Public Joint Stock Company Novorossiysk Commercial Sea Port and Subsidiaries

Interim Condensed Consolidated Financial Statements
For the Nine Months Ended 30 September 2010

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

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NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010
(in thousands of US Dollars, except earnings per share)

	Notes	Nine months ended 30 September 2010	Nine months ended 30 September 2009
REVENUE	5	499,372	508,238
COST OF SERVICES	6	(178,260)	(169,623)
GROSS PROFIT		**321,112**	**338,615**
Selling, general and administrative expenses	7	(28,086)	(38,931)
Loss on disposal of property, plant and equipment		(178)	(164)
OPERATING PROFIT		**292,848**	**299,520**
Interest income on deposits		16,478	8,038
Finance costs	8	(20,226)	(24,204)
Foreign exchange loss, net		(3,223)	(22,382)
Other income/(expenses), net		1,861	(142)
PROFIT BEFORE INCOME TAX		**287,738**	**260,830**
INCOME TAX EXPENSE			
Current income tax expense		(55,890)	(55,333)
Deferred tax benefit		1,138	2,587
PROFIT FOR THE PERIOD		**232,986**	**208,084**
OTHER COMPREHENSIVE LOSS			
Effect of translation to presentation currency		(5,021)	(1,396)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**227,965**	**206,688**
Profit for the period attributable to:			
Equity shareholders of the parent company		226,093	204,195
Non-controlling interests		6,893	3,889
		232,986	**208,084**
Total comprehensive income attributable to:			
Equity shareholders of the parent company		221,194	203,996
Non-controlling interests		6,771	2,692
		227,965	**206,688**
Weighted average number of ordinary shares outstanding		19,259,815,400	19,259,815,400
BASIC AND DILUTED EARNINGS PER SHARE (US Dollars)		0.0117	0.0106

Vilinov I.E.
Chief Executive Officer

23 December 2010

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 2010 AND 31 DECEMBER 2009
(in thousands of US Dollars)

	Notes	30 September 2010	31 December 2009
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	545,783	549,867
Goodwill		392,570	394,632
Mooring rights		9,195	9,692
Investments in securities and other financial assets	11	14,305	1,521
Investment in joint venture	12	16,348	1,409
Non-current VAT recoverable		4,194	1,094
Spare parts		4,768	4,532
Deferred tax assets		2,379	1,839
Other intangible assets		983	1,519
		990,525	966,105
CURRENT ASSETS:			
Inventories		7,608	8,510
Advances to suppliers		6,016	2,138
Trade and other receivables, net	13	41,224	32,499
VAT recoverable and other taxes receivable		15,153	24,771
Investments in securities and other financial assets	11	250,196	168,736
Cash and cash equivalents	14	58,635	159,075
		378,832	395,729
TOTAL ASSETS		**1,369,357**	**1,361,834**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Share premium		9,255	9,255
Foreign currency translation reserve		(48,858)	(43,959)
Retained earnings		969,551	823,035
Equity attributable to shareholders of the parent company		940,419	798,802
Non-controlling interests		24,940	18,170
TOTAL EQUITY		965,359	816,972
NON-CURRENT LIABILITIES:			
Long-term debt	15	298,529	324,694
Defined benefit obligation	16	7,022	9,732
Deferred tax liabilities		33,228	33,988
		338,779	368,414
CURRENT LIABILITIES:			
Current portion of long-term debt	15	28,488	130,057
Trade and other payables		9,741	5,318
Advances received from customers		3,053	18,006
Taxes payable		9,536	4,656
Interest rate swap liability		569	3,064
Accrued expenses		13,832	15,347
		65,219	176,448
TOTAL EQUITY AND LIABILITIES		**1,369,357**	**1,361,834**

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 2010
(in thousands of US Dollars)

