



JSC VENTSPILS NAFTA
(UNIFIED REGISTRATION NUMBER 50003003091)

**UNAUDITED CONSOLIDATED FINANCIAL REPORT
FOR THE FIRST QUARTER OF 2011 (EUR)**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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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

There were no changes in the Supervisory Council during the 1st quarter of 2011.

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:	Boris Bednov Aleksej Tarasov

There were no changes in the Management Board during the 1st quarter of 2011.

Consolidated statement of comprehensive income

	Notes	1st quarter of 2011 EUR thousand	1st quarter of 2010 EUR thousand
Revenue	1	23 812	20 819
Cost of sales	2	(19 452)	(15 592)
Gross profit		4 360	5 227
General and administrative expense	3	(1 330)	(1 095)
Other operating income	4	275	161
Other operating expense	5	(361)	(4 695)
Share of (loss)/ profit in associate		(884)	(3 914)
Financial income	6	559	4 937
Profit before tax		2 619	621
Corporate income tax		(169)	(142)
Net profit for the period		2 450	479
Attributable to:			
Non-controlling interest		1 589	2 055
Parent company's shareholders		861	(1 576)
		2 450	479
Other comprehensive (loss)/ income			
Cash flow hedge reserve from investment in associate		350	-
Foreign currency translation resulting from investment in associate		(7 972)	-
Other comprehensive (loss)/ income for the period, net of tax		(7 622)	-
Total comprehensive (loss)/ income for the period, net of tax		(5 172)	479
Attributable to:			
Non-controlling interest		1 589	2 055
Parent company's shareholders		(6 761)	(1 576)
		(5 172)	479
Earnings/ (loss) per share (Lats per share)			
attributable to the Parent company's shareholders:			
Diluted and basic earnings/ (loss) per share		0,008	(0,015)

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

	31.03.2011	31.12.2010	31.03.2010
	EUR thousand	EUR thousand	EUR thousand
Assets			
Non-current asset			
Intangible assets	36 744	37 023	37 867
Property, plant and equipment	180 109	182 502	185 245
Investments in associated entities	108 318	116 821	168 354
Loan note	67 955	67 955	66 718
Other non-current receivables	36 509	36 509	-
Other non-current financial assets	332	357	373
Total non-current assets	429 967	441 167	458 557
Current assets			
Inventories	2 577	2 573	2 284
Trade accounts receivable	4 317	88	83
Receivables from related companies	110	1 248	41 674
Other receivables	4 374	3 820	2 878
Short term deposits	6 080	29 749	-
Other financial assets	-	-	650
Cash and cash equivalents	47 342	20 141	41 490
Total current assets	64 800	57 619	89 059
Total assets	494 767	498 786	547 616

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)

	31.03.2011	31.12.2010	31.03.2010
	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	(17 864)	(10 242)	(23 607)
Other reserves	179 697	221 609	243 091
Profit/ (Loss) for the period	861	(41 912)	(1 576)
Equity attributable to equity holders of the parent	372 620	379 381	427 834
Non-controlling interest	108 250	106 661	107 937
Total equity	480 870	486 042	535 771
Non-current liabilities			
Deferred corporate income tax liability	2 324	2 269	2 349
Deferred income	3 152	2 472	1 170
	5 476	4 741	3 519
Current liabilities			
Advances from customers	105	105	104
Trade accounts payable	2 371	1 985	1 273
Payables to related companies	499	-	1
Taxes payable	1 675	1 534	430
Other liabilities	2 700	3 044	5 861
Deferred income	179	151	129
Provisions	892	1 184	528
Total current liabilities	8 421	8 003	8 326
Total liabilities	13 897	12 744	11 845
Total liabilities and equity	494 767	498 786	547 616

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

	1st quarter of 2011	1st quarter of 2010
	EUR thousand	EUR thousand
Operating activities		
Net result	2 619	621
Non-cash adjustments to reconcile profit before tax to net cash flows		
Amortisation and depreciation	3 277	3 243
Accruals for financial market fluctuations	-	4 098
Interest income	(410)	(670)
Share of net loss of associate	884	3 914
Foreign exchange gain	-	(4 098)
Loss on disposal of property, plant and equipment	-	14
	6 370	7 122
Working capital adjustments:		
(Increase)/ Decrease in inventories	(4)	633
(Increase)/ decrease in trade accounts receivable and receivables from related parties	(2 861)	2 271
Increase/ (Decrease) in liabilities	179	(1 702)
	3 684	8 324
Corporate income tax paid	(58)	-
Net cash flows from operating activities	3 626	8 324
Investing activities		
Purchase of intangibles and property, plant and equipment	(515)	(1 653)
Decrease in short term deposits	23 669	-
Interest received	421	717
Net cash flows from investing activities	23 575	(936)
Net increase in cash and cash equivalents	27 201	7 388
Cash and cash equivalents at the beginning of the period	20 141	34 102
Cash and cash equivalents at the end of the period	47 342	41 490

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	EUR thousand		
Balance as of 31 December 2009	148 660	60 249	1 017	(22 706)	221 617	408 837	105 234	514 071	
Adjustment of prior year other reserves	-	-	-	-	(7)	(7)	-	(7)	
Adjusted balance as of 31 December 2009	148 660	60 249	1 017	(22 706)	221 609	408 829	105 234	514 063	
Loss for the period	-	-	-	-	(41 912)	(41 912)	5 959	(35 953)	
Other comprehensive income	-	-	-	12 464	-	12 464	-	12 464	
Total comprehensive income/ (loss)	-	-	-	12 464	(41 912)	(29 448)	5 959	(23 489)	
Dividends declared	-	-	-	-	-	-	(4 532)	(4 532)	
Balance as of 31 December 2010	148 660	60 249	1 017	(10 242)	179 697	379 381	106 661	486 042	
Profit for the period	-	-	-	-	861	861	1 589	2 450	
Other comprehensive loss	-	-	-	(7 622)	-	(7 622)	-	(7 622)	
Total comprehensive income/ (loss)	-	-	-	(7 622)	861	(6 761)	1 589	(5 172)	
Balance as of 31 March 2011	148 660	60 249	1 017	(17 864)	180 558	372 620	108 250	480 870	

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