992)	(99,812)
Proceeds from disposal of securities and other financial assets		24,494	34,593
Payments for securities and other financial assets		(5,669)	-
Acquisitions of subsidiaries, net of cash acquired		(6,663)	(537,610)
Acquisitions of minority interest in existing subsidiaries		(25,130)	-
Proceeds from disposal of subsidiaries, net of cash disposed		(260)	-
Proceeds from disposal of short-term investments		-	61,183
Loans given to employees		(779)	-
Interest received		1,689	-
Purchases of long-term deposits		(1,368)	-
Net cash used in investing activities		(101,936)	(539,931)
Cash flows from financing activities			
Proceeds from long-term borrowings		423,261	521,007
Repayments of long-term borrowings		(430,442)	(60,318)
Dividends paid		(11,584)	(10,205)
Buy back of ordinary shares		(818)	(3,507)
Proceeds from sale of treasury shares		10,177	-
Distribution to shareholders		(489)	-
Repayments of obligations under finance leases		-	(521)
Net cash (used in)/from financing activities		(9,895)	446,456
Net increase/(decrease) in cash and cash equivalents		25,957	(10,619)
Cash and cash equivalents at the beginning of the year		37,037	43,915
Effect of exchange rate changes on cash and cash equivalents		3,666	3,741
Cash and cash equivalents at the end of the year		66,660	37,037