		Attributable to shareholders of the parent company						
	Notes	**Share capital**	**Share premium**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
At 1 January 2009		**10,471**	**9,255**	**(37,748)**	**606,383**	**588,361**	**27,117**	**615,478**
Dividends	9	-	-	-	(15,714)	**(15,714)**	-	**(15,714)**
Profit for the period		-	-	-	204,195	**204,195**	3,889	**208,084**
Effect of translation to presentation currency		-	-	(199)	-	**(199)**	(1,197)	**(1,396)**
Total comprehensive income		-	-	(199)	204,195	**203,996**	2,692	**206,688**
Increase of ownership in subsidiaries		-	-	-	(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**
At 1 January 2010		**10,471**	**9,255**	**(43,959)**	**823,035**	**798,802**	**18,170**	**816,972**
Dividends	9	-	-	-	(79,576)	**(79,576)**	(1)	**(79,577)**
Profit for the period		-	-	-	226,093	**226,093**	6,893	**232,986**
Effect of translation to presentation currency		-	-	(4,899)	-	**(4,899)**	(122)	**(5,021)**
Total comprehensive income		-	-	(4,899)	226,093	**221,194**	6,771	**227,965**
Purchase of ownership in subsidiaries		-	-	-	(0.8)	**(0.8)**	(0.2)	**(1)**
At 30 September 2010		**10,471**	**9,255**	**(48,858)**	**969,551**	**940,419**	**24,940**	**965,359**

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 CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010
(in thousands of US Dollars)

	Notes	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Cash flows from operating activities			
Cash generated from operations		308,656	343,176
Income tax paid		(42,639)	(53,719)
Interest paid		(15,866)	(18,786)
Net cash generated from operating activities		**250,151**	**270,671**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		453	751
Purchase of property, plant and equipment		(45,228)	(49,677)
Proceeds from maturity of securities and other financial assets		549,324	146,275
Purchase of securities and other financial assets		(638,839)	(223,263)
Increase of ownership in subsidiaries		-	(26,573)
Purchase of ownership in subsidiaries	17	(1)	-
Investment in joint venture		(15,118)	-
Interest received		15,098	3,846
Purchase of other intangible assets		(280)	(512)
Net cash used in investing activities		**(134,591)**	**(149,153)**
Cash flows from financing activities			
Repayments of borrowings		(134,894)	(48,778)
Dividends paid		(77,543)	(14,656)
Net cash used in financing activities		**(212,437)**	**(63,434)**
Net (decrease)/increase in cash and cash equivalents		**(96,877)**	**58,084**
Cash and cash equivalents at the beginning of the period	14	159,075	42,868
Effect of translation into presentation currency and exchange rate changes on the balance of cash held in foreign currencies		(3,563)	3,597
Cash and cash equivalents at the end of the period	14	**58,635**	**104,549**

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

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 30 September 2010 were as follows:

Subsidiaries	Nature of business
OJSC IPP	Stevedoring and additional port services
PJSC Fleet 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

The 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 the 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:

OJSC IPP ("IPP")

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

PJSC Fleet 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 transhipment of ferrous metals. It also handles loose goods in soft containers and big bags, construction cargo, oversize cargo, food and perishable cargo, and ro-ro cargo at its own ferry berth.

OJSC Novoroslesexport ("Novoroslesexport")

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

PJSC Novorossiysk Grain Terminal ("Grain Terminal")

Grain Terminal manages grain storage and a 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 the Kaliningrad District.

Golden Share

According to decree No.1343-p dated 12 August 2010 issued by the Government of the Russian Federation it has exercised the special right for its involvement in management of PJSC NCSP ("golden share"). NCSP has been included in the privatization plan for 2010. A golden share for the state provides it with special rights in comparison with other shareholders. The state can block a decision made by shareholders for amendments to the charter, as well as decisions on liquidation, corporate restructuring and significant transactions.

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

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial statements as were applied in the Group's financial statements for the year ended 31 December 2009, except as described below.

In the current period, the Group adopted all of the following new and revised Standards and Interpretations issued by the IASB and the IFRIC of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010.

- amendments resulting from Annual Improvements to IFRSs;
- IFRS 3 (revised 2008) *Business combinations;* and
- IAS 27 (revised 2008) Consolidated and separate financial statements.

The most significant changes to the Group's previous accounting policies arising out of the new standards relate to business combinations arising and are as follows:

- acquisition related costs which previously would have been included in the cost of a business combination are included in administrative expenses as they are incurred;
- any pre-existing equity interest in the entity acquired is remeasured to fair value at the date of obtaining control, with any resulting gain or loss recognised in profit or loss;
- any changes in the Group's ownership interest subsequent to the date of obtaining control are recognised directly in equity, with no adjustment to goodwill; and
- any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition are recognised in profit or loss. Previously, such changes resulted in an adjustment to goodwill.

The first-time application of the aforementioned amendments to standards from 1 January 2010 had no material effects on the interim condensed consolidated financial statements of the Group for the period ended 30 September 2010.

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.

