

**OASOVCOMFLOT  
ANDITSSUBSIDIARYCORPORATIONS**

**CONDENSEDCONSOLIDATEDFINANCIALSTATEMENTS**

**30September2012**

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## OAOSovcomflot

Condensed Consolidated Income Statement  
For the period ended 30 September 2012

Note	Nin months		Three months		Yearended
	30/09/2012	30/09/2011	30/09/2012	30/09/2011	31/12/2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Freight and Hire revenue	1,114,277	1,075,619	336,610	343,037	1,438,926
Voyage expenses and commissions	(394,115)	(381,039)	(116,908)	(130,070)	(511,651)
<b>Time charter equivalent revenues</b>	<b>720,162</b>	<b>694,580</b>	<b>219,702</b>	<b>212,967</b>	<b>927,275</b>
<b>Direct operating expenses</b>					
Vessels' running costs	253,074	243,322	85,498	84,363	332,317
Vessels' dry dock cost amortisation	3 27,155	26,960	9,101	9,311	35,268
Charter hire payments	26,323	25,088	6,809	10,833	38,349
	(306,552)	(295,370)	(101,408)	(104,507)	(405,934)
<b>Profit on vessels' trading</b>	<b>413,610</b>	<b>399,210</b>	<b>118,294</b>	<b>108,460</b>	<b>521,341</b>
<b>Other operating expenses</b>					
Depreciation and amortisation					
Vessels' depreciation	176,563	163,786	57,869	55,639	223,726
Vessels' impairment provision	3&8 28,351	15,998	21,251	11,654	7,602
Other depreciation	3,750	3,849	1,221	1,367	5,092
Intangible assets' amortisation	8,923	6,297	3,298	2,100	8,397
	217,587	189,930	83,639	70,760	244,817
Allowance for/(reversal) of credit losses	57	(68)	(213)	(132)	2,710
General and administrative expenses	65,727	63,796	20,538	18,263	93,125
<b>Total other operating expenses</b>	<b>283,371</b>	<b>253,658</b>	<b>103,964</b>	<b>88,891</b>	<b>340,652</b>
<b>Profit from vessels' operations</b>	<b>130,239</b>	<b>145,552</b>	<b>14,330</b>	<b>19,569</b>	<b>180,689</b>
(Loss)/gain on sale of assets	(236)	10,597	(168)	6,307	12,190
Gain on disposal of investments	28	286	4	628	283
Other operating revenues	76,580	38,994	29,033	17,735	52,423
Other operating expenses	(66,870)	(32,838)	(25,611)	(15,341)	(44,030)
(Increase)/release of provision	(123)	-	15	-	3,317
Share of profits/(losses) in associated undertakings	209	(7,020)	4,433	(7,947)	(10,873)
<b>Operating profit</b>	<b>139,827</b>	<b>155,571</b>	<b>22,036</b>	<b>20,951</b>	<b>193,999</b>
<b>Other (expenses)/income</b>					
Interest expense	(105,003)	(106,996)	(35,649)	(35,332)	(142,117)
Financing costs	(2,249)	(3,329)	(643)	(918)	(4,400)
Interest income	17,401	16,968	5,478	6,323	22,027
Other non-operating income	1,059	1,792	149	(704)	8,565
Other non-operating expenses	(8,595)	(3,682)	(2,888)	3,361	(12,837)
Loss on ineffective hedging instruments	12 (90)	(1,748)	(52)	(1,625)	(1,512)
Gain on derivative financial instruments held for trading	12 9,072	3,113	3,002	130	8,566
Loss on investments held for trading	-	(3)	-	-	(3)
Foreign exchange differences	(1,027)	(2,825)	1,190	(5,414)	(1,086)
<b>Net other expenses</b>	<b>(89,432)</b>	<b>(96,710)</b>	<b>(29,413)</b>	<b>(34,179)</b>	<b>(122,797)</b>
<b>Profit before income taxes</b>	<b>50,395</b>	<b>58,861</b>	<b>(7,377)</b>	<b>(13,228)</b>	<b>71,202</b>
Income taxes	13 (8,076)	(11,493)	(1,182)	(3,630)	(17,526)
<b>Profit for the period</b>	<b>42,319</b>	<b>47,368</b>	<b>(8,559)</b>	<b>(16,858)</b>	<b>53,676</b>
<b>Profit attributable to:</b>					
Owners of the parent	42,320	46,375	(7,350)	(16,872)	52,256
Non-controlling interest	(1)	993	(1,209)	14	1,420
	<b>42,319</b>	<b>47,368</b>	<b>(8,559)</b>	<b>(16,858)</b>	<b>53,676</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

