



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

CONTENTS

General information	3
Supervisory Council of JSC <i>Ventspils nafta</i>	4
Management Board of JSC <i>Ventspils nafta</i>	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of cash flows	9
Consolidated statement of changes in equity	10

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.

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:

Elected	Dismissed	Name	Position held
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

	9 months of 2010	9 months of 2009
	EUR thousand	EUR thousand
Revenue	57 780	75 934
Cost of sales	(41 707)	(69 187)
Gross profit	16 073	6 747
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	(10 709)	229
Financial income	6 121	3 304
Profit before tax	5 272	3 712
Corporate income tax	(1 732)	(424)
Net profit for the period	3 540	3 288
Attributable to:		
Non-controlling interest	5 630	2 312
Parent company's shareholders	(2 090)	976
	3 540	3 288
Other comprehensive income		
Foreign currency translation resulting from investment in associate*	20 124	8 564
Total comprehensive income for the period, net of tax	23 664	11 852
Attributable to:		
Non-controlling interest	5 630	2 312
Parent company's shareholders	18 034	9 540
	23 664	11 852
(Loss)/ Earnings per share (EUR per share)		
attributable to the Parent company's shareholders:		
Diluted and basic (loss)/ earnings per share	(0.020)	0.010

Average exchange rate of EUR during the 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 financial position

	30.09.2010	31.12.2009	30.09.2009
	EUR thousand	EUR thousand	EUR thousand
Assets			
Non-current asset			
Intangible assets	37 305	38 147	38 427
Property, plant and equipment	183 679	186 570	188 015
Investments in associated entities	181 682	172 269	187 295
Loan note	66 206	62 621	61 468
Other non-current financial assets	366	400	415
Total non-current assets	469 238	460 007	475 620
Current assets			
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
Total current assets	94 600	83 816	155 078
Total assets	563 838	543 823	630 698

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 financial position (cont'd)

	30.09.2010	31.12.2009	30.09.2009
	EUR thousand	EUR thousand	EUR thousand
Equity and liabilities			
Equity			
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	(3 483)	(23 607)	(13 897)
Other reserves	242 863	248 182	319 085
(Loss)/ profit for the period	(2 090)	(5 319)	976
Equity attributable to equity holders of the parent	447 216	429 182	516 090
Non-controlling interest	106 332	105 234	106 392
Total equity	553 548	534 416	622 482
Non-current liabilities			
Deferred corporate income tax liability	2 527	2 260	2 127
Deferred income	2 509	545	-
	5 036	2 805	2 127
Current liabilities			
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
	5 254	6 602	6 089
Total liabilities	10 290	9 407	8 216
Total liabilities and equity	563 838	543 823	630 698

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

	9 months of 2010	9 months of 2009
	EUR thousand	EUR thousand
Operating activities		
Profit before tax	5 272	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	10 709	(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
	21 041	11 438
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)
	24 955	13 305
Corporate income tax paid	(248)	(8 529)
Net cash flows from operating activities	24 707	4 776
Investing activities		
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
Net cash flows from investing activities	(5 935)	30 856
Financing activities		
Dividends paid	(4 306)	-
Proceeds from borrowings	-	778
Net cash flows from financing activities	(4 306)	778
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
Cash and cash equivalents at the end of the period	48 568	87 286

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							Non-controlling interest	Total shareholders' equity
	Share capital	Share premium	Legal reserve	Reserves resulting from investment in associates	Other reserves	Total			
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand			
Balance as of 31 December 2009	148 660	60 249	1 017	(23 607)	242 863	429 182	105 234	534 416	
Loss for the period	-	-	-	-	(2 090)	(2 090)	5 630	3 540	
Other comprehensive income	-	-	-	20 124	-	20 124	-	20 124	
Total comprehensive income	-	-	-	20 124	(2 090)	18 034	5 630	23 664	
Dividends	-	-	-	-	-	-	(4 532)	(4 532)	
Balance as of 30 September 2010	148 660	60 249	1 017	(3 483)	240 773	447 216	106 332	553 548	

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