



Joint stock company VENTSPILS NAFTA
(UNIFIED REGISTRATION NUMBER 50003003091)

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

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General information

Name of the company	<i>Ventspils nafta</i>
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 <i>JSC Ventspils nafta</i>	<i>LatRosTrans Ltd</i> (66%) LRDS "Ilukste", Sederes pagasts, Ilukstes novads, LV-5474 <i>Ventspils nafta termināls Ltd</i> (51%) 75 Talsu street, LV-3602, Ventspils <i>JSC Latvian Shipping Company</i> (49.94%) Elizabetes street 1, LV-1807, Riga, Latvia

General information (cont'd)

About joint stock company *Ventspils nafta* (hereinafter – JSC *Ventspils nafta*)

The mission of JSC *Ventspils nafta*, the Group's parent company, is to manage investments in the Group's companies with a view to ensure development and maximise investment returns; to strengthen the position of the Group's companies in the global market; and to make maximum use of the unique resources of *Ventspils nafta* – the experience and professionalism of employees, well developed infrastructure, modern technology and advantageous geographic location – always with a view to increase the economic value of the Group.

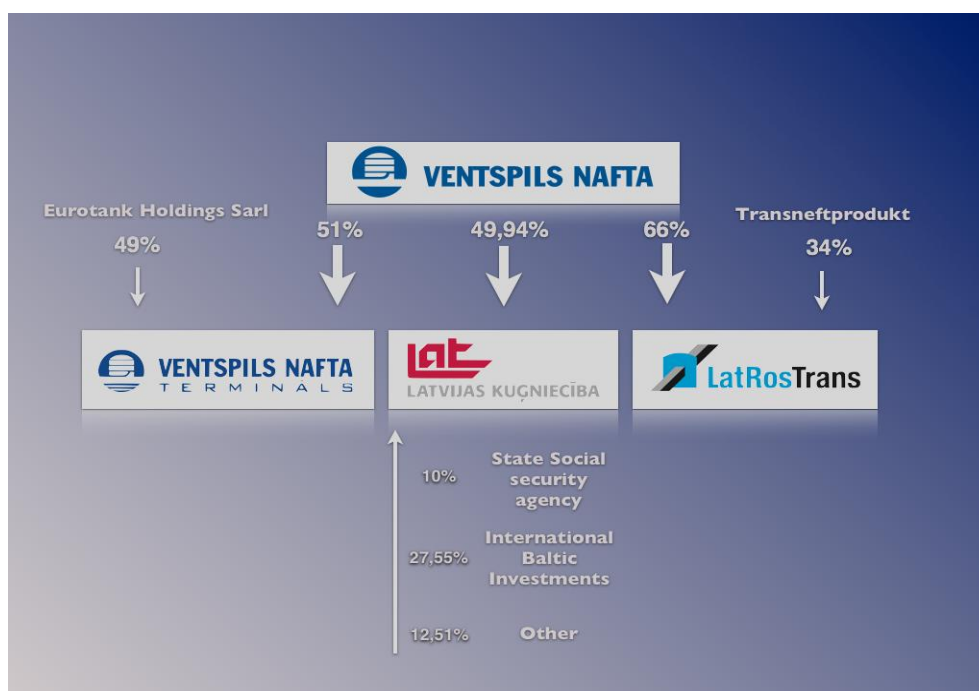
The mission of the *Ventspils nafta* Group is to safeguard transport infrastructure for some of the world's most important raw materials and sources of energy – crude oil and petroleum products, by working in an advantageous and significant geographical intersection between Eastern and Western Europe. Combining long-term experience of employees, high quality service, developed infrastructure and continuous modernisation of technologies, we transport and store petroleum products and provide shipping services: with care for growth and for people, while paying the highest attention to our impact on the environment.

The goal of JSC *Ventspils nafta*, the Group's parent company, is to increase the value of investments in its managed companies and to ensure maximum operating efficiency; to maintain open dialogue with all shareholders, the Supervisory Council, management and other interested parties; to ensure transparency of the parent company's operations and manage the company in line with best principles of good governance; to plan for any potential risks for the group of companies; and focus on having in place the best long term strategy for the Group.

The goal of the *Ventspils nafta* Group of companies is to become a globally recognised petroleum products transportation, storage and shipping group – so that what the name *Ventspils nafta* signifies to our partners and the Latvian people is reliability, excellent quality of service, high environmental protection standards and an intent to always be a good corporate citizen.

