

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

**Interim Condensed Consolidated
Financial Statements**

For the Three Months Ended 31 March 2010

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 THREE MONTHS ENDED 31 MARCH 2010**

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

	Notes	Three months ended 31 March 2010	Three months ended 31 March 2009
REVENUE	5	175,515	157,130
COST OF SERVICES	6	(59,250)	(44,505)
GROSS PROFIT		116,265	112,625
Selling, general and administrative expenses	7	(11,929)	(10,853)
Gain/(loss) on disposal of property, plant and equipment		132	(125)
OPERATING PROFIT		104,468	101,647
Interest income on deposits		4,925	1,955
Finance costs	8	(6,776)	(8,970)
Foreign exchange gain/(loss), net		1,874	(52,067)
Other income/(expense), net		244	(891)
PROFIT BEFORE INCOME TAX		104,735	41,674
INCOME TAX EXPENSE			
Current income tax expense		(20,521)	(10,059)
Deferred tax (loss)/benefit		(273)	2,117
PROFIT FOR THE PERIOD		83,941	33,732
OTHER COMPREHENSIVE INCOME/(LOSSES)			
Effect of translation to presentation currency		26,000	(83,899)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		109,941	(50,167)
Profit for the period attributable to:			
Equity shareholders		82,436	31,647
Non-controlling interests		1,505	2,085
		83,941	33,732
Total comprehensive income/(loss) attributable to:			
Equity shareholders		107,858	(48,554)
Non-controlling interests		2,083	(1,613)
		109,941	(50,167)
Weighted average number of ordinary shares outstanding		19,259,815,400	19,259,815,400
BASIC AND DILUTED EARNINGS PER SHARE (US Dollars)		0.0043	0.0016



[Signature]
Kachan G.L.
Chief Accountant

The notes on pages 5 to 20 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 31 MARCH 2010
(in thousands of US Dollars)**

	Notes	31 March 2010	31 December 2009
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	9	560,946	549,867
Goodwill		406,464	394,632
Mooring rights		9,829	9,692
Investments in securities and other financial assets	10	5,008	1,521
Investment in joint venture		1,452	1,409
Non-current VAT recoverable		2,423	1,094
Spare parts		4,203	4,532
Deferred tax assets		1,775	1,839
Other intangible assets		1,383	1,519
		<u>993,483</u>	<u>966,105</u>
CURRENT ASSETS:			
Inventories	11	8,163	8,510
Advances to suppliers		2,891	2,138
Trade and other receivables	12	39,954	32,499
VAT recoverable and other taxes receivable		21,260	24,771
Investments in securities and other financial assets	10	264,236	168,736
Cash and cash equivalents	13	145,104	159,075
		<u>481,608</u>	<u>395,729</u>
TOTAL ASSETS		<u>1,475,091</u>	<u>1,361,834</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Share premium		9,255	9,255
Foreign currency translation reserve		(18,537)	(43,959)
Retained earnings		905,471	823,035
Equity attributable to shareholders of the parent company		<u>906,660</u>	<u>798,802</u>
Non-controlling interests		<u>20,253</u>	<u>18,170</u>
TOTAL EQUITY		926,913	816,972
NON-CURRENT LIABILITIES:			
Long-term debt	14	321,109	324,694
Defined benefit obligation		10,451	9,732
Deferred tax liabilities		35,167	33,988
		<u>366,727</u>	<u>368,414</u>
CURRENT LIABILITIES:			
Current portion of long-term debt	14	134,574	130,057
Trade and other payables		5,837	5,318
Advances received from customers		11,618	18,006
Taxes payable		9,644	4,656
Interest rate swap liability		2,052	3,064
Accrued expenses		17,726	15,347
		<u>181,451</u>	<u>176,448</u>
TOTAL EQUITY AND LIABILITIES		<u>1,475,091</u>	<u>1,361,834</u>

The notes on pages 5 to 20 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 THREE MONTHS ENDED 31 MARCH 2010
(in thousands of US Dollars)**