(in thousands of US Dollars)

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 and Henford Logistics ltd, which has US Dollar ("USD") as it functional currency) is the Russian Rouble ("RUR"). The presentation currency of the 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.

Exchange rates

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

	30 September 2010	31 December 2009
Period-end rates		
RUR / 1 USD	30.4030	30.2442
RUR / 1 EUR	41.3481	43.3883

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Average for the period		
RUR / 1 USD	30.2538	32.4814
RUR / 1 EUR	39.8060	44.3240

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 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 transhipping services, including bunkering) and additional port services (forwarding, storage, custom documentation, repacking, etc.);
- fleet services;
- ship repair services, and
- other services mainly comprising rent and resale of energy and utilities to external customers. Neither of these services individually constitutes a separate reportable segment.

The Group has adopted the amendments to IFRS 8 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 thousands of US Dollars)

Information regarding the Group's reportable segments for the nine months ended 30 September 2010 and the comparative information for the nine months ended 30 September 2009 is presented below.

The segment information for the nine months ended 30 September 2010:

	Stevedoring and additional	Fleet	Ship repair	Other	Total reportable segments	Adjust-ments and eliminations	Con-solidated
Segment revenue							
Third parties	455,212	34,491	1,488	8,181	499,372	-	499,372
Inter-segments	3,706	1,883	68	8,839	14,496	(14,496)	-
Total revenue	**458,918**	**36,374**	**1,556**	**17,020**	**513,868**	**(14,496)**	**499,372**
Segment profit/(loss)	255,356	21,454	(744)	9,718	285,784	1,954	287,738
Other segment information							
Depreciation and amortisation charge	41,261	2,547	842	2,377	47,027	3,930	50,957
Capital expenditures	46,518	159	-	193	46,870	1,514	48,384
Contribution to joint venture	15,019	-	-	-	15,019	-	15,019

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 investment revenue, foreign exchange gains and losses, finance costs, central administration costs and directors' salaries. 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:

	Nine months ended 30 September 2010
Unallocated:	
Interest income on deposits	16,478
Other income, net	1,861
Loss on disposal of property, plant and equipment	(178)
Foreign exchange loss, net	(3,223)
Finance costs	(20,226)
Other unallocated expenses included in operating profit	(7,254)
Eliminated:	
Inter-segment purchases	14,496
Total adjustments and eliminations	**1,954**

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

	Stevedoring and additional	Fleet	Ship repair	Other	Total reportable segments	Adjust-ments and eliminations	Con-solidated
Segment revenue							
Third parties	465,979	35,622	445	6,192	508,238	-	508,238
Inter-segments	2,966	1,655	613	8,976	14,210	(14,210)	-
Total revenue	**468,945**	**37,277**	**1,058**	**15,168**	**522,448**	**(14,210)**	**508,238**
Segment profit/(loss)	281,055	14,920	(652)	9,460	304,783	(43,953)	260,830
Other segment information							
Depreciation and amortisation charge	38,641	3,221	783	793	43,438	3,105	46,543
Capital expenditures	43,861	3,707	-	59	47,627	2,453	50,080
Contribution to joint venture	1,311	-	-	-	1,311	-	1,311

(in thousands of US Dollars)

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 investment revenue, foreign exchange gains and losses, finance costs, central administration costs and directors' salaries. 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:

	Nine months ended 30 September 2009
Unallocated:	
Interest income on deposits	8,038
Other expenses, net	(142)
Loss on disposal of property, plant and equipment	(164)
Foreign exchange loss, net	(22,382)
Finance costs	(24,204)
Other unallocated expenses included in operating profit	(19,309)
Eliminated:	
Inter-segment purchases	14,210
Total adjustments and eliminations	**(43,953)**

5. REVENUE

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Stevedoring services	391,600	399,100
Additional port services	63,612	66,879
Fleet services	34,491	35,622
Ship repair services	1,488	445
Other	8,181	6,192
Total	**499,372**	**508,238**

Certain comparative information, presented in the revenue note for the nine months ended 30 September 2009, has been reclassified in order to achieve comparability with the presentation used in the interim condensed consolidated financial statements for the nine months ended 30 September 2010.

