Public Joint Stock Company

Novorossiysk Commercial Sea Port and Subsidiaries

Condensed Consolidated Interim Financial Statements

For the three months ended 31 March 2009

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

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THE THREE MONTHS ENDED 31 MARCH 2009:

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2009
(in thousands of US Dollars, except earnings per share)

	Notes	Three months ended 31 March 2009	Three months ended 31 March 2008
PROFIT OR LOSS			
REVENUE	5	157,130	150,343
COST OF SERVICES	6	(44,505)	(73,798)
GROSS PROFIT		**112,625**	**76,545**
Selling, general and administrative expenses	7	(10,853)	(14,521)
Loss on disposal of property, plant and equipment		(125)	(54)
OPERATING PROFIT		**101,647**	**61,970**
Interest income on deposits		1,955	987
Finance costs	8	(8,970)	(8,247)
Foreign exchange (loss)/gain		(52,067)	20,714
Other expenses, net		(891)	(46)
PROFIT BEFORE INCOME TAX		**41,674**	**75,378**
INCOME TAX EXPENSE			
Current income tax expense		(10,059)	(19,335)
Deferred tax benefit		2,117	253
PROFIT FOR THE PERIOD		**33,732**	**56,296**
OTHER COMPREHENSIVE (LOSSES)/ INCOME			
Effect of translation to presentation currency		(83,899)	35,120
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(50,167)**	**91,416**
Profit attributable to:			
Equity shareholders		31,647	53,254
Minority interest		2,085	3,042
		33,732	**56,296**
Total comprehensive (losses)/income attributable to:			
Equity shareholders		(48,554)	86,575
Minority interest		(1,613)	4,841
		(50,167)	**91,416**
BASIC AND DILUTED EARNINGS PER SHARE (U.S. Dollars)		0.0016	0.0028
Weighted average number of ordinary shares outstanding		19,259,815,400	19,259,815,400

5 June 2009

Vilinov I.E.
Chief Executive Officer

Kachan G.I.
Chief Accountant

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

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2009
(in thousands of US Dollars)

	Notes	31 March 2009	31 December 2008
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	9	488,047	576,367
Goodwill		350,900	406,234
Mooring rights		9,017	10,615
Investments in securities and other financial assets	10	1,725	3,216
Non-current VAT recoverable		4,752	5,100
Spare parts		4,116	5,023
Deferred tax assets		2,763	2,213
Other intangible assets		1,351	1,480
Total non-current assets		862,671	1,010,248
CURRENT ASSETS:			
Inventories	11	5,892	6,011
Advances to suppliers		3,119	2,115
Trade and other receivables	12	28,464	29,887
VAT recoverable and other taxes receivable		17,427	29,348
Investments in securities and other financial assets	10	121,269	85,976
Cash and cash equivalents	13	90,090	42,868
Total current assets		266,261	196,205
TOTAL ASSETS		**1,128,932**	**1,206,453**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Share premium		9,255	9,255
Foreign currency translation reserve		(117,949)	(37,748)
Retained earnings		632,878	606,383
Equity attributable to shareholders of the parent		534,655	588,361
Minority interest		25,338	27,117
Total equity		559,993	615,478
NON-CURRENT LIABILITIES:			
Long-term debt	14	454,478	463,231
Defined benefit obligation		7,288	7,643
Deferred tax liabilities		34,408	41,294
Total non-current liabilities		496,174	512,168
CURRENT LIABILITIES:			
Current portion of long-term debt	14	33,423	42,254
Trade and other payables		5,753	7,026
Advances received from customers		15,118	11,348
Taxes payable		7,522	7,188
Interest rate swap liability		4,064	4,741
Accrued expenses		6,885	6,250
Total current liabilities		72,765	78,807
TOTAL EQUITY AND LIABILITIES		**1,128,932**	**1,206,453**

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

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2009
(in thousands of US Dollars)