	Notes	Attributable to shareholders of the parent company				Total	Non-controlling interests	Total
		Share capital	Share premium	Foreign currency translation reserve	Retained earnings			
At 1 January 2009		10,471	9,255	(37,748)	606,383	588,361	27,117	615,478
Profit for the period		-	-	-	31,647	31,647	2,085	33,732
Other comprehensive loss for the period		-	-	(80,201)	-	(80,201)	(3,698)	(83,899)
Total comprehensive loss		-	-	(80,201)	31,647	(48,554)	(1,613)	(50,167)
Purchase of non-controlling interests		-	-	-	(5,152)	(5,152)	(166)	(5,318)
At 31 March 2009		10,471	9,255	(117,949)	632,878	534,655	25,338	559,993
At 1 January 2010		10,471	9,255	(43,959)	823,035	798,802	18,170	816,972
Profit for the period		-	-	-	82,436	82,436	1,505	83,941
Other comprehensive income for the period		-	-	25,422	-	25,422	578	26,000
Total comprehensive income		-	-	25,422	82,436	107,858	2,083	109,941
At 31 March 2010		10,471	9,255	(18,537)	905,471	906,660	20,253	926,913

The notes on pages 5 to 20 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 THREE MONTHS ENDED 31 MARCH 2010
(in thousands of US Dollars)**

	Notes	Three months ended 31 March 2010	Three months ended 31 March 2009
Cash flows from operating activities			
Cash generated from operations		114,692	123,463
Income tax paid		(12,623)	(3,371)
Interest paid		(2,273)	(2,868)
		<u>99,796</u>	<u>117,224</u>
Net cash generated by operating activities			
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		174	130
Purchase of property, plant and equipment		(10,804)	(3,744)
Proceeds from maturity of securities and other financial assets		21,441	36,372
Purchase of securities and other financial assets		(124,537)	(82,369)
Increase of ownership in subsidiaries		-	(5,318)
Interest received		1,523	322
Loans given to employees		-	(60)
Purchase of other intangible assets		(14)	(186)
		<u>(112,217)</u>	<u>(54,853)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayments of long-term borrowings		(4,504)	(24,590)
Dividends paid		(29)	-
		<u>(4,533)</u>	<u>(24,590)</u>
Net cash used in financing activities			
Net (decrease)/increase in cash and cash equivalents		(16,954)	37,781
Cash and cash equivalents at the beginning of the period	13	159,075	42,868
Effect of translation into presentation currency and exchange rate changes on the balance of cash held in foreign currencies		2,983	9,441
		<u>145,104</u>	<u>90,090</u>
Cash and cash equivalents at the end of the period	13	145,104	90,090

The notes on pages 5 to 20 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 THREE MONTHS ENDED 31 MARCH 2010

(in thousands of US Dollars)

1. GENERAL INFORMATION

Organisation

Public Joint Stock Company (“PJSC”) 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 31 March 2010 were as follows:

Subsidiaries	Nature of business
Open Joint Stock Company (“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
Limited Liability Company (“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 main cargo-loading district, the Sheskhari 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:

OJSC IPP (“IPP”)

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

PJSC 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.

OJSC 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.

OJSC 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 THREE MONTHS ENDED 31 MARCH 2010**

(in thousands of US Dollars)

PJSC Novorossiysk Grain Terminal (“Grain Terminal”)

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

LLC 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 2009 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 2009. 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 from 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 2009.

Functional and presentation currency

The functional currency of NCSP and each of its subsidiaries (except for Longbranch, which has the Euro (“EUR”) as its functional currency) is the Russian Rouble (“RUR”). The presentation currency of the consolidated financial statements is the US Dollar (“USD”). Management consider that the USD is a more relevant presentation currency for international users of the 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 THREE MONTHS ENDED 31 MARCH 2010**

(in thousands of US Dollars)

Exchange rates

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

	31 March 2010	31 December 2009
Period-end rates		
RUR / 1 USD	29.3638	30.2442
RUR / 1 EUR	39.7028	43.3883
	Three months ended 31 March 2010	Three months ended 31 March 2009
Average for the period		
RUR / 1 USD	29.8903	33.9366
RUR / 1 EUR	41.4132	44.4137

**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 three months ended 31 March 2010 are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2009.

4. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is more specifically focussed on the types of services. The principal types of services are stevedoring, fleet, ship repair and other. The Group's reportable segments under IFRS 8 are therefore as follows:

- Stevedoring services (liquid and bulk cargo transshipping services, including bunkering) and additional port services (forwarding, storage, custom documentation, repacking, etc.);
- Fleet services;
- Ship repair services, and
- Other services mainly comprise of rent and resale of energy and utilities to external customers. Neither of these services constitutes a separate reportable segment.

The Group has adopted the amendments to IFRS 8 in advance of their effective date, with effect from 1 January 2009. These amendments require an entity to report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker. No such information about segment assets and liabilities is provided to chief operating decision maker, therefore it is not disclosed below. In contrast, the standard without amendment required an entity to report a measure of total assets for each reportable segment

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

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
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(in thousands of US Dollars)

Information regarding the Group's reportable segments for the three months ended 31 March 2010 and the comparative information for the three months ended 31 March 2009 is presented below.

The segment information for the three months ended 31 March 2010:

	Stevedoring and additional	Fleet	Ship repair	Other	Total reportable segments	Adjustments and eliminations	Consolidated
Segment revenue							
Third parties	160,692	12,242	3	2,578	175,515	-	175,515
Inter-segments	1,232	571	-	2,945	4,748	(4,748)	-
Total revenue	161,924	12,813	3	5,523	180,263	(4,748)	175,515
Segment profit/(loss)	97,134	5,657	(288)	3,401	105,904	(1,169)	104,735
Other segment information							
Depreciation and amortisation charge	13,954	1,039	312	321	15,626	1,046	16,672
Capital expenditures	11,044	-	-	-	11,044	30	11,074

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

Segment profit represents the operating profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, investment revenue, foreign exchange gain/ (loss), finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

	Three months ended 31 March 2010
Unallocated:	
Interest income on deposits	4,925
Foreign exchange gain, net	1,874
Other income, net	244
Gain on disposal of property, plant and equipment	132
Finance costs	(6,776)
Other unallocated expenses included in operating profit	(6,316)
Eliminated:	
Inter-segment purchases	4,748
Total adjustments and eliminations	(1,169)

The segment information for the three months ended 31 March 2009:

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NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES**

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

(in thousands of US Dollars)

	<u>Stevedoring and additional</u>	<u>Fleet</u>	<u>Ship repair</u>	<u>Other</u>	<u>Total reportable segments</u>	<u>Adjustments and eliminations</u>	<u>Consolidated</u>
Segment revenue							
Third parties	143,799	11,355	57	1,919	157,130	-	157,130
Inter-segments	688	-	78	2,181	2,947	(2,947)	-
Total revenue	144,487	11,355	135	4,100	160,077	(2,947)	157,130
Segment profit/(loss)	94,477	5,648	(372)	1,437	101,190	(59,516)	41,674
Other segment information							
Depreciation and amortisation charge	8,769	1,140	156	1,707	11,772	1,669	13,441
Capital expenditures	2,496	819	-	38	3,353	242	3,595

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

Segment profit represents the operating profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, investment revenue, foreign exchange gain/ (loss), finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

	Three months ended 31 March 2009
Unallocated:	
Interest income on deposits	1,955
Loss on disposal of property, plant and equipment	(125)
Other expenses, net	(891)
Other unallocated expenses included in operating profit	(2,365)
Finance costs	(8,970)
Foreign exchange loss, net	(52,067)
Eliminated:	
Inter-segment purchases	2,947
Total adjustments and eliminations	(59,516)

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

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

(in thousands of US Dollars)

