



**JSC VENTSPILS NAFTA**  
(UNIFIED REGISTRATION NUMBER 50003003091)

**UNAUDITED CONSOLIDATED FINANCIAL REPORT  
FOR THE NINE MONTHS OF 2010 (EUR)**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Riga, 2010

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### General information

Name of the company	JSC Ventspils nafta
Legal status of the company	Joint stock company
Unified registration number, place and date of registration	50003003091 Riga, 9 May 1991 Registered in Commercial Register on 5 August 2004
Legal address	Vaļņu street 3-18, LV-1050, Riga, Republic of Latvia
Subsidiaries of JSC Ventspils nafta	LatRosTrans Ltd (66%) 7 Balvu street, LV-5043, Daugavpils  Ventspils nafta termināls Ltd (51%) 75 Talsu street, LV-3602, Ventspils
Associated entities of the Group	JSC Latvian Shipping Company (49.94%) Elizabetes street 1, LV-1807, Riga, Latvia  Futbola klubs Ventspils Ltd (21.25%) 20a Dzintaru street, LV-3602, Ventspils

### Supervisory Council of JSC *Ventspils nafta*

Supervisory Council (as at the date of signing the financial statements):

Appointed:

Chairman of the Council:	Vladimir Egger
Deputy Chairman of the Council:	Mikhail Dvorak
Members of the Council:	Javed Ahmed Oļegs Stepanovs Rubel Yilmaz Mark Ware Christophe Theophanis Matsacos Rudolf Meroni Michael Hason David Alexander Schlaff Edgars Jansons

The changes in the Council during the period from 1 January 2010 to 22 November 2010 were as follows:

Elected	Dismissed	Name	Position held
20/01/2010	-	Vladimir Egger	Chairman of the Council
20/01/2010	-	Mikhail Dvorak	Deputy Chairman of the Council
20/01/2010	-	Oļegs Stepanovs	Member of the Council
20/01/2010	-	Javed Ahmed	Member of the Council
20/01/2010	-	Rubel Yilmaz	Member of the Council
20/01/2010	-	Mark Ware	Member of the Council
07/07/2010	-	Christophe Theophanis Matsacos	Member of the Council
07/07/2010	-	Rudolf Meroni	Member of the Council
07/07/2010	-	Michael Hason	Member of the Council
07/07/2010	-	David Alexander Schlaff	Member of the Council
07/07/2010	-	Edgars Jansons	Member of the Council
20/01/2010	07/07/2010	Paul Thomas	Member of the Council
20/01/2010	07/07/2010	Gatis Grāvītis	Member of the Council
20/01/2010	07/07/2010	Mārtiņš Kvēps	Member of the Council
20/01/2010	07/07/2010	Valērijs Godunovs	Member of the Council
20/01/2010	07/07/2010	Aleksejs Ovods	Member of the Council

According to the Council's resolution of 31 August 2010 Vladimir Egger has been re-elected as the Chairman of the Supervisory Council and Mikhail Dvorak has been elected as deputy chairman of the Supervisory Council.

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### Management Board of JSC *Ventspils nafta*

Management Board (as at the date of signing the financial statements):

Appointed:

Chairman of the Board:

Simon Boddy

Members of the Board:

Andris Vilcmeiers

Boris Bednov

Alexander Jagdžijanc

The changes in the Board during the period from 1 January 2010 to 22 November 2010 were as follows:

<b>Elected</b>	<b>Dismissed</b>	<b>Name</b>	<b>Position held</b>
28/04/2010	-	Boris Bednov	Member of the Board
28/04/2010	-	Alexander Jagdžijanc	Member of the Board
16/06/2010	-	Andris Vilcmeiers	Member of the Board
-	28/04/2010	Normunds Staņēvičs	Member of the Board
-	16/06/2010	Ilva Purēna	Member of the Board

According to the Council's resolution of 20 January 2010, Simon Boddy was appointed as the Chairman of the Board.

