Public Joint Stock Company Novorossiysk Commercial Sea Port and Subsidiaries

Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six Months Ended 30 June 2009

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

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NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent accountant's review report on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditor in relation to the interim condensed consolidated financial statements of Public Joint Stock Company Novorossiysk Commercial Sea Port and its subsidiaries (the "Group").

Management is responsible for the preparation of interim condensed consolidated financial statements that present fairly the consolidated financial position of the Group at 30 June 2009 and the results of its operations, changes in equity and cash flows for the six months then ended, in compliance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the interim condensed consolidated financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the interim condensed consolidated financial statements; and
- Preparing the interim condensed consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial statements for the six months ended 30 June 2009 were approved and authorised on 21 September 2009 by:

Vilinov I.E.	Kachan G.I.
Chief Executive Officer	Chief Accountant

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INDEPENDENT ACCOUNTANT'S REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Public Joint Stock Company Novorossiysk Commercial Sea Port:

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company Novorossiysk Commercial Sea Port and its subsidiaries (collectively – the "Group") which comprise of the interim condensed consolidated statement of financial position as of 30 June 2009 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche

Moscow, Russia
21 September 2009

PUBLIC JOINT STOCK COMPANY
NOVOROSSIYSK COMMERCIAL SEA PORT AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)
(in thousands of US Dollars, unless otherwise indicated)

All amounts in the statement of comprehensive income relate to continuing operations	Notes	Six months ended 30 June 2009	Six months ended 30 June 2008
REVENUE	5	334,169	314,662
COST OF SALES	6	(102,831)	(179,001)
GROSS PROFIT		**231,338**	**135,661**
Selling, general and administrative expenses	7	(25,414)	(33,385)
Loss on disposal of property, plant and equipment		(124)	(1,830)
OPERATING PROFIT		**205,800**	**100,446**
Interest income on deposits		4,866	1,834
Finance costs		(16,272)	(15,553)
Foreign exchange (loss)/gain		(31,961)	22,217
Other (expenses)/income, net		(459)	1,239
PROFIT BEFORE INCOME TAX		**161,974**	**110,183**
INCOME TAX EXPENSE			
Current income tax expense		(35,680)	(37,128)
Deferred tax benefit		2,606	11,487
PROFIT FOR THE PERIOD		**128,900**	**84,542**
OTHER COMPREHENSIVE (LOSSES)/ INCOME			
Effect of translation to presentation currency		(31,434)	35,313
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**97,466**	**119,855**
Profit for the period attributable to:			
Equity shareholders		125,895	78,713
Minority interest		3,005	5,829
		128,900	**84,542**
Total comprehensive income attributable to:			
Equity shareholders		96,013	112,374
Minority interest		1,453	7,481
		97,466	**119,855**
Weighted average number of ordinary shares outstanding		19,259,815,400	19,259,815,400
BASIC AND DILUTED EARNINGS PER SHARE (US cents)		0.65	0.41

Vilinov I.E.
Chief Executive Officer

Kachan G.I.
Chief Accountant

The notes on pages 7 to 24 are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009 (UNAUDITED) AND 31 DECEMBER 2008

(in thousands of US Dollars)

	Notes	30 June 2009	31 December 2008
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	9	522,912	576,367
Goodwill		381,437	406,234
Mooring rights		9,657	10,615
Investments in securities and other financial assets	10	1,499	3,216
Non-current VAT recoverable		3,541	5,100
Spare parts		4,413	5,023
Deferred tax assets		3,396	2,213
Other intangible assets		1,467	1,480
Total non-current assets		928,322	1,010,248
CURRENT ASSETS:			
Inventories	11	7,842	6,011
Advances to suppliers		2,879	2,115
Trade and other receivables	12	37,237	29,887
VAT recoverable and other taxes receivable		11,944	29,348
Investments in securities and other financial assets	10	154,854	85,976
Cash and cash equivalents	13	122,578	42,868
Total current assets		337,334	196,205
TOTAL ASSETS		**1,265,656**	**1,206,453**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		10,471	10,471
Share premium		9,255	9,255
Foreign currency translation reserve		(67,630)	(37,748)
Retained earnings		712,576	606,383
Equity attributable to shareholders of the parent		664,672	588,361
Minority interest		27,380	27,117
Total equity		692,052	615,478
NON-CURRENT LIABILITIES:			
Long-term debt	14	450,538	463,231
Defined benefit obligation		8,656	7,643
Deferred tax liabilities		37,352	41,294
Total non-current liabilities		496,546	512,168
CURRENT LIABILITIES:			
Current portion of long-term debt	14	12,125	42,254
Trade and other payables		10,270	7,026
Advances received from customers		6,699	11,348
Taxes payable		20,436	7,188
Interest rate swap liability		3,636	4,741
Accrued expenses		23,892	6,250
Total current liabilities		77,058	78,807
TOTAL EQUITY AND LIABILITIES		**1,265,656**	**1,206,453**