5. REVENUE

	Three months ended 31 March 2010	Three months ended 31 March 2009
Stevedoring services	138,766	118,289
Additional port services	21,926	25,510
Fleet services	12,242	11,355
Ship repair services	3	57
Other	2,578	1,919
Total	175,515	157,130

6. COST OF SERVICES

	Three months ended 31 March 2010	Three months ended 31 March 2009
Fuel	17,165	9,816
Depreciation and amortisation	15,721	12,650
Payroll	11,857	10,566
Unified social tax	3,081	2,686
Repairs and maintenance	2,708	1,388
Rent	2,392	1,868
Raw materials	2,126	1,595
Energy and utilities	1,824	1,246
Subcontractors	1,370	1,408
Insurance	121	81
Other	885	1,201
Total	59,250	44,505

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March 2010	Three months ended 31 March 2009
Payroll	4,909	4,364
Taxes other than income tax	2,205	1,972
Unified social tax	1,000	815
Security services	996	982
Depreciation and amortisation	951	791
Bank charges	530	355
Rent	364	329
Charity	352	341
Travel and representation expenses	260	230
Advertising	197	46
Repairs and maintenance	177	128
Raw materials	163	179
Other	(175)	321
Total	11,929	10,853

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

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**
(in thousands of US Dollars)

8. FINANCE COSTS

	Three months ended 31 March 2010	Three months ended 31 March 2009
Interest on borrowings	7,860	8,220
Net (gain)/loss on interest rate swap	<u>(1,084)</u>	<u>750</u>
Total	<u>6,776</u>	<u>8,970</u>

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

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010
(in thousands of US Dollars)**

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Marine vessels</u>	<u>Vehicles</u>	<u>Office and other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost								
As at 1 January 2009	19,399	316,031	242,838	65,097	16,052	65,471	47,798	772,686
Additions	-	172	135	-	66	437	2,785	3,595
Transfer	-	20	204	-	-	114	(338)	-
Disposals	-	(139)	(7)	(632)	(143)	(180)	(13)	(1,114)
Effect of translation into presentation currency	(2,642)	(43,047)	(33,078)	(8,866)	(2,186)	(8,919)	(6,516)	(105,254)
As at 31 March 2009	16,757	273,037	210,092	55,599	13,789	56,923	43,716	669,913
Accumulated depreciation								
As at 1 January 2009	-	(41,968)	(98,522)	(21,882)	(7,306)	(26,641)	-	(196,319)
Charge for the period	-	(4,454)	(5,332)	(1,076)	(600)	(1,714)	-	(13,176)
Disposals	-	22	7	599	135	98	-	861
Effect of translation into presentation currency	-	5,727	13,431	2,982	996	3,632	-	26,768
As at 31 March 2009	-	(40,673)	(90,416)	(19,377)	(6,775)	(24,625)	-	(181,866)
Carrying value								
As at 1 January 2009	19,399	274,063	144,316	43,215	8,746	38,830	47,798	576,367
As at 31 March 2009	16,757	232,364	119,676	36,222	7,014	32,298	43,716	488,047

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

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANSIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010
(in thousands of US Dollars)**

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Marine vessels</u>	<u>Vehicles</u>	<u>Office and other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost								
As at 1 January 2010	18,904	322,218	247,307	64,397	16,547	82,513	49,080	800,966
Additions	-	2,312	917	1,575	152	288	5,190	10,434
Transfer	-	107	6	-	-	451	(564)	-
Disposals	-	(27)	(309)	(334)	(169)	(59)	(2)	(900)
Effect of translation into presentation currency	567	9,853	7,464	2,031	494	2,529	1,843	24,781
As at 31 March 2010	19,471	334,463	255,385	67,669	17,024	85,722	55,547	835,281
Accumulated depreciation								
As at 1 January 2010	-	(61,820)	(122,965)	(23,810)	(8,761)	(33,743)	-	(251,099)
Charge for the period	-	(4,998)	(6,431)	(905)	(515)	(2,551)	-	(15,400)
Disposals	-	4	300	334	168	55	-	861
Effect of translation into presentation currency	-	(2,255)	(4,179)	(760)	(291)	(1,212)	-	(8,697)
As at 31 March 2010	-	(69,069)	(133,275)	(25,141)	(9,399)	(37,451)	-	(274,335)
Carrying value								
As at 1 January 2010	18,904	260,398	124,342	40,587	7,786	48,770	49,080	549,867
As at 31 March 2010	19,471	265,394	122,110	42,528	7,625	48,271	55,547	560,946

