

***Public Joint Stock Company***  
***VENTSPILS NAFTA***

**CONSOLIDATED FINANCIAL STATEMENTS (EUR)**

**31 DECEMBER 2011**

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**Consolidated income statement**

	2011	2010 (restated)
	EUR thousand	EUR thousand
Revenue	168 242	159 384
Cost of goods sold	(143 824)	(137 885)
<b>Gross profit</b>	<b>24 418</b>	<b>21 499</b>
General and administrative expense	(14 269)	(21 280)
Other operating income	15 501	1 824
Other operating expense	(11 112)	(15 781)
Impairment of other non-financial assets	(20 293)	(73 544)
Deconsolidation of net financial liabilities	-	8 349
Finance income	4 478	8 344
Finance costs	(14 836)	(19 959)
<b>Loss before tax</b>	<b>(16 113)</b>	<b>(90 548)</b>
Corporate income tax	(1 227)	(2 755)
<b>Loss for the year</b>	<b>(17 340)</b>	<b>(93 303)</b>
Attributable to:		
Parent company's shareholders	(9 952)	(43 383)
Non-controlling interest	(7 388)	(49 919)
	<b>(17 340)</b>	<b>(93 302)</b>
Loss per share (EUR per share) attributable to the Parent company's shareholders:	(0,10)	(0,41)
Loss per share (EUR per share)	(0,17)	(0,88)

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

**Consolidated statement of comprehensive income**

	2011	2010
	EUR thousand	(restated) EUR thousand
<b>Loss for the year</b>	<b>(17 340)</b>	<b>(93 302)</b>
<b>Other comprehensive (loss)/ income</b>		
- Foreign currency revaluation reserve	(74)	30 767
- Cash flow hedge reserve	1 121	(528)
<b>Other comprehensive income for the year</b>	<b>1 047</b>	<b>30 239</b>
<b>Total comprehensive loss for the year</b>	<b>(16 292)</b>	<b>(63 063)</b>
Attributable to:		
Parent company's shareholders	(11 624)	(28 281)
Non-controlling interests	(4 668)	(34 782)
	<b>(16 292)</b>	<b>(63 063)</b>

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

**Consolidated statement of financial position**

	31.12.2011.	31.12.2010.	01.01.2010.
	EUR thousand	(restated) EUR thousand	(restated) EUR thousand
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	36 085	37 434	38 746
Property, plant and equipment	571 136	620 990	647 781
Investment properties	1 256	2 204	69 311
Investments in associated entities	10	18	270
Loans to affiliated companies	67 955	67 955	62 621
Other non-current financial assets	36 643	42 743	1 932
<b>Total non-current assets</b>	<b>713 085</b>	<b>771 344</b>	<b>820 661</b>
<b>Current assets</b>			
Inventories	4 196	2 699	5 760
Trade and other receivables	36 384	14 872	16 275
Short term deposits	25 676	38 445	50 664
Other current financial assets	22 909	25 840	918
Cash and cash equivalents	47 443	43 776	75 254
	<b>136 608</b>	<b>125 632</b>	<b>148 871</b>
Assets classified as held for sale	45 979	4 385	16 905
<b>Total current assets</b>	<b>182 587</b>	<b>130 017</b>	<b>165 776</b>
<b>Total assets</b>	<b>895 672</b>	<b>901 361</b>	<b>986 437</b>

EUR exchange rate of the Bank of Latvia on 31 December 2011 – 0,702804.

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

	31.12.2011.	31.12.2010.	01.01.2010.
	EUR thousand	(restated) EUR thousand	(restated) EUR thousand
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	148 660	148 660	148 660
Share premium	60 249	60 249	60 249
Legal reserve	1 017	1 017	1 017
Foreign currency revaluation reserve	(7 191)	(7 156)	(22 521)
Cash flow hedge reserve	(1 040)	(1 599)	(1 336)
Other reserves	179 293	222 677	249 242
Loss for the year	(9 952)	(43 383)	(26 565)
<b>Equity attributable to equity holders of the parent</b>	<b>371 036</b>	<b>380 465</b>	<b>408 746</b>
Non-controlling interest	215 497	229 124	263 635
<b>Total equity</b>	<b>586 533</b>	<b>609 589</b>	<b>672 381</b>
<b>Non-current liabilities</b>			
Borrowings	230 047	214 630	240 680
Finance lease	19 950	20 625	19 879
Deferred tax liability	1 522	2 427	2 446
Deferred income	3 732	2 472	545
Derivative financial instruments	711	1 077	-
Other non-current liabilities	-	229	2 254
<b>Total non-current liabilities</b>	<b>255 962</b>	<b>241 460</b>	<b>265 804</b>
<b>Current liabilities</b>			
Borrowings	24 135	23 773	20 560
Finance lease	978	842	731
Trade and other payables	16 360	15 586	23 147
Taxes payable	620	2 356	808
Derivative financial instruments	1 370	2 126	-
Deferred income	8 160	4 158	2 541
Provisions	1 554	1 471	465
<b>Total current liabilities</b>	<b>53 177</b>	<b>50 312</b>	<b>48 252</b>
<b>Total liabilities</b>	<b>309 139</b>	<b>291 772</b>	<b>314 056</b>
<b>Total equity and liabilities</b>	<b>895 672</b>	<b>901 361</b>	<b>986 437</b>

EUR exchange rate of the Bank of Latvia on 31 December 2011 – 0,702804.