The notes on pages 7 to 24 are an integral part of these unaudited 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 SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)
(in thousands of US Dollars)

		Attributable to shareholders of the parent company						
	Notes	**Share capital**	**Share premium**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Minority interest**	**Total**
At 1 January 2008		**10,471**	**9,255**	**80,045**	**631,458**	**731,229**	**38,883**	**770,112**
Profit for the period		-	-	-	78,713	**78,713**	5,829	**84,542**
Other comprehensive income		-	-	33,661	-	**33,661**	1,652	**35,313**
Dividends	8	-	-	-	(15,190)	**(15,190)**	-	**(15,190)**
Purchase of non-controlling minority interest		-	-	-	(93,326)	**(93,326)**	(10,801)	**(104,127)**
Minority interest liability		-	-	-	(17,922)	**(17,922)**	(2,394)	**(20,316)**
At 30 June 2008		**10,471**	**9,255**	**113,706**	**583,733**	**717,165**	**33,169**	**750,334**
At 1 January 2009		**10,471**	**9,255**	**(37,748)**	**606,383**	**588,361**	**27,117**	**615,478**
Profit for the period		-	-	-	125,895	**125,895**	3,005	**128,900**
Other comprehensive loss		-	-	(29,882)	-	**(29,882)**	(1,552)	**(31,434)**
Dividends	8	-	-	-	(15,434)	**(15,434)**	-	**(15,434)**
Purchase of non-controlling minority interest	15	-	-	-	(4,268)	**(4,268)**	(1,190)	**(5,458)**
At 30 June 2009		**10,471**	**9,255**	**(67,630)**	**712,576**	**664,672**	**27,380**	**692,052**

The notes on pages 7 to 24 are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

(in thousands of US Dollars)

	Notes	Six months ended 30 June 2009	Six months ended 30 June 2008
Cash flows from operating activities			
Cash generated from operations		237,886	139,646
Income tax paid		(13,584)	(39,861)
Interest paid		(16,039)	(17,974)
Net cash generated by operating activities		**208,263**	**81,811**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		609	570
Purchase of property, plant and equipment		(12,845)	(29,913)
Proceeds from disposal of securities and other financial assets		93,112	7,346
Purchase of securities and other financial assets		(161,815)	(10,235)
Proceeds from disposal of OJSC Office Centre Pokrovsky and City Park		-	8,458
Increase of ownership in subsidiaries	15	(5,458)	(84,916)
Proceeds from disposal of subsidiaries, net of cash disposed		-	9,842
Interest received		1,695	1,834
Purchase of intangible assets		(420)	-
Net cash used in investing activities		**(85,122)**	**(97,014)**
Cash flows from financing activities			
Repayments of long-term and short-term borrowings		(45,240)	(9,399)
Net cash used in financing activities		**(45,240)**	**(9,399)**
Net increase/(decrease) in cash and cash equivalents		**77,901**	**(24,602)**
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		1,809	2,584
Cash and cash equivalents at the end of the period	**13**	**122,578**	**44,642**

The notes on pages 7 to 24 are an integral part of these unaudited interim condensed consolidated 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 of 30 June 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

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 one 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 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, ro-ro cargo at own ferry berth.