As of 31 March 2010 construction in progress included 46,090 (31 December 2009: 40,398) of advances paid for property, plant and equipment. Property, plant and equipment with carrying value of 8,387 (31 December 2009: 8,386) were pledged to secure bank overdrafts and loans granted to the Group.

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10. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	31 March 2010	31 December 2009
Current		
Financial assets carried at amortised cost		
Deposits	263,154	159,682
Loans issued	1,082	1,003
Promissory notes	-	8,051
Total current	264,236	168,736
Non-current		
Financial assets carried at amortised cost		
Promissory notes and other financial assets	5,008	86
Deposits with maturity period over year	-	1,435
Total non-current	5,008	1,521

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 1.85% to 5.95% per annum. Short-term deposits denominated in EUR are placed in Sberbank with an interest rate of 1.4% per annum and in VTB bank with an interest rate 3.35% per annum. Short-term deposits denominated in RUR are placed in Sberbank with an interest rates varying from 6.10% to 6.75% per annum and in Russian Agricultural Bank with an interest rates varying from 8.10% to 10.10% per annum. A considerable amount of deposits have been accumulated to settle a current portion of long-term debt of NCSP and for dividend payment.

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

11. INVENTORIES

	31 March 2010	31 December 2009
Raw materials and low value items	6,596	6,892
Fuel	1,751	1,859
Goods for resale	1,733	2,606
Other	619	94
Less: allowance for slow-moving inventories	(2,536)	(2,941)
Total	8,163	8,510

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12. TRADE AND OTHER RECEIVABLES

	31 March 2010	31 December 2009
Trade accounts receivables	31,183	27,474
Interest receivables	5,118	1,606
Other receivables	5,238	4,930
Less: allowance for doubtful receivables	(1,585)	(1,511)
Total	39,954	32,499

13. CASH AND CASH EQUIVALENTS

	31 March 2010	31 December 2009
Bank deposits in RUR	63,357	58,529
Bank deposits in EUR	42,690	83,301
Bank deposits in USD	30,558	11,760
Current accounts in RUR	5,138	2,541
Current accounts in USD	3,109	2,795
Current accounts in EUR	222	48
Cash in hand	30	101
Total	145,104	159,075

Bank deposits as at 31 March 2010 mainly represent deposits with Sberbank and VTB bank with an original maturity of three months or less.

14. DEBT

	Interest rate	Maturity date	31 March 2010	31 December 2009
<i>Unsecured bank loans</i>				
Loan Participation Notes (USD)	7%	May 2012	305,797	300,361
Bayerische Hypo- und Vereinsbank AG (USD)	LIBOR + 1.6%	July 2010	117,993	117,912
Sberbank (USD)	10.0%	August 2011	25,215	28,241
Sberbank (USD)	10.0%	September 2011	2,837	3,546
<i>Secured bank loans</i>				
Sberbank (USD)	11.0%	December 2011	1,812	2,332
UniCredit Bank (USD)	8.95%	September 2011	1,320	1,532
Sberbank (USD)	11.0%	December 2011	709	827
Total debt			455,683	454,751
Current portion of long-term loans			(134,574)	(130,057)
Total non-current debt			321,109	324,694

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

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As at 31 March 2010, the average effective borrowing rate was 6.64% per annum (31 December 2009: 6.67% 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 Bayerische Hypo- und Vereinsbank AG.

