



AS VENTSPILS NAFTA

(UNIFIED REGISTRATION NUMBER 50003003091)

UNAUDITED CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER OF 2007 (LVL)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Ventspils, 2007

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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	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 (93.01%) 3 Balasta dambis, LV-1081, Riga SIA Mediju nams (99.47%) 31/2 Cesu street, LV-1012, Riga SIA Rīgas Līcis VN (100%) 51 Dubultu prospekts, LV-2015, Jūrmala SIA Nekustamie īpašumi VN (100%) 10 Palasta street, LV-1050, 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 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 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

Dennis Crema

Vladimirs Krastiņš

Members of the Council:

Māris Gailis

Gints Laiviņš - Laivenieks

Jeffrey Scott Martz

Paul Edward Mulholland

Ashley John Neale

Ansis Sormulis

Andris Vilcmeiers

Board of AS Ventspils nafta

Members of the Board:

Olga Pētersone

Aldis Āķis

Ilva Purēna

Guntis Tīrmanis

Income Statement

	Group	
	1st quarter of 2007	1st quarter of 2006
	LVL thousand	LVL thousand
Net sales	24 097	19 861
Cost of sales	(17 513)	(16 458)
Gross profit	6 584	3 403
Sales and distribution expense	(403)	(452)
General and administrative expense	(1 785)	(1 546)
Other operating income/(expense), net	(8 117)	(189)
Result from operating activities	(3 721)	1 216
Gain/ (loss) in subsidiaries and associated entities, net	11 866	3 052
Financial income/ (expense), net	(352)	(87)
Result before taxes	7 793	4 181
Corporate income tax	-	(458)
Net result before minority interest	7 793	3 723
Minority interest	342	(365)
Net result for the year	8 135	3 358
Earnings per share		
in lats per share	0,078	0,032

On behalf of the Board:

Olga Pētersone
Chairperson of the Board

Balance Sheet
ASSETS

	Group		Reference
	31/03/2007	31/12/2006	31/03/2006
	LVL thousand	LVL thousand	LVL thousand
NON CURRENT ASSETS			
Intangible assets	29 062	29 242	29 991
Property, plant and equipment			
Land, buildings and networks	76 603	77 216	76 032
Investment properties	31 687	31 687	26 608
Machinery and equipment	46 805	47 673	56 694
Other property, plant and equipment	4 212	4 575	4 573
Construction in progress	23 403	12 302	8 857
Prepayments for property, plant and equipment	1 443	3 043	5 645
TOTAL	184 153	176 496	178 409
Investments			
Investments in subsidiaries and associated entities	124 072	112 206	116 744
Other long-term loans to corporate entities	1 034	1 055	1 073
TOTAL	125 106	113 261	117 817
TOTAL NON CURRENT ASSETS	338 321	318 999	326 217
CURRENT ASSETS			
Inventories	5 217	6 011	8 394
Current portion of long-term receivables	42	42	42
Trade accounts receivable	9 070	7 232	7 289
Accounts receivable from related party	12	-	0
Other accounts receivable	3 035	1 044	2 846
Prepaid expense	1 243	1 156	1 417
Accrued income	17	389	369
Held-to-maturity investments	-	9 828	-
Trading investments	51	51	51
Cash and cash equivalents	18 392	5 434	14 687
TOTAL CURRENT ASSETS	37 079	31 187	35 095
TOTAL ASSETS	375 400	350 186	361 312

On behalf of the Board:

 Olga Pētersone
 Chairperson of the Board

LIABILITIES AND SHAREHOLDERS' EQUITY

	Group		Reference
	31/03/2007	31/12/2006	31/03/2006
	LVL thousand	LVL thousand	LVL thousand
SHAREHOLDERS' EQUITY			
Share capital	104 479	104 479	104 479
Share premium	42 343	42 343	42 343
Foreign currency translation reserve	(6 388)	(6 388)	4 732
Restricted reserves	715	715	715
Other reserves	145 552	138 705	150 665
Previous year unappropriated result	-	-	(21 725)
Current year unappropriated result	8 135	6 847	3 358
MINORITY INTEREST	39 734	40 077	42 372
TOTAL SHAREHOLDERS'EQUITY	334 570	326 778	326 939
PROVISIONS			
Other provisions	-	-	49
Deferred corporate income tax	5 817	5 817	15 313
TOTAL PROVISIONS	5 817	5 817	15 362
LIABILITIES			
Long-term liabilities			
Long-term portion of financial lease liability	10 648	1 092	1 537
Long-term loan from credit institution	1 280	1 844	2 000
Other liabilities	-	-	3 732
TOTAL	11 928	2 936	7 269
Current liabilities			
Short-term portion of long-term loan	5 341	5 806	3 867
Financial lease liabilities	1 749	845	723
Advances from customers	116	62	259
Trade accounts payable	2 875	4 723	3 703
Taxes payable	635	521	620
Other liabilities	508	661	467
Accrued liabilities	11 481	1 779	1 508
Deferred income	380	258	596
TOTAL	23 085	14 655	11 743
TOTAL LIABILITIES	35 013	17 591	19 012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	375 400	350 186	361 312

On behalf of the Board:

Olga Pētersone
Chairperson of the Board

Statement of Cash Flows

	Group	
	1st quarter of 2007	1st quarter of 2006
	LVL thousand	LVL thousand
Cash flow from/ (to) operating activities		
Net Result	8 135	3 358
Adjustments	(342)	390
Amortisation and depreciaiton	2 439	2 579
<i>Operating profit before changes in current assets and liabilities</i>	<i>10 232</i>	<i>6 328</i>
Decrease in inventory	794	(160)
Decrease/ (increase) in trade accounts receivable	(3 598)	(1 161)
Increase/ (decrease) in provisions	-	507
Increase/ (decrease) in current liabilities	8 430	56
Net cash from/ (to) operating activities	15 858	5 570
Cash flow from/ (to) investment activities		
Purchase of fixed assets	(9 874)	(3 483)
(Increase)/ decrease in long-term financial investments	(11 845)	(2 837)
(Increase) in issued loans	9 828	-
Net cash flow from/ (to) investment activities	(11 891)	(6 320)
Cash flow from/ (to) financing activities		
Lease payments received/(returned)	8 992	(643)
Net cash from/ (to) investment activities	8 992	(643)
Net (decrease) in cash	12 958	(1 393)
Cash at the beginning of the year	5 434	16 080
Cash at the end of the year	18 392	14 687

Statement of Changes in Shareholders' Equity

Group

	Share capital	Share premium	Foreign currency translation reserve	Restricted reserves	Other reserves	Current year unappro- priated result	Minority interest	Total
Balance as of 31 December 2006	104 479	42 343	(6 388)	715	138 705	6 847	40 077	326 778
Current year result	-	-	-	-	-	8 135	-	8 135
Transfer of 2006 net result					6 847	(6 847)		-
Minority interest	-	-	-	-	-	-	(343)	(343)
Balance as of 31 March 2007	104 479	42 343	(6 388)	715	145 552	8 135	39 734	334 570

Notes

LVL thousand

1. Net sales

	<u>Group</u>	
	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Reloading services	7 755	4 362
Railway services	4 919	4 962
Printing services	2 985	4 700
Newspaper sales	546	552
Advertisements	201	243
Income from sale of crude oil and oil products	4 475	-
Transportation of oil	-	2 221
Transportation of oil products	2 894	2 701
Rental income	60	43
Storage services	79	-
Other services	183	77
Total	<u>24 097</u>	<u>19 861</u>