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

These unaudited 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 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. This revised standard separates owner and non-owner changes in the statement of changes in equity. Based on the revised standard the statement of changes in equity includes only details of transactions with owner, with non-owner changes in equity presented as a single line item and separately disclosed in statement of comprehensive income. In addition, the Standard introduces the statement of comprehensive income and introduces new names of some statements. All information presented in these unaudited interim condensed consolidated financial statements was amended, accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied in the unaudited interim condensed consolidated 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"), which reflects the economic substance of the underlying events and transactions of each entity's respective operations.

The presentation currency of these unaudited interim condensed consolidated financial statements is the US Dollar ("USD"). Management considers that the USD is a more relevant presentation currency for international users of the unaudited interim condensed consolidated financial statements of the Group.

(in thousands of US Dollars)

Rates of exchange

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

	30 June 2009	31 December 2008
Period-end rates		
RUR / 1 US Dollar	31.2904	29.3804

	Six months ended 30 June 2009	Six months ended 30 June 2008
Average rates for the period		
RUR / 1 US Dollar	33.0679	23.9440

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 unaudited interim condensed consolidated financial statements for the six months ended 30 June 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 passenger transit, rent and resale of energy and utilities to external customers. Neither of these operations constitutes a separate reportable segment due to their insignificant nature.

Information regarding the Group's reportable segments as of 30 June 2009 and for the six months then ended and the comparative information as of 31 December 2008 and for the six months ended 30 June 2008 is presented below.

(in thousands of US Dollars)

The segment information for the six months ended 30 June 2009:

	Stevedoring and additional	Fleet	Ship repair	Other	Adjustments and eliminations	Consolidated
Segment revenue						
Third parties	306,173	23,728	291	3,977	-	334,169
Inter-segment	1,463	1,105	283	5,969	(8,820)	-
Total revenue	**307,636**	**24,833**	**574**	**9,946**	**(8,820)**	**334,169**
Segment profit/(loss)	193,368	11,604	(655)	6,415	(48,758)	161,974
Segment assets	**743,278**	**114,319**	**3,772**	**26,534**	**377,753**	**1,265,656**
Segment liabilities	**(488,577)**	**(3,267)**	**(64)**	**(1,223)**	**(80,473)**	**(573,604)**
Other segment information						
Depreciation and amortisation charge	24,901	2,179	523	520	2,056	30,179
Capital expenditures	10,440	1,751	-	29	762	12,982

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:

	Six months ended 30 June 2009
Unallocated:	
Interest income on deposits	4,866
Other expenses, net	(583)
Finance costs	(16,272)
Foreign exchange loss	(31,961)
Other unallocated expenses	(4,808)
Total adjustments	**(48,758)**
Eliminated:	
Inter-segment purchases	8,820

(in thousands of US Dollars)

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

	30 June 2009
ASSETS	
Unallocated (managed on a group basis):	
Current investments in securities and other financial assets	152,385
Cash and cash equivalents	122,578
Property, plant and equipment	73,050
Non-current investments in securities and other financial assets	45,026
Trade and other receivables	23,235
VAT recoverable and other taxes receivable	3,714
Deferred tax assets	3,396
Advances to suppliers	1,743
Other intangible assets	1,467
Inventories	609
Eliminated:	
Inter-segment	(49,450)
Total adjustments and eliminations for assets:	**377,753**
LIABILITIES	
Unallocated (managed on a group basis):	
Long term debt	(45,025)
Deferred tax liabilities	(37,352)
Accrued expenses	(23,887)
Defined benefit obligations	(8,656)
Tax payable	(5,509)
Interest rate swap liability	(3,636)
Current portion of long-term debt	(3,241)
Trade payables and other payables	(2,617)
Eliminated:	
Inter-segment	49,450
Total adjustments and eliminations for liabilities	**(80,473)**

The segment information for the six months ended 30 June 2008 and 31 December 2008, respectively:

	Stevedoring and additional	**Fleet**	**Ship repair**	**Other**	**Adjustments and eliminations**	**Consolidated**
Segment revenue						
Third parties	271,079	23,646	-	19,937	-	314,662
Inter-segment	7,793	2,567	-	-	(10,360)	-
Total revenue	**278,872**	**26,213**	**-**	**19,937**	**(10,360)**	**314,662**
Segment profit/(loss)	78,816	8,784	(990)	20,875	2,698	110,183
Segment assets	**760,837**	**125,391**	**4,025**	**51,167**	**265,033**	**1,206,453**
Segment liabilities	**(495,094)**	**(909)**	**(32)**	**(3,341)**	**(91,599)**	**(590,975)**
Other segment information						
Depreciation and amortisation charge	52,214	291	981	4,135	-	57,621
Capital expenditures	41,342	180	608	1,796	-	43,926

(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, and intangible assets.