(in thousands of US Dollars)

6. COST OF SERVICES

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Fuel	50,277	50,636
Depreciation and amortisation	48,250	43,926
Payroll	37,920	32,863
Repairs and maintenance	11,939	8,675
Taxes directly attributable to salaries	10,093	7,942
Rent	7,826	7,354
Raw materials	5,916	5,782
Subcontractors	4,941	4,896
Energy and utilities	4,518	3,285
Insurance	326	263
Defined benefit obligation (credit)/charge	(2,286)	2,495
Change in provision for probable economic outflows	(2,868)	-
Other	1,408	1,506
Total	**178,260**	**169,623**

In the 4th quarter 2009 the Group recognized provision for probable economic outflows in the amount of 2,735. In the 3rd quarter 2010 the change in probability of contingent event occurred and the provision was reversed in full in the financial statements for 9 months 2010.

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Personnel expenses	15,155	16,225
Taxes other than income tax	6,530	6,177
Security services	3,019	2,981
Depreciation and amortisation	2,707	2,617
Taxes directly attributable to salaries	2,341	1,961
Charity	2,109	1,388
Rent	1,190	954
Bank charges	1,175	1,690
Travel and representation expenses	1,026	884
Advertising	812	656
Repairs and maintenance	713	855
Professional services	710	418
Raw materials	479	537
Reversal of loss on advances for property, plant and equipment	(8,456)	-
Change in provision for probable economic outflows	(2,710)	-
Other	1,286	1,588
Total	**28,086**	**38,931**

In the 4th quarter 2009 the Group recognized provision for probable economic outflows in the amount of 2,585. In the 3rd quarter 2010 the change in probability of contingent event occurred and the provision was reversed in full in the financial statements for 9 months 2010.

(in thousands of US Dollars)

8. FINANCE COSTS

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Interest on borrowings	20,116	22,671
Net loss on interest rate swap	110	1,533
Total	**20,226**	**24,204**

9. DIVIDENDS

During the first nine months of 2010, NCSP declared dividends in respect of the year ended 31 December 2009 in the amount of 79,576 (0.0041 USD per 1 share).

During the first nine months of 2009, NCSP declared dividends in respect of the year ended 31 December 2008 in the amount of 15,714 (0.0008 USD per 1 share).

(in thousands of US Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and construction	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
Transfers	-	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)**
Charge for the period	-	(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)**
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 30 September 2009	**18,941**	**259,799**	**131,749**	**42,110**	**8,251**	**35,678**	**70,072**	**566,600**

(in thousands of US Dollars)

	Land	Buildings and constructions	Machinery and equipment	Marine vessels	Vehicles	Office and other equipment	Construction in progress	Total
Cost								
As at 1 January 2010[(1)]	**18,904**	**312,452**	**270,672**	**64,397**	**16,567**	**68,894**	**57,950**	**809,836**
Additions	234	4,059	10,706	-	878	1,424	31,083	48,384
Acquired on acquisition of subsidiaries	-	-	-	22,832	-	-	-	22,832
Transfers	-	677	595	1,651	-	-	(2,923)	-
Disposals	-	(88)	(1,807)	(2,137)	(492)	(314)	(104)	(4,942)
Disposal of advances for property, plant and equipment	-	-	-	-	-	-	(30,375)	(30,375)
Effect of translation into presentation currency	(101)	(1,655)	(1,461)	(445)	(88)	(365)	(566)	(4,681)
As at 30 September 2010	**19,037**	**315,445**	**278,705**	**86,298**	**16,865**	**69,639**	**55,065**	**841,054**
Accumulated depreciation								
As at 1 January 2010[(1)]	**-**	**(59,386)**	**(130,644)**	**(23,810)**	**(8,759)**	**(28,500)**	**(8,870)**	**(259,969)**
Charge for the period	-	(17,388)	(23,919)	(2,896)	(1,194)	(4,622)	-	(50,019)
Disposals	-	51	1,770	1,806	413	271	-	4,311
Reversal of loss on advances for property, plant and equipment	-	-	-	-	-	-	8,456	8,456
Effect of translation into presentation currency	-	396	791	130	51	168	414	1,950
As at 30 September 2010	**-**	**(76,327)**	**(152,002)**	**(24,770)**	**(9,489)**	**(32,683)**	**-**	**(295,271)**
Carrying value								
As at 1 January 2010[(1)]	**18,904**	**253,066**	**140,028**	**40,587**	**7,808**	**40,394**	**49,080**	**549,867**
As at 30 September 2010	**19,037**	**239,118**	**126,703**	**61,528**	**7,376**	**36,956**	**55,065**	**545,783**

[(1)]The 1 January 2010 balances of the property, plant and equipment has been reclassified between groups versus balances presented as at 31 December 2009 due to identified misclassification by management.