## OAO Sovcomflot

**Condensed Consolidated Statement of Comprehensive Income  
For the period ended 30 September 2012**

	Note	Nin months		Three months		Yearended
		30/09/2012	30/09/2011	30/09/2012	30/09/2011	31/12/2011
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Profit for the period</b>		42,319	47,368	(8,559)	(16,858)	53,676
<b>Other comprehensive income:</b>						
Share of associates' other comprehensive income		(570)	1,275	(1,062)	2,396	1,149
Exchanged differences on translation of foreign operations		5,198	(2,548)	5,822	(10,451)	(4,570)
Derivative financial instruments recycled and debited to the income statement	12	25,702	24,271	6,764	5,684	30,709
Fair value movement of derivative financial instruments debited to other comprehensive income	12	(32,379)	(74,012)	(9,379)	(50,187)	(75,398)
<b>Other comprehensive income for the period, net of tax</b>		(2,049)	(51,014)	2,145	(52,558)	(48,110)
<b>Total comprehensive income for the period</b>		<u>40,270</u>	<u>(3,646)</u>	<u>(6,414)</u>	<u>(69,416)</u>	<u>5,566</u>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent		39,740	(4,376)	(5,761)	(68,223)	4,629
Non-controlling interest		530	730	(653)	(1,193)	937
		<u>40,270</u>	<u>(3,646)</u>	<u>(6,414)</u>	<u>(69,416)</u>	<u>5,566</u>

## OAOSovcomflot

## Condensed Consolidated Statement of Financial Position – 30 September 2012

	Note	30/09/2012 \$'000	30/09/2011 \$'000	31/12/2011 \$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Fleet	3	5,488,424	5,511,882	5,460,390
Vessels under construction	4	489,836	284,637	334,977
Other fixed assets		72,174	60,404	65,380
Investment property		3,952	4,792	4,565
Other fixed assets under construction		16,130	8,639	9,866
Intangible assets		12,890	14,019	12,273
Investments in associates		1,145	864	1,273
Available-for-sale investments		1,381	1,646	1,381
Finance lease receivables	5	89,874	92,877	92,162
Trade and other receivables	6	14,932	30,989	33,525
Deferred tax assets		2,940	1,823	5,164
		<u>6,193,678</u>	<u>6,012,572</u>	<u>6,020,956</u>
<b>Current assets</b>				
Inventories		80,806	73,213	76,317
Trade and other receivables	6	281,686	215,233	237,563
Finance lease receivables	5	3,003	2,600	2,697
Current tax receivable		3,623	3,551	2,332
Cash and bank deposits	7	302,456	334,821	389,742
		<u>671,574</u>	<u>629,418</u>	<u>708,651</u>
Non-current assets held for sale	8	13,095	11,667	9,800
		<u>684,669</u>	<u>641,085</u>	<u>718,451</u>
<b>Total assets</b>		<u><u>6,878,347</u></u>	<u><u>6,653,657</u></u>	<u><u>6,739,407</u></u>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital		405,012	405,012	405,012
Reserves		2,547,085	2,503,266	2,520,171
<b>Equity attributable to owners of the parent</b>		<u>2,952,097</u>	<u>2,908,278</u>	<u>2,925,183</u>
<b>Non-controlling interest</b>		<u>158,354</u>	<u>170,764</u>	<u>159,989</u>
<b>Total equity</b>		<u>3,110,451</u>	<u>3,079,042</u>	<u>3,085,172</u>
<b>Non-current liabilities</b>				
Trade and other payables		-	5,346	-
Secured bank loans	10	1,919,542	1,834,766	1,903,423
Finance lease liabilities	11	204,268	224,107	221,688
Derivative financial instruments	12	128,460	128,135	120,826
Retirement benefit obligations		8,594	8,301	7,997
Other loans		797,469	796,756	797,005
Tax payable		-	3,990	-
Deferred tax liabilities		5,494	6,390	7,318
		<u>3,063,827</u>	<u>3,007,791</u>	<u>3,058,257</u>
<b>Current liabilities</b>				
Trade and other payables		256,934	221,724	245,276
Secured bank loans	10	362,415	258,042	258,776
Finance lease liabilities	11	19,838	9,201	9,363
Current tax payable		6,952	7,162	12,219
Derivative financial instruments	12	57,930	70,695	67,263
Amount due to non-controlling interest		-	-	3,081
		<u>704,069</u>	<u>566,824</u>	<u>595,978</u>
<b>Total equity and liabilities</b>		<u><u>6,878,347</u></u>	<u><u>6,653,657</u></u>	<u><u>6,739,407</u></u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**OAO Sovcomflot**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the period ended 30 September 2012**

