



# **AS VENTSPILS NAFTA**

(UNIFIED REGISTRATION NUMBER 50003003091)

## **UNAUDITED CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER OF 2008**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

**Ventspils, 2008**

## CONTENTS

<b>General information</b>	<b>3</b>
<b>Council of AS Ventspils nafta</b>	<b>5</b>
<b>Board of AS Ventspils nafta</b>	<b>5</b>
<b>Income Statement</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Statement of Cash Flows</b>	<b>9</b>
<b>Statement of Changes in Shareholders' Equity</b>	<b>10</b>
<b>Notes</b>	<b>11</b>

## 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 (51%) 75 Talsu street, LV-3600, Ventspils  AS Preses nams (95.39%) 3 Balasta dambis, LV-1081, Riga  SIA Mediju nams (99.73%) 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 (42.50%) 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** was recalled from office of a Chairman of the Council on 20/07/2007

**Vladimirs Solomatins** was appointed a Chairman of the Council on 20/07/2007

Deputy Chairman of the Council:

**Vladimirs Solomatins** was recalled from office of a Deputy Chairman of the Council on 20/07/2007

**Dennis Crema**

**Vladimirs Krastiņš** was recalled from office of a Deputy Chairman of the Council on 20/07/2007

**Andris Vilcmeiers** was appointed a Deputy Chairman of the Council on 20/07/2007

**Jeffrey Scott Martz** was appointed a Deputy Chairman of the Council on 20/07/2007

Members of the Council:

**Māris Gailis**

**Gints Laiviņš - Laivenieks**

**Jeffrey Scott Martz** till 20/07/2007

**Paul Edward Mulholland**

**Ashley John Neale**

**Ansis Sormulis**

**Andris Vilcmeiers** till 20/07/2007

**Mamerts Vaivads** from 20/07/2007

**Vladimirs Krastiņš** from 20/07/2007

## Board of AS Ventspils nafta

Members of the Board:

**Olga Pētersone**

**Aldis Āķis** till 26/02/2008

**Ilva Purēna**

**Guntis Tīrmanis**

**Normunds Staņēvičs** from 26/02/2008

## Income Statement

	Group	
	1st quarter of 2008	1st quarter of 2007
	LVL thousand	LVL thousand
<b>Net sales</b>	<b>22 257</b>	<b>24 097</b>
Cost of sales	(21 838)	(17 513)
<b>Gross profit</b>	<b>419</b>	<b>6 584</b>
Sales and distribution expense	(467)	(403)
General and administrative expense	(1 897)	(1 785)
Other operating income/(expense), net	5 810	(8 117)
<b>Result from operating activities</b>	<b>3 865</b>	<b>(3 721)</b>
Gain/ (loss) in subsidiaries and associated entities, net	3 333	11 866
Financial income/ (expense), net	(4 445)	(352)
<b>Result before taxes</b>	<b>2 753</b>	<b>7 793</b>
Corporate income tax	-	-
<b>Net profit</b>	<b>2 753</b>	<b>7 793</b>
<b>Attributable to:</b>		
Minority interest	(549)	(342)
<b>Parent company's shareholders</b>	<b>3 302</b>	<b>8 135</b>
Earnings per share		
in lats per share	0,032	0,078

On behalf of the Board:

---

Olga Pētersone  
Chairperson of the Board

## Balance Sheet

### ASSETS

	Group		Reference
	31/03/2008	31/12/2007	31/03/2007
	LVL thousand	LVL thousand	LVL thousand
<b>NON CURRENT ASSETS</b>			
<b>Intangible assets</b>	<b>28 282</b>	<b>28 481</b>	<b>29 062</b>
<b>Property, plant and equipment</b>			
Land, buildings and networks	99 869	100 856	76 603
Investment properties	37 731	31 731	31 687
Machinery and equipment	54 132	55 003	46 805
Other property, plant and equipment	4 581	4 882	4 212
Construction in progress	22 913	20 740	23 403
Prepayments for property, plant and equipment	1 116	877	1 443
TOTAL	<b>220 342</b>	<b>214 089</b>	<b>184 153</b>
<b>Investments</b>			
Investments in subsidiaries and associated entities	121 224	117 891	124 072
Other long-term loans to corporate entities	329	340	1 034
Other long-term receivables	40 050	43 560	-
TOTAL	<b>161 603</b>	<b>161 791</b>	<b>125 106</b>
<b>TOTAL NON CURRENT ASSETS</b>	<b>410 227</b>	<b>404 361</b>	<b>338 321</b>
<b>CURRENT ASSETS</b>			
Inventories	4 603	4 358	5 217
Trade accounts receivable	4 415	4 347	9 070
Accounts receivable from related party	36	-	12
Other accounts receivable	3 454	3 277	4 337
Trading investments	51	51	51
Cash and cash equivalents	18 014	19 613	18 392
<b>TOTAL CURRENT ASSETS</b>	<b>30 573</b>	<b>31 646</b>	<b>37 079</b>
<b>TOTAL ASSETS</b>	<b>440 800</b>	<b>436 007</b>	<b>375 400</b>