**Consolidated statement of comprehensive income**

	<b>9 months of 2010</b>	<b>9 months of 2009</b>
	EUR thousand	EUR thousand
Revenue	57 780	75 934
Cost of sales	(41 707)	(69 187)
<b>Gross profit</b>	<b>16 073</b>	<b>6 747</b>
General and administrative expense	(4 055)	(5 513)
Other operating income	343	921
Other operating expense	(2 501)	(1 976)
Share of (loss)/ profit in associate*	(9 492)	229
Financial income	6 121	3 304
<b>Profit before tax</b>	<b>6 489</b>	<b>3 712</b>
Corporate income tax	(1 732)	(424)
<b>Net profit for the period</b>	<b>4 757</b>	<b>3 288</b>
Attributable to:		
Non-controlling interest	5 630	2 312
Parent company's shareholders	(873)	976
	<b>4 757</b>	<b>3 288</b>
<b>Other comprehensive income</b>		
Foreign currency translation resulting from investment in associate*	34 146	8 564
<b>Total comprehensive income for the period, net of tax</b>	<b>38 903</b>	<b>11 852</b>
Attributable to:		
Non-controlling interest	5 630	2 312
Parent company's shareholders	33 273	9 540
	<b>38 903</b>	<b>11 852</b>
<b>(Loss)/ Earnings per share</b> (EUR per share)		
attributable to the Parent company's shareholders:		
Diluted and basic (loss)/ earnings per share	(0.009)	0.010

Average exchange rate of EUR during the reporting period by the Bank of Latvia 0.702804 (lats per unit).

\* *JSC Latvian Shipping Company* financial results for the nine months of 2010 are not available to AS "Ventspils nafta" as of the date of preparing these financial statements; therefore, the share of profit/ (loss) from investment in associate for this period is presented based on *JSC Latvian Shipping Company* published and unaudited financial results as of 30 June 2010.

On behalf of the Management Board:

\_\_\_\_\_  
Simon Boddy  
Chairman of the Management Board

### Consolidated statement of financial position

	30.09.2010	31.12.2009	30.09.2009
	EUR thousand	EUR thousand	EUR thousand
<b>Assets</b>			
<b>Non-current asset</b>			
Intangible assets	37 305	38 147	38 427
Property, plant and equipment	183 679	186 570	188 015
Investments in associated entities*	196 921	172 269	187 295
Loan note	66 206	62 621	61 468
Other non-current financial assets	366	400	415
<b>Total non-current assets</b>	<b>484 477</b>	<b>460 007</b>	<b>475 620</b>
<b>Current assets</b>			
Inventories	2 277	2 917	2 960
Trade accounts receivable	1 221	47	1 355
Receivables from related companies	40 381	43 469	59 901
Other receivables	2 153	3 281	3 576
Cash and cash equivalents	48 568	34 102	87 286
<b>Total current assets</b>	<b>94 600</b>	<b>83 816</b>	<b>155 078</b>
<b>Total assets</b>	<b>579 077</b>	<b>543 823</b>	<b>630 698</b>

Average exchange rate of EUR at the end of reporting period by the Bank of Latvia 0.702804 (lats per unit).

\* JSC *Latvian Shipping Company* financial results for the nine months of 2010 are not available to JSC *Ventspils nafta* as of the date of preparing these financial statements; therefore, the Investments in associated entities as of 30 September 2010 is reported using the information presented in the published unaudited financial statements of JSC *Latvian Shipping Company* as of 30 June 2010.

On behalf of the Management Board:

\_\_\_\_\_  
 Simon Boddy  
 Chairman of the Management Board

**Consolidated statement of financial position (cont'd)**

	<b>30.09.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	148 660	148 660	148 660
Share premium	60 249	60 249	60 249
Legal reserve	1 017	1 017	1 017
Reserves resulting from investment in associates	10 539	(23 607)	(13 897)
Other reserves	242 863	248 182	319 085
(Loss)/ profit for the period	(873)	(5 319)	976
<b>Equity attributable to equity holders of the parent</b>	<b>462 455</b>	<b>429 182</b>	<b>516 090</b>
Non-controlling interest	106 332	105 234	106 392
<b>Total equity</b>	<b>568 787</b>	<b>534 416</b>	<b>622 482</b>
<b>Non-current liabilities</b>			
Deferred corporate income tax liability	2 527	2 260	2 127
Deferred income	2 509	545	-
	<b>5 036</b>	<b>2 805</b>	<b>2 127</b>
<b>Current liabilities</b>			
Advances from customers	105	105	105
Trade accounts payable	1 416	2 655	1 236
Payables to related companies	-	38	-
Taxes payable	538	398	535
Other liabilities	2 589	2 749	3 307
Deferred income	151	61	-
Provisions	455	596	-
Unpaid dividends	-	-	906
	<b>5 254</b>	<b>6 602</b>	<b>6 089</b>
<b>Total liabilities</b>	<b>10 290</b>	<b>9 407</b>	<b>8 216</b>
<b>Total liabilities and equity</b>	<b>579 077</b>	<b>543 823</b>	<b>630 698</b>

Average exchange rate of EUR at the end of reporting period by the Bank of Latvia 0.702804 (lats per unit).

On behalf of the Management Board:

\_\_\_\_\_  
 Simon Boddy  
 Chairman of the Management Board



**Consolidated statement of cash flows**

	<b>9 months of 2010</b>	<b>9 months of 2009</b>
	EUR thousand	EUR thousand
<b>Operating activities</b>		
Profit before tax	6 489	3 712
Non-cash adjustments to reconcile profit before tax to net cash flows		
Amortisation and depreciation	9 720	9 900
Interest income	(1 753)	(4 041)
Share of net loss/ (profit) of associate	9 492	(229)
Construction in progress written off	346	-
Foreign exchange gain/ (loss)	(3 586)	1 921
Loss on disposal of property, plant and equipment	333	175
	<b>21 041</b>	<b>11 438</b>
Working capital adjustments:		
Decrease in inventories	640	495
Decrease in trade accounts receivable and receivables from related parties	5 162	5 010
Decrease in liabilities	(1 888)	(3 638)
	<b>24 955</b>	<b>13 305</b>
Corporate income tax paid	(248)	(8 529)
<b>Net cash flows from operating activities</b>	<b>24 707</b>	<b>4 776</b>
<b>Investing activities</b>		
Purchase of intangibles and property, plant and equipment	(6 739)	(3 640)
Proceeds from sale of property, plant and equipment and investment properties	74	5 945
Proceeds from disposal of investment	-	61
Proceeds from sale of subsidiaries	-	25 896
Interest received	730	2 594
<b>Net cash flows from investing activities</b>	<b>(5 935)</b>	<b>30 856</b>
<b>Financing activities</b>		
Dividends paid	(4 306)	-
Proceeds from borrowings	-	778
<b>Net cash flows from financing activities</b>	<b>(4 306)</b>	<b>778</b>
Net increase in cash and cash equivalents	14 466	36 410
Cash and cash equivalents at the beginning of the period	34 102	50 876
<b>Cash and cash equivalents at the end of the period</b>	<b>48 568</b>	<b>87 286</b>

Average exchange rate of EUR during the reporting period by the Bank of Latvia 0.702804 (lats per unit).

**Consolidated statement of changes in equity**

Group	Attributable to the equity holders of the Parent							
	Share capital	Share premium	Legal reserve	Reserves resulting from investment in associates	Other reserves	Total	Non-controlling interest	Total shareholders' equity
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Balance as of 31 December 2009</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>(23 607)</b>	<b>242 863</b>	<b>429 182</b>	<b>105 234</b>	<b>534 416</b>
Loss for the period	-	-	-	-	(873)	(873)	5 630	4 757
Other comprehensive income	-	-	-	34 146	-	34 146	-	34 146
Total comprehensive income	-	-	-	34 146	(873)	33 273	5 630	38 903
Dividends	-	-	-	-	-	-	(4 532)	(4 532)
<b>Balance as of 30 September 2010</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>10 539</b>	<b>241 990</b>	<b>462 455</b>	<b>106 332</b>	<b>568 787</b>

Average exchange rate of EUR at the end of reporting period by the Bank of Latvia 0.702804 (lats per unit).