(in thousands of US Dollars)

As at 30 September 2010 construction in progress included 28,949 (31 December 2009: 40,398) of advances paid for property, plant and equipment.

During the first nine months of 2010 Fleet acquired Henford Logistics Ltd. This acquisition resulted in elimination of advances for property, plant and equipment given to Henford Logistics Ltd in prior reporting periods in the amount of 30,375. A loss on such advances of 8,456 was recognised in the year ended 31 December 2009. This loss was subsequently reversed in the nine months ended 30 June 2010.

11. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	30 September 2010	31 December 2009
Current		
Financial assets carried at amortised cost		
Deposits	249,096	159,682
Loans issued	1,100	1,003
Promissory notes	-	8,051
Total current	**250,196**	**168,736**
Non-current		
Financial assets carried at amortised cost		
Loans issued and other financial assets	14,305	86
Deposits with maturity period over year	-	1,435
Total non-current	**14,305**	**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 1.50% to 2.60% per annum and in VTB bank with an interest rate 3.25% per annum. Short-term deposits denominated in EUR are placed in Sberbank with interest rates varying from 0.90% to 1.00% per annum and in Gazprombank with interest rates varying from 2.00% to 2.75% per annum. Short-term deposits denominated in RUR are mainly placed in the Russian Agricultural Bank with interest rates varying from 7.10% to 10.10% per annum.

Current loans issued include short-term loans given to employees of the Group and short-term loans to related and third parties. The loans are denominated in USD with interest rate of 5% and in RUR with interest rate of 8% per annum.

Non-current loans issued and other financial assets include long-term loans to third parties and other related parties. Long-term loans are denominated in USD with interest rates varying from 5% to 7% per annum and in RUR with interest rate of 8% per annum.

(in thousands of US Dollars)

12. INVESTMENT IN JOINT VENTURE

LLC Novorossiysk Fuel Oil Terminal ("NFT") is fuel oil terminal with expected 4 million tons per year capacity. The LLC NFT is at the stage of reconstructing and modernizing liquid cargo berths in order to facilitate loading of oil products from the terminal to tanker ships.

	Ownership % held	
Joint venture	**30 September 2010**	**31 December 2009**
LLC NFT	50.00%	50.00%

Summarised financial information LLC NFT is represented below:

	30 September 2010	31 December 2009
Total assets	69,843	11,330
Total liabilities	(37,147)	(8,512)
Net assets	**32,696**	**2,818**
Group's share of net assets of joint venture	**16,348**	**1,409**
Carrying value of investment	**16,348**	**1,409**

During the nine months ended 30 September 2010, the Group injected in the capital of LLC NFT contribution in the amount of 15,118.

13. TRADE AND OTHER RECEIVABLES, NET

	30 September 2010	31 December 2009
Trade accounts receivables	35,290	27,474
Interest receivables	2,971	1,606
Other receivables	4,773	4,930
Less: allowance for doubtful receivables	(1,810)	(1,511)
Total	**41,224**	**32,499**

14. CASH AND CASH EQUIVALENTS

	30 September 2010	31 December 2009
Bank deposits in RUR	29,175	58,529
Bank deposits in USD	18,609	11,760
Bank deposits in EUR	2,584	83,301
Current accounts in USD	4,019	2,795
Current accounts in RUR	3,814	2,541
Current accounts in EUR	403	48
Cash in hand	31	101
Total	**58,635**	**159,075**

Bank deposits at 30 September 2010 mainly represent deposits with Sberbank with an original maturity of three months or less.

(in thousands of US Dollars)

15. DEBT

	Interest rate	Maturity date	30 September 2010	31 December 2009
Unsecured bank loans				
Loan Participation Notes (USD)	7%	May 2012	306,346	300,361
Bayerische Hypo- und Vereinsbank AG (USD)	LIBOR + 1.6%	July 2010	-	117,912
Sberbank (USD)	10.0%	August 2011	20,671	28,241
Sberbank (USD)	10.0%	September 2011	-	3,546
Secured bank loans				
Sberbank (USD)	11.0%	December 2011	-	2,332
UniCredit Bank (USD)	8.95%	September 2011	-	1,532
Sberbank (USD)	11.0%	December 2011	-	827
Total debt			**327,017**	**454,751**
Current portion of long-term loans			(28,488)	(130,057)
Total non-current debt			**298,529**	**324,694**

The principal amount on the Sberbank unsecured bank loan is payable by instalments at the end of each quarter with final maturity date in August 2011.