	Share capital \$'000	Share premium \$'000	Reconstruction reserve \$'000	Hedging reserve \$'000	Currency reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total \$'000
<b>As at 1 January 2011</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(97,753)</b>	<b>(1,843)</b>	<b>2,646,926</b>	<b>2,936,697</b>	<b>186,324</b>	<b>3,123,021</b>
Profit for the period	-	-	-	-	-	46,375	46,375	993	47,368
Other comprehensive income	-	-	-	(49,741)	(1,010)	-	(50,751)	(263)	(51,014)
Total comprehensive income	-	-	-	(49,741)	(1,010)	46,375	(4,376)	730	(3,646)
Dividends (Note 9)	-	-	-	-	-	(35,618)	(35,618)	(963)	(36,581)
Repurchase of non-controlling interest in JSC Novoship by JSC Novoship	-	-	-	-	(33)	11,608	11,575	(15,327)	(3,752)
<b>As at 30 September 2011</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(147,494)</b>	<b>(2,886)</b>	<b>2,669,291</b>	<b>2,908,278</b>	<b>170,764</b>	<b>3,079,042</b>
Profit for the period	-	-	-	-	-	5,881	5,881	341	6,222
Other comprehensive income	-	-	-	5,052	(1,928)	-	3,124	(134)	2,990
Total comprehensive income	-	-	-	5,052	(1,928)	5,881	9,005	207	9,212
Repurchase of non-controlling interest in JSC Novoship by JSC Novoship	-	-	-	-	(38)	7,938	7,900	(10,982)	(3,082)
<b>As at 31 December 2011</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(142,442)</b>	<b>(4,852)</b>	<b>2,683,110</b>	<b>2,925,183</b>	<b>159,989</b>	<b>3,085,172</b>
Profit for the period	-	-	-	-	-	42,320	42,320	(1)	42,319
Other comprehensive income	-	-	-	(6,677)	4,097	-	(2,580)	531	(2,049)
Total comprehensive income	-	-	-	(6,677)	4,097	42,320	39,740	530	40,270
Dividends (Note 9)	-	-	-	-	-	(12,826)	(12,826)	(2,165)	(14,991)
<b>As at 30 September 2012</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(149,119)</b>	<b>(755)</b>	<b>2,712,604</b>	<b>2,952,097</b>	<b>158,354</b>	<b>3,110,451</b>

**Notes**

Hedging reserve: The hedging reserve contains the effective portion of the cash flow hedger relationship incurred as at the reporting date.

Currency reserve: The currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries to the Russian Rouble, due to the cessation of USD operations. During the period ended 31 December 2011 the Group's roll denominated operations.

The accompanying notes are an integral part of the condensed consolidated financial statements.

## OAOSovcomflot

**Condensed Consolidated Statement of Cash Flows  
For the period ended 30 September 2012**

	Note	Nin months ended		Yearended
		30/09/2012	30/09/2011	31/12/2011
		\$'000	\$'000	\$'000
<b>Operating Activities</b>				
Cash received from freight and hire of vessels		1,116,108	1,031,307	1,375,485
Other cash receipts		37,995	36,542	49,821
Cash payments for voyage and running costs		(696,975)	(667,221)	(883,438)
Other cash payments		(100,743)	(96,097)	(139,139)
Cash generated from operations		356,385	304,531	402,729
Interest received		6,194	20,351	20,725
Income tax paid		(16,917)	(14,576)	(17,666)
Net cash inflow from operating activities		345,662	310,306	405,788
<b>Investing Activities</b>				
Acquisition of joint ventures net of cash acquired		(25,727)	-	-
Expenditure on fleet		(1,858)	(280,085)	(284,481)
Expenditure on dry dock		(23,959)	(23,091)	(25,310)
Expenditure on vessels under construction		(309,645)	(276,570)	(324,680)
Interest capitalised		(4,517)	(4,742)	(6,944)
Expenditure on other fixed assets		(16,322)	(12,262)	(17,235)
Proceeds from sale of vessels		9,800	37,802	36,956
Proceeds from sale of other fixed assets		664	8,634	9,952
Proceeds from disposal of investments		-	886	927
Capital element received on finance leases		721	550	709
Interest received on finance leases		6,052	3,216	4,355
Bank term deposits	7	932	6,562	5,630
Claims receipts		-	40,187	41,086
Other receipts		133	1,031	1,072
Net cash outflow used in investing activities		(363,726)	(497,882)	(557,963)
<b>Financing Activities</b>				
Proceeds from borrowings		246,239	426,489	551,229
Repayment of borrowings		(174,897)	(209,707)	(265,525)
Repayment to joint venture partner		(17,047)	(53,932)	(53,932)
Financing costs		(4,225)	(4,621)	(5,678)
Repayment of finance lease liabilities		(7,149)	(7,190)	(9,515)
Security and restricted deposits	7	(4,671)	2,398	19,278
Funds in retention bank accounts	7	3,404	2,441	(6,094)
Interest paid on borrowings and other loans		(85,429)	(81,576)	(122,880)
Interest paid on finance leases		(11,459)	(12,171)	(16,038)
Dividends paid		(14,802)	(35,618)	(37,141)
Buyback of shares		(3,171)	(3,752)	(3,753)
Net cash (outflow)/inflow from financing activities		(73,207)	22,761	49,951
<b>Decrease in Cash and Cash Equivalents</b>		(91,271)	(164,815)	(102,224)
<b>Cash and Cash Equivalents at 1 January</b>	7	339,812	443,428	443,428
Net foreign exchange difference		3,650	(1,135)	(1,392)
<b>Cash and Cash Equivalents at 30 September/31 December</b>	7	252,191	277,478	339,812