	Notes	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
At 1 January 2008		**10,471**	**9,255**	**80,045**	**631,458**	**731,229**	**38,883**	**770,112**
Total comprehensive income for the period		-	-	33,321	53,254	**86,575**	4,841	**91,416**
Purchase of non-controlling minority interest		-	-	-	(11,108)	**(11,108)**	-	**(11,108)**
At 31 March 2008		**10,471**	**9,255**	**113,366**	**673,604**	**806,696**	**43,724**	**850,420**
At 1 January 2009		**10,471**	**9,255**	**(37,748)**	**606,383**	**588,361**	**27,117**	**615,478**
Total comprehensive loss for the period		-	-	(80,201)	31,647	**(48,554)**	(1,613)	**(50,167)**
Purchase of non-controlling minority interest	15	-	-	-	(5,152)	**(5,152)**	(166)	**(5,318)**
At 31 March 2009		**10,471**	**9,255**	**(117,949)**	**632,878**	**534,655**	**25,338**	**559,993**

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

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2009
(in thousands of US Dollars)

	Notes	Three months ended 31 March 2009	Three months ended 31 March 2008
Cash flows from operating activities			
Cash generated from operations		138,863	60,409
Income tax paid		(3,371)	(13,972)
Interest paid		(2,868)	(4,621)
Net cash generated by operating activities		**132,624**	**41,816**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		130	69
Purchase of property, plant and equipment		(3,744)	(15,202)
Proceeds from maturity of securities and other financial assets		36,372	-
Purchase of securities and other financial assets		(82,369)	(2,780)
Increase of ownership in subsidiaries		(5,318)	(11,108)
Interest received		322	-
Purchase of intangible assets		(186)	-
Loans given to employees		(60)	-
Net cash used in investing activities		**(54,853)**	**(29,021)**
Cash flows from financing activities			
Repayments of long-term borrowings		(24,590)	(2,357)
Net cash used in financing activities		**(24,590)**	**(2,357)**
Net increase in cash and cash equivalents		**53,181**	**10,438**
Cash and cash equivalents at the beginning of the period	13	42,868	66,660
Effect of translation into presentation currency and exchange rate changes on the balance of cash held in foreign currencies		(5,959)	3,249
Cash and cash equivalents at the end of the period	**13**	**90,090**	**80,347**

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

1. GENERAL

Organisation

Public Joint Stock Company Novorossiysk Commercial Sea Port ("NCSP") was founded in 1845. NCSP was transformed from a state-owned enterprise to a public joint stock company in December 1992. NCSP's principal activities include stevedoring, additional port services, and sea vessel services. NCSP and its subsidiaries (the "Group") primarily operate in the Russian Federation. The principal activities and significant entities of the Group as at 31 March 2009 were as follows:

Subsidiaries	**Nature of business**
OJSC IPP	Stevedoring and additional port services
PJSC Fleet of Novorossiysk Commercial Sea Port	Tug and towing services
OJSC Novorossiysk Shipyard	Stevedoring and marine vessels repair services
OJSC Novoroslesexport	Stevedoring and additional port services
PJSC Novorossiysk Grain Terminal	Stevedoring and additional port services
LLC Baltic stevedore company	Stevedoring and additional port services

Novorossiysk Port Capital S.A. ("Novorossiysk Capital") was created as a special purpose entity during financial year 2007 and was used as a vehicle for the issuance of loan participation notes.

Main subsidiaries of the Group are located in the Eastern sector of the Black Sea in Tsemesskaya bay and in Kaliningrad.

NCSP is the largest stevedore of the Group and the holding company. It has main cargo-loading district, the 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:

Open Joint Stock Company IPP ("IPP")

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

Public Joint Stock Company Fleet of NCSP ("Fleet")

Fleet is a maritime tug and towing company. It provides most of the tug and towing, mooring and bunkering services for ships and other maritime vessels at and around the Novorossiysky Port (the "Port"). In addition, it carries out emergency services such as transferring vessels to shelter zones during emergencies, provides cleaning and containment services for oil or other liquid spills in and around the Port and provides hazardous material response and waste management services pursuant to its agreement on water use with Kubanskoye Basin Department of Krasnodar region under the Russian Ministry of Natural Resources.

Open Joint Stock Company Novorossiysk Shipyard ("Shipyard")

Shipyard manages large ship repair facilities in the Black Sea. It is able to operate year-round and is one of the few facilities in the Black Sea available to service the Russian naval fleet. The Shipyard also performs stevedoring services, such as bulk cargo transhipment.

Open Joint Stock Company Novoroslesexport ("Timber Export")

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

Public Joint Stock Company Novorossiysk Grain Terminal ("Grain Terminal")

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

Limited Liability Company Baltic Stevedore Company ("Baltic Stevedore")

Baltic Stevedore is a stevedoring company operating the container, car-ferry, cargo and passenger terminal of the Baltiysk port in Kaliningrad District.

