

**VENTSPILS NAFTA, JSC  
(REGISTRATION NUMBER 50003003091)**

**REPORT FOR THE FIRST QUARTER OF 2005**

**Prepared in accordance with International Financial Reporting Standards**

*Ventspils Nafta, JSC*  
*Financial Report for the first quarter of 2005*  
*Loss and Profit Account (thous. of EUR)*

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	<u>Group</u>	
	<u>1st quarter of 2005</u>	<u>1st quarter of 2004</u>
<b>NET SALES</b>	<b>30 630</b>	<b>20 192</b>
Cost of sales	<u>-27 003</u>	<u>-16 979</u>
<b>GROSS PROFIT</b>	<b>3 627</b>	<b>3 211</b>
Sales and distribution expenses	-508	-488
General and administrative expenses	-2 033	-1 633
Other operating income/(expenses), net	<u>343</u>	<u>-868</u>
<b>RESULT FROM OPERATING ACTIVITIES</b>	<b>1 429</b>	<b>221</b>
Net result/(loss) in subsidiaries and associated entities, net	4 782	
Non-operating income/(expenses), net	-144	-3
Financial income/(expense), net	<u>108</u>	<u>-48</u>
<b>RESULT BEFORE EXTRAORDINARY ITEMS AND TAXES</b>	<b>6 174</b>	<b>170</b>
Corporate income tax	-40	-115
Other taxes	<u>-192</u>	<u>-336</u>
<b>NET RESULT BEFORE MINORITY INTEREST</b>	<b>5 942</b>	<b>-281</b>
Minority interest	-266	332
<b>NET RESULT FOR THE YEAR</b>	<b>5 676</b>	<b>50</b>
<b>Earnings per share (in EUR per share)</b>	<b>0.054</b>	

Exchange rate on Mar. 31, 2005 – 0.702804 LVL

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Olga Pētersone  
Chairperson of the Board

*May 30, 2005*

*Ventspils Nafta, JSC*  
*Financial Report for the first quarter of 2005*  
*Balance Sheet (thous. of EUR)*

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ASSETS	<b>Group</b>	
	<b><u>31.03.2005.</u></b>	<b><u>31.12.2004.</u></b>
<b>NON CURRENT ASSETS</b>		
Intangible assets	(17 281)	(16 872)
Property, plant and equipment:		
Land, buildings and networks	154 448	170 203
Machinery and equipment	79 295	62 527
Other property, plant and equipment	8 228	8 704
Construction in progress	22 796	21 356
Prepayments for property, plant and equipment	<u>1 202</u>	<u>3 526</u>
Total property, plant and equipemnt	<u>265 970</u>	<u>266 315</u>
Long-term financial investments:		
Investments in subsidiaries and associated entities	136 307	131 526
Other long-term financial investments	1 578	1 599
Total long-term financial investments	<u>137 885</u>	<u>133 125</u>
<b>Total long-term investments</b>	<b><u>386 574</u></b>	<b><u>382 568</u></b>
<b>CURRENT ASSETS</b>		
Inventory	13 911	14 233
Debtors:		
Trade accounts receivable	12 426	8 974
Accounts receivable from related party	63	0
Other accounts receivable	4 405	5 266
Prepaid expenses	1 774	1 052
Accrued incomes	703	703
Short-term loans	<u>3 579</u>	<u>3 404</u>
Total debtors:	<u>22 949</u>	<u>19 398</u>
Trading investments	73	83
Cash and cash equivalents	<u>11 330</u>	<u>10 471</u>
<b>Total current assets</b>	<b><u>48 264</u></b>	<b><u>44 184</u></b>
<b>TOTAL ASSETS</b>	<b><u>434 838</u></b>	<b><u>426 756</u></b>

Exchange rate on Mar. 31, 2005 – 0.702804 LVL

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Olga Pētersone  
Chairperson of the Board

*May 30, 2005*

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*Financial Report for the first quarter of 2005*  
*Balance Sheet (thous. of EUR)*