Non-cash transactions

During the period ended 31 December 2011 the Group did not exercise its option for the acquisition of one oil product Handymax tanker and consequently both the finance lease liability and the carrying value of the vessel were derecognised on expiry of the time charter agreement (see Notes 3 and 11).

**OAOSovcomflot**

**Notes to the Condensed Consolidated Financial Statements – 30 September 2012**

**1. Organisation, Basis of Preparation and Accounting Policies**

OAOSovcomflot ("Sovcomflot" or "the Company") is an open joint stock company organised under the laws of the Russian Federation and was registered in Russia on 18 December 1995, as the successor undertaking to AKPSovcomflot, in which the Russian Federation holds 100% of the issued shares.

The Company's registered office address is 3A, Moika River Embankment, Saint Petersburg 191186, Russian Federation and its head office is located at 6 Gasheka Street, Moscow 125047, Russian Federation.

The Company, through its subsidiaries and joint ventures (the "Group"), is engaged in ship owning and operating on a world-wide basis with a fleet of 147 vessels at the period end, comprising 135 tankers, 1 chartered in seismics vessel, 8 gas carriers, 1 bulk carrier and 2 ice breaking supply vessels. For major changes in the period in relation to the fleet see also Notes 3 and 4. In addition the Group through its subsidiaries owns 9 escort tug vessels which have been chartered out on bareboat charter to an associate undertaking (see Note 5).

**Statement of compliance**

The condensed consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standard (IFRS) - IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2011.

**Significant Accounting Policies**

Except as described below, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2011.

During the period the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2012.

**Seasonality of Operations**

Although some of the Group's operations may sometimes be affected by seasonal factors such as general weather conditions, management does not feel this has a material effect on the performance of the Group when comparing the interim results to those achieved in the last quarter of the year.

**Changes in estimates**

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions and conditions. The critical accounting judgements and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2011.

## OAO Sovcomflot

Notes to the Condensed Consolidated Financial Statements – 30 September 2012  
(Continued)

## 2. Segment Information

For management purposes, the Group is organised into business units based on the main types of activities and has five reportable operating segments. Management considers the global market as one geographical segment and does not there fore analyse geographical segment information on revenue from customers or non-current segment assets.

Period ended 30 September 2012

	<u>Crude Oil \$'000</u>	<u>Oil Product \$'000</u>	<u>Gas \$'000</u>	<u>Offshore \$'000</u>	<u>Other \$'000</u>	<u>Total \$'000</u>
Freight and hire revenue	524,070	321,220	64,051	154,357	50,579	1,114,277
Voyage expenses and commissions	(241,026)	(136,278)	(314)	(9,000)	(7,497)	(394,115)
<b>Time charter equivalent revenues</b>	<b>283,044</b>	<b>184,942</b>	<b>63,737</b>	<b>145,357</b>	<b>43,082</b>	<b>720,162</b>
<b>Direct operating expenses</b>						
Vessels' running costs	(103,479)	(99,279)	(16,261)	(27,961)	(6,094)	(253,074)
Vessels' drydock cost amortisation	(11,196)	(8,447)	(3,270)	(3,578)	(664)	(27,155)
Charter hire repayments	-	(5,729)	-	-	(20,594)	(26,323)
<b>Profit on vessels' trading</b>	<b>168,369</b>	<b>71,487</b>	<b>44,206</b>	<b>113,818</b>	<b>15,730</b>	<b>413,610</b>
Vessels' depreciation	(77,757)	(50,891)	(11,042)	(36,186)	(687)	(176,563)
Vessels' impairment provision	-	(28,351)	-	-	-	(28,351)
Intangible assets amortisation	-	(213)	(8,710)	-	-	(8,923)
	<u>90,612</u>	<u>(7,968)</u>	<u>24,454</u>	<u>77,632</u>	<u>15,043</u>	<u>199,773</u>
<b>Unallocated</b>						
Other operating expenses						(69,534)
<b>Profit from vessels' operations</b>						130,239
Other expenses						(79,844)
<b>Profit before income taxes</b>						<u>50,395</u>
<b>Carrying amount of fleet</b>	<u>2,547,115</u>	<u>1,425,354</u>	<u>413,466</u>	<u>1,085,988</u>	<u>16,501</u>	<u>5,488,424</u>
<b>Non-current assets held for sale</b>	<u>-</u>	<u>13,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,034</u>
<b>Deadweight tonnage of fleet used in operations ('000)</b>	<u>7,487</u>	<u>2,588</u>	<u>282</u>	<u>1,186</u>	<u>73</u>	<u>11,616</u>