Statement of compliance

This condensed consolidated interim 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 2008 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 2008. These financial statements reflect all adjustments which are, in the opinion of Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of results to be expected for the full year.

Adoption of new and revised standards and interpretations

Amendment to IAS 1 "Presentation of Financial Statements" was adopted by the Group and effective for the financial year started on 1 January 2009.
The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2008.

Functional and presentation currency

The functional currency of NCSP and each of its subsidiaries is the Russian Rouble ("RUR"). The functional currency reflects the economic substance of the underlying events and transactions of each entity's respective operations.
The presentation currency of the condensed consolidated interim financial statements is the US Dollar (USD). Management consider that the USD is a more relevant presentation currency for international users of the condensed consolidated interim financial statements of the Group.

Rates of exchange

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

(in thousands of US Dollars)

	31 March 2009	31 December 2008
Period-end rates		
RUR / 1 US Dollar	34.0134	29.3804

	Three months ended 31 March 2009	Three months ended 31 March 2008
Average rates for the period		
RUR / 1 US Dollar	33.9366	24.2510

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 condensed consolidated interim financial statements for the three months ended 31 March 2009 are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2008.

4. SEGMENT INFORMATION

The Group's reportable segments under IFRS 8 are as follows:

- Stevedoring services (liquid and bulk cargo transhipping services, including bunkering and additional port services (forwarding, storage, custom documentation, repacking, etc.);
- Fleet services; and
- Ship repair services.

The Group's reportable segments are based on the information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Other operations mainly comprise of passenger transit, rent and resale of energy and utilities to external customers. Neither of these services constitutes a separate reportable segment.

Information regarding the Group's reportable segments as at 31 March 2009 and for the three months then ended and the comparative information as at 31 December 2008 and for the three months ended 31 March 2008 is presented below.

(in thousands of US Dollars)

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

	Stevedoring and additional	Fleet	Ship repair	Other	Adjustments and eliminations	Consolidated
Segment revenue						
Third parties	143,799	11,355	57	1,919	-	157,130
Inter-segments	688	-	78	2,181	(2,947)	-
Total revenue	**144,487**	**11,355**	**135**	**4,100**	**(2,947)**	**157,130**
Segment profit/(loss)	94,477	5,648	(372)	1,437	(59,516)	41,674
Segment assets	**667,183**	**106,868**	**3,330**	**29,300**	**322,251**	**1,128,932**
Segment liabilities	**(508,485)**	**(853)**	**(66)**	**(1,360)**	**(58,175)**	**(568,939)**
Other segment information						
Depreciation and amortization charge	8,769	1,140	156	1,707	1,669	13,441
Capital expenditures	2,496	819	-	38	242	3,595

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

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

	Three months ended 31 March 2009
Unallocated:	
Interest income on deposits	1,955
Other expenses, net	(1,016)
Finance costs	(8,970)
Foreign exchange gain	(52,067)
Other unallocated expenses included in cost of sales	(2,365)
Eliminated:	
Inter-segment purchases	2,947
Total adjustments and eliminations	**(59,516)**

Segment assets and liabilities are adjusted/eliminated against the following items to be reconciled to total assets and liabilities:

	31 March 2009
ASSETS	
Unallocated (managed on a group basis):	
Current investments in securities and other financial assets	123,628
Property, plant and equipment	98,127

(in thousands of US Dollars)

Cash and cash equivalents	90,090
Non-current investments in securities and other financial assets	46,519
Trade and other receivables	3,965
Inventories	2,960
Deferred tax assets	2,763
Other intangible assets	1,351
Eliminated:	
Inter-segment	(47,152)
Total adjustments and eliminations for assets:	**322,251**
LIABILITIES	
Unallocated (managed on a group basis):	
Long term debt	(47,161)
Deferred tax liabilities	(34,408)
Retirement benefit obligations	(7,288)
Accrual expenses	(6,885)
Trade payables, other payables and accruals	(5,521)
Interest rate swap liability	(4,064)
Eliminated:	
Inter-segment	47,152
Total adjustments and eliminations for liabilities	**(58,175)**

The segment information for the three months ended 31 March 2008:

	Stevedoring and additional	**Fleet**	**Ship repair**	**Other**	**Adjustments and eliminations**	**Consolidated**
Segment revenue						
Third parties	136,748	11,337	-	2,258	-	150,343
Inter-segments	3,530	-	-	2,311	(5,841)	-
Total revenue	**140,278**	**11,337**	**-**	**4,569**	**(5,841)**	**150,343**
Segment profit/(loss)	49,678	3,200	(359)	3,745	19,114	75,378
Segment assets	**760,837**	**124,864**	**4,025**	**49,546**	**267,181**	**1,206,453**
Segment liabilities	**(432,018)**	**(909)**	**(64)**	**(2,212)**	**(155,772)**	**(590,975)**
Other segment information						
Depreciation and amortization charge	7,682	1,337	178	813	2,034	12,044
Capital expenditures	12,228	156	-	113	311	12,808

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

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

(in thousands of US Dollars)

	Three months ended 31 March 2008
Unallocated:	
Foreign exchange gain	20,801
Investment income on deposits	991
Other expenses, net	(101)
Finance costs	(8,282)
Other unallocated expenses included in cost of sales	(136)
Eliminated:	
Inter-segment purchases	5,841
Total adjustments and eliminations	**19,114**

Segment assets and liabilities are adjusted/eliminated against the following items to be reconciled to total assets and liabilities:

	31 December 2008
ASSETS	
Unallocated (managed on a group basis):	
Property, plant and equipment	106,999
Current investments in securities and other financial assets	85,976
Non-current investments in securities and other financial assets	55,073
Cash and cash equivalents	42,868
Trade and other receivables	23,782
Inventories	3,012
Deferred tax assets	2,213
Other intangible assets	1,502
Spare parts	475
Non-current VAT recoverable	51
Eliminated:	
Inter-segment	(54,770)
Total adjustments and eliminations for assets:	**267,181**
LIABILITIES	
Unallocated (managed on a group basis):	
Long term debt	(147,341)
Deferred tax liabilities	(41,294)
Trade payables	(11,605)
Retirement benefit obligations	(7,642)
Short term debt	(2,660)
Eliminated:	
Inter-segment	54,770
Total adjustments and eliminations for liabilities	**(155,772)**

(in thousands of US Dollars)

5. REVENUE

	Three months ended 31 March 2009	Three months ended 31 March 2008
Stevedore services	119,494	114,805
Additional services	24,305	21,943
Fleet services	11,355	11,337
Ship repair services	57	-
Other	1,919	2,258
Total	**157,130**	**150,343**

6. COST OF SERVICES

	Three months ended 31 March 2009	Three months ended 31 March 2008
Depreciation and amortisation	12,650	10,744
Payroll	10,566	15,283
Fuel	9,816	31,160
Unified social tax	2,686	3,731
Rent	1,868	2,253
Raw materials	1,595	2,052
Subcontractors	1,408	1,641
Repairs and maintenance	1,388	2,921
Energy and utilities	1,246	1,087
Insurance	81	1,116
Other	1,201	1,810
Total	**44,505**	**73,798**

(in thousands of US Dollars)

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March 2009	Three months ended 31 March 2008
Personnel expenses	4,364	4,469
Taxes other than income tax	1,972	2,702
Security services	982	1,529
Unified social tax	815	791
Depreciation and amortisation	791	1,300
Bank charges	355	441
Charity	341	275
Rent	329	709
Travel and representation expenses	230	246
Raw materials	179	97
Repairs and maintenance	128	270
Advertising	46	224
Other	321	1,468
Total	**10,853**	**14,521**

8. FINANCE COSTS

	Three months ended 31 March 2009	Three months ended 31 March 2008
Interest on borrowings	8,220	8,242
Net loss on interest rate swap	750	-
Other	-	5
Total	**8,970**	**8,247**

