



JSC VENTSPILS NAFTA

CONSOLIDATED FINANCIAL STATEMENTS (EUR)

31 December 2012

Ventspils nafta and its subsidiaries Annual Report for 2012 (All amounts in EUR thousand unless otherwise stated)

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Consolidated statement of income

for the year ended 31 December 2012

•	2012	2011
	EUR thousand	EUR thousand
Revenue	193 045	168 242
Cost of goods sold	(154 669)	(142 179)
Gross profit	38 376	26 063
General and administrative expense	(12 671)	(15 914)
Other operating income	23 470	15 501
Other operating expense	(2 450)	(11 112)
Impairment of other non-financial assets	(21 740)	(20 293)
Finance income	1 935	4 478
Finance costs	(15 122)	(14 836)
Profit/ (Loss) before tax	11 798	(16 113)
Corporate income tax	(6 293)	(1 227)
Profit/ (Loss) for the year	5 505	(17 340)
Attributable to:		
Parent company's shareholders	5 807	(9 952)
Non-controlling interest	(302)	(7 388)
	5 505	(17 340)
Earnings/ (Loss) per share (EUR per share) attributable		
to the Parent company's shareholders:	0,06	(0,10)
Earnings/ (Loss) per share (EUR per share)	0,05	(0,17)
0.7 (/ 1		(-,,

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

Consolidated statement of comprehensive income

for the year ended 31 December 2012

	2012	2011
	EUR thousand	EUR thousand
Profit/ (Loss) for the year	5 505	(17 340)
Other comprehensive income/ (loss)		
- Foreign currency translation reserve	(3 961)	(74)
- Cash flow hedge reserve	653	1 121
Other comprehensive (loss)/ income for the year	(3 308)	1 047
Total comprehensive income/ (loss) for the year	2 197	(16 293)
Attributable to:		
Parent company's shareholders	4 155	(9 429)
Non-controlling interests	(1 958)	(6 864)
	2 197	(16 293)

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

Consolidated statement of financial position

as of 31 December 2012

	31.12.2012.	31.12.2011.
	EUR thousand	EUR thousand
Assets		
Non-current assets		
Intangible assets	35 930	36 085
Property, plant and equipment	560 825	571 136
Investment properties	1 629	1 256
Investments in associated entities	10	10
Loans to affiliated companies	67 955	67 955
Other non-current financial assets	33 836	36 643
Total non-current assets	700 185	713 085
Current assets		
Inventories	4 341	4 196
Trade and other receivables	19 041	36 441
Short term deposits	46 260	25 676
Other current financial assets	22 760	22 908
Cash and cash equivalents	72 024	47 387
	164 426	136 608
Assets classified as held for sale	-	45 979
Total current assets	164 426	182 587
Total assets	864 611	895 672

EUR exchange rate of the Bank of Latvia on 31 December 2012 – 0,702804.

Consolidated statement of financial position (cont'd)