Period ended 30 September 2011

	<u>Crude Oil \$'000</u>	<u>Oil Product \$'000</u>	<u>Gas \$'000</u>	<u>Offshore \$'000</u>	<u>Other \$'000</u>	<u>Total \$'000</u>
Freight and hire revenue	536,498	327,591	65,464	140,643	5,423	1,075,619
Voyage expenses and commissions	(236,525)	(137,880)	(428)	(5,877)	(329)	(381,039)
<b>Time charter equivalent revenues</b>	<b>299,973</b>	<b>189,711</b>	<b>65,036</b>	<b>134,766</b>	<b>5,094</b>	<b>694,580</b>
<b>Direct operating expenses</b>						
Vessels' running costs	(99,331)	(98,211)	(14,727)	(26,671)	(4,382)	(243,322)
Vessels' drydock cost amortisation	(11,141)	(8,473)	(3,643)	(3,067)	(636)	(26,960)
Charter hire repayments	(15,243)	(7,040)	-	231	(3,036)	(25,088)
<b>Profit on vessels' trading</b>	<b>174,258</b>	<b>75,987</b>	<b>46,666</b>	<b>105,259</b>	<b>(2,960)</b>	<b>399,210</b>
Vessels' depreciation	(71,765)	(46,197)	(11,539)	(33,675)	(610)	(163,786)
Vessels' impairment provision	-	(15,998)	-	-	-	(15,998)
Intangible assets amortisation	-	-	(6,297)	-	-	(6,297)
	<u>102,493</u>	<u>13,792</u>	<u>28,830</u>	<u>71,584</u>	<u>(3,570)</u>	<u>213,129</u>
<b>Unallocated</b>						
Other operating expenses						(67,577)
<b>Profit from vessels' operations</b>						145,552
Other expenses						(86,691)
<b>Profit before income taxes</b>						<u>58,861</u>
<b>Carrying amount of fleet</b>	<u>2,519,140</u>	<u>1,410,079</u>	<u>425,459</u>	<u>1,138,957</u>	<u>18,247</u>	<u>5,511,882</u>
<b>Non-current assets held for sale</b>	<u>-</u>	<u>11,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,667</u>
<b>Deadweight tonnage of fleet used in operations ('000)</b>	<u>7,455</u>	<u>2,634</u>	<u>283</u>	<u>1,186</u>	<u>69</u>	<u>11,627</u>

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Notes to the Condensed Consolidated Financial Statements – 30 September 2012  
(Continued)

