

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

Consolidated Financial Information
For the Three Months Ended 31 March 2015

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
FOR THE THREE MONTHS ENDED 31 MARCH 2015**
(in thousands of US Dollars, except earnings/(losses) per share)

	Notes	Three months ended 31 March 2015	Three months ended 31 March 2014
REVENUE	3	219,834	255,436
COST OF SERVICES	4	<u>(55,124)</u>	<u>(106,712)</u>
GROSS PROFIT		164,710	148,724
Selling, general and administrative expenses	5	(8,875)	(16,094)
Other operating income, net		179	430
OPERATING PROFIT		156,014	133,060
Interest income		8,655	7,074
Finance costs		(21,889)	(41,522)
Share of loss in joint venture, net		-	(1,707)
Foreign exchange loss, net		(53,734)	(135,885)
Other (loss)/income, net		(146)	302
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		88,900	(38,678)
Income tax expense		(16,040)	(17,279)
Deferred tax (loss)/benefit		(1,859)	23,765
PROFIT/(LOSS) FOR THE PERIOD		71,001	(32,192)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Effect of translation to presentation currency		(5,933)	(90,699)
<i>Items that may not be subsequently reclassified to profit or loss:</i>			
Remeasurement of net defined benefit liability		31	15
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(5,902)	(90,684)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		65,099	(122,876)
Profit/(loss) for the period attributable to:			
Equity shareholders of the parent company		67,727	(35,132)
Non-controlling interests		3,274	2,940
		<u>71,001</u>	<u>(32,192)</u>
Total comprehensive income/(loss) attributable to:			
Equity shareholders of the parent company		62,542	(122,856)
Non-controlling interests		2,557	(20)
		<u>65,099</u>	<u>(122,876)</u>
Weighted average number of ordinary shares outstanding		18,743,128,904	18,743,128,904
Basic and diluted earnings/(loss) per share, US Dollars		0.0036	(0.0019)

S.K. Batov
Chief Executive Officer

5 June 2015



G.I. Kachan
Chief Accountant

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015
(in thousands of US Dollars)**

	Notes	31 March 2015	31 December 2014
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment		1,119,007	1,163,391
Goodwill		608,010	631,850
Mooring rights		3,389	3,602
Other financial assets		17,999	17,999
Spare parts		4,792	4,721
Deferred tax assets		121,848	128,899
Other intangible assets		1,441	1,442
Other non-current assets		3,424	3,195
		<u>1,879,910</u>	<u>1,955,099</u>
CURRENT ASSETS:			
Inventories		5,943	9,069
Advances to suppliers		11,074	7,992
Trade and other receivables, net		34,128	20,979
VAT recoverable and other taxes receivable		12,707	15,518
Income tax receivable		1,844	355
Other financial assets		1,623	679
Cash and cash equivalents		401,957	310,723
		<u>469,276</u>	<u>365,315</u>
TOTAL ASSETS		<u>2,349,186</u>	<u>2,320,414</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Treasury shares		(281)	(281)
Foreign currency translation reserve		(510,883)	(505,673)
Retained earnings		831,487	763,735
Equity attributable to shareholders of the parent company		<u>330,794</u>	<u>268,252</u>
Non-controlling interests		28,078	25,521
TOTAL EQUITY		358,872	293,773
NON-CURRENT LIABILITIES:			
Long-term debt	6	1,498,400	-
Obligations under finance leases		9,193	10,437
Defined benefit obligation		4,347	4,448
Deferred tax liabilities		146,474	152,437
Other non-current liabilities		779	711
		<u>1,659,193</u>	<u>168,033</u>
CURRENT LIABILITIES:			
Current portion of long-term debt	6	222,811	1,722,119
Current portion of obligations under finance leases		7,247	8,809
Trade and other payables		4,720	7,823
Advances received from customers		4,980	14,100
Taxes payable		3,925	3,247
Income tax payable		2,897	11,951
Cross-currency and interest rate swap ST		66,820	72,820
Accrued expenses		17,721	17,739
		<u>331,121</u>	<u>1,858,608</u>
TOTAL EQUITY AND LIABILITIES		<u>2,349,186</u>	<u>2,320,414</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 2015
(in thousands of US Dollars)**

	Notes	Three months ended 31 March 2015	Three months ended 31 March 2014
Cash flows from operating activities			
Cash from operations		152,662	135,154
Income tax paid		(25,623)	(14,386)
Interest paid		(21,573)	(27,485)
		<u>105,466</u>	<u>93,283</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		248	472
Purchases of property, plant and equipment		(14,219)	(12,747)
Proceeds from other financial assets		8	1,934
Purchases of other financial assets		(908)	(1,946)
Interest received		6,944	5,927
Purchases of other intangible assets		(266)	(128)
		<u>(8,193)</u>	<u>(6,488)</u>
Cash flows from financing activities			
Repayments of loans and borrowings		-	(19,219)
Dividends paid		(515)	(10)
Payments under lease contracts		(2,839)	(3,184)
		<u>(3,354)</u>	<u>(22,413)</u>
Net increase in cash and cash equivalents		93,919	64,382
Cash and cash equivalents at the beginning of the year		310,723	420,966
Effect of translation into presentation currency on cash and cash equivalents		(2,685)	(8,292)
		<u>401,957</u>	<u>477,056</u>
Cash and cash equivalents at the end of the period		401,957	477,056

PUBLIC JOINT STOCK COMPANY NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2015

(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 2014.