as of 31 December 2012

Equity and liabilities Equity Share capital 148 660 148 660 Share premium 60 249 60 249 Legal reserve 1 017 7 191 Creign currency revaluation reserve 9 170 7 191 Child now hodge reserve 170 39 179 29 Other reserves 170 39 179 29 Result for the year 5 807 9 952 Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 88 731 586 531 Sprowings 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1522 Deferred tax liability 7 154 1522 Deferred tax liabilities 3 516 3 73 Total non-current liabilities 3 516 3 73 Equity and instruments 9 15 7 11 Total can of other payables 15 748 16 362 Taxes	as of 31 December 2012	31.12.2012.	31.12.2011.
Equity Feature capital 148 660 148 660 Share capital 148 660 148 660 Share premium 60 249 60 249 Legal reserve - 1017 Foreign currency revaluation reserve (9 170) (7 191) Cash flow hedge reserve (713) (1 040) Other reserves 170 359 179 293 Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1522 Deferred tax liability 7 154 1522 Deferred income 3 516 3 732 Deferred income 3 516 3 732 Deferred income 2 30 938 255 962 Current liabilities 2 35 77 24 135 Fin		EUR thousand	EUR thousand
Share capital 148 660 148 660 Share premium 60 249 60 249 Legal reserve - 1 017 Foreign currency revaluation reserve (9 170) (7 191) Cash flow hedge reserve (713) (1 040) Other reserves 170 359 179 293 Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 2 20 948 230 047 Finance leases 18 405 19 950 19 950 Deferred tax liability 7 154 1 522 19 950 Deferred income 3 516 3 732 10 1 </td <td>Equity and liabilities</td> <td></td> <td></td>	Equity and liabilities		
Share premium 60 249 60 249 Legal reserve - 1 017 Foreign currency revaluation reserve (9 170) (7 191) Cash flow hedge reserve (713) (10 40) Other reserves 170 359 179 293 Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 23 577 24 135 Finance leases 1 093 978 Frade and other payables 1 5 748 16 362 Taxes payable 58 620 Derivative financi	Equity		
Legal reserve - 1017 Foreign currency revaluation reserve (9 170) (7 191) Cash flow hedge reserve (713) (1 040) Other reserves 170 359 179 293 Result for the year 5807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Total cand other payables 1 5748 16 362 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160	Share capital	148 660	148 660
Foreign currency revaluation reserve (9 170) (7 191) Cash flow hedge reserve (713) (1 040) Other reserves 170 359 179 293 Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Finance leases 1 093 978 Taxes payable 588 620 Derivative financial instruments 571 1 370 Taxes payable 588 620 Derivativ	Share premium	60 249	60 249
Cash flow hedge reserve (713) (1 040) Other reserves 170 359 179 293 Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 23 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 1 5748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 5 58 620 Derivative financial instruments 57 3 103 Tota	Legal reserve	-	1 017
Other reserves 170 359 179 293 Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 23 978 25 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities </td <td>Foreign currency revaluation reserve</td> <td>(9 170)</td> <td>(7 191)</td>	Foreign currency revaluation reserve	(9 170)	(7 191)
Result for the year 5 807 (9 952) Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 8 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 23 577 24 135 Finance leases 1 093 978 Frade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 171 Total liabilities 275 880 309 139	Cash flow hedge reserve	(713)	(1 040)
Equity attributable to equity holders of the parent 375 192 371 036 Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Other reserves	170 359	179 293
Non-controlling interest 213 539 215 497 Total equity 588 731 586 533 Non-current liabilities 200 948 230 047 Ennance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 23 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Result for the year	5 807	(9 952)
Non-current liabilities 200 948 230 047 Borrowings 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Borrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 1 5 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 30 91 39	Equity attributable to equity holders of the parent	375 192	371 036
Non-current liabilities Borrowings 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Non-controlling interest	213 539	215 497
Borrowings 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Total equity	588 731	586 533
Borrowings 200 948 230 047 Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139			
Finance leases 18 405 19 950 Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 8 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Non-current liabilities		
Deferred tax liability 7 154 1 522 Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities V V Borrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Borrowings	200 948	230 047
Deferred income 3 516 3 732 Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities 23 577 24 135 Borrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Finance leases	18 405	19 950
Derivative financial instruments 915 711 Total non-current liabilities 230 938 255 962 Current liabilities V Borrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Deferred tax liability	7 154	1 522
Total non-current liabilities 230 938 255 962 Current liabilities 80 rrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Deferred income	3 516	3 732
Current liabilities Borrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Derivative financial instruments	915	711
Borrowings 23 577 24 135 Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Total non-current liabilities	230 938	255 962
Finance leases 1 093 978 Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Current liabilities		
Trade and other payables 15 748 16 362 Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Borrowings	23 577	24 135
Taxes payable 588 620 Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Finance leases	1 093	978
Derivative financial instruments 571 1 370 Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Trade and other payables	15 748	16 362
Deferred income 2 050 8 160 Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Taxes payable	588	620
Provisions 1 315 1 552 Total current liabilities 44 942 53 177 Total liabilities 275 880 309 139	Derivative financial instruments	571	1 370
Total current liabilities44 94253 177Total liabilities275 880309 139	Deferred income	2 050	8 160
Total liabilities 275 880 309 139	Provisions	1 315	1 552
	Total current liabilities	44 942	53 177
Total equity and liabilities 864 611 895 672	Total liabilities	275 880	309 139
	Total equity and liabilities	864 611	895 672

EUR exchange rate of the Bank of Latvia on 31 December 2012 – 0,702804.