3. Fleet	Vessels \$'000	Drydock \$'000	Total Fleet \$'000
<b>Cost</b>			
<b>At 1 January 2011</b>	6,259,803	150,750	6,410,553
Expenditure in period	2,725	18,431	21,156
Acquisitions in the period	277,388	4,157	281,545
Transfer from vessels under construction (Note 4)	223,312	4,677	227,989
Derecognition of vessels under finance lease	(59,300)	-	(59,300)
Write-off of fully amortised drydock cost	-	(18,793)	(18,793)
<b>At 30 September 2011</b>	<u>6,703,928</u>	<u>159,222</u>	<u>6,863,150</u>
Expenditure in period	206	5,029	5,235
Write-off of fully amortised drydock cost	-	(5,590)	(5,590)
<b>At 31 December 2011</b>	<u>6,704,134</u>	<u>158,661</u>	<u>6,862,795</u>
Expenditure in period	1,858	23,389	25,247
Acquired on acquisition of joint venture	64,509	1,280	65,789
Transfer from vessels under construction (Note 4)	179,156	2,945	182,101
Transfer to non-current assets held for sale (Note 8)	(38,372)	(1,056)	(39,428)
Write-off of fully amortised drydock cost	-	(33,253)	(33,253)
<b>At 30 September 2012</b>	<u><u>6,911,285</u></u>	<u><u>151,966</u></u>	<u><u>7,063,251</u></u>
<b>Depreciation and amortisation</b>			
<b>At 1 January 2011</b>	1,111,873	68,907	1,180,780
Charge for the period	163,786	26,960	190,746
Impairment provision	16,451	-	16,451
Reversal of impairment provision on fleet	(1,409)	-	(1,409)
Derecognition of vessels under finance lease	(16,507)	-	(16,507)
Write-off of fully amortised drydock cost	-	(18,793)	(18,793)
<b>At 30 September 2011</b>	<u>1,274,194</u>	<u>77,074</u>	<u>1,351,268</u>
Charge for the period	59,940	8,308	68,248
Reversal of impairment provision on fleet	(11,521)	-	(11,521)
Write-off of fully amortised drydock cost	-	(5,590)	(5,590)
<b>At 31 December 2011</b>	<u>1,322,613</u>	<u>79,792</u>	<u>1,402,405</u>
Charge for the period	176,563	27,155	203,718
Impairment provision	28,351	-	28,351
Transfer to assets held for sale (Note 8)	(26,000)	(394)	(26,394)
Write-off of fully amortised drydock cost	-	(33,253)	(33,253)
<b>At 30 September 2012</b>	<u><u>1,501,527</u></u>	<u><u>73,300</u></u>	<u><u>1,574,827</u></u>
<b>Net book value</b>			
At 30 September 2012	<u>5,409,758</u>	<u>78,666</u>	<u>5,488,424</u>
At 30 September 2011	<u>5,441,196</u>	<u>82,353</u>	<u>5,511,882</u>
At 31 December 2011	<u>5,381,521</u>	<u>78,869</u>	<u>5,460,390</u>
	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
Market value <sup>1</sup> (\$'000)	<u>4,495,926</u>	<u>5,465,360</u>	<u>5,050,570</u>
Current insured values <sup>1</sup> (\$'000)	<u>6,581,310</u>	<u>6,364,170</u>	<u>6,364,170</u>
Total deadweight tonnage <sup>1</sup> (dwt)	<u>11,611,746</u>	<u>11,202,126</u>	<u>11,202,127</u>

<sup>1</sup>Including Group's share in the joint ventures.

Included in the Group's fleet are 4 vessels held under finance leases (2011 – 4 million/30 September 2011 – \$247.9 million/31 December 2011 – \$247.5 million) with an aggregate carrying value of \$241.9 million).

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**Notes to the Condensed Consolidated Financial Statements – 30 September 2012**  
(Continued)

4. **Vessels Under Construction**

	30/09/2012 \$'000	30/09/2011 \$'000	31/12/2011 \$'000
<b>Cost</b>			
<b>At 1 January</b>	334,977	231,341	231,341
Acquired on acquisition of joint venture	17,050	-	-
Expenditure for the period	319,910	281,285	331,625
Transfer to fleet (Note 3)	(182,101)	(227,989)	(227,989)
<b>At 30 September/31 December</b>	<u>489,836</u>	<u>284,637</u>	<u>334,977</u>
Total deadweight tonnage <sup>1</sup> (dwt)	<u>1,457,900</u>	<u>1,893,040</u>	<u>1,651,840</u>

<sup>1</sup> Includes Group's share in joint ventures

In January 2012 the Group terminated two crude oil Aframax tankership building contracts without any financial loss to the Group. The Group had not paid for any of the contracted costs of the cancelled contracts.

In addition to the termination of the shipbuilding contracts referred to above, the Group entered into new optional agreements for the construction of two crude oil Aframax tankers, declarable by 31 December 2012. The contract price for the optional vessels will be agreed upon the declaration of the options.

In February 2012 the Group acquired through the acquisition of a joint venture the contract for the construction of an oil product Panamax tanker (LR1 type) scheduled for delivery in March 2012.

Moreover in February 2012 the Group signed agreements for the construction of two LNG carriers at a total contracted cost of \$398.4 million.

Vessels delivered during the period comprised the following:

<u>Vessel Name</u>	<u>Vessel Type</u>	<u>Segment</u>	<u>DWT</u>	<u>Delivery Date</u>
SCFP Progress <sup>2</sup>	Panamax tanker (LR1)	Oil Product	74,588	18 January 2012
SCFP Prudencia <sup>2</sup>	Panamax tanker (LR1)	Oil Product	74,565	12 March 2012
Nikolay Zuyev	Aframax tanker	Crude Oil	122,039	31 May 2012
Georgy Maslov	Aframax tanker	Crude Oil	122,018	18 September 2012

<sup>2</sup> Vessels jointly owned by joint ventures.

Vessels under construction at 30 September 2012 comprised two Multifunctional Ice breaking vessels, two Very Large Crude Carriers ("VLCC"), two oil product Aframax tankers (LR2 type), two Panamax bulk carriers, two LPG carriers and four LNG carriers scheduled for delivery between November 2012 and October 2014 at a total contracted cost to the Group of \$1,516.2 million (See also Note 16). As at 30 September 2012 \$467.7 million of the contracted cost had been paid for.