On behalf of the Board:

---

Olga Pētersone  
 Chairperson of the Board

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Group		Reference
	31/03/2008	31/12/2007	31/03/2007
	LVL thousand	LVL thousand	LVL thousand
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	104 479	104 479	104 479
Share premium	42 343	42 343	42 343
Foreign currency translation reserve	(17 889)	(17 889)	(6 388)
Restricted reserves	715	715	715
Other reserves	195 153	145 552	145 552
Current period unappropriated result	3 302	49 601	8 135
MINORITY INTEREST	75 301	75 856	39 734
<b>TOTAL SHAREHOLDERS'EQUITY</b>	<b>403 404</b>	<b>400 657</b>	<b>334 570</b>
<b>PROVISIONS</b>			
Deferred corporate income tax	7 052	7 052	5 817
<b>TOTAL PROVISIONS</b>	<b>7 052</b>	<b>7 052</b>	<b>5 817</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term portion of lease liabilities	14 014	14 067	10 648
Long-term loan from credit institution	2 266	-	1 280
<b>TOTAL</b>	<b>16 280</b>	<b>14 067</b>	<b>11 928</b>
<b>Current liabilities</b>			
Short-term portion of long-term loan	2 986	3 056	5 341
Financial lease liabilities	1 902	1 994	1 749
Advances from customers	678	644	116
Trade accounts payable	3 993	3 908	2 875
Taxes payable	810	737	635
Other liabilities	925	943	888
Accrued liabilities	2 770	1 691	11 481
Provisions	-	1 258	-
<b>TOTAL</b>	<b>14 064</b>	<b>14 231</b>	<b>23 085</b>
<b>TOTAL LIABILITIES</b>	<b>30 344</b>	<b>28 298</b>	<b>35 013</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>440 800</b>	<b>436 007</b>	<b>375 400</b>

On behalf of the Board:

Olga Pētersone  
Chairperson of the Board



## Statement of Cash Flows

	<b>Group</b>	
	<b>1st quarter of 2008</b>	<b>1st quarter of 2007</b>
	LVL thousand	LVL thousand
<b>Cash flow from/ (to) operating activities</b>		
Net Result	3 302	8 135
Adjustments	(6 000)	(342)
Amortisation and depreciaiton	2 805	2 439
<b>Operating profit before changes in current assets and liabilities</b>	<b>107</b>	<b>10 232</b>
Decrease/(increase) in inventory	(245)	794
Decrease/ (increase) in trade accounts receivable	(281)	(3 598)
Increase/ (decrease) in provisions	-	-
Increase/ (decrease) in current liabilities	(167)	8 430
<b>Net cash from/ (to) operating activities</b>	<b>(586)</b>	<b>15 858</b>
<b>Cash flow from/ (to) investment activities</b>		
Purchase of fixed assets	(3 413)	(9 874)
(Increase)/ decrease in long-term financial investments	188	(11 845)
(Increase)/decrease in issued loans	-	9 828
<b>Net cash flow from/ (to) investment activities</b>	<b>(3 225)</b>	<b>(11 891)</b>
<b>Cash flow from/ (to) financing activities</b>		
Increase/(decrease) in loans and leases	2 213	8 992
<b>Net cash from/ (to) financing activities</b>	<b>2 213</b>	<b>8 992</b>
<b>Net increase (decrease) in cash</b>	<b>(1 599)</b>	<b>12 958</b>
<b>Cash at the beginning of the period</b>	<b>19 613</b>	<b>5 434</b>
<b>Cash at the end of the period</b>	<b>18 014</b>	<b>18 392</b>

## Statement of Changes in Shareholders' Equity

### Group

	Share capital	Share premium	Foreign currency translation reserve	Restricted reserves	Other reserves	Current year unappropriated result	Minority interest	Total
<b>Balance as of 31 December 2007</b>	<b>104 479</b>	<b>42 343</b>	<b>(17 889)</b>	<b>715</b>	<b>145 552</b>	<b>49 601</b>	<b>75 856</b>	<b>400 657</b>
Current period result	-	-	-	-	-	3 302	-	3 302
Transfer of 2007 net result	-	-	-	-	49 601	(49 601)	-	-
Minority interest	-	-	-	-	-	-	(555)	(555)
<b>Balance as of 31 March 2008</b>	<b>104 479</b>	<b>42 343</b>	<b>(17 889)</b>	<b>715</b>	<b>195 153</b>	<b>3 302</b>	<b>75 301</b>	<b>403 404</b>