Consolidated statement of cash flows

for the year ended 31 December 2012

	2012	2011
	EUR thousand	EUR thousand
Operating activities		
Profit/ (Loss) before tax	11 798	(16 113)
Non-cash adjustments to reconcile profit/ (loss) before		
tax to net cash flows:		
Depreciation of property, plant and equipment and fleet	33 504	30 260
Amortisation of intangible assets	185	1 363
Depreciation of investment properties	20	20
Decrease in financial instruments	-	(16)
Loss on disposal of non-financial assets	415	2 511
Currency translation difference	906	(2 085)
Finance income	(1 935)	(2 493)
Finance costs	13 479	14 690
Recognized impairment	21 740	20 293
Changes in fair value of financial assets	-	(16)
	80 112	48 414
Working capital adjustments:		
Decrease/ (increase) in trade and other receivables and prepayments	19 648	(14 371)
Increase in inventories	(145)	(1 376)
(Decrease)/ increase in trade and other payables	(8 608)	2 981
(91 007	35 648
Corporate income tax paid	(1 204)	(3 247)
Net cash flows from operating activities	89 803	32 401
Investing activities		
Proceeds from sale of non-current assets held for sale	1 090	22 409
Purchase of non-current assets	(9 572)	(59 046)
Proceeds from sale of financial instruments	-	2 390
Grants from ERDF	-	787
Decrease in short term deposits	(20 583)	12 769
Loans issued	(400)	(417)
Interest received	2 003	2 439
Net cash flows used in investing activities	(27 462)	(18 669)
Financing activities		
Payment of finance lease liabilities	(1 125)	(795)
Dividends paid	-	(6 763)
Proceeds from borrowings	1 993	36 448
Repayment of borrowings	(25 239)	(24 081)
Interest paid	(12 450)	(13 412)
Prepaid financing expenses	(314)	(976)
Net cash flows used in financing activities	(37 135)	(9 579)
Net increase in cash and cash equivalents	25 206	4 153
Cash and cash equivalents at 1 January	47 387	43 762
Exchange losses on cash and cash equivalents	(569)	(528)
Cash and cash equivalents at 31 December	72 024	47 387

EUR exchange rate of the Bank of Latvia on 31 December 2012 – 0,702804.

Consolidated statement of changes in equity

for the year ended 31 December 2012

Attributable to the equity holders of the parent					Non-	Total			
				Foreign				controlling interest	
		Share		currency	Cash flow hedge	Other			
	Share capital	premium	Legal reserve	reserve	reserve	reserves	Total		
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Balances as of 1 January 2011	148 660	60 249	1 017	(7 156)	(1 599)	179 293	380 465	229 124	609 589
Loss for the year	-	-	-	-	-	(9 952)	(9 952)	(7 388)	(17 340)
Other comprehensive income/ (loss)	-	-	-	(36)	559	-	524	524	1 047
Total comprehensive (loss)/income	-	-	-	(36)	559	(9 952)	(9 428)	(6 864)	(16 293)
Dividends declared	-	-	-	-	-	-	-	(6 763)	(6 763)
Balances as of 31 December 2011	148 660	60 249	1 017	(7 191)	(1 040)	169 342	371 036	215 497	586 533
Profit/ (Loss) for the year	-	-	-	-	-	5 807	5 807	(302)	5 505
Other comprehensive (loss)/income	-	-	-	(1 979)	327	-	(1 652)	(1 656)	(3 308)
Total comprehensive income/ (loss)	-	-	-	(1 979)	327	5 807	4 155	(1 958)	2 197
Reclassification of legal reseves	-	-	(1017)	-	-	1 017	-	-	<u> </u>
Balances as of 31 December 2012	148 660	60 249	-	(9 170)	(713)	176 166	375 192	213 539	588 731

EUR exchange rate of the Bank of Latvia on 31 December 2012 - 0,702804.