5. **Finance Lease Receivables**

	30/09/2012 \$'000	30/09/2011 \$'000	31/12/2011 \$'000
<b>At 1 January</b>	94,859	95,041	95,041
Finance lease interest receivable	10,596	10,768	14,373
Finance lease instalments received	(12,578)	(10,332)	(14,555)
<b>At 30 September/31 December</b>	<u>92,877</u>	<u>95,477</u>	<u>94,859</u>
Less current finance lease receivables	(3,003)	(2,600)	(2,697)
Non-current finance lease receivables	<u>89,874</u>	<u>92,877</u>	<u>92,162</u>

6. **Trade and Other Receivables**

	30/09/2012 \$'000	30/09/2011 \$'000	31/12/2011 \$'000
<b>Non-current assets</b>			
Other receivables	9,821	10,145	10,004
Accrued income	5,111	20,844	23,521
	<u>14,932</u>	<u>30,989</u>	<u>33,525</u>
<b>Current assets</b>			
Amounts due from charterers	88,858	88,075	81,482
Allowance for credit losses	(4,360)	(2,660)	(4,975)
	84,498	85,415	76,507
Casualty and other claims	9,364	11,620	12,712
Agents' balances	13,816	11,059	14,459
Other receivables	40,205	24,933	22,610
Security deposits	38,152	27,190	31,279
Amounts due from lessees for finance leases	18,184	9,203	12,128
Prepayments	17,253	11,814	13,457
Voyage suspense account	18,314	11,233	17,554
Accrued income	41,900	22,766	36,857
	<u>281,686</u>	<u>215,233</u>	<u>237,563</u>

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**Notes to the Condensed Consolidated Financial Statements – 30 September 2012**  
(Continued)

7.	<b>Cash and Bank Deposits</b>	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	Cash and bank deposits	302,456	334,821	389,742
	Bank deposits accessible on maturity	-	-	(932)
	Retention accounts	(23,276)	(18,145)	(26,680)
	Security deposits held as counter security for claims (Note 14)	(10,400)	(27,280)	(10,400)
	Restricted deposits	(16,589)	(11,918)	(11,918)
	Cash and cash equivalents	<u>252,191</u>	<u>277,478</u>	<u>339,812</u>
8.	<b>Non-Current Assets Held for Sale</b>	<b>Building</b>	<b>Fleet</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>At 1 January 2011</b>	-	46,622	46,622
	Impairment provision	-	(956)	(956)
	Disposals	-	(33,999)	(33,999)
	<b>At 30 September 2011</b>	-	11,667	11,667
	Expenditure in period	-	1,258	1,231
	Impairment provision	-	(3,125)	(3,125)
	<b>At 31 December 2011</b>	-	9,800	9,800
	Transfer from fleet (Note 3)	-	13,034	13,034
	Transfer from other fixed assets	61	-	61
	Disposals	-	(9,800)	(9,800)
	<b>At 30 September 2012</b>	<u>61</u>	<u>13,034</u>	<u>13,095</u>
	Current insured value at 30 September 2012 (\$'000)	<u>205</u>	<u>22,000</u>	<u>22,205</u>
	Total deadweight tonnage at 30 September 2012 (dwt)	<u>205</u>	<u>24,590</u>	

Prior to the end of the reporting period ended 30 September 2012 the Group made a decision to sell two Asphalt chemical tankers. An agreement for the disposal of one of the two tankers was entered into within the reporting period ended 30 September 2012 and following the end of the reporting period the Group entered into an agreement for the disposal of the second tanker. The two vessels are expected to be delivered to their new owners in December 2012 and January 2013 realising an insignificant profit or loss on disposal to the Group.

9.	<b>Dividends</b>	Dividends of Rouble 0.21 per share totalling Roubles 420.6 million (2011 - 0.51 Rouble per share totalling Roubles 1,000.0 million), equivalent to \$12.8 million (2011 - \$35.6 million) were declared on 30 June 2012 and were paid on 22 August 2012.
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10.	<b>Secured Bank Loans</b>	The balances of the loans at the period end, net of direct issue costs, which include the Group's share of loans of the joint ventures are summarised as follows:		
		<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	Repayable			
	- within twelve months after the end of the reporting period	362,415	258,042	258,776
	- between one to two years	632,485	463,893	538,109
	- between two to three years	250,765	211,312	169,390
	- between three to four years	232,302	310,891	373,393
	- between four to five years	139,645	122,456	112,415
	- more than five years	664,345	726,214	710,116
		<u>2,281,957</u>	<u>2,092,808</u>	<u>2,162,199</u>
	Less current portion (current liabilities)	<u>(362,415)</u>	<u>(258,042)</u>	<u>(258,776)</u>
	Long-term balance (non-current liabilities)	<u>1,919,542</u>	<u>1,834,766</u>	<u>1,903,423</u>

