



JSC VENTSPILS NAFTA
(UNIFIED REGISTRATION NUMBER 50003003091)

**UNAUDITED CONSOLIDATED FINANCIAL REPORT
FOR THE NINE MONTHS OF 2011 (EUR)**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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General information

Name of the company	JSC Ventspils nafta
Legal status of the company	Joint stock company
Unified registration number, place and date of registration	50003003091 Riga, 9 May 1991 Registered in Commercial Register on 5 August 2004
Legal address	Valņu street 3-18, LV-1050, Riga, Republic of Latvia
Subsidiaries of JSC Ventspils nafta	LatRosTrans Ltd (66%) Valnu street 3-21, LV-1050, Riga Ventspils nafta termināls Ltd (51%) 75 Talsu street, LV-3602, Ventspils
Associated entities of the Group	JSC Latvian Shipping Company (49.94%) Elizabetes street 1, LV-1807, Riga, Latvia Futbola klubs Ventspils Ltd (21.25%) 20a Dzintaru street, LV-3602, Ventspils

Supervisory Council of JSC *Ventspils nafta*

Supervisory Council (as at the date of signing the financial statements):

Appointed:

Chairman of the Council:	Vladimir Egger
Deputy Chairman of the Council:	Mikhail Dvorak
Members of the Council:	Javed Ahmed Rubil Yilmaz Mark Ware Christophe Theophanis Matsacos Rudolf Meroni David Guy Anstis Mihhail Dementjev Jānis Hāze Hardija Vaivade

The changes in the Council during the period from 1 January 2011 to 9 November 2011 were as follows:

Elected	Dismissed	Name	Position held
20/01/2010	-	Vladimir Egger	Chairman of the Council
20/01/2010	-	Mikhail Dvorak	Deputy Chairman of the Council
20/01/2010	-	Javed Ahmed	Member of the Council
20/01/2010	-	Rubil Yilmaz	Member of the Council
20/01/2010	-	Mark Ware	Member of the Council
07/07/2010	-	Rudolf Meroni	Member of the Council
07/07/2010	-	Christophe Theophanis Matsacos	Member of the Council
27/07/2011	-	David Guy Anstis	Member of the Council
27/07/2011	-	Mihhail Dementjev	Member of the Council
27/07/2011	-	Jānis Hāze	Member of the Council
27/07/2011	-	Hardija Vaivade	Member of the Council
20/01/2010	27/07/2011	Oļegs Stepanovs	Member of the Council
07/07/2010	27/07/2011	Michael Hason	Member of the Council
07/07/2010	27/07/2011	David Alexander Schlaff	Member of the Council
07/07/2010	27/07/2011	Edgars Jansons	Member of the Council

According to the Council's resolution of 25 August 2011 Vladimir Egger has been re-elected as the Chairman of the Supervisory Council and Mikhail Dvorak has been elected as deputy chairman of the Supervisory Council.

Management Board of JSC *Ventspils nafta*

Management Board (as at the date of signing the financial statements):

Appointed:

Chairman of the Board:

Simon Boddy

Members of the Board:

Boris Bednov
Aleksej Tarasov

There were no changes in the Management Board during the period from 1 January 2011 to 9 November 2011.

Consolidated statement of comprehensive income

	9 months of 2011	9 months of 2010
	EUR thousand	EUR thousand
Revenue	70 865	57 780
Cost of sales	(58 733)	(41 707)
Gross profit	12 132	16 073
General and administrative expense	(3 961)	(4 055)
Other operating income	565	343
Other operating expense	(3 136)	(2 501)
Share of (loss)/ profit in associate	(10 716)	(10 709)
Financial income	2 102	6 121
Profit/ (loss) before tax	(3 014)	5 272
Corporate income tax	(1 070)	(1 732)
Net profit/ (loss) for the period	(4 084)	3 540
Attributable to:		
Non-controlling interest	3 596	5 630
Parent company's shareholders	(7 680)	(2 090)
	(4 084)	3 540
Other comprehensive (loss)/ income		
Cash flow hedge reserve from investment in associate	222	-
Foreign currency translation resulting from investment in associate	(3 985)	20 124
Other comprehensive (loss)/ income for the period, net of tax	(3 763)	20 124
Total comprehensive (loss)/ income for the period, net of tax	(7 847)	23 664
Attributable to:		
Non-controlling interest	3 596	5 630
Parent company's shareholders	(11 443)	18 034
	(7 847)	23 664
Earnings/ (loss) per share (EUR per share)		
attributable to the Parent company's shareholders:		
Diluted and basic earnings/ (loss) per share	(0,074)	(0,020)

Average exchange rate of EUR during the reporting period by the Bank of Latvia 0.702804 (lats per unit).

On behalf of the Management Board:

 Simon Boddy
 Chairman of the Management Board

Consolidated statement of financial position

	<u>30.09.2011</u>	<u>31.12.2010</u>	<u>30.09.2010</u>
	EUR thousand	EUR thousand	EUR thousand
Assets			
Non-current asset			
Intangible assets	36 184	37 023	37 305
Property, plant and equipment	174 312	182 502	183 679
Investments in associated entities	102 341	116 821	181 682
Loan note	67 955	67 955	66 206
Other non-current receivables	37 510	36 509	-
Other non-current financial assets	323	357	366
Total non-current assets	<u>418 625</u>	<u>441 167</u>	<u>469 238</u>
Current assets			
Inventories	2 588	2 573	2 277
Trade accounts receivable	2 087	88	1 221
Receivables from related companies	397	1 248	40 381
Other receivables	9 360	3 820	2 153
Short term deposits	12 123	29 749	-
Cash and cash equivalents	40 338	20 141	48 568
Total current assets	<u>66 893</u>	<u>57 619</u>	<u>94 600</u>
Total assets	<u>485 518</u>	<u>498 786</u>	<u>563 838</u>

Average exchange rate of EUR at the end of reporting period by the Bank of Latvia 0.702804 (lats per unit).

