

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

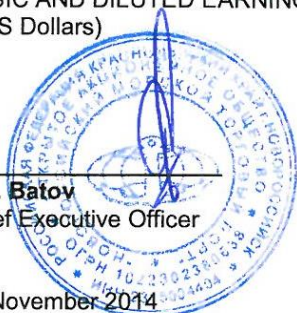
**Consolidated Financial Information**  
For the Nine Months Ended 30 September 2014

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME FOR  
THE NINE MONTHS ENDED 30 SEPTEMBER 2014**  
*(in thousands of US Dollars, except earnings per share)*

|   | Notes | Nine months<br>ended<br>30 September<br>2014 | Nine months<br>ended<br>30 September<br>2013 |
|---|-------|--|--|
| REVENUE   | 3     | 746,919                                      | 691,393                                      |
| COST OF SERVICES  | 4     | <u>(303,044)</u>                             | <u>(318,457)</u>                             |
| <b>GROSS PROFIT</b>   |       | <b>443,875</b>                               | <b>372,936</b>                               |
| Selling, general and administrative expenses                        | 5     | (50,082)                                     | (56,634)                                     |
| Gain on disposal of property, plant and equipment                   |       | <u>1,099</u>                                 | <u>137</u>                                   |
| <b>OPERATING PROFIT</b>   |       | <b>394,892</b>                               | <b>316,439</b>                               |
| Interest income   |       | 24,744                                       | 18,441                                       |
| Finance costs   |       | (115,098)                                    | (102,639)                                    |
| Share of (loss)/profit in joint venture, net                        |       | (2,580)                                      | 635  |
| Foreign exchange loss, net  |       | (286,360)                                    | (108,100)                                    |
| Other (expenses)/income, net  |       | <u>(329)</u>                                 | <u>1,715</u>                                 |
| <b>PROFIT BEFORE INCOME TAX EXPENSE</b>                             |       | <b>15,269</b>                                | <b>126,491</b>                               |
| Income tax expense  |       | <u>(5,182)</u>                               | <u>(24,646)</u>                              |
| <b>PROFIT FOR THE PERIOD</b>  |       | <b>10,087</b>                                | <b>101,845</b>                               |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX                 |       |  |  |
| <i>Items to be subsequently reclassified to profit or loss:</i>     |       |  |  |
| Effect of translation to presentation currency                      |       | (185,466)                                    | (81,976)                                     |
| <i>Items not to be subsequently reclassified to profit or loss:</i> |       |  |  |
| Remeasurement of net defined benefit liability                      |       | (19)   | -  |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX                 |       |  |  |
|   |       | <u>(185,485)</u>                             | <u>(81,976)</u>                              |
| <b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>             |       | <b><u>(175,398)</u></b>                      | <b><u>19,869</u></b>                         |
| Profit for the period attributable to:                              |       |  |  |
| Equity shareholders of the parent company                           |       | 2,423  | 97,806                                       |
| Non-controlling interests   |       | <u>7,664</u>                                 | <u>4,039</u>                                 |
|   |       | <b><u>10,087</u></b>                         | <b><u>101,845</u></b>                        |
| Total comprehensive (loss)/income attributable to:                  |       |  |  |
| Equity shareholders of the parent company                           |       | (176,439)                                    | 17,775                                       |
| Non-controlling interests   |       | <u>1,041</u>                                 | <u>2,094</u>                                 |
|   |       | <b><u>(175,398)</u></b>                      | <b><u>19,869</u></b>                         |
| Weighted average number of ordinary shares outstanding              |       | 18,743,128,904                               | 18,743,128,904                               |
| BASIC AND DILUTED EARNINGS PER SHARE                                |       |  |  |
| (US Dollars)  |       | 0.0001                                       | 0.0052                                       |

**S.K. Batov**  
Chief Executive Officer



**G.I. Kachan**  
Chief Accountant

27 November 2014

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014  
(in thousands of US Dollars)**

