

**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 LVL)

	<u>Group</u>	
	<u>1st quarter of 2005</u>	<u>1st quarter of 2004</u>
NET SALES	21 527	14 191
Cost of sales	<u>-18 978</u>	<u>-11 933</u>
GROSS PROFIT	2 549	2 257
Sales and distribution expenses	-357	-343
General and administrative expenses	<u>-1 429</u>	<u>-1 148</u>
Other operating income/(expenses), net	<u>241</u>	<u>-610</u>
RESULT FROM OPERATING ACTIVITIES	1 003	156
Net result/(loss) in subsidiaries and associated entities, net	3 361	
Non-operating income/(expenses), net	-101	-2
Financial income/(expense), net	<u>76</u>	<u>-34</u>
RESULT BEFORE EXTRAORDINARY ITEMS AND TAXES	4 339	120
Corporate income tax	-28	-81
Other taxes	<u>-135</u>	<u>-236</u>
NET RESULT BEFORE MINORITY INTEREST	4 176	-198
Minority interest	-187	233
NET RESULT FOR THE YEAR	3 989	35
Earnings per share(in lats per share)	0.038	

Olga Pētersone
Chairperson of the Board

May 30, 2005

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

ASSETS	Group	
	<u>31.03.2005.</u>	<u>31.12.2004.</u>
NON CURRENT ASSETS		
Intangible assets	(12 145)	(11 858)
Property, plant and equipment:		
Land, buildings and networks	108 547	119 619
Machinery and equipment	55 729	43 944
Other property, plant and equipment	5 783	6 117
Construction in progress	16 021	15 009
Prepayments for property, plant and equipment	<u>845</u>	<u>2 478</u>
Total property, plant and equipemnt	<u>186 925</u>	<u>187 167</u>
Long-term financial investments:		
Investments in subsidiaries and associated entities	95 797	92 437
Other long-term financial investments	1 109	1 124
Total long-term financial investments	<u>96 906</u>	<u>93 561</u>
Total long-term investments	<u>271 685</u>	<u>268 870</u>
CURRENT ASSETS		
Inventory	9 777	10 003
Debtors:		
Trade accounts receivable	8 733	6 307
Accounts receivable from related party	44	0
Other accounts receivable	3 096	3 701
Prepaid expenses	1 247	739
Accrued incomes	494	494
Short-term loans	<u>2 515</u>	<u>2 392</u>
Total debtors:	<u>16 128</u>	<u>13 633</u>
Trading investments	51	58
Cash and cash equivalents	<u>7 963</u>	<u>7 359</u>
Total current assets	<u>33 920</u>	<u>31 056</u>
TOTAL ASSETS	<u>305 604</u>	<u>299 926</u>

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

LIABILITIES & SHAREHOLDERS' EQUITY	<u>Group</u>	
<u>Note</u>	<u>31.03.2005.</u>	<u>31.12.2004.</u>
SHAREHOLDERS' EQUITY		
Share capital	104 479	104 479
Share premium	42 343	42 343
Foreign currency revaluation reserve	(9 077)	(9 077)
Restricted reserves	11 866	11 866
Other reserves	71 123	71 123
Previous year unappropriated result	19 213	0
Current year unappropriated result	<u>3 989</u>	<u>19 213</u>
Total shareholders' equity	<u>243 935</u>	<u>239 947</u>
Minority interest	<u>44 194</u>	<u>44 013</u>
PROVISIONS FOR LIABILITIES/CHARGES		
Deferred corporate income tax	2 279	2 252
Provisions	<u>413</u>	<u>0</u>
Total provisions	<u>2 693</u>	<u>2 252</u>
LONG-TERM LIABILITIES		
Long-term portion of financial lease liability and long-term loan from credit institution	921	941
Total long-term liabilities	<u>921</u>	<u>941</u>
CURRENT LIABILITIES		
Short-term portion of long-term loan	6 574	5 362
Accounts payable to related party	73	0
Advances from customers	111	46
Trade accounts payable	4 379	4 322
Taxes and social payables	703	550
Accrued liabilities	1 715	2 041
Deferred income	307	451
Total current liabilities	<u>13 862</u>	<u>12 773</u>
TOTAL LIABILITIES	<u>305 604</u>	<u>299 926</u>

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Financial Report for the first quarter of 2005
Statement of Changes in Shareholders equity (thous. of LVL)

	Share Capital	Share premium paid	Foreign currency revaluati on reserve	Restrict ed reserves	Other reserves	Current year unappro priated result	Total
On Dec. 31, 2004	104 479	42 343	(9 077)	11 866	71 123	19 213	239 947
2004 appropriate result						0	
2005 result						3 989	3 989
On Mar. 31, 2005	104 479	42 343	(9 077)	11 866	71 123	23 202	243 935

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

	Group	
	<u>1st quarter of</u> <u>2005</u>	<u>1st quarter of</u> <u>2004</u>
Cash Flow From Operating Activities:		
Net result	3 989	35
Amortisation and depreciation	3 704	3 602
	<u>7 693</u>	<u>3 637</u>
Changes in current assests and current liabilities:		
(Increase)/ decrease in accounts receivable	-2 373	-5 472
(Increase)/ decrease in inventory	226	-4 604
Increase/ (decrease) in provisions	441	5 702
Increase/ (decrease) in current liabilities	1 089	5 444
	<u>-617</u>	<u>1 070</u>
Net cash flow from operating activities	<u>7 076</u>	<u>4 707</u>
Cash flow from investment activities		
(Purchase) of intangible assests & fixed assets, net	-2 992	-4 271
(Increase)/decrease in long-term financial investments	-3 345	-242
(Increase)/ decrease in trading investments	7	1
(Increase) in issued loans	-123	0
Net cash from investment changes	<u>-6 453</u>	<u>-4 513</u>
Cash flow from financing:		
Lease payments received/ (returned)	-20	-2 928
(Increase) in own shares	0	60
Net cash flow from financing	<u>-20</u>	<u>-2 868</u>
Cash& cash equivalents (decrease)/increase, net	<u>604</u>	<u>-2 673</u>
Cash & cash funds at the beginning of the year	<u>7 359</u>	<u>8 330</u>
Cash & cash funds at the end of the year	<u>7 963</u>	<u>5 657</u>