Functional and presentation currency

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

Exchange rates

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Period-end rates		
RUR / 1 USD	58.46	56.26
RUR / 1 EUR	63.37	68.34
	Three months ended	
	<u>31 March 2015</u>	<u>31 March 2014</u>
Average for the period		
RUR / 1 USD	62.19	34.96
RUR / 1 EUR	70.43	47.95

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 Group companies' price lists. 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.

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

**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

(in thousands of US Dollars, except as otherwise stated)

The segment revenue and results for the three months, ended 31 March 2015 and 31 March 2014 are as follows:

	Segment revenue		Inter-segments sales		Segment profit	
	Three months ended		Three months ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Stevedoring and additional services	196,456	228,748	940	1,971	137,085	116,793
Novorossiysk	165,217	184,129	894	1,904	118,134	94,233
Primorsk	29,045	40,864	46	67	17,855	20,907
Baltiysk	2,194	3,755	-	-	1,096	1,653
Fleet services	20,872	22,643	391	683	14,173	11,433
Novorossiysk	12,730	14,294	386	625	8,170	6,766
Primorsk	8,142	8,349	5	58	6,003	4,667
Total reportable segments	217,328	251,391	1,331	2,654	151,258	128,226
Other services	2,506	4,045	2,369	3,808	3,142	4,515
Total segments	219,834	255,436	3,700	6,462	154,400	132,741
Adjustments and eliminations					(65,500)	(171,419)
Profit/(loss) before income tax expense					88,900	(38,678)

3. REVENUE

	Three months ended	
	31 March 2015	31 March 2014
Stevedoring services	167,295	200,880
Additional port services	29,161	27,868
Fleet services	20,872	22,643
Other	2,506	4,045
Total	219,834	255,436

4. COST OF SERVICES

	Three months ended	
	31 March 2015	31 March 2014
Fuel for resale and own consumption	13,221	38,650
Depreciation and amortisation	11,774	18,908
Salaries	11,352	18,238
Rent	8,766	15,076
Taxes directly attributable to salaries	3,164	5,061
Subcontractors	1,637	2,524
Repairs and maintenance	1,530	2,729
Other	3,680	5,526
Total	55,124	106,712

**PUBLIC JOINT STOCK COMPANY
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**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2015
(in thousands of US Dollars, except as otherwise stated)**

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	
	31 March 2015	31 March 2014
Salaries	4,123	7,234
Taxes other than income tax	1,193	2,173
Taxes directly attributable to salaries	988	1,803
Other	2,571	4,884
Total	8,875	16,094

6. DEBT

	Interest rate	Maturity date	31 March 2015	31 December 2014
Unsecured borrowings				
Bonds (RUR)	9.0%	April 2015	70,993	72,180
Secured bank loans (USD)				
Sberbank	LIBOR 3M + 5%	January 2018	1,650,218	1,649,939
Total debt			1,721,211	1,722,119
Current portion of long-term borrowings			(222,811)	(1,722,119)
Total non-current debt			1,498,400	-

The Group borrowings as of 31 March 2015 are repayable as follows:

	Principal amount	Contractual interest liability	Total
Due within three months	143,012	24,965	167,977
Due from three to six months	-	20,900	20,900
Due from six months to twelve months	74,600	40,360	114,960
	217,612	86,225	303,837
Between 1 and 2 years	349,200	69,806	419,006
Between 2 and 5 years	1,149,200	39,722	1,188,922
Total	1,716,012	195,753	1,911,765

Contractual interest liability are calculated based on assumption that no early repayment claims will be received from Sberbank and that the loan will be repaid according to payment schedule under the agreement.

The Group borrowings as of 31 December 2014 are repayable as follows:

	<u>Principal amount</u>	<u>Contractual interest liability</u>	<u>Total</u>
Due within three months	1,498,191	22,495	1,520,686
Due from three to six months	145,623	23,908	169,531
Due from six months to twelve months	74,548	41,434	115,982
	<u>1,718,362</u>	<u>87,837</u>	<u>1,806,199</u>
Between 1 and 2 years	-	74,318	74,318
Between 2 and 5 years	-	54,469	54,469
Total	<u>1,718,362</u>	<u>216,624</u>	<u>1,934,986</u>

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 31 March 2015 of 5.26% (31 December 2014: 5.25%).

7. EVENTS AFTER THE BALANCE SHEET DATE

On 29 April 2015 the Group repaid its obligations under rouble bonds and cross-currency and interest rate swap.