

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

Consolidated Financial Information
For the Three Months Ended 31 March 2013

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2013
(in thousands of US Dollars, except earnings per share)**

	Notes	Three months ended 31 March 2013	Three months ended 31 March 2012
REVENUE	3	239,420	274,678
COST OF SERVICES	4	(106,135)	(108,223)
GROSS PROFIT		133,285	166,455
Selling, general and administrative expenses	5	(18,289)	(18,321)
Gain/(loss) on disposal of property, plant and equipment		138	(7)
OPERATING PROFIT		115,134	148,127
Interest income		5,684	2,082
Finance costs		(33,744)	(36,802)
Share of profit in joint venture, net		1,145	3,681
Foreign exchange (loss)/ gain, net		(41,526)	197,301
Other income, net		108	194
PROFIT BEFORE INCOME TAX EXPENSE		46,801	314,583
Income tax expense		(9,014)	(61,735)
PROFIT FOR THE PERIOD		37,787	252,848
OTHER COMPREHENSIVE (LOSS)/ INCOME			
Effect of translation to presentation currency		(30,807)	100,741
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,980	353,589
Profit for the period attributable to:			
Equity shareholders of the parent company		35,922	251,826
Non-controlling interests		1,865	1,022
		37,787	252,848
Total comprehensive income attributable to:			
Equity shareholders of the parent company		5,928	350,030
Non-controlling interests		1,052	3,559
		6,980	353,589
Weighted average number of ordinary shares outstanding		18,743,128,904	18,743,128,904
BASIC AND DILUTED EARNINGS PER SHARE (US Dollars)		0.0019	0.0134


Y.V. Matvienko
Acting Chief Executive Officer


G.I. Kachan
Chief Financial Officer

5 June 2013

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013
(in thousands of US Dollars)**

	Notes	31 March 2013	31 December 2012
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment		2,023,773	2,068,857
Goodwill		1,454,962	1,489,007
Mooring rights		7,538	7,864
Investments in securities and other financial assets		18,006	11,159
Investment in joint venture		9,600	8,916
Spare parts		5,384	5,467
Deferred tax assets		1,076	1,075
Other intangible assets		2,434	2,691
Other non-current assets		3,495	9,958
		<u>3,526,268</u>	<u>3,604,994</u>
CURRENT ASSETS:			
Inventories		8,572	8,195
Advances to suppliers		5,431	8,093
Trade and other receivables, net		55,590	43,037
VAT recoverable and other taxes receivable		21,471	23,965
Income tax receivable		1,408	272
Investments in securities and other financial assets		5,243	50,131
Cash and cash equivalents		313,049	242,579
		<u>410,764</u>	<u>376,272</u>
TOTAL ASSETS		<u>3,937,032</u>	<u>3,981,266</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Treasury shares		(281)	(281)
Foreign currency translation reserve		(71,407)	(41,413)
Retained earnings		1,363,024	1,327,102
Equity attributable to shareholders of the parent company		<u>1,301,807</u>	<u>1,295,879</u>
Non-controlling interests		33,497	32,445
TOTAL EQUITY		1,335,304	1,328,324
NON-CURRENT LIABILITIES:			
Long-term debt	6	2,017,656	2,171,762
Obligations under finance leases		10,083	6,089
Cross currency and interest rate swap		5,994	4,602
Defined benefit obligation		9,415	9,551
Deferred tax liabilities		281,369	292,082
Other non-current liabilities		988	949
		<u>2,325,505</u>	<u>2,485,035</u>
CURRENT LIABILITIES:			
Current portion of long-term debt	6	218,026	90,200
Current portion of obligations under finance leases		5,036	2,711
Trade and other payables		12,583	12,380
Advances received from customers		13,603	26,392
Taxes payable		7,170	6,113
Income tax payable		4,126	11,183
Accrued expenses		15,679	18,928
		<u>276,223</u>	<u>167,907</u>
TOTAL EQUITY AND LIABILITIES		<u>3,937,032</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 THREE MONTHS ENDED 31 MARCH 2013
(in thousands of US Dollars)**

