



AS VENTSPILS NAFTA

(UNIFIED REGISTRATION NUMBER 50003003091)

UNAUDITED CONSOLIDATED FINANCIAL REPORT FOR THE NINE MONTHS OF 2009

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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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-3601, 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
Associated entities of the Group	AS Latvijas kuģniecība (49.94%) 2 Basteja bulvāris, LV-1807, Riga SIA Futbola klubs Ventspils (42.50%) 20a Dzintaru iela, LV-3602, Ventspils

Council of AS Ventspils nafta

Chairman of the Council:

Vladimirs Solomatins

Deputy Chairman of the Council:

Dennis Crema

Andris Vilcmeiers

Jeffrey Scott Martz

Members of the Council:

Māris Gailis

Gints Laiviņš - Laivenieks

Paul Edward Mulholland

Ashley John Neale

Ansis Sormulis

Mamerts Vaivads

Vladimirs Krastiņš

Board of AS Ventspils nafta

Members of the Board:

Olga Pētersone

Aldis Āķis till 26/02/2008

Ilva Purēna

Guntis Tīrmanis till 31/08/2009

Normunds Staņēvičs from 26/02/2008

Income Statement

	Group	
	9 months of	9 months of 2008
	2009	2008
	LVL thousand	LVL thousand
Net sales	53 367	58 596
Cost of sales	(48 625)	(58 412)
Gross profit	4 742	184
Sales and distribution expense	-	(1 570)
General and administrative expense	(3 874)	(6 182)
Other operating income/(expense), net	(742)	5 068
Result from operating activities	126	(2 500)
Gain/ (loss) in subsidiaries and associated entities, net	161	15 897
Financial income/ (expense), net	2 322	(801)
Result before taxes	2 609	12 596
Corporate income tax	(298)	(26)
Net profit	2 311	12 570
Attributable to:		
Minority interest	1 625	(1 395)
Parent company's shareholders	686	13 965
Earnings per share		
in lats per share	0.007	0.134

Simon D.Boddy
 Member of the Board

Ilva Purēna
 Member of the Board

Normunds Staņēvičs
 Member of the Board

Balance Sheet

ASSETS

	Group		Reference
	30/09/2009	31/12/2008	30/09/2008
	LVL thousand	LVL thousand	LVL thousand
NON CURRENT ASSETS			
Intangible assets	27 007	27 598	27 932
Property, plant and equipment			
Land, buildings and networks	85 980	87 994	106 852
Investment properties	-	-	35 311
Machinery and equipment	41 140	42 983	52 043
Other property, plant and equipment	3 337	3 764	4 397
Construction in progress	1 219	1 042	19 318
Prepayments for property, plant and equipment	462	214	283
TOTAL	132 138	135 997	218 204
Investments			
Investments in subsidiaries and associated entities	125 613	125 619	124 891
Receivables from related companies	-	41 557	-
Other long-term loans to corporate entities	43 200	44 550	43 740
Other long-term receivables	292	312	322
TOTAL	169 105	212 038	168 953
TOTAL NON CURRENT ASSETS	328 250	375 633	415 089
CURRENT ASSETS			
Inventories	2 080	2 429	3 920
Trade accounts receivable	952	1 443	3 230
Receivables from related companies	42 099	24 939	-
Loans to related companies	-	547	-
Other accounts receivable	2 513	1 325	2 854
Cash and cash equivalents	61 346	35 756	19 388
TOTAL CURRENT ASSETS	108 990	66 439	29 392
TOTAL ASSETS	437 240	442 072	444 481

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LIABILITIES AND SHAREHOLDERS' EQUITY

	Group		Reference
	30/09/2009	31/12/2008	30/09/2008
	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	(15 786)	(15 786)	(26 871)
Restricted reserves	715	715	715
Other reserves	224 254	195 153	195 153
Current period unappropriated result	686	29 738	13 965
MINORITY INTEREST	74 773	73 148	74 422
TOTAL SHAREHOLDERS'EQUITY	431 464	429 790	404 206
PROVISIONS			
Deferred corporate income tax	1 495	1 307	7 052
TOTAL PROVISIONS	1 495	1 307	7 052
LIABILITIES			
Long-term liabilities			
Long-term portion of lease liabilities	7	7	13 663
Long-term loan from credit institution	-	-	6 311
TOTAL	7	7	19 974
Current liabilities			
Short-term portion of long-term loan	-	-	3 011
Financial lease liabilities	1	7	1 144
Advances from customers	74	711	815
Trade accounts payable	869	2 373	4 968
Payables to related companies	-	145	-
Taxes payable	376	5 587	697
Other liabilities	403	540	717
Accrued liabilities	1 914	1 605	1 897
Unpaid dividends	637	-	-
TOTAL	4 274	10 968	13 249
TOTAL LIABILITIES	4 281	10 975	33 223
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	437 240	442 072	444 481