Interest on the Bayerische Hypo- und Vereinsbank AG facility bears at a rate of one month US dollar LIBOR plus 1.60% (declining to 1.40%, if the Group obtains a rating of Ba3 (or the equivalent) by Moody's or an equivalent rating agency), which is payable monthly. To mitigate the interest rate risk on the loan provided by Bayerische Hypo- und Vereinsbank AG, the Group entered into an interest rate swap agreement to fix the LIBOR rate. The outstanding principal amount of the facility was repaid in full at final maturity on 17 July 2010.

As at 31 December 2009 property, plant and equipment with a carrying value of 8,386 were pledged to secure bank overdrafts and loans granted to the Group.

As at 30 September 2010, the average effective borrowing rate was 7.19% per annum (31 December 2009: 6.67% per annum). A majority of the Group's debt facilities have interest rates that are fixed at the contract date.

The Group borrowings as of 30 September of 2010 are repayable as follows:

	Capital element	Contractual interest liability
Due within three months	7,834	11,107
Due from three months to six months	1,511	509
Due from six months to twelve months	19,143	11,121
	28,488	**22,737**
Between 1 and 2 years	298,529	21,058
Total	**327,017**	**43,795**

(in thousands of US Dollars)

16. EMPLOYEE BENEFITS

Unfunded defined benefit plan

The most recent actuarial valuation of the defined benefit obligation was carried out as at 30 September 2010. The adoption of a new collective agreement, a change in employee turnover and a change in the assumption for the expected annual rate of post retirement benefits gave rise to a decrease in the defined benefit obligation. The present value of the defined benefit obligation, the related current service cost and the past service cost were all measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	30 September 2010	**31 December 2009**
Discount rate	9%	9%
Employees turnover per annum	7%	7%
Expected annual rate of salary increase	10%	10%
Expected annual rate of post retirement benefits increase	0%	4%
Average residual period of work	7 years	7 years

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Nine months ended 30 September 2010	**Nine months ended 30 September 2009**
Interest on obligation	647	350
Current service cost	204	141
Past service cost	180	167
Actuarial (gains)/losses recognised during the period	(3,317)	1,837
Total	**(2,286)**	**2,495**

The defined benefit obligation impact for the respective period has been included in cost of services.

The amount included in the interim condensed consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	30 September 2010	**31 December 2009**
Present value of unfunded benefit obligation	7,559	10,451
Past service cost not yet recognised	(537)	(719)
Net liability arising from defined benefit obligation	**7,022**	**9,732**

(in thousands of US Dollars)

Movements in the present value of the defined benefit obligations in the current period were as follows:

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Opening defined benefit obligation	**10,451**	**8,630**
Actuarial (gains)/losses recognised during the year	(3,317)	1,837
Interest cost	647	350
Current service cost	204	140
Benefits paid	(385)	(358)
Effect of translation to presentation currency	(41)	(47)
Closing defined benefit obligation	**7,559**	**10,522**

Defined contribution plans

Taxes directly attributable to salaries paid to the Russian Federation State Pension Fund amounted to 9,224 and 7,745 for the nine months ended 30 September 2010 and 30 September 2009, respectively.

17. INVESTMENTS IN SUBSIDIARY

On 29 June 2010, Fleet acquired an 80% share in Henford Logistics Ltd. (Hong-Kong), an entity with share capital of 0.012 (twelve USD), for cash consideration of 1 (one thousand USD) in order to expand the tug and tow business of the Group. The fair value of the net assets at the date of acquisition was close to zero.

Management used provisional accounting of assets acquired and liabilities assumed at the date of acquisition.

18. 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 to be transactions with related parties. In 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:

	Nine months ended 30 September 2010	Nine months ended 30 September 2009
Sales and income received from related parties		
Sales and income received from related parties	65,493	60,328
Interest income	7,509	7,528
Purchases from related parties		
Non-capital expenditures	4,270	4,077
Interest expense	2,171	3,966

(in thousands of US Dollars)

Balances with state-controlled entities:

	30 September 2010	31 December 2009
Cash in related party bank		
Cash and cash equivalents in related party bank	56,528	138,890
Deposits with related party bank	55,314	158,747
Receivables from related parties		
Trade and other receivables	2,121	2,870
Advances to suppliers	194	480
Short-term promissory notes	-	8,051
Payables to related parties		
Trade and other payables	82	57
Advances received from customers	667	2,653
Long-term debt (including current portion)	20,671	34,946