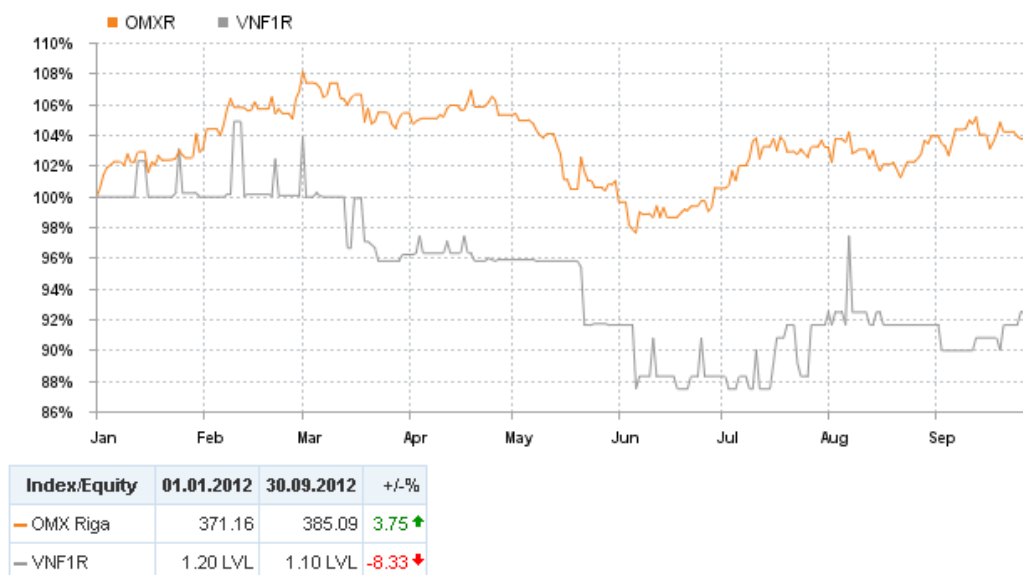
The main activities carried out by subsidiaries of JSC *Ventspils nafta* are as follows:

- *LatRosTrans Ltd* – transporting oil products via pipeline;
- *Ventspils nafta termināls Ltd* – reloading and storage of crude oil and oil products delivered by rail and pipeline;
- *JSC Latvian Shipping Company* – marine shipping business.



Review of shares

Information of share price dynamics for the period from 01.01.2012 till 30.09.2012



Securities information

ISIN	LV0000100816
Ticker	VNF1R
Market	BALTIC MAIN LIST
Nominal value	1.00 LVL
Total number of securities	104 479 519
Number of listed securities	60 598 121
Listing date	20.10.1998
Liquidity providers	None
Indexes	B2000GI, B2000PI, B2700GI, B2700PI, OMXBGI, OMXBPI, OMXRGI

Securities trading information

Price	2008	2009	2010	2011	Q1-Q3 2012
Open, LVL	2.2	0.7	0.92	1.449	1.200
High, LVL	2.4	1.5	1.89	1.479	1.259
Low, LVL	0.68	0.59	0.91	1.013	1.000
Last, LVL	0.7	0.94	1.4	1.2	1.100
Traded volume	1,439,542	900,402	1,492,345	1,632,287	179,052
Turnover, million LVL	2.77	0.89	2.22	2.32	0.195
Capitalisation, million LVL	73.14	98.21	146.27	125.38	114.93

Supervisory Council of JSC *Ventspils nafta*

Members of the Council:

Vladimir Egger
Mikhail Dvorak
Javed Ahmed
Rubel Yilmaz
Mark Ware
Christophe Matsacos
Oļegs Stepanovs
Igoris Skoks
Olafs Berķis
Genadijs Ševcovs
Ivars Bērziņš

The changes in the Council during the period from 1 January 2012 to 21 November 2012 were as follows:

Elected	Dismissed	Name	Position held
25/07/2012	-	Oļegs Stepanovs	Member of the Council
25/07/2012	-	Igoris Skoks	Member of the Council
25/07/2012	-	Olafs Berķis	Member of the Council
25/07/2012	-	Genadijs Ševcovs	Member of the Council
25/07/2012	-	Ivars Bērziņš	Member of the Council
07/07/2010	25/07/2012	Rudolf Meroni	Member of the Council
27/07/2011	25/07/2012	David Guy Anstis	Member of the Council
27/07/2011	25/07/2012	Jānis Hāze	Member of the Council
22/11/2011	25/07/2012	Aivars Gobiņš	Member of the Council
22/11/2011	25/07/2012	David Alexander Schlaff	Member of the Council

Supervisory Council of JSC Ventspils nafta (cont'd)

Professional experience of the members of the Supervisory Council

Vladimir Egger has worked as the Chairman of the Supervisory Council of Ventspils Nafta since January 20, 2010. He has almost 30 years of professional experience in the field of commodities trading. He was appointed to the position of Chief Representative in the Vitol Group's company VNT SA in Moscow. Prior to working for Vitol, he was the Managing Director of the company Lukoil Asia Pacific based in Singapore and Beijing, China. He holds a Bachelor of Arts degree in Economics and a Master of Business Administration degree. Mr Vladimir Egger does not possess any shares of JSC Ventspils nafta.