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

	Six months ended 30 June 2008
Unallocated:	
Foreign exchange gain	22,217
Investment income on deposits	1,834
Other expenses, net	(591)
Finance costs	(15,553)
Other unallocated expenses	(5,209)
Total adjustments	**2,698**
Eliminated:	
Inter-segment purchases	10,360

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):	
Current investments in securities and other financial assets	137,833
Property, plant and equipment	106,999
Cash and cash equivalents	42,868
Trade and other receivables, net	11,895
VAT recoverable and other taxes receivable	9,736
Inventories	3,012
Non-current investments in securities and other financial assets	2,637
Deferred tax assets	2,213
Other intangible assets	1,502
Advances to suppliers	1,108
Eliminated:	
Inter-segment	(54,770)
Total adjustments and eliminations for assets:	**265,033**
LIABILITIES	
Unallocated (managed on a group basis):	
Long term debt	(82,813)
Deferred tax liabilities	(41,294)
Defined benefit obligations	(7,643)
Accrued expenses	(6,249)
Tax payable	(4,717)
Trade payables and other payables	(1,884)
Current portion of long-term debt	(1,769)
Eliminated:	
Inter-segment	54,770
Total adjustments and eliminations for liabilities	**(91,599)**

(in thousands of US Dollars)

5. REVENUE

	Six months ended 30 June 2009	Six months ended 30 June 2008
Stevedore services	257,672	240,368
Additional port services	48,501	45,517
Fleet services	23,728	25,401
Ship repair services	291	-
Other	3,977	3,376
Total	**334,169**	**314,662**

Certain comparative information, presented in the revenue note for the six months ended 30 June 2008, has been reclassified in order to achieve comparability with the presentation used in the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2009.

6. COST OF SALES

	Six months ended 30 June 2009	Six months ended 30 June 2008
Depreciation and amortisation	28,453	53,938
Fuel	26,315	59,382
Payroll	21,970	29,781
Unified social tax	5,477	7,574
Rent	4,792	5,359
Repairs and maintenance	3,976	6,640
Raw materials	3,659	4,535
Subcontractors	3,157	3,209
Energy and utilities	2,361	2,331
Insurance	169	1,101
Other	2,502	5,151
Total	**102,831**	**179,001**

During the 2008 financial year, the Group reassessed the useful life of certain property, plant and equipment due to the completion of significant investment programs, such as building of grain terminal and reconstruction of container terminal. As a result of the assessment, the useful life of certain assets was changed. This led to increase of depreciation expenses for the six months ended 30 June 2008.

(in thousands of US Dollars)

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June 2009	Six months ended 30 June 2008
Personnel expenses	10,516	11,982
Taxes other than income tax	4,118	4,111
Security services	1,983	2,770
Depreciation and amortisation	1,726	3,684
Unified social tax	1,635	1,913
Charity	1,099	1,546
Bank charges	870	922
Rent	625	257
Travel and representation expenses	582	1,242
Repairs and maintenance	411	946
Raw materials	319	349
Advertising	156	818
Other	1,374	2,845
Total	**25,414**	**33,385**

8. DIVIDENDS

During the first six months of 2009, NCSP declared dividends in respect of the year ended 31 December 2008 in the amount of 15,434. As of 30 June 2009 the dividends were not paid and were accounted for within accrued expenses.

During the first six months of 2008, NCSP declared dividends in respect of the year ended 31 December 2007 in the amount of 15,190. The main amount of the dividends was paid during the second half of 2008.