(in thousands of US Dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and constructions	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	-	172	135	-	66	437	2,785	3,595
Transfer	-	20	204	-	-	114	(338)	-
Disposals	-	(139)	(7)	(632)	(143)	(180)	(13)	(1,114)
Disposal of subsidiary	-	-	-	-	-	-	-	-
Effect of translation into presentation currency	(2,642)	(43,047)	(33,078)	(8,866)	(2,186)	(8,919)	(6,516)	(105,254)
As at 31 March 2009	**16,757**	**273,037**	**210,092**	**55,599**	**13,789**	**56,923**	**43,716**	**669,913**
Accumulated depreciation								
As at 1 January 2009	**-**	**(41,968)**	**(98,522)**	**(21,882)**	**(7,306)**	**(26,641)**	**-**	**(196,319)**
Depreciation charge	-	(4,454)	(5,332)	(1,076)	(600)	(1,714)	-	(13,176)
Disposals	-	22	7	599	135	98	-	861
Disposal of subsidiary	-	-	-	-	-	-	-	-
Effect of translation into presentation currency	-	5,727	13,431	2,982	996	3,632	-	26,768
As at 31 March 2009	**-**	**(40,673)**	**(90,416)**	**(19,377)**	**(6,775)**	**(24,625)**	**-**	**(181,866)**
Net book value								
As at 1 January 2009	**19,399**	**274,063**	**144,316**	**43,215**	**8,746**	**38,830**	**47,798**	**576,367**
As at 31 March 2009	**16,757**	**232,364**	**119,676**	**36,222**	**7,014**	**32,298**	**43,716**	**488,047**

As of 31 March 2009 construction in progress included 27,285 (1 January 2009: 29,345) of advances paid for property, plant and equipment. Property, plant and equipment with carrying value of 21,774 (1 January 2009: 16,269) were pledged to secure bank overdrafts and loans granted to the Group. During three month 2009 no interest expenses were capitalised to the cost of property, plant and equipment (three month 2008 : 1,350).

(in thousands of US Dollars)

10. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	31 March 2009	31 December 2008
Current		
Financial assets carried at amortised cost		
Deposits	120,073	76,900
Loans issued	1,196	2,076
Promissory notes	-	7,000
Total current	**121,269**	**85,976**
Non-current		
Financial assets carried at amortised cost		
Deposits with maturity period over year	1,300	-
Promissory notes and other financial assets	425	3,216
Total non-current	**1,725**	**3,216**

Short-term RUB promissory notes at 31 December 2008 consist of the Open Joint Stock Company Commercial Savings Bank of the Russian Federation ("Sberbank") (related party) promissory notes amounted to 7,000 with maturity on demand and interest rate 4.5% per annum.

Long-term RUB promissory notes at 31 December 2008 consist of Sberbank promissory notes amounted to 3,131 with maturity after December 2010 and interest rate 7.5–10.5% per annum. During three months 2009 most of Sberbank promissory notes were redeemed before the maturity date.

Total amount of short-term deposits denominated in USD is placed in Sberbank with interest rate 6.1% per annum.

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

(in thousands of US Dollars)

11. INVENTORIES

	31 March 2009	31 December 2008
Raw materials and low value items	6,808	7,663
Goods for resale	788	548
Fuel	752	926
Other	115	9
Less: allowance for slow-moving inventories	(2,571)	(3,135)
Total	**5,892**	**6,011**

12. TRADE AND OTHER RECEIVABLES

	31 March 2009	31 December 2008
Trade accounts receivables	23,293	25,191
Interest receivables	1,917	333
Other receivables and prepayments	4,100	5,504
Less: allowance for doubtful receivables	(846)	(1,141)
Total	**28,464**	**29,887**

13. CASH AND CASH EQUIVALENTS

	31 March 2009	31 December 2008
Bank deposits	71,844	31,901
Current accounts in USD	9,851	8,033
Current accounts in RUR	8,373	2,914
Cash in hand	22	20
Total	**90,090**	**42,868**

Bank deposits are presented by Sberbank deposits with original maturity in less than three month.

(in thousands of US Dollars)

14. DEBT

	Interest rate	Maturity Date	31 March 2009	31 December 2008
Non-current				
Unsecured bank loans (USD)				
Loan participation notes (USD)	7.0%	May 2012	297,440	296,787
UniCredit Bank + Bank Austria Creditanstalt (USD)	LIBOR+1.6%	July 2010	117,671	117,547
Sberbank(USD)	10.0%	September 2011	4,255	4 ,964
Sberbank(USD)	10.75%	November 2010	-	3,222
Sberbank(USD)	10.5%	March 2010	-	1,905
Sberbank(USD)	10.5%	June 2010	-	1,678
Secured bank loans				
Sberbank (USD)	8.0%	August 2011	30,225	32,240
Sberbank (USD)	11.0%	December 2011	2,416	2,416
UniCredit Bank (USD)	8.95%	September 2011	1,525	1,525
Sberbank (USD)	11.0%	December 2011	946	947
Total non-current			**454,478**	**463,231**
Current				
Current portion of long-term loans			33,423	42,254
Total debt			**487,901**	**505,485**

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

During three months 2009 Sberbank unsecured loan with maturity in November 2010 were repaid. For other unsecured Sberbank loans with original maturity in 2010 maturity dates were renegotiated to 2009 and loans are presented in current portion.