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 and its subsidiaries in the ordinary course of business enter into various sales, purchases and service transactions with related parties: NFT, 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 2010	Nine months ended 30 September 2009
Sales and income received from related parties		
Sales and income received from related parties	1,067	512
Interest income	380	71
Purchases from related parties		
Services rendered	982	1,995

Balances with other related parties:

	30 September 2010	31 December 2009
Receivables from related parties		
Trade and other receivables	7,179	968
Advances to suppliers	65	65
Short-term loans to related parties	1,087	1,142
Long-term loans to related parties	14,302	-
Payables to related parties		
Trade and other payables	110	-

Compensation of key management personnel

For the nine months ended 30 September 2010 and 30 September 2009, the remuneration of the directors and other members of key management was 5,464 and 6,084, respectively.

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

19. 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 defences 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

Although in recent years there has been a general improvement in economic conditions in the Russian Federation, the Russian Federation continues to display certain characteristics of an emerging market. These include, but are not limited to, currency controls and convertibility restrictions, relatively high level of inflation and continuing efforts by the government to implement structural reforms.

(in thousands of US Dollars)

As a result, laws and regulations affecting businesses in the Russian Federation continue to change rapidly. Tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

Insurance

As at 30 September 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 five 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 2010
2010	2,828
2011	10,476
2012	9,583
2013	9,557
2014	9,335
Thereafter	182,248
Total	**224,027**

20. CAPITAL COMMITMENTS

At 30 September 2010, the Group had the following capital commitments for the acquisition of property, plant and equipment and construction works:

	30 September 2010	**31 December 2009**
NCSP	52,232	19,464
Baltic Stevedore	22,394	-
Novoroslesexport	1,155	30
Grain Terminal	307	129
IPP	248	15
Shipyard	29	13
Fleet	-	632
Total	**76,365**	**20,283**

The above commitments were entered into in order to enhance the Groups' transhipment capacities during the following three-10 years.

21. EVENTS AFTER THE BALANCE SHEET DATE

Novorossiysk Port Capital S.A. (the lender) waived the right to require prepayment the loan in the amount of USD 300,000 thousand with the rate of 7% due 2012 from NCSP (the borrower) in connection with the planned transaction to acquire 100% of the share capital of "Primorsk Trade Port" (LLC PTP).

The meeting of bondholders held on 6 December 2010 has adopted the Extraordinary resolution waiving the right of bondholders to require NCSP to redeem their Notes and prepay the loan in case of the breach of Consolidated Leverage Ratio (debt/EBITDA) covenant and a potential occurrence of Change of Control as a result of the execution of the planned acquisition. NCSP paid USD 2,752 thousand to Novorossiysk Port Capital S.A. as a refusal fee from above-mentioned right.

On 7 December 2010, the results of the open tender to select a credit institution for granting credit resources to NCSP was reviewed. Sberbank of Russia was chosen as the winner of the tender, which offered to provide financing in the amount of USD 1,950,000 thousand for a period of 7 years, with interest payments on credit in the amount of (a) floating interest rate of LIBOR3M + 4.85% per annum during the first 3 years of the loan facility and (b) fixed interest rate of 7.48% during the remaining 4 years of the loan facility. The loan facility shall be secured by pledging of the acquired company – Primorsk Trade Port LLC, and by 50.1% of NCSP ordinary shares held by Novoport Holding LTD.

On 16 December 2010, Extraordinary General Meeting of NCSP' shareholders has decided to approve a major transaction to acquire by NCSP (the buyer) from OMIRICO Limited Company (OMIRICO LIMITED), the Republic of Cyprus (the seller) 100% of the share capital of "Primorsk Trade Port" (LLC PTP). The purchase price is USD 2,153,000 thousand. There is an interest of the Company's shareholder - NOVOPORT HOLDING LTD in the transaction. It is a condition to the transaction that Kadina Limited Company (the attaching party) sell to OMIRICO LIMITED, and that OMIRICO LIMITED purchase, 100% of the issued shares of NOVOPORT HOLDING LTD. General Meeting of NCSP' shareholders approved the Loan Facility Agreement between NCSP (the borrower) and the credit institution, which was chosen by NCSP based on the results of the open tender in the amount not exceeding USD 1,950,000 thousand to purchase 100% of share capital of LLC PTP.