On behalf of the Management Board:

 Simon Boddy
 Chairman of the Management Board

Consolidated statement of financial position (cont'd)

	30.09.2011	31.12.2010	30.09.2010
	EUR thousand	EUR thousand	EUR thousand
Equity and liabilities			
Equity			
Issued capital	148 660	148 660	148 660
Share premium	60 249	60 249	60 249
Legal reserve	1 017	1 017	1 017
Reserves resulting from investment in associates	(14 005)	(10 242)	(3 483)
Other reserves	179 697	221 609	242 863
Loss for the period	(7 680)	(41 912)	(2 090)
Equity attributable to equity holders of the parent	367 938	379 381	447 216
Non-controlling interest	103 494	106 661	106 332
Total equity	471 432	486 042	553 548
Non-current liabilities			
Deferred corporate income tax liability	2 430	2 269	2 527
Deferred income	3 795	2 472	2 509
	6 225	4 741	5 036
Current liabilities			
Advances from customers	105	105	105
Trade accounts payable	1 837	1 985	1 416
Taxes payable	649	1 534	538
Other liabilities	3 682	3 044	2 589
Deferred income	218	151	151
Provisions	1 370	1 184	455
Total current liabilities	7 861	8 003	5 254
Total liabilities	14 086	12 744	10 290
Total liabilities and equity	485 518	498 786	563 838

Average exchange rate of EUR at the end of reporting period by the Bank of Latvia 0.702804 (lats per unit).

On behalf of the Management Board:

 Simon Boddy
 Chairman of the Management Board

Consolidated statement of cash flows

	9 months of 2011 EUR thousand	9 months of 2010 EUR thousand
Operating activities		
Net result	(3 014)	5 272
Non-cash adjustments to reconcile profit before tax to net cash flows		
Amortisation and depreciation	9 725	9 720
Interest income	(1 801)	(1 753)
Share of net loss of associate	10 716	10 709
Construction in progress written off	-	346
Foreign exchange gain	-	(3 586)
Loss on disposal of property, plant and equipment	1 921	333
	17 547	21 041
Working capital adjustments:		
(Increase)/ Decrease in inventories	(16)	640
(Increase)/ decrease in trade accounts receivable and receivables from related parties	(3 596)	5 162
Decrease in liabilities	(177)	(1 888)
	13 758	24 955
Property tax paid	(174)	-
Corporate income tax paid	(1 918)	(248)
Net cash flows from operating activities	11 666	24 707
Investing activities		
Purchase of intangibles and property, plant and equipment	(2 753)	(6 739)
Proceeds from sale of property, plant and equipment	70	74
Loan issued	(1 000)	-
Decrease in short term deposits	17 627	-
Interest received	1 350	730
Net cash flows from investing activities	15 294	(5 935)
Financing activities		
Dividends paid	(6 763)	(4 306)
Net cash flows from financing activities	(6 763)	(4 306)
Net increase in cash and cash equivalents	20 197	14 466
Cash and cash equivalents at the beginning of the period	20 141	34 102
Cash and cash equivalents at the end of the period	40 338	48 568

Average exchange rate of EUR during the reporting period by the Bank of Latvia 0.702804 (lats per unit).

Consolidated statement of changes in equity

Group	Attributable to the equity holders of the Parent							
	Share capital	Share premium	Legal reserve	Reserves resulting from investment in associates	Other reserves	Total	Non-controlling interest	Total shareholders' equity
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balance as of 31 December 2009	148 660	60 249	1 017	(22 706)	221 617	408 837	105 234	514 071
Adjustment of prior year other reserves	-	-	-	-	(7)	(7)	-	(7)
Adjusted balance as of 31 December 2009	148 660	60 249	1 017	(22 706)	221 609	408 829	105 234	514 063
Loss for the period	-	-	-	-	(41 912)	(41 912)	5 959	(35 953)
Other comprehensive income	-	-	-	12 464	-	12 464	-	12 464
Total comprehensive income/ (loss)	-	-	-	12 464	(41 912)	(29 448)	5 959	(23 489)
Dividends declared	-	-	-	-	-	-	(4 532)	(4 532)
Balance as of 31 December 2010	148 660	60 249	1 017	(10 242)	179 697	379 381	106 661	486 042
(Loss)/ Profit for the period	-	-	-	-	(7 680)	(7 680)	3 596	(4 084)
Other comprehensive loss	-	-	-	(3 763)	-	(3 763)	-	(3 763)
Total comprehensive income/ (loss)	-	-	-	(3 763)	(7 680)	(11 443)	3 596	(7 847)
Dividends declared	-	-	-	-	-	-	(6 763)	(6 763)
Balance as of 30 September 2011	148 660	60 249	1 017	(14 005)	172 017	367 938	103 494	471 432

Average exchange rate of EUR at the end of reporting period by the Bank of Latvia 0.702804 (lats per unit).