|   | Notes | 30 September<br>2014    | 31 December<br>2013     |
|---|-------|-------------------------|-------------------------|
| <b>ASSETS</b>   |       |                         |                         |
| NON-CURRENT ASSETS:                                       |       |                         |                         |
| Property, plant and equipment                             |       | 1,631,179               | 1,959,812               |
| Goodwill  |       | 938,080                 | 1,128,893               |
| Mooring rights  |       | 5,260                   | 6,745                   |
| Other financial assets                                    |       | 18,000                  | 18,615                  |
| Investment in joint venture                               |       | 5,501                   | 9,752                   |
| Spare parts   |       | 6,180                   | 6,907                   |
| Deferred tax assets                                       |       | 316                     | 4,623                   |
| Other intangible assets                                   |       | 1,749                   | 2,244                   |
| Other non-current assets                                  |       | 2,613                   | 1,643                   |
|   |       | <u>2,608,878</u>        | <u>3,139,234</u>        |
| CURRENT ASSETS:   |       |                         |                         |
| Inventories   |       | 9,069                   | 12,451                  |
| Advances to suppliers                                     |       | 11,313                  | 4,197                   |
| Trade and other receivables, net                          |       | 37,319                  | 42,855                  |
| VAT recoverable and other taxes receivable                |       | 19,584                  | 25,124                  |
| Income tax receivable                                     |       | 493                     | 1,198                   |
| Other financial assets                                    |       | 4,365                   | 5,032                   |
| Cash and cash equivalents                                 |       | 442,761                 | 420,966                 |
|   |       | <u>524,904</u>          | <u>511,823</u>          |
| Assets held for sale                                      |       | -                       | 6,466                   |
| <b>TOTAL ASSETS</b>                                       |       | <b><u>3,133,782</u></b> | <b><u>3,657,523</u></b> |
| <b>EQUITY AND LIABILITIES</b>                             |       |                         |                         |
| EQUITY:   |       |                         |                         |
| Share capital   |       | 10,471                  | 10,471                  |
| Treasury shares   |       | (281)                   | (281)                   |
| Foreign currency translation reserve                      |       | (309,212)               | (130,371)               |
| Retained earnings   |       | 1,192,771               | 1,203,686               |
| Equity attributable to shareholders of the parent company |       | <u>893,749</u>          | <u>1,083,505</u>        |
| Non-controlling interests                                 |       | 36,560                  | 35,177                  |
| <b>TOTAL EQUITY</b>                                       |       | <b>930,309</b>          | <b>1,118,682</b>        |
| NON-CURRENT LIABILITIES:                                  |       |                         |                         |
| Long-term debt  | 6     | -                       | 1,767,379               |
| Obligations under finance leases                          |       | 12,705                  | 20,260                  |
| Cross-currency and interest rate swap                     |       | 34,819                  | 14,411                  |
| Defined benefit obligation                                |       | 7,809                   | 9,184                   |
| Deferred tax liabilities                                  |       | 173,913                 | 262,819                 |
| Other non-current liabilities                             |       | 809                     | 1,301                   |
|   |       | <u>230,055</u>          | <u>2,075,354</u>        |
| CURRENT LIABILITIES:                                      |       |                         |                         |
| Current portion of long-term debt                         | 6     | 1,921,417               | 388,666                 |
| Current portion of obligations under finance leases       |       | 9,421                   | 9,709                   |
| Trade and other payables                                  |       | 9,201                   | 22,099                  |
| Advances received from customers                          |       | 11,726                  | 17,817                  |
| Taxes payable   |       | 4,301                   | 5,420                   |
| Income tax payable  |       | 8,089                   | 2,842                   |
| Accrued expenses  |       | 9,263                   | 16,934                  |
|   |       | <u>1,973,418</u>        | <u>463,487</u>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |       | <b><u>3,133,782</u></b> | <b><u>3,657,523</u></b> |

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014  
(in thousands of US Dollars)**

|   | Notes | Nine months<br>ended<br>30 September<br>2014 | Nine months<br>ended<br>30 September<br>2013 |
|---|-------|--|--|
| <b>Cash flows from operating activities</b>                                   |       |  |  |
| Cash from operations  |       | 433,161                                      | 357,786                                      |
| Income tax paid   |       | (43,760)                                     | (44,857)                                     |
| Interest paid   |       | (85,103)                                     | (90,482)                                     |
|   |       | <u>304,298</u>                               | <u>222,447</u>                               |
| <b>Cash flows from investing activities</b>                                   |       |  |  |
| Proceeds from disposal of property, plant and equipment                       |       | 7,218  | 563  |
| Purchases of property, plant and equipment                                    |       | (58,773)                                     | (59,561)                                     |
| Proceeds from other financial assets  |       | 5,063  | 64,559                                       |
| Purchases of other financial assets   |       | (5,163)                                      | (20,204)                                     |
| Interest received   |       | 20,154                                       | 15,840                                       |
| Purchases of other intangible assets  |       | (782)  | (506)  |
|   |       | <u>(32,283)</u>                              | <u>691</u>                                   |
| <b>Cash flows from financing activities</b>                                   |       |  |  |
| Repayments of loans and borrowings  |       | (207,664)                                    | (65,068)                                     |
| Dividends paid  |       | (12,354)                                     | (14,050)                                     |
| Increase of ownership in subsidiaries   |       | -  | (28)   |
| Payments under lease contracts  |       | (9,536)                                      | (5,064)                                      |
|   |       | <u>(229,554)</u>                             | <u>(84,210)</u>                              |
| <b>Net increase in cash and cash equivalents</b>                              |       |  |  |
|   |       | <b>42,461</b>                                | <b>138,928</b>                               |
| Cash and cash equivalents at the beginning of the period                      |       | 420,966                                      | 242,579                                      |
| Effect of translation into presentation currency on cash and cash equivalents |       | (20,666)                                     | (7,937)                                      |
|   |       | <u>442,761</u>                               | <u>373,570</u>                               |

# PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 *(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 2013.

#### Functional and presentation currency

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

#### Exchange rates

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

|                               | <u>30 September<br/>2014</u> | <u>31 December<br/>2013</u>  |
|-------------------------------|------------------------------|------------------------------|
| <b>Period-end rates</b>       |                              |                              |
| RUR / 1 USD                   | 39.3866                      | 32.7292                      |
| RUR / 1 EUR                   | 49.9540                      | 44.9699                      |
|                               | <b>Nine months ended</b>     |                              |
|                               | <u>30 September<br/>2014</u> | <u>30 September<br/>2013</u> |
| <b>Average for the period</b> |                              |                              |
| RUR / 1 USD                   | 35.3878                      | 31.6170                      |
| RUR / 1 EUR                   | 47.9894                      | 41.6507                      |

As at 30 September 2014 the USD exchange rate increased by 6.6574 rubles compared to 31 December 2013.

### 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). Stevedoring services, additional port services and fleet services are then managed by regions. As a result, all decisions regarding allocation of resources and further assessment of performance are made separately for Novorossiysk, Primorsk and Baltiysk in respect of stevedoring and additional services and for Novorossiysk and Primorsk in respect of fleet services. 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.

#### Segment revenue and segment results

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

The segment revenue and results for the nine months ended 30 September 2014 and 2013 are as follows:

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

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**  
*(in thousands of US Dollars, except as otherwise stated)*

|   | Segment revenue         |                         | Inter-segment sales     |                         | Segment profit          |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Nine months ended       |                         | Nine months ended       |                         | Nine months ended       |                         |
|   | 30<br>September<br>2014 | 30<br>September<br>2013 | 30<br>September<br>2014 | 30<br>September<br>2013 | 30<br>September<br>2014 | 30<br>September<br>2013 |
| Stevedoring and additional services     | 670,435                 | 609,155                 | 5,186                   | 9,103                   | 350,284                 | 275,358                 |
| Novorossiysk                            | 537,159                 | 453,203                 | 4,870                   | 9,098                   | 282,737                 | 196,769                 |
| Primorsk                                | 121,302                 | 145,643                 | 316                     | 5                       | 61,856                  | 74,677                  |
| Baltiysk                                | 11,970                  | 10,309                  | -                       | -                       | 5,687                   | 3,912                   |
| Other                                   | 4                       | -                       | -                       | -                       | 4                       | -                       |
| Fleet services                          | 63,140                  | 70,210                  | 1,959                   | 3,788                   | 28,414                  | 27,607                  |
| Novorossiysk                            | 40,554                  | 38,255                  | 1,875                   | 1,894                   | 17,304                  | 8,079                   |
| Primorsk                                | 22,586                  | 31,955                  | 84                      | 1,894                   | 11,110                  | 19,528                  |
| <b>Total reportable segments</b>        | <b>733,575</b>          | <b>679,365</b>          | <b>7,145</b>            | <b>12,891</b>           | <b>378,698</b>          | <b>302,965</b>          |
| Other services                          | 13,344                  | 12,028                  | 11,446                  | 12,749                  | 14,692                  | 15,711                  |
| <b>Total segments</b>                   | <b>746,919</b>          | <b>691,393</b>          | <b>18,591</b>           | <b>25,640</b>           | <b>393,390</b>          | <b>318,676</b>          |
| Adjustments and eliminations            |                         |                         |                         |                         | (378,121)               | (192,185)               |
| <b>Profit before income tax expense</b> |                         |                         |                         |                         | <b>15,269</b>           | <b>126,491</b>          |

**3. REVENUE**

|                          | Nine months ended    |                      |
|--------------------------|----------------------|----------------------|
|                          | 30 September<br>2014 | 30 September<br>2013 |
| Stevedoring services     | 591,052              | 546,039              |
| Additional port services | 79,383               | 63,116               |
| Fleet services           | 63,140               | 70,210               |
| Other                    | 13,344               | 12,028               |
| <b>Total</b>             | <b>746,919</b>       | <b>691,393</b>       |