## Notes

### LVL thousand

#### 1. Net sales

	<u>Group</u>	
	<u>1st quarter of 2008</u>	<u>1st quarter of 2007</u>
Reloading services	5 895	7 755
Railway services	10 033	4 919
Printing services	2 565	2 985
Newspaper sales	528	546
Advertisements	219	201
Income from sale of crude oil and oil products	-	4 475
Transportation of oil products	2 211	2 894
Rental income	2	60
Storage services	18	79
Other services	<u>786</u>	<u>183</u>
Total	<u>22 257</u>	<u>24 097</u>

#### 2. Cost of sales

	<u>Group</u>	
	<u>1st quarter of 2008</u>	<u>1st quarter of 2007</u>
Depreciation	2 673	2 292
Raw materials	1 401	1 941
Remuneration of work	2 278	2 017
Utilities	736	883
Insurance expenses	337	529
Social security contributions	505	445
Materials and spare parts	507	262
Transit development	70	98
Treatment of technological waste water	546	367
Utilisation of piers	586	428
Land and fixed assets' rent	191	191
Security	253	250
Repair works done by other companies	1 055	251
Railway charges	10 040	4 946
Environment protection expense	211	55
Cost of sold oil and oil products	-	2051
Communication expense	20	57
Helicopter services	29	29
Other expenses	<u>400</u>	<u>421</u>
Total	<u>21 838</u>	<u>17 513</u>

	<u>Group</u>	
	<u>1st quarter of 2008</u>	<u>1st quarter of 2007</u>
3. Sales and distribution expense		
Sales and distribution expense	<u>467</u>	<u>403</u>
Total	<u>467</u>	<u>403</u>

	<u>Group</u>	
	<u>1st quarter of 2008</u>	<u>1st quarter of 2007</u>
4. General and administrative expense		
Remuneration of work	781	718
Advertising and marketing	166	145
Social security contributions	180	149
Depreciation	114	128
Insurance	19	24
Professional charges and legal costs	159	205
Business trips	36	41
Communication expense	23	26
Rent of premises	63	44
Vehicle maintenance expense	44	42
Conferences, seminars and training	27	8
Representation expense	22	26
Secondary costs of cash turnover	19	24
Social infrastructure expense	27	26
Other	<u>217</u>	<u>179</u>
Total	<u>1 897</u>	<u>1 785</u>

	<u>Group</u>	
	<u>1st quarter of 2008</u>	<u>1st quarter of 2007</u>
5. Other operating income/ (expense), (net)		
Income from oil extracted from groundwater's and waste waters	190	94
Other income	80	1 119
Gain from revaluation of investment properties at fair value	6 000	-
Payments to local municipalities	-183	-179
Depreciation	-14	-16
Remuneration of work	-91	-59
Vehicle maintenance expense	-12	-14

Provision expenses	-	-9 000
Other expense	<u>-160</u>	<u>-62</u>
Total	<u>5 810</u>	<u>-8 117</u>

## 6. Financial income/(expense), net

### Group

	<u>1st quarter of 2008</u>	<u>1st quarter of 2007</u>
Foreign currency exchange gain(loss)	-4 351	-162
Interest income on loans	85	44
Interest income from bank account balances and deposits	119	37
Interest expense	<u>-298</u>	<u>-271</u>
Total	<u>-4 445</u>	<u>-352</u>

## 7. 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>31.03.2008.</u>	<u>31.12.2007.</u>	<u>Legal address</u>
<u>Subsidiaries</u>			
SIA "Ventspils nafta" termināls"	51	100	Talsu street 75, LV-3602, Ventspils, Latvia
SIA "LatRosTrans"	66	66	Balvu street 7, LV-5043, Daugavpils Latvia
AS "Preses nams"	95,39	95,39	Balasta dambis 3, LV-1081, Riga, Latvia
SIA "Mediju nams"*	99,73	99,73	31/2 Cesu street, LV-1012, Riga, Latvia
SIA "Nekustamie īpašumi VN"	100	100	10 Palasta street, LV-1050, Riga, Latvia
SIA "Rīgas Iicis VN"	100	100	Dubultu prospekts 51, LV-2015, Jurmala, Latvia
	<u>31.03.2008.</u>	<u>31.12.2007.</u>	
<u>Associated entities</u>			
SIA "Futbola klubs Ventspils"	42,50	30	Dzintaru street 20a, LV-3602, Ventspils, Latvia
SIA "Mediji un Poligrāfija"	32,7	32,7	Balasta dambis 3, LV-1081, Riga, Latvia
AS "Latvijas Kuģniecība"	49,94	49,94	Basteja bulvāris 2, LV 1807, Riga, Latvia

\* As of 31 March 2008, AS Ventspils nafta has a 94,23% shareholding of SIA Mediju nams. At the same time, AS Preses nams owns 5,77% of the share capital of SIA Mediju nams. As such, the Group's ownership share is 99,73%.