(in thousands of US Dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and constructions	Machinery and equipment	Marine vessels	Aircraft	Vehicles	Office and other equipment	Construction in progress	Total
Cost									
As of 1 January 2008	**20,770**	**266,757**	**245,881**	**78,516**	**26,632**	**20,793**	**61,565**	**154,441**	**875,355**
Additions	-	665	2,549	72	-	1,056	748	38,836	43,926
Transfer	-	54,888	35,853	-	-	74	431	(91,246)	-
Disposals	-	(4,255)	(137)	(86)	-	(275)	(72)	(963)	(5,788)
Disposal of subsidiary	-	-	-	-	(27,302)	-	-	-	(27,302)
Effect of translation into presentation currency	964	13,299	12,207	3,644	670	984	2,813	7,030	41,611
As of 30 June 2008	**21,734**	**331,354**	**296,353**	**82,146**	**-**	**22,632**	**65,485**	**108,098**	**927,802**
Accumulated depreciation									
As of 1 January 2008	**-**	**(23,976)**	**(61,812)**	**(14,119)**	**(2,663)**	**(5,244)**	**(12,090)**	**-**	**(119,904)**
Depreciation charge	-	(16,151)	(24,400)	(6,320)	(910)	(2,048)	(6,804)	-	(56,633)
Disposals	-	1,690	111	86	-	125	51	-	2,063
Disposal of subsidiary	-	-	-	-	3,640	-	-	-	3,640
Effect of translation into presentation currency	-	(1,413)	(3,521)	(778)	(67)	(282)	(637)	-	(6,698)
As of 30 June 2008	**-**	**(39,850)**	**(89,622)**	**(21,131)**	**-**	**(7,449)**	**(19,480)**	**-**	**(177,532)**
Net book value									
As of 1 January 2008	**20,770**	**242,781**	**184,069**	**64,397**	**23,969**	**15,549**	**49,475**	**154,441**	**755,451**
As of 30 June 2008	**21,734**	**291,504**	**206,731**	**61,015**	**-**	**15,183**	**46,005**	**108,098**	**750,270**

(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 of 1 January 2009	**19,399**	**316,031**	**242,838**	**65,097**	**16,052**	**65,471**	**47,798**	**772,686**
Additions	-	3,004	6,244	1,482	1,688	1,955	(1,391)	12,982
Transfer	-	2,127	1,951	-	-	1,468	(5,546)	-
Disposals	-	(143)	(362)	(1,135)	(641)	(84)	(11)	(2,376)
Effect of translation into presentation currency	(1,184)	(19,008)	(14,378)	(3,954)	(920)	(3,807)	(3,312)	(46,563)
As of 30 June 2009	**18,215**	**302,011**	**236,293**	**61,490**	**16,179**	**65,003**	**37,538**	**736,729**
Accumulated depreciation								
As of 1 January 2009	**-**	**(41,968)**	**(98,522)**	**(21,882)**	**(7,306)**	**(26,641)**	**-**	**(196,319)**
Depreciation charge	-	(9,101)	(13,388)	(2,055)	(1,266)	(3,730)	-	(29,540)
Disposals	-	24	224	797	531	67	-	1,643
Effect of translation into presentation currency	-	2,046	5,267	1,264	404	1,418	-	10,399
As of 30 June 2009	**-**	**(48,999)**	**(106,419)**	**(21,876)**	**(7,637)**	**(28,886)**	**-**	**(213,817)**
Net book value								
As of 1 January 2009	**19,399**	**274,063**	**144,316**	**43,215**	**8,746**	**38,830**	**47,798**	**576,367**
As of 30 June 2009	**18,215**	**253,012**	**129,874**	**39,614**	**8,542**	**36,117**	**37,538**	**522,912**

As of 30 June 2009 construction in progress included 20,340 (31 December 2008: 29,345) of advances paid for property, plant and equipment. Property, plant and equipment with carrying value of 23,129 (31 December 2008: 16,269) were pledged to secure bank overdrafts and loans granted to the Group. During the first six months of 2009 no interest expenses were capitalised to the cost of property, plant and equipment (during the first six months of 2008: 2,678).

