



AS VENTSPILS NAFTA

(UNIFIED REGISTRATION NUMBER 50003003091)

UNAUDITED CONSOLIDATED FINANCIAL REPORT FOR THE NINE MONTHS OF 2006

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Ventspils, 2006

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General information

Name	AS Ventspils nafta
Type of entity	Joint stock company
Registration	50003003091 Riga, 9 May 1991 Registered in Commercial Register on 5 August 2004
Legal address	75 Talsu street, LV-3600, Ventspils, Republic of Latvia From 22 January 2004: Ostas street 23, LV-3600, Ventspils, Republic of Latvia
Subsidiaries of AS Ventspils nafta	SIA LatRosTrans (66%) 7 Balvu street, LV-5043, Daugavpils SIA Ventspils nafta termināls (100%) 75 Talsu street, LV-3600, Ventspils AS Preses nams (92.99%) 3 Balasta dambis, LV-1081, Riga SIA Mediju nams (99.31%) 3 Balasta dambis, LV-1081, Riga SIA Rīgas Līcis VN (100%) 51 Dubultu prospekts, LV-2015, Jūrmala SIA Nekustamie īpašumi VN (100%) 3 Balasta dambis, LV-1081, Riga
Associated entities of the Group	AS Latvijas kuģniecība (49.94%) 2 Basteja bulvāris, LV-1807, Riga SIA Mediji un Poligrāfija (32.70%) 3 Balasta dambis, LV-1081, Riga SIA Ventshoes (21.44%) 6 I.Mičurina iela, LV-3601, Ventspils SIA Futbola klubs Ventspils (30%) 20a Dzintaru iela, LV-3602, Ventspils

Subsidiaries of SIA Nekustamie
Īpašumi VN

SIA Darījumu centrs Daugava (100%)
3 Balasta dambis, LV-1081, Rīga

SIA Namserviss VN (100%)
3 Balasta dambis, LV-1081, Rīga

SIA Ventspils biznesa centrs (100%)
3 Balasta dambis, LV-1081, Rīga

SIA under liquidation Maikapara nams (100%)
3 Balasta dambis, LV-1081, Rīga

SIA Lejastiezumi (100%)
3 Balasta dambis, LV-1081, Rīga

SIA Pārventas sporta centrs (100%)
3 Balasta dambis, LV-1081, Rīga

Council of AS Ventspils nafta

Chairman of the Council:

Mamerts Vaivads

Deputy Chairman of the Council:

Vladimirs Solomatins

Romāns Mežeckis

Vladimirs Krastiņš

Members of the Council:

Jānis Blaževics

Kārlis Boldiševis

Mārtiņš Jansons

Aivars Tiesnesis

Dans Titavs

Ivars Pāže

Uldis Pumpurs

Board of AS Ventspils nafta

Members of the Board:

Olga Pētersone

Aldis Āķis

Ilva Purēna

Guntis Tīrmanis

Income Statement

	Group	
	9 months of 2006	9 months of 2005
	EUR thousand	EUR thousand
Net sales	74 692	90 799
Cost of sales	(65 271)	(80 902)
Gross profit	9 421	9 897
Sales and distribution expense	(1 938)	(1 712)
General and administrative expense	(6 924)	(6 807)
Other operating income/(expense), net	337	17 026
Result from operating activities	896	18 403
Gain/ (loss) in subsidiaries and associated entities, net	10 003	7 069
Non-operating expense	(64)	(57)
Financial income/ (expense), net	(1 111)	295
Result before taxes	9 724	25 711
Corporate income tax	(1 532)	(3 735)
Other taxes	-	(620)
Net result before minority interest	8 192	21 355
Minority interest	(663)	(814)
Net result for the year	7 529	20 541
 Earnings per share		
in EUR per share	0,073	0,196

EUR exchange rate of the Bank of Latvia on 30 September 2006 – 0.702804 LVL

On behalf of the Board:

Olga Pētersone
 Chairman of the Board

Balance Sheet

ASSETS

	Group		Reference
	30/09/2006	31/12/2005	30/09/2005
	EUR thousand	EUR thousand	EUR thousand
NON CURRENT ASSETS			
Intangible assets	42 110	42 915	50 671
Property, plant and equipment			
Land, buildings and networks	106 388	118 246	149 648
Investment properties	38 072	37 861	39 004
Machinery and equipment	77 726	72 393	88 343
Other property, plant and equipment	6 736	6 897	7 716
Construction in progress	16 739	11 219	13 541
Prepayments for property, plant and equipment	6 271	5 603	4 434
TOTAL	251 932	252 219	302 686
Investments			
Investments in subsidiaries and associated entities	172 049	162 048	138 603
Long-term loan to related parties	-	-	-
Other long-term loans to corporate entities	1 514	1 554	1 568
TOTAL	173 563	163 602	140 171
TOTAL NON CURRENT ASSETS	467 605	458 736	493 527
CURRENT ASSETS			
Inventories	12 940	11 716	14 590
Current portion of long-term receivables	60	60	60
Short-term loans to related parties	-	-	-
Trade accounts receivable	8 098	11 117	10 792
Accounts receivable from related party	-	-	7
Other accounts receivable	2 292	2 382	2 067
Prepaid expense	1 678	884	1 621
Accrued income	666	987	822
Trading investments	73	73	73
Cash and cash equivalents	24 193	22 880	19 638
TOTAL CURRENT ASSETS	50 000	50 099	49 670
TOTAL ASSETS	517 605	508 835	543 197

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On behalf of the Board:

Olga Pētersone
Chairman of the Board

LIABILITIES AND SHAREHOLDERS' EQUITY

	Group		Reference
	30/09/2006	31/12/2005	30/09/2005
	EUR thousand	EUR thousand	EUR thousand
SHAREHOLDERS' EQUITY			
Share capital	148 660	148 660	148 660
Share premium	60 249	60 249	60 249
Long-term assets revaluation reserve	-	-	147
Foreign currency translation reserve	6 733	6 733	(12 915)
Restricted reserves	1 017	1 017	-
Other reserves	214 377	214 377	219 334
Previous year unappropriated result	(30 912)	-	-
Current year unappropriated result	7 527	(30 912)	20 541
MINORITY INTEREST	60 350	59 687	59 648
TOTAL SHAREHOLDERS'EQUITY	468 001	459 811	495 664
PROVISIONS			
Other provisions	-	-	248
Deferred corporate income tax	22 669	21 137	21 060
TOTAL PROVISIONS	22 669	21 137	21 308
LIABILITIES			
Long-term liabilities			
Long-term portion of financial lease liability	8 523	11 258	4 267
TOTAL	8 523	11 258	4 267
Current liabilities			
Short-term portion of long-term loan	7 689	4 522	12 124
Advances from customers	737	534	275
Trade accounts payable	6 232	7 002	5 676
Accounts payable to related party	-	-	7
Taxes payable	676	637	583
Accrued liabilities	2 706	3 544	2 827
Deferred income	373	390	464
TOTAL	18 413	16 629	21 956
TOTAL LIABILITIES	26 936	27 887	26 223
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	517 605	508 835	543 197

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On behalf of the Board:

Olga Pētersone
Chairman of the Board

Statement of Cash Flows

	Group	
	9 months of 2006	9 months of 2005
	EUR thousand	EUR thousand
Cash flow from/ (to) operating activities		
Net Result	7 527	20 541
Changes due to changed accounting standards	-	67 776
Amortisation and depreciaiton	11 101	12 188
Operating profit before changes in current assets and liabilities	18 628	100 505
Decrease in inventory	(1 224)	555
Decrease/ (increase) in trade accounts receivable	2 577	4 922
Increase/ (decrease) in provisions	1 532	15 216
Increase/ (decrease) in current liabilities	1 784	8 347
Net cash from/ (to) operating activities	23 297	129 545
Cash flow from/ (to) investment activities		
Purchase of fixed assets	(9 284)	(33 106)
(Increase)/ decrease in long-term financial investments	(9 962)	(138 608)
(Increase)/ decrease in trading investments	-	49 954
(Increase) in issued loans	-	(60)
Net cash flow from/ (to) investment activities	(19 246)	(121 820)
Cash flow from/ (to) financing activities		
Increase/ (decrease) in own shares	-	-
Lease payments received/(returned)	(2 735)	1 867
Net cash from/ (to) investment activities	(2 735)	1 867
Net (decrease) in cash	1 313	9 597
Cash at the beginning of the year	22 880	10 041
Cash at the end of the year	24 193	19 638

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Statement of Changes in Shareholders' Equity

Group

	Share capital	Share premium	Long-term assets revaluation reserve	Foreign currency translation reserve	Restricted reserves	Other reserves	Current year unappro- priated result	Minority interest	Total
Balance as of 30 September 2005	148 660	60 249	147	(12 915)	-	219 334	20 541	59 648	495 664
Balance as of 31 December 2005	148 660	60 249	-	6 733	1 017	214 377	(30 912)	59 687	459 811
Current year consolidated profit	-	-	-	-	-	-	7 527	-	7 527
Minority interest	-	-	-	-	-	-	-	663	663
Balance as of 30 September 2006	148 660	60 249	-	6 733	1 017	214 377	(23 385)	60 350	468 001

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