

VENTSPILS NAFTA, JSC
(REGISTRATION NUMBER 000300309)

REPORT FOR THE NINE MONTHS OF 2004

Ventspils Nafta, JSC
Financial Report for Nine Months of 2004
Profit & Loss Account (thousand LVL)

<u>Note</u>	<u>Group</u>	
	<u>9 months of</u> <u>2004</u>	<u>9 months of</u> <u>2003</u>
2 NET SALES	40 257	43 921
3 Cost of sales	<u>-35 688</u>	<u>-38 373</u>
GROSS PROFIT	4 569	5 548
4 Sales and distribution expenses	-1 099	-1 045
5 General and administrative expenses	<u>-5 382</u>	<u>-5 486</u>
6 Other operating income/(expenses), net	<u>3 538</u>	<u>1 754</u>
RESULT FROM OPERATING ACTIVITIES	1 626	771
Net result/(loss) in subsidiaries and associated entities, net		
7 Non-operating income/(expenses), net	-157	-526
8 Financial income/(expense), net	<u>-41</u>	<u>-995</u>
RESULT BEFORE EXTRAORDINARY ITEMS AND TAXES	1 428	-750
Extraordinary income/(charges), net		
RESULT BEFORE TAXES	1 428	-750
9 Corporate income tax	-642	
9 Other taxes	<u>-449</u>	<u>-248</u>
NET RESULT BEFORE MINORITY INTEREST	337	-998
Minority interest	925	
NET RESULT FOR THE YEAR	1 262	-998

Olga Pētersone
Chairperson of the Board

October 25, 2004

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Financial Report for Nine Months of 2004
Balance Sheet (thousand LVL)

ASSETS	Group	
Notes	<u>30.09.2004.</u>	<u>31.12.2003.</u>
NON CURRENT ASSETS		
Intangible assets	34 666	37 505
11 Property, plant and equipment:		
Land, buildings and networks	103 270	113 118
Machinery and equipment	49 783	43 070
Other property, plant and equipment	6 679	8 164
12 Construction in progress	27 022	12 554
Prepayments for property, plant and equipment	<u>3 831</u>	<u>4 003</u>
Total property, plant and equipemnt	<u>190 585</u>	<u>180 909</u>
Long-term financial investments:		
13 Investments in subsidiaries and associated entities		162
Long-term loan to related party		935
14 Other long-term financial investments	1 098	
Total long-term financial investments	<u>1 098</u>	<u>1 097</u>
Total long-term investments	<u>226 349</u>	<u>219 511</u>
CURRENT ASSETS		
15 Inventory	10 491	10 026
Current portion of long-term loan to related party	153	140
Current portion of other long-term loans	10 644	10 166
Intangible assets intended for sale	1 424	
Debtors:		
16 Trade accounts receivable	5 992	6 578
Accounts receivable from related party	8	1 663
17 Other accounts receivable	3 727	1 421
18 Prepaid expenses	974	1 675
Short-term loans to related party	3 357	5 733
Accrued incomes	<u>161</u>	<u>465</u>
Total debtors:	<u>14 219</u>	<u>17 535</u>
Own shares		90
19 Trading investments	35 159	34 999
20 Cash and cash equivalents	<u>7 057</u>	8 330
Total current assets	<u>68 503</u>	<u>71 120</u>
TOTAL ASSETS	<u>294 852</u>	<u>290 631</u>

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Balance Sheet (thousand LVL)

LIABILITIES & SHAREHOLDERS EQUITY		Group	
<u>Note</u>		<u>30.09.2004.</u>	<u>31.12.2003.</u>
SHAREHOLDERS' EQUITY			
21	Share capital	104 479	104 479
	Share premium	42 343	42 343
	Long-term investment revaluation reserve		
	Restricted reserves	11 210	11 210
	Other reserves	75 347	81 221
	Current year unappropriated result	<u>1 262</u>	-9 442
	Total shareholders' equity	<u>234 641</u>	<u>229 811</u>
	Minority interest	<u>44 678</u>	<u>45 318</u>
PROVISIONS FOR LIABILITIES/CHARGES			
	Deferred corporate income tax	4 095	3 852
	Provisions	<u>186</u>	<u>80</u>
	Total provisions	<u>4 281</u>	<u>3932</u>
LONG-TERM LIABILITIES			
	Long-term portion of financial lease liability and long-term loan from credit institution	1 687	1 687
	Total long-term liabilities	<u>1 687</u>	<u>1 687</u>
CURRENT LIABILITIES			
	Short-term portion of long-term loan	1 918	2 004
	Other loans from related parties and financial lease liabilities	263	1 121
	Advances from customers	4 459	3 791
	Advances from related parties	10	2
	Corporate income tax	365	548
22	Accrued liabilities	2 408	2 170
	Deferred income	142	247
	Total current liabilities	<u>9 565</u>	<u>9 883</u>
TOTAL LIABILITIES		<u>294 852</u>	<u>290 631</u>

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Financial Report for Nine Months of 2004
Statement of changes in Shareholders' Equity (thousand LVL)

Parent Company's Statement of Changes in Shareholders' Equity

	Share Capital	Share premium paid	Long-term investment revaluation	Restricted reserves	Other reserves	Current year unappropriated result	Total
On Dec. 31, 1999	104 479	42 343			39 883	16 264	202 969
1999 appropriate result				2 148	14 116	-16 264	
2000 result						13 279	13 279
on Dec.31, 2000	104 479	42 343		2 148	53 999	13 279	216 248
2000 appropriate result				2 447	10 832	-13 279	
2001 result						24 716	24 716
on Dec.31, 2001	104 479	42 343		4 595	64 831	24 716	240 964
2001 appropriate result				4 809	19 907	-24 716	
2002 result						2 729	2 729
On dec.31, 2002	104 479	42 343		9 404	84 738	2 729	243 693
2002 unappropriate result				1 806		-1 806	
Dividends					-121	-923	-1 044
Longterm investment reevaluation			712				712
2003 loss						-9 270	-9 270
On Dec.31, 2002	104 479	42 343	712	11 210	84 617	-9 270	234 091
Write-off of 2003 `loss					-9 270	9 270	
2004 result						1 262	1 262
On Sept.31, 2004	104 479	42 343	712	11 210	75 347	1 262	235 353

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Financial Report for Nine Months of 2004
Cash flow statement (thousand LVL)

	<u>Group</u> <u>9 Months of</u> <u>2004</u>
Cash Flow From Operating Activities:	
Net result	1 263
Net result adjustments to net cash from operating activities	-925
Undrawn (profit)/ loss from currency rate fluctuations	2
Amortisation and depreciation	10 036
	<u>10 376</u>
Changes in current assests and current liabilities:	
(Increase)/ decrease in accounts receivable	4 931
(Increase)/ decrease in inventory	19 668
Inventory changes	1 711
Increase/ (decrease) in current liabilities	40 802
	<u>26 351</u>
Net cash flow from operating activities	<u>36 727</u>
Cash flow from investment activities	
(Purchase) of intangible assests & fixed assets, net	-11 575
(Increase)/decrease in long-term financial investments	-22 435
(Increase)/ decrease in trading investments	2
(Increase) in issued loans	-4 559
Net cash from investment changes	<u>-38 567</u>
Cash flow from financing:	
Lease payments received/ (returned)	505
(Increase) in own shares	90
Dividends (paid)	
Net cash flow from financing	595
Cash& cash equivalentents (decrease)/increase, net	<u>-1 245</u>
Cash & cash funds at the beginning of the year	8 302
Cash & cash funds at the end of the year	<u>7 057</u>