(in thousands of US Dollars)

10. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	30 June 2009	31 December 2008
Current		
Financial assets carried at amortised cost		
Deposits	146,187	76,900
Promissory notes	6,603	7,000
Loans issued	2,064	2,076
Total current	**154,854**	**85,976**
Non-current		
Financial assets carried at amortised cost		
Deposits with maturity period over year	1,300	-
Promissory notes and other financial assets	199	3,216
Total non-current	**1,499**	**3,216**

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 3.6% to 6.1% per annum.

Short-term promissory notes at 30 June 2009 consist of the Sberbank RUR promissory notes amounted to 4,203 with interest rates varying from 11.3% to 12.55% and USD promissory notes amounted to 2,400 with interest rate 3.6% per annum.

During six months 2009 most of Sberbank promissory notes were redeemed before the maturity date. Non-current deposits denominated in USD are placed in Sberbank with interest rate 6% per annum.

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

11. INVENTORIES

	30 June 2009	31 December 2008
Raw materials and low value items	6,943	7,663
Goods for resale	1,972	548
Fuel	1,704	926
Other	159	9
Less: allowance for slow-moving inventories	(2,936)	(3,135)
Total	**7,842**	**6,011**

(in thousands of US Dollars)

12. TRADE AND OTHER RECEIVABLES

	30 June 2009	31 December 2008
Trade accounts receivables	28,599	25,191
Interest receivables	3,664	333
Other receivables	6,030	5,503
Less: allowance for doubtful receivables	(1,056)	(1,140)
Total	**37,237**	**29,887**

13. CASH AND CASH EQUIVALENTS

	30 June 2009	31 December 2008
Bank deposits in USD	71,450	25,223
Bank deposits in RUR	26,558	6,678
Current accounts in USD	17,817	8,033
Current accounts in RUR	6,683	2,914
Cash in hand	70	20
Total	**122,578**	**42,868**

Bank deposits as of 30 June 2009 mainly represent deposits with Sberbank with an original maturity of three months or less.

14. DEBT

	Interest rate	Maturity Date	30 June 2009	31 December 2008
Non-current				
Unsecured bank loans (USD)				
Loan participation notes (USD)	7.0%	May 2012	297,443	296,787
UniCredit Bank and Bank Austria Creditanstalt (USD)	LIBOR+1.6%	July 2010	117,712	117,547
Sberbank(USD)	10.0%	September 2011	3,546	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	28,210	32,240
Sberbank (USD)	11.0%	December 2011	1,812	2,416
UniCredit Bank (USD)	8.95%	September 2011	1,105	1,525
Sberbank (USD)	11.0%	December 2011	710	947
Total non-current			**450,538**	**463,231**
Current				
Current portion of long-term loans			12,125	42,254
Total debt			**462,663**	**505,485**

(in thousands of US Dollars)

During the first six months of 2009 Sberbank unsecured loans with maturity in November 2010 and June 2010 were repaid. The other unsecured Sberbank loan with original maturity in March 2010 is presented in the current portion of long-term loans and was repaid in July 2009 before original maturity.

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

As of 30 June 2009, the average effective borrowing rate was 6.60% 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 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 and Bank Austria Creditanstalt.

The Group borrowings are repayable as follows:

	30 June 2009	**31 December 2008**
Due within three months	2,881	6,889
Due from three to six months	630	5,584
Due from six months to twelve months	8,614	29,781
	12,125	**42,254**
Between 1 and 2 years	127,757	139,784
Between 2 and 5 years	322,781	323,447
Total	**462,663**	**505,485**

15. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

During the first three months of 2009, the Group acquired additional 2.41% of interest in IPP for a cash consideration of 5,458 increasing its ownership to 99.97%. The carrying value of IPP net assets in the unaudited interim condensed consolidated financial statements at the date of acquisition of additional interests was 49,360. As a result of this transaction, the Group recognised a decrease in net assets attributable to minority interests in the amount of 1,190. Excess of consideration paid over the Group's share in net assets acquired in the amount of 4,268 was recognised in the consolidated statement of changes in equity as a decrease of retained earnings.