The Facility is unsecured. The outstanding principal amount must be repaid in full at final maturity, 17 July 2010, and may be prepaid in whole or in part on 10 business days' notice in 5.0 thousand increments above a minimum prepayment of 10.0 thousand. Amounts prepaid or repaid under the Facility may not be reborrowed. The Facility bears interest 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.

The Group is subject to certain financial covenants measured which are to be computed as defined in the Facility agreement.

The Group's secured debt is secured by property, plant and equipment. At 31 March 2009 and 31 December 2008, property, plant and equipment with a carrying value of 21,774 and 16,269, respectively, were pledged to secure bank overdrafts and loans granted to the Group (Note 9).

As at 31 March 2009, the average effective borrowing rate was 6.87% per annum (31 December 2008: 7.02% per annum.). A majority of the Group's debt have interest rates that are fixed at the contract date. The Group has one loan with a variable interest rates and thus exposes the Group to interest rate risk. To mitigate the risk, the Group entered into interest rate swap agreement to fix the LIBOR rate on the loan provided by Unicredit Bank + Bank Austria Creditanstalt.

(in thousands of US Dollars)

The Group borrowings are repayable as follows:

	31 March 2009	**31 December 2008**
Due within three months	23,935	6,889
Due from three to six months	2,326	5,584
Due from six months to twelve months	7,162	29,781
	33,423	**42,254**
Between 1 and 2 years	157,038	166,443
Between 2 and 5 years	297,440	296,788
Total	**487,901**	**505,485**

15. ACQUISITION OF SUBSIDIARY

During three month 2009, the Group acquired additional 2.41% of interest in IPP for a cash consideration of 5,318 increasing its ownership to 99.97%. The carrying value of IPP net assets in the condensed interim consolidated financial statements on the dates of acquisition of additional interests was 45,650. As a result of this transaction, the Group recognised a decrease in net assets attributable to minority in the amount of 166. Excess of consideration paid over the Group's share in net assets acquired in the amount of 5,152 was recognised in the consolidated statement of changes in equity as a decrease of retained earnings.

16. RELATED PARTY TRANSACTIONS

Transactions between the Company 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.

Due to 20% stake owned by Federal Agency significant balances and transactions with state-controlled entities are considered transactions with related parties. At 31 March 2009 and 31 December 2008 the Group had balances and transactions with Sberbank, Transneft and its subsidiaries, Rosneft, Military divisions, Russian Railways, etc.

(in thousands of US Dollars)

Transactions with state-controlled entities:

	Three months ended 31 March 2009	Three months ended 31 March 2008
Sales and income received from related parties		
Sales and income received from related parties	16,288	1,691
Interest income	1,917	1,018
Purchases from related parties		
Non-capital expenditures	1,009	-
Interest expenses	1,849	-

Balances with state-controlled entities:

	31 March 2009	31 December 2008
Cash in related parties banks		
Cash and cash equivalents in related party bank	87,378	33,518
Deposit with related party bank	121,373	66,425
Receivables from related parties		
Trade accounts receivable	832	1,316
Advances paid	195	195
Interest receivable	1,871	285
Other receivables	6	27
Short-term loans to related parties	-	588
Short-term promissory notes	-	6,047
Long-term loans to related parties	294	2,705
Payables to related parties		
Trade accounts payables	46	73
Advances received	1,186	1,473
Long-term debt	37,842	40,919
Current portion of long-term debt	24,875	33,468

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 consolidated financial statements the ultimate controlling parties of the Group were members of the families of Mr. Ponomarenko and Mr. Scorobogatko.

NCSP, its subsidiaries and associates, in the ordinary course of their business, enter into various sales, purchases and service transactions with related parties: TPS, Kuban Security Company, Ekomarin, etc. Details of transactions between the Group and other related parties are disclosed below.