2. Cost of sales

	<u>Group</u>	
	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Depreciation	2 095	2 219
Amortisation intangible assets	197	198
Raw materials	1 941	3 091
Remuneration of work	2 017	2 137
Utilities	558	501
Insurance expenses	529	560
Social security contributions	445	484
Materials and spare parts	262	272
Transit development	98	326
Electricity	325	225
Treatment of technological waste water	367	75
Utilisation of piers	428	203
Land and fixed assets' rent	191	189
Security	250	214
Repair works done by other companies	251	184
Railway charges	4 946	5 140
Environment protection expense	55	82
Cost of sold oil and oil products	2 051	-
Communication expense	57	56
Helicopter services	29	52
Changes in inventory	-2	-37
Transport expenses	53	43
Other expenses	370	244
Total	<u>17 513</u>	<u>16 458</u>

3. Sales and distribution expense

Group

	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Sales and distribution expense	<u>403</u>	<u>452</u>
Total	<u>403</u>	<u>452</u>

4. General and administrative expense

Group

	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Remuneration of work	718	544
Advertising and marketing	145	180
Social security contributions	149	131
Depreciation	128	144
Insurance	24	41
Professional charges and legal costs	205	83
Business trips	41	22
Communication expense	26	30
Rent of premises	44	29
Vehicle maintenance expense (incl. rent of vehicles)	42	28
Conferences, seminars and training	8	13
Representation expense	26	37
Security	5	5
Secondary costs of cash turnover	24	12
Social infrastructure expense	26	33
Other	<u>174</u>	<u>214</u>
Total	<u>1 785</u>	<u>1 546</u>

5. Other operating income/ (expense), (net)

Group

	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Income from oil extracted from groundwater's and waste waters	94	172
Other income	1 119	29
Payments to local municipalities	-179	-175
Depreciation	-16	-18
Remuneration of work	-48	-52
Social security contributions	-11	-10

Vehicle maintenance expense	-14	-11
Accruals	-9 000	-49
Other expense	<u>-62</u>	<u>-75</u>
Total	<u>-8 117</u>	<u>-189</u>

6. Financial income/(expense), net

Group

	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Foreign currency exchange gain(loss)	-162	-97
Interest income on loans	-	1
Interest income from bank account balances and deposits	37	139
Interest expense	-271	-147
Other income	<u>44</u>	<u>17</u>
Total	<u>-352</u>	<u>-87</u>

7. Taxes

Group

	<u>1st quarter of 2007</u>	<u>1st quarter of 2006</u>
Corporate income tax	-	-458

8. Investments in subsidiaries and associated entities

The following table summarizes ownership of the Parent company and the Group in subsidiaries and associated entities:

<u>Ownership (%)</u>	<u>31.03.2007.</u>	<u>31.12.2006.</u>	<u>Legal address</u>
<u>Subsidiaries</u>			
SIA "Ventspils nafta" termināls"	100	100	Talsu street 75, LV-3602, Ventspils, Latvia
SIA "LatRosTrans"	66	66	Balvu street 7, LV-5043, Daugavpils Latvia
AS "Preses nams"	93,01	93,01	Balasta dambis 3, LV-1081, Riga, Latvia
SIA "Mediju nams"*	99,47	99,47	31/2 Cesu street, LV-1012, Riga, Latvia
SIA "Nekustamie īpašumi VN"	100	100	10 Palasta street, LV-1050, Riga, Latvia
SIA "Rīgas līcis VN"	100	100	Dubultu prospekts 51, LV-2015, Jurmala, Latvia

	<u>31.03.2007.</u>	<u>31.12.2006.</u>	
<u>Associated entities</u>			
SIA "Futbola klubs Ventspils"	30	30	Dzintaru street 20a, LV-3602, Ventspils, Latvia
SIA "Mediji un Poligrāfija"	32,7	32,7	Balasta dambis 3, LV-1081, Riga, Latvia
Likvidējamā SIA "Ventshoes"	-	21,44	Mičurina street 6, LV-3601, Ventspils, Latvia
AS "Latvijas Kuģniecība"	49,94	49,94	Basteja bulvāris 2, LV 1807, Riga, Latvia

* As of 31 March 2007, AS Ventspils nafta has a 92,37% shareholding of SIA Mediju nams. At the same time, AS Preses nams owns 7,63% of the share capital of SIA Mediju nams. As such, the Group's ownership share is 99,47%.