	Notes	Three months ended 31 March 2013	Three months ended 31 March 2012
Cash flows from operating activities			
Cash from operations		113,107	174,418
Income tax paid		(21,158)	(702)
Interest paid		(28,983)	(30,857)
		<u>62,966</u>	<u>142,859</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		255	397
Purchases of property, plant and equipment		(13,715)	(9,408)
Proceeds from investments in securities and other financial assets		46,037	15,663
Purchases of investments in securities and other financial assets		(7,993)	(28,100)
Interest received		11,094	1,604
Purchases of other intangible assets		(154)	(53)
		<u>35,524</u>	<u>(19,897)</u>
Cash flows from financing activities			
Repayments of loans and borrowings		(22,541)	(23,039)
Dividends paid		(72)	(10)
Advances paid under lease contracts		(1,077)	-
		<u>(23,690)</u>	<u>(23,049)</u>
Net increase in cash and cash equivalents, net		74,800	99,913
Cash and cash equivalents at the beginning of the year		242,579	127,522
Effect of translation into presentation currency on cash and cash equivalents		(4,330)	5,295
		<u>313,049</u>	<u>232,730</u>
Cash and cash equivalents at the end of the period		313,049	232,730

PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 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>31 March 2013</u>	<u>31 December 2012</u>
Period-end rates		
RUR / 1 USD	31.0834	30.3727
RUR / 1 EUR	39.8023	40.2286
	<u>Three months ended 31 March 2013</u>	<u>Three months ended 31 March 2012</u>
Average for the period		
RUR / 1 USD	30.4142	30.2642
RUR / 1 EUR	40.1908	39.6784

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, therefore 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. 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.

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

**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE
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(in thousands of US Dollars, except as otherwise stated)

The segment revenue and results for the three months, ended 31 March 2013 and 31 March 2012 are as follows:

	Segment revenue		Inter-segments sales		Segment profit	
	Three months ended		Three months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Stevedoring and additional services	209,108	244,508	3,557	1,456	100,196	135,191
Novorossiysk	154,127	184,964	3,556	1,446	70,105	101,245
Primorsk	51,733	56,326	1	10	28,989	32,680
Baltiysk	3,248	3,218	-	-	1,102	1,266
Fleet services	26,124	26,342	1,279	1,320	11,003	14,482
Novorossiysk	13,548	14,096	623	660	3,327	6,204
Primorsk	12,576	12,246	656	660	7,676	8,278
Other services	4,188	3,828	4,297	3,641	5,221	4,794
Total reportable segments	239,420	274,678	9,133	6,417	116,420	154,467
Adjustments and eliminations					(69,619)	160,116
Profit before income tax expense					46,801	314,583

3. REVENUE

	Three months ended 31 March 2013	Three months ended 31 March 2012
Stevedoring services	184,302	219,020
Fleet services	26,124	26,342
Additional port services	24,806	25,488
Other	4,188	3,828
Total	239,420	274,678

4. COST OF SERVICES

	Three months ended 31 March 2013	Three months ended 31 March 2012
Fuel	34,029	36,340
Depreciation and amortisation	19,756	21,091
Personnel expenses	19,471	17,422
Rent	17,258	16,852
Taxes directly attributable to salaries	5,372	4,696
Repairs and maintenance	2,660	3,674
Other	7,589	8,148
Total	106,135	108,223

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5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March 2013	Three months ended 31 March 2012
Personnel expenses	8,355	8,601
Taxes other than income tax	2,593	2,215
Taxes directly attributable to salaries	1,910	1,823
Other	5,431	5,682
Total	18,289	18,321

6. DEBT

	Interest rate	Maturity date	31 March 2013	31 December 2012
Unsecured borrowings				
Bonds (RUR)	9.0%	April 2015	133,155	133,347
Unsecured bank loans (RUR)				
Sberbank	8.5%	November 2014	151,603	177,314
Sberbank	8.5%	November 2014	5,638	6,594
Total unsecured borrowings			290,396	317,255
Secured bank loans (USD)				
Sberbank	LIBOR 3M + 4.85%	January 2018	1,945,286	1,944,707
Total debt			2,235,682	2,261,962
Current portion of long-term borrowings			(218,026)	(90,200)
Total non-current debt			2,017,656	2,171,762

The Group borrowings as of 31 March 2013 are repayable as follows:

	Principal amount	Contractual interest liability	Total
Due within three months	22,435	34,547	56,982
Due from three to six months	22,432	28,108	50,540
Due from six months to twelve months	165,132	67,807	232,939
	209,999	130,462	340,461
Between 1 and 2 years	553,161	140,527	693,688
Between 2 and 5 years	1,464,495	157,504	1,621,999
Over 5 years	-	-	-
Total	2,227,655	428,493	2,656,148

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7. EVENTS AFTER THE BALANCE SHEET DATE

On 30 April 2013 rating agency Standard & Poor's Rating Services changed the rating on the international scale:

- before changing to the international scale: «BB-» with the forecast "Negative";
- after changing to the international scale: «BB-» with the forecast "Stable".

On 22 May 2013 the NCSP Board of Directors at a meeting put forward Y.V. Matvienko as the only candidate for the post of Chief Executive Officer, which currently hold the position of acting Chief Executive Officer.