(in thousands of US Dollars)

Transactions with other related parties:

	Three months ended 31 March 2009	Three months ended 31 March 2008
Sales and income received from related parties		
Sales and income received from related parties	150	-
Interest income	38	-
Purchases from related parties		
Services rendered	582	-

Balances with other related parties:

	31 March 2009	31 December 2008
Receivables from related parties		
Trade accounts receivable	6	126
Advances paid	178	219
Other receivables	671	2,190
Interest receivable	45	-
Short-term loans given to related parties	1,197	1,208
Payables to related parties		
Trade accounts payables	53	-
Other accounts payables	1	-

Compensation of key management personnel

For the three months ended 31 March 2009 and 31 March 2008 the remuneration of the directors and other members of key management was 1,148 and 982, respectively.

The remuneration of directors and key executives is determined by the Board of Directors based on the performance of individuals and market trends.

17. 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 consolidated financial statements based on information currently available.

However, litigation is inherently unpredictable and, although the Group believes that it has valid defenses in these matters, unfavorable resolutions could occur, which could have a material adverse effect on the Group’s consolidated financial statements in future reporting periods.

Taxation contingencies in the Russian Federation

The government of the Russian Federation has commenced a revision of the Russian tax system and passed certain laws implementing tax reform. The new laws reduce the number of taxes and overall tax burden on businesses and simplify tax legislation. However, these new tax laws continue to rely heavily on the interpretation of local tax officials and fail to address many existing problems. Many issues associated with practical implication of new legislation are unclear and complicate the Group’s tax planning and related business decisions.

In terms of Russian tax legislation, authorities have a period of up to three years to re-open tax declarations for further inspection. Changes in the tax system that may be applied retrospectively by authorities could affect the Group’s previously submitted and assessed tax declarations.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that the tax authorities in the Russian Federation could take differing positions with regard to interpretative issues. This uncertainty may expose the Group to additional taxation, fines and penalties that could be significant.

Environmental matters

The Group is subject to extensive federal and local environmental controls and regulations. The Group’s management believes that the Group operations are in compliance with all current existing environmental legislation in the Russian Federation. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those laws and regulations may change, or the cost thereby.

Russian Federation risk

The economy of the Russian Federation, while deemed to be of market status, continue to display certain traits consistent with that of an emerging market. These characteristics have in the past included higher than normal inflation, insufficient liquidity of the capital markets, and the existence of currency controls. The continued success and stability of the Russian economy will be subject to their government’s continued actions with regard to supervisory, legal and economic reforms.

Recent volatility in global and Russian financial markets

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in Russia, notwithstanding any potential economic stabilisation measures that may be put into place by the Russian Government, there exists as at the date these financial statements are authorised for issue economic uncertainties surrounding the continual availability, and cost, of credit both for the entity and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may be not be recovered at their carrying amount in the ordinary course of business, and a corresponding impact on the entity’s profitability.

Insurance

As at 31March 2009, 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.

(in thousands of US Dollars)

Operating lease arrangements

Operating lease arrangements relate to the lease of land, mooring installation and vessels from the Russian State. These arrangements have lease terms of between 5 and 49 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the land and mooring installations at the expiry of the lease period.

Non-cancellable operating leases with initial terms in excess of one year are as follows:

	31 March 2009
2009	5,745
2010	7,525
2011	7,299
2012	6,682
2013	6,593
Thereafter	117,131
Total	**150,975**

18. CAPITAL COMMITMENTS

At 31 March 2009, the Group had the following capital commitments to purchase items which will increase the transhipment capacities:

	31 March 2009
Commitments for acquisition of property, plant and equipment and construction works:	
NCSP	24,012
NLE	346
NZT	212
IPP	88
NSRZ	22
Total	**24,680**

19. EVENTS AFTER THE BALANCE SHEET DATE

On May 2009 the Group together with CENTROSUN HOLDINGS LIMITED founded a Joint Venture LLC "Novorossiysk Mazutnyi Terminal" with the share capital of 3 (100 thousand RUB) for the purposes of building stevedoring facilities for oil product transhipment.

OJSC IPP fully settled its debt by credit agreement № 476 from 25 December 2006 with Sberbank. The amount of credit agreement at 31 March 2009 was 902.