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LIABILITIES & SHAREHOLDERS' EQUITY	<b><u>Group</u></b>	
<u>Note</u>	<b><u>31.03.2005.</u></b>	<b><u>31.12.2004.</u></b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	148 660	148 660
Share premium	60 249	60 249
Foreign currency revaluation reserve	(12 915)	(12 915)
Restricted reserves	16 884	16 884
Other reserves	101 199	101 199
Previous year unappropriated result	27 338	0
Current year unappropriated result	<u>5 676</u>	<u>27 338</u>
<b>Total shareholders' equity</b>	<b><u>347 090</u></b>	<b><u>341 414</u></b>
<b>Minority interest</b>	<b><u>62 882</u></b>	<b><u>62 625</u></b>
<b>PROVISIONS FOR LIABILITIES/CHARGES</b>		
Deferred corporate income tax	3 243	3 204
Provisions	<u>588</u>	<u>0</u>
<b>Total provisions</b>	<b><u>3 830</u></b>	<b><u>3 204</u></b>
<b>LONG-TERM LIABILITIES</b>		
Long-term portion of financial lease liability and long-term loan from credit institution	1 310	1 339
<b>Total long-term liabilities</b>	1 310	1 339
<b>CURRENT LIABILITIES</b>		
Short-term portion of long-term loan	9 354	7 629
Accounts payable to related party	104	0
Advances from customers	158	65
Trade accounts payable	6 231	6 150
Taxes and social payables	1 000	783
Accrued liabilities	2 440	2 904
Deferred income	437	642
<b>Total current liabilities</b>	<b><u>19 724</u></b>	<b><u>18 173</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>434 838</u></b>	<b><u>426 756</u></b>

Exchange rate on Mar. 31, 2005 – 0.702804 LVL

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Olga Pētersone  
Chairperson of the Board

*May 30, 2005*

*Ventspils Nafta, JSC*  
*Financial Report for the first quarter of 2005*  
*Statement of Changes in Shareholders equity ( thous. of EUR)*

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	Share Capital	Share premium paid	Foreign currency revaluati on reserve	Restrict ed reserves	Other reserves	Current year unappro priated result	Total
<b>On Dec. 31, 2004</b>	<b>148 660</b>	<b>60 249</b>	<b>(12 915)</b>	<b>16 884</b>	<b>101 199</b>	<b>27 338</b>	<b>341 414</b>
2004 appropriate result							
2005 result						5 676	5 676
<b>On Mar. 31, 2005</b>	<b>148 660</b>	<b>60 249</b>	<b>(12 915)</b>	<b>16 884</b>	<b>101 199</b>	<b>33 014</b>	<b>347 090</b>

Exchange rate on Mar. 31, 2005 – 0.702804 LVL

*Ventspils Nafta, JSC*  
*Financial Report for the first quarter of 2005*  
*Statement of cash flows ( thous. of EUR)*

	<b>Group</b>	
	<b><u>1st quarter of</u></b> <b><u>2005</u></b>	<b><u>1st quarter of</u></b> <b><u>2004</u></b>
<b>Cash Flow From Operating Activities:</b>		
Net result	5 676	50
Amortisation and depreciation	5 270	5 125
	<u>10 946</u>	<u>5 175</u>
Changes in current assests and current liabilities:		
(Increase)/ decrease in accounts receivable	-3 376	-7 786
(Increase)/ decrease in inventory	322	-6 551
Increase/ (decrease) in provisions	627	8 114
Increase/ (decrease) in current liabilities	1 549	7 746
	<u>-878</u>	<u>1 523</u>
Net cash flow from operating activities	<u>10 068</u>	<u>6 698</u>
<b>Cash flow from investment activities</b>		
(Purchase) of intangible assests & fixed assets, net	-4 257	-6 077
(Increase)/decrease in long-term financial investments	-4 760	-345
(Increase)/ decrease in trading investments	10	1
(Increase) in issued loans	-174	0
Net cash from investment changes	<u>-9 182</u>	<u>-6 421</u>
<b>Cash flow from financing:</b>		
Lease payments received/ (returned)	-29	-4 166
(Increase) in own shares	0	85
Net cash flow from financing	<u>-29</u>	<u>-4 081</u>
<b>Cash&amp; cash equivalents (decrease)/increase, net</b>	<b><u>858</u></b>	<b><u>-3 804</u></b>
<b>Cash &amp; cash funds at the beginning of the year</b>	<b><u>10 471</u></b>	<b><u>11 853</u></b>
<b>Cash &amp; cash funds at the end of the year</b>	<b><u>11 330</u></b>	<b><u>8 048</u></b>

Exchange rate on Mar. 31, 2005 – 0.702804 LVL