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Statement of Cash Flows

	Group	
	9 months of 2009 LVL thousand	9 months of 2008 LVL thousand
Cash flow from/ (to) operating activities		
Net Result	686	13 965
Adjustments	6	(13 451)
Amortisation and depreciaiton	6 958	6 928
Operating profit before changes in current assets and liabilities	7 650	7 442
Decrease/(increase) in inventory	349	438
Decrease/ (increase) in trade accounts receivable	(17 310)	1 540
Increase/ (decrease) in provisions	188	-
Increase/ (decrease) in current liabilities	(5 694)	(982)
Net cash from/ (to) operating activities	(14 817)	8 438
Cash flow from/ (to) investment activities		
Purchase of fixed assets	(2 526)	(7 458)
(Increase)/ decrease in long-term financial investments	42 933	(7 162)
(Increase)/ decrease in securities	-	51
Net cash flow from/ (to) investment activities	40 407	(14 569)
Cash flow from/ (to) financing activities		
Increase/(decrease) in loans and leases	-	5 907
Net cash from/ (to) financing activities	-	5 907
Net increase (decrease) in cash	25 590	(225)
Cash at the beginning of the period	35 756	19 613
Cash at the end of the period	61 346	19 388

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 2008	104 479	42 343	(15 786)	715	195 153	29 738	73 148	429 790
Current period result	-	-	-	-	-	686	1 625	2 311
Transfer of 2008 net result	-	-	-	-	29 101	(29 101)	-	-
Dividends	-	-	-	-	-	(637)	-	(637)
Balance as of 30 September 2009	104 479	42 343	(15 786)	715	224 254	686	74 773	431 464

Notes

LVL thousand

1. Net sales

	<u>Group</u>	
	<u>9 months of 2009</u>	<u>9 months of 2008</u>
Railway services	28 674	21 625
Reloading services	19 360	16 702
Transportation of oil products	5 333	5 623
Printing services	-	8 742
Income from sale of crude oil and oil products	-	1 557
Newspaper sales	-	1 568
Advertisements	-	814
Storage services	-	298
Rental income	-	198
Other services	-	1 469
Total	<u>53 367</u>	<u>58 596</u>

2. Cost of sales

	<u>Group</u>	
	<u>9 months of 2009</u>	<u>9 months of 2008</u>
Railway charges	28 692	21 640
Amortization and depreciation	6 778	6 386
Raw materials	248	3 791
Remuneration of work	4 095	6 959
Rent of premises and utilities	853	1 599
Insurance expenses	737	1 596
Social security contributions	980	1 252
Materials and spare parts	41	1 768
Electricity	655	709
Treatment of technological waste water	211	1 357
Fee for utilisation of technological reserves	208	173
Utilisation of piers	1 385	1 421
Land rent	601	590
Security	812	738
Repair works done by other companies	1 322	3 864
Environment protection expense	603	1 357
Communication expense	46	80
Cost of sold oil and oil products	-	669
Helicopter services	-	99
Other expenses	358	2 364
Total	<u>48 625</u>	<u>58 412</u>

3. General and administrative expense

	<u>Group</u>	
	<u>9 months of 2009</u>	<u>9 months of 2008</u>
Remuneration of work	1 628	2 532
Advertising and marketing	254	651
Social security contributions	392	435
Amortization and depreciation	142	378
Insurance	49	62
Professional charges and legal costs	587	871
Business trips	48	120
Communication expense	46	72
Rent of premises	85	187
Vehicle maintenance expense	106	98
Conferences, seminars and training	56	52
Security	18	18
Representation expense	43	120
Secondary costs of cash turnover	29	81
Social infrastructure expense	59	88
Other	332	417
Total	<u>3 874</u>	<u>6 182</u>

4. Other operating income/ (expense)

	<u>Group</u>	
	<u>9 months of 2009</u>	<u>9 months of 2008</u>
Other income	647	336
Income from oil extracted from groundwater's and waste waters	-	448
Assets value changes	-	6 000
Payments to local municipalities	-739	-548
Impairment loss on investment	-123	-
Depreciation	-39	-45
Remuneration of work	-152	-239
Vehicle maintenance expense	-23	-26
Other expense	-313	-858
Total	<u>-742</u>	<u>5 068</u>

5. Financial income/(expense), net

	<u>Group</u>	
	<u>9 months of 2009</u>	<u>9 months of 2008</u>
Foreign currency exchange gain(loss)	-	16
Interest income on loans	2 474	126
Interest income from bank account balances and deposits	889	186
Foreign currency exchange gain(loss)	-1 041	-
Interest expense	-	-1 129
Total	<u>2 322</u>	<u>-801</u>

6. 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>30.09.2009.</u>	<u>31.12.2008.</u>	<u>Legal address</u>
<u>Subsidiaries</u>			
SIA "Ventspils nafta" termināls"	51	51	Talsu street 75, LV-3602, Ventspils, Latvia
SIA "LatRosTrans"	66	66	Balvu street 7, LV-5043, Daugavpils Latvia
	<u>30.09.2009.</u>	<u>31.12.2008.</u>	
<u>Associated entities</u>			
SIA "Futbola klubs Ventspils"	42,50	42,50	Dzintaru street 20a, LV-3602, Ventspils, Latvia
AS "Latvijas Kuģniecība"	49,94	49,94	Basteja bulvāris 2, LV 1807, Riga, Latvia