On 19 May 2009, the Group founded a joint venture LLC "Novorossiysk Mazutnyi Terminal" in equal shares with CENTROSUN HOLDINGS LIMITED with share capital of 3 (100 thousand RUR) for the purposes of building stevedoring facilities for oil product transhipment.

On 29 June 2009, OJSC Fleet of NCSP together with Mr. Marisov founded Longbranch Shipping Enterprises Ltd. Co (Cyprus) with the share capital of 1.4 (one thousand EUR) to expand the tow business. Ownership in the subsidiary of Fleet equals to 80%. Contribution to the share capital was made in July 2009.

(in thousands of US Dollars)

16. 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.

Due to 20% stake owned by Federal Agency significant balances and transactions with state-controlled entities are considered transactions with related parties. At 30 June 2009 and 31 December 2008, the Group had balances and transactions with Sberbank, Transneft and its subsidiaries, Rosneft, Military divisions, Russian Railways, etc.

Transactions with state-controlled entities:

	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales and income received from related parties		
Sales and income received from related parties	40,330	18,313
Interest income	4,749	488
Purchases from related parties		
Non-capital expenditures	2,392	3,197
Interest expenses	2,909	2,329

Balances with state-controlled entities:

	30 June 2009	31 December 2008
Cash in related parties banks		
Cash and cash equivalents in related party bank	109,245	38,804
Deposit with related party bank	147,487	76,900
Receivables from related parties		
Trade accounts receivable	811	1,523
Advances paid to suppliers	240	226
Interest receivable	3,664	331
Other receivables	8	31
Short-term loans to related parties	-	681
Short-term promissory notes	6,603	7,000
Long-term loans to related parties	-	3,131
Payables to related parties		
Trade and other accounts payables	28	84
Advances received	118	1,706
Long-term debt	34,278	47,371
Current portion of long-term debt	8,635	38,745

(in thousands of US Dollars)

Other related parties are considered to include the ultimate controlling parties, affiliates and entities under common ownership and control with the Group.

As of the date of approval of these unaudited interim condensed 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.

Transactions with other related parties:

	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales and income received from related parties		
Sales and income received from related parties	357	53
Interest income	49	-
Purchases from related parties		
Services rendered	1,238	235

Balances with other related parties:

	30 June 2009	31 December 2008
Receivables from related parties		
Trade accounts receivable	82	172
Advances paid	150	299
Other receivables	935	970
Short-term loans given to related parties	1,170	1,650
Payables to related parties		
Trade accounts payables	106	83

Compensation of key management personnel

For the six months ended 30 June 2009 and 30 June 2008, the remuneration of the directors and other members of key management was 4,167 and 3,268, 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 unaudited interim condensed 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.

Insurance

As of 30 June 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 lease commitments with initial terms in excess of one year are as follows:

	30 June 2009
2009	5,117
2010	10,023
2011	9,780
2012	9,117
2013	9,013
Thereafter	188,375
Total	**231,425**

18. CAPITAL COMMITMENTS

At 30 June 2009, the Group had the following capital commitments for acquisition of property, plant and equipment and construction works:

	30 June 2009	**31 December 2008**
PJSC NCSP	27,950	22,388
OJSC Novorossiysk Grain Terminal	196	-
OJSC IPP	175	32
OJSC Novoroslesexport	45	23
OJSC Novorossiysk Shipyard	9	71
Total	**28,375**	**22,514**

The above commitments were entered into to enhance of the Groups' transhipment capacities during the following 3-10 years.

19. RECLASSIFICATIONS

Certain comparative information, presented in the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2008, has been reclassified in order to achieve comparability with the presentation used in the unaudited interim consolidated financial statements for the six months ended 30 June 2009.

These reclassifications did not have an impact of equity or profit for the period.

20. EVENTS AFTER THE BALANCE SHEET DATE

In July 2009, the Group has additionally acquired 1,528,953 (9.51%) shares of PJSC Fleet of NCSP for cash consideration of 20,870 increasing its ownership in subsidiary to 95.19%.

In July 2009, OJSC IPP fully settled its debt under credit agreement with Sberbank. The amount of the loan at 30 June 2009 was 1,905.