11.	<b>Finance Lease Liabilities</b>	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	Repayable			
	- within twelve months after the end of the reporting period	19,838	9,201	9,363
	- after one year but not more than five years	121,002	47,805	47,998
	- more than five years	83,266	176,302	173,690
		<u>224,106</u>	<u>233,308</u>	<u>231,051</u>
	Less current portion (current liabilities)	<u>(19,838)</u>	<u>(9,201)</u>	<u>(9,363)</u>
	Long-term balance (non-current liabilities)	<u>204,268</u>	<u>224,107</u>	<u>221,688</u>

The Group did not exercise its option for the acquisition of an ice class Handysize Product tanker and consequently both the outstanding finance lease liability and the carrying value of the vessel were derecognised on expiry of the time charter agreement in February 2011.

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**Notes to the Condensed Consolidated Financial Statements – 30 September 2012**  
(Continued)

12. **Derivative Financial Instruments**

Derivative financial instruments are classified in the statement of financial position as follows:

	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current liability	128,460	128,135	120,826
Current liability	57,930	70,695	67,263
	<u>186,390</u>	<u>198,830</u>	<u>188,089</u>

Derivative financial instruments are analysed as follows:

Hedging instruments

	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 1 January</b>	153,218	107,017	107,017
Acquired on acquisition of joint venture	606	-	-
Recycled during the period and credited to the income statement	(25,702)	(24,271)	(30,709)
Fair value movement during the period shown in other comprehensive income	32,379	74,012	75,398
Fair value movement during the period debited to the income statement	90	1,748	1,512
	<u>160,591</u>	<u>158,506</u>	<u>153,218</u>

Classified at fair value through profit or loss

	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 1 January</b>	34,871	43,437	43,437
Fair value movement during the period credited to the income statement	(9,072)	(3,113)	(8,566)
	<u>25,799</u>	<u>40,324</u>	<u>34,871</u>

13. **Income Taxes**

	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Russian Federation profit tax	6,260	11,631	19,492
Overseas income tax expense	1,133	1,258	1,642
Income tax expense	7,393	12,889	21,134
Deferred tax	683	(1,396)	(3,608)
	<u>8,076</u>	<u>11,493</u>	<u>17,526</u>

The income tax expense for the period is reconciled to the expected tax expense based on the Russian Federation tax rate as follows:

	<b>30/09/2012</b>	<b>30/09/2011</b>	<b>31/12/2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before income taxes	50,395	58,861	71,202
Income tax using Russian Federation income tax rate of 20% (2011 – 20%)	10,079	11,772	14,240
Effect of tax on profit taxable under income tax in other jurisdictions	10,780	17,383	15,745
Effect of tax on profits taxable in other jurisdictions under other tax regimes	(17,645)	(24,932)	(26,958)
Tax effect of intercompany dividends	1,631	4,634	5,984
Tax effect of intercompany fees	2,839	3,239	4,444
Tax effect of non-deductible expenses and non-taxable income	1,684	(652)	942
Difference in tax rate of dividends received	(2)	(113)	(113)
Tax on exchange gain on repatriation of investment	-	-	3,709
Tax arising from the utilisation of prior and current period unused tax losses	(829)	162	(451)
Tax over provision related to previous years	(461)	-	(16)
	<u>8,076</u>	<u>11,493</u>	<u>17,526</u>

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**Notes to the Condensed Consolidated Financial Statements – 30 September 2012**  
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**14. Contingent Asset**

On 2 November 2011 the London's Court of Appeal (Civil Division) granted the Group leave to appeal against certain important elements of the previous Judgement handed down on 10 December 2010. The Claimants' appeal will be heard by the Court of Appeal in London starting on 4 March 2013.

The trial for the claims filed in London in December 2006 against former management of Novoship (UK) Ltd and joined further defendants, commenced at the Commercial Court in London on 16 May 2012 and concluded on 5 July 2012. Judgement is expected to be delivered in the last quarter of 2012. The claims are expected to win in the region of \$172.0 million plus interest.

**15. Related Party Transactions**

The Group enters into related party transactions with other Russian State owned and State controlled organisations in the normal course of business. There were no new or material changes to the related party transactions presented in the audited consolidated financial statements of the Group for the year ended 31 December 2011.

**16. Events After the Reporting Period**

An agreement was concluded in October 2012 for the disposal of a chemical Asphalt tanker classified as held for sale at the end of the financial reporting period referred to in Note 8. The vessel is expected to be delivered to her new owners in December 2012.

On 19 November 2012 the Group took delivery from the shipyard of a Panamax bulk carrier, then for VNS Energy.

**17. Date of Issue**

These condensed consolidated financial statements were reissued on 19 November 2012.