**4. COST OF SERVICES**

|   | Nine months ended    |                      |
|---|----------------------|----------------------|
|   | 30 September<br>2014 | 30 September<br>2013 |
| Fuel for resale and own consumption     | 94,632               | 104,018              |
| Salaries                                | 55,507               | 56,063               |
| Depreciation and amortisation           | 55,462               | 57,786               |
| Rent                                    | 44,551               | 49,705               |
| Taxes directly attributable to salaries | 15,190               | 15,170               |
| Repairs and maintenance                 | 12,291               | 11,462               |
| Subcontractors                          | 9,623                | 9,446                |
| Materials                               | 6,332                | 5,734                |
| Energy and utilities                    | 5,983                | 5,485                |
| Other                                   | 3,473                | 3,588                |
| <b>Total</b>                            | <b>303,044</b>       | <b>318,457</b>       |

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

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**  
*(in thousands of US Dollars, except as otherwise stated)*

**5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

|   | Nine months ended    |                      |
|---|----------------------|----------------------|
|   | 30 September<br>2014 | 30 September<br>2013 |
| Salaries                                | 22,548               | 26,859               |
| Taxes other than income tax             | 6,572                | 7,415                |
| Taxes directly attributable to salaries | 4,559                | 5,003                |
| Depreciation and amortisation           | 3,342                | 3,084                |
| Security services                       | 3,025                | 3,284                |
| Charitable donations                    | 2,442                | 2,630                |
| Professional services                   | 1,400                | 1,281                |
| Repairs and maintenance                 | 1,078                | 848                  |
| Other                                   | 5,116                | 6,230                |
| <b>Total</b>                            | <b>50,082</b>        | <b>56,634</b>        |

**6. DEBT**

|   | Interest<br>rate | Maturity<br>date | 30 September<br>2014 | 31 December<br>2013 |
|---|------------------|------------------|----------------------|---------------------|
| <b>Unsecured borrowings</b>             |                  |                  |                      |                     |
| Bonds (RUR)                             | 9.0%             | April 2015       | 105,326              | 123,909             |
| <b>Unsecured bank loans (RUR)</b>       |                  |                  |                      |                     |
| Sberbank                                | 8.5%             | November 2014    | 17,072               | 82,274              |
| Sberbank                                | 8.5%             | November 2014    | 635                  | 3,060               |
| <b>Total unsecured borrowings</b>       |                  |                  | <b>123,033</b>       | <b>209,243</b>      |
| <b>Secured bank loans (USD)</b>         |                  |                  |                      |                     |
| Sberbank                                | LIBOR 3M + 5%    | January 2018     | 1,798,384            | 1,946,802           |
| <b>Total debt</b>                       |                  |                  | <b>1,921,417</b>     | <b>2,156,045</b>    |
| Current portion of long-term borrowings |                  |                  | (1,921,417)          | (388,666)           |
| <b>Total non-current debt</b>           |                  |                  | <b>-</b>             | <b>1,767,379</b>    |

The Group borrowings as of 30 September 2014 are repayable as follows:

|                                      | Principal<br>amount | Contractual<br>interest liability | Total            |
|--------------------------------------|---------------------|-----------------------------------|------------------|
| Due within three months              | 1,739,106           | 28,232                            | 1,767,338        |
| Due from three to six months         | -                   | 21,291                            | 21,291           |
| Due from six months to twelve months | 175,895             | 47,096                            | 222,991          |
|                                      | <b>1,915,001</b>    | <b>96,619</b>                     | <b>2,011,620</b> |
| Between 1 and 2 years                | -                   | 77,382                            | 77,382           |
| Between 2 and 5 years                | -                   | 71,611                            | 71,611           |
| <b>Total</b>                         | <b>1,915,001</b>    | <b>245,612</b>                    | <b>2,160,613</b> |

For variable rate borrowings, the contractual interest liability for future periods was calculated based on the effective borrowing rate relating to the Group's variable rate borrowings as at 30 September 2014 of 5.23% (31 December 2013: 5.10%).

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

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**  
*(in thousands of US Dollars, except as otherwise stated)*

---

The financial obligations of the Group consist primarily of borrowings denominated in USD. The fluctuation of the USD exchange rate leads to foreign exchange rate gains or losses which affect the financial performance of the Group. During nine months ended 30 September 2014, the foreign exchange loss on financial obligations decreased the Group's profit before income tax by 346,843 (during nine months ended 30 September 2013 the foreign exchange loss on financial obligations decreased the Group's profit before income tax by 121,536).

There has been volatility in NCSP's share price during 2014 and at certain times the share price has fallen to below the minimum level determined by a covenant in Sberbank's secured US Dollar loan agreement. The Group management is renegotiating the covenant with the bank but as of the date of approval of these financial information no additional agreements have been signed in this respect. Thus the loan was classified as a current portion of the long-term borrowings, which resulted in a negative working capital as of 30 September 2014.

**7. EVENTS AFTER THE BALANCE SHEET DATE**

On 14 November 2014 PTP fully performed its obligations under the loan agreements.