The Group borrowings as of 31 March of 2010 are repayable as follows:

	<u>Capital element</u>	<u>Contractual interest liability</u>
Due within three months	8,123	12,623
Due from three to six months	118,436	1,102
Due from six months to twelve months	<u>8,015</u>	<u>12,181</u>
	134,574	25,906
Between 1 and 2 years	23,124	22,247
Between 2 and 5 years	<u>297,985</u>	<u>2,704</u>
Total	<u>455,683</u>	<u>50,857</u>

15. RELATED PARTY TRANSACTIONS

Transactions between NCSP 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.

Given that the Federal Agency owns a 20% interest in NCSP significant balances and transactions with state-controlled entities are considered transactions with related parties. As at 31 March 2010 and 2009 the Group had balances and transactions with Sberbank, Transneft and its subsidiaries, Rosneft, Military divisions, Russian Railways, etc.

Transactions with state-controlled entities:

	<u>Three months ended 31 March 2010</u>	<u>Three months ended 31 March 2009</u>
Sales and income received from related parties	22,508	16,288
Sales and income received from related parties	3,118	1,917
Interest income		
Purchases from related parties		
Non-capital expenditures	1,488	1,009
Interest expenses	847	1,849

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Balances with state-controlled entities:

	31 March 2010	31 December 2009
Cash in related parties banks		
Cash and cash equivalents in related party bank	75,154	138,890
Deposit with related party bank	194,101	158,747
Receivables from related parties		
Trade and other receivables	5,923	2,870
Advances to suppliers	535	480
Short-term promissory notes	-	8,051
Payables to related parties		
Trade and other payables	67	57
Advances received from customers	472	2,653
Long-term debt	22,650	26,191
Current portion of long-term debt	7,924	8,755

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: NMT, Kuban Security Company, Ekomin, etc. Details of transactions between the Group and other related parties are disclosed below.

Transactions with other related parties:

	Three months ended 31 March 2010	Three months ended 31 March 2009
Sales and income received from related parties		
Sales and income received from related parties	-	150
Interest income	86	38
Purchases from related parties		
Services rendered	328	582

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Balances with other related parties:

	31 March 2010	31 December 2009
Receivables from related parties		
Trade and other receivables	1,010	968
Advances to suppliers	67	65
Short-term loans to related parties	1,252	1,142
Long-term loans to related parties	5,000	-

Compensation of key management personnel

For the three months ended 31 March 2010 and 31 March 2009, the remuneration of the directors and other members of key management was 1,508 and 1,148, respectively.

The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

16. 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.

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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 31 March 2010, 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.

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:

	31 March 2010
2010	7,943
2011	10,441
2012	9,254
2013	9,473
2014	7,046
Thereafter	188,001
Total	232,158

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17. CAPITAL COMMITMENTS

At 31 March 2010, the Group had the following capital commitments for acquisition of property, plant and equipment and construction works:

	31 March 2010	31 December 2009
NCSP	30,668	19,464
Baltic Stevedore	1,662	-
Novoroslesexport	1,439	30
Grain Terminal	841	129
IPP	244	15
Shipyard	235	13
Fleet	-	632
Total	35,089	20,283

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

18. INVESTMENT IN JOINT VENTURE

	Ownership % held	
	31 March 2010	31 December 2009
Joint venture		
OJSC NMT	50.00%	50.00%

Summarised financial information of the joint venture is represented below:

	31 March 2010	31 December 2009
Total assets	18,351	11,330
Total liabilities	(15,401)	(8,512)
Capital	2,950	2,818
Group's share of capital of joint venture	1,475	1,409
Carrying value of investment	1,452	1,409

19. EVENTS AFTER THE BALANCE SHEET DATE

On 4 June 2010 stockholders' meeting of NCSP took place, and the decision to pay dividends in amount of 77,928 was made.

FAS of Russia withdrew an action against the NCSP instituted on grounds of violation of antimonopoly legislation due to non-infringement. Grain Terminal being the second defendant has appealed decisions of FAS of Russia in a judicial order, including the prescription of such acts aimed at ensuring competition, and the imposition of an administrative penalty of 356. The Company management estimates probability of an invalidation of recognition of FAS' certificates by court as high.