**Consolidated statement of cash flows**

	2011	2010
	EUR thousand	(restated) EUR thousand
<b>Operating activities</b>		
Loss before tax	(16 113)	(90 547)
Non-cash adjustments to reconcile loss before tax to net cash flows		
Depreciation of property, plant and equipment and fleet	30 260	32 813
Amortisation of intangible assets	1 363	1 410
Depreciation of investment properties	20	548
Decrease in financial instruments	(16)	(14)
Loss on disposal of non-financial assets	2 511	2 449
Currency translation difference	(2 085)	8 187
Finance income	(2 493)	(6 168)
Finance costs	14 690	19 525
Recognized impairment	20 293	73 544
Changes in fair value of financial assets	(16)	4 210
Deconsolidation of net financial liabilities	-	(8 349)
	<b>48 414</b>	<b>37 608</b>
Working capital adjustments:		
(Increase)/ decrease in trade and other receivables and prepayments	(14 331)	7 167
(Increase)/ decrease in inventories	(1 376)	3 490
Increase/ (decrease) in trade and other payables	2 981	(5 269)
	<b>35 688</b>	<b>42 996</b>
Corporate income tax paid	(3 247)	(542)
<b>Net cash flows from operating activities</b>	<b>32 441</b>	<b>42 454</b>
<b>Investing activities</b>		
Proceeds from sale of non-current assets held for sale	22 409	19 836
Purchase of non-current assets	(59 046)	(12 732)
Acquisition of subsidiary	-	(22 167)
Acquisition of other financial instruments	-	(1 907)
Net cash flow from deconsolidation of net financial liabilities	-	(519)
Proceeds from sale of financial instruments	2 390	142
Proceeds from disposal of subsidiaries	-	111
Grants from ERDF	787	1 402
Decrease in short term deposits	12 769	14 658
Loans issued	(417)	(1 116)
Interest received	2 439	3 369
<b>Net cash flows from investing activities</b>	<b>(18 669)</b>	<b>1 077</b>
<b>Financing activities</b>		
Payment of finance lease liabilities	(795)	(794)
Dividends paid	(6 763)	(4 532)
Proceeds from borrowings	36 448	20 846
Repayment of borrowings	(24 081)	(69 341)
Interest paid	(13 412)	(15 481)
Prepaid financing expenses	(976)	(1 524)
<b>Net cash flows from financing activities</b>	<b>(9 579)</b>	<b>(70 826)</b>
Net increase/ (decrease) in cash and cash equivalents	4 195	(27 294)
Cash and cash equivalents at 1 January (restated)	43 776	75 254
Exchange losses on cash and cash equivalents	(528)	(4 184)
<b>Cash and cash equivalents at 31 December</b>	<b>47 443</b>	<b>43 776</b>

EUR exchange rate of the Bank of Latvia on 31 December 2011 – 0,702804.

## Consolidated statement of changes in equity

	Attributable to the equity holders of the parent							Non-controlling interest	Total	
	Share capital	Share premium	Legal reserve	Foreign	Cash flow hedge reserve	Reserves resulting from investment in				Total
				currency revaluation reserve		associates	Other reserves			
EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand		
<b>Balances as of 1 January 2010</b>	148 660	60 249	1 017	-	-	(22 706)	221 609	<b>408 829</b>	105 234	<b>514 064</b>
Adjustment to prior year other reserves	-	-	-	-	-	(1 151)	1 067	<b>(84)</b>	-	<b>(84)</b>
Effect of changes in accounting policy	-	-	-	(22 521)	(1 336)	23 857	-	-	158 401	<b>158 401</b>
<b>Balances as of 1 January 2010 (restated)</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>(22 521)</b>	<b>(1 336)</b>	-	<b>222 677</b>	<b>408 746</b>	<b>263 635</b>	<b>672 381</b>
Loss for the year	-	-	-	-	-	-	(43 383)	<b>(43 383)</b>	(49 919)	<b>(93 302)</b>
Adjustment to prior year other reserves	-	-	-	2 638	-	-	-	<b>2 638</b>	-	<b>2 638</b>
Other comprehensive income/ (loss)	-	-	-	12 728	(263)	-	-	<b>12 464</b>	15 137	<b>27 601</b>
Total comprehensive (loss)/ income	-	-	-	15 366	(263)	-	(43 383)	<b>(28 281)</b>	(34 782)	<b>(63 063)</b>
Non-controlling interest as a result of acquisition	-	-	-	-	-	-	-	-	4 802	<b>4 802</b>
Dividends declared	-	-	-	-	-	-	-	-	(4 532)	<b>(4 532)</b>
<b>Balances as of 31 December 2010 (restated)</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>(7 156)</b>	<b>(1 599)</b>	-	<b>179 293</b>	<b>380 465</b>	<b>229 124</b>	<b>609 589</b>
Loss for the year	-	-	-	-	-	-	(9 952)	<b>(9 952)</b>	(7 388)	<b>(17 340)</b>
Other comprehensive income/ (loss)	-	-	-	(36)	559	-	-	<b>524</b>	524	<b>1 047</b>
Total comprehensive (loss)/ income	-	-	-	(36)	559	-	(9 952)	<b>(9 428)</b>	(6 864)	<b>(16 294)</b>
Dividends declared	-	-	-	-	-	-	-	-	(6 763)	<b>(6 763)</b>
<b>Balances as of 31 December 2011</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>(7 191)</b>	<b>(1 040)</b>	-	<b>169 342</b>	<b>371 036</b>	<b>215 497</b>	<b>586 533</b>

EUR exchange rate of the Bank of Latvia on 31 December 2011 – 0,702804