Mikhail Dvorak has worked as the Deputy Chairman of the Supervisory Council of Ventspils Nafta since January 20, 2010. He was appointed as the Financial Controller of Vitol Group and Finance Director at Vitol Group's companies in the former Soviet Union countries. He was also appointed as a member of the Supervisory Council of LatRosTrans Ltd on behalf of JSC Ventspils Nafta on January 29, 2010. Mr Mikhail Dvorak does not possess any shares of JSC Ventspils nafta.

Rubel Yilmaz has worked as a member of the Supervisory Council of Ventspils Nafta since January 20, 2010. He is the Chief Financial Director of VTTI (Vitol Tank Terminals International). He was appointed as a member of the Supervisory Council of Ventspils nafta terminals Ltd. Mr Rubel Yilmaz does not possess any shares of JSC Ventspils nafta.

Mark Ware has worked as a member of the Supervisory Council of Ventspils Nafta since January 20, 2010. He is the Director of Corporate Affairs for the Vitol Group. Prior to joining Vitol he had been working for BP plc in different positions and countries for 28 years. In his last position with BP (2002 – 2007) he was the Group Vice President, Communication and External Affairs. Mr Mark Ware does not possess any shares of JSC Ventspils nafta.

Javed Ahmed has worked as a member of the Supervisory Council of Ventspils Nafta since January 20, 2010. He was appointed as the Head of Acquisitions and Investments for Vitol Group, Board Member of the Group Vitol Tank Terminals International, and Board Member of the company Blue Knight Energy Partners. He holds a Juris Doctor degree from Harvard University, a Master of Business Administration degree from Harvard University, and a Bachelor's degree from Yale University. Mr Javed Ahmed does not possess any shares of JSC Ventspils nafta.

Christophe Matsacos has worked as a member of the Supervisory Council of Ventspils Nafta since July 7, 2010. He joined the Finance Team of Vitol in 2008. He is posted in the Representative Office of Vitol in Moscow with responsibility for business development in Russia and the former CIS countries. He has a banking background and joined Vitol from VTB Europe (London) (formerly Moscow Narodny Bank), where he was responsible for oil business development, in trade finance and structured trade finance, in Russia and CIS countries. Mr Christophe Matsacos does not possess any shares of JSC Ventspils nafta.

Oļegs Stepanovs is the Doctor of Economic Sciences, Member of the Supervisory Council of JSC Latvian Shipping Company, president of the Baltic Association – Transport and Logistics from 2006 until 2011, Chairman of the Supervisory Board of JSC Ventspils Commercial Port from 2009 until 2010, Member of the Supervisory Council of JSC Ventspils nafta from 2010 until 2011, Chairman of the Supervisory Council of JSC SS&F Group since 2008, Member of the Supervisory Council of JSC Baltic Coal Terminal since 2009. Mr Oļegs Stepanovs does not possess any shares of JSC Ventspils nafta.

Supervisory Council of JSC Ventspils nafta (cont'd)

Professional experience of the members of the Supervisory Council (cont'd)

Igors Skoks has worked for JSC Ventspils nafta from 1995 to 2002 – held top positions in the company's administration from the Executive Director of Economic issues to Chairman of the Management Board. For several years worked in the Management Board of the Ventspils Port, as well as in the Supervisory Council of LatRosTrans Ltd and JSC Preses nams. He is Chairman of the JSC Aureus kapitāls Supervisory Council. Mr Igors Skoks does not possess any shares of JSC Ventspils nafta.

Olafs Berķis is the Chairman of the oil product terminal JSC Ventbunkers Supervisory Council, member of the JSC Aureus kapitāls Supervisory Council. Previously has worked in Management Board of JSC Ventspils nafta, as well as in Supervisory Council of LatRosTrans Ltd. Mr Olafs Berķis does not possess any shares of JSC Ventspils nafta.

Genadijs Ševcovs is the Member of the JSC Ventbunkers Supervisory Council, Deputy Chairman of the JSC Aureus kapitāls Supervisory Council. He has comprehensive experience in oil product transit business – he has held the position of the JSC Ventspils nafta Vice-president and Director of Technology, member of JSC Rietumu cauruļvadu sistēma Supervisory Council, Director of Technology of LatRosTrans Ltd and JSC VB Holdings, as well as Ventspils nafta terminals Ltd. Mr Genadijs Ševcovs has 2525 shares of JSC Ventspils nafta.

Ivars Bērziņš is the Member of Supervisory Council of JSC Latvijas naftas tranzīts and representative (Power of Attorney) of Skonto nafta Ltd. Mr Bērziņš holds a master's degree in law. Mr Ivars Bērziņš does not possess any shares of JSC Ventspils nafta.

Management Board of JSC *Ventspils nafta*

Chairman of the Board:	Simon Boddy
Members of the Board:	Boris Bednov Aleksej Tarasov

There were no changes in the Management Board during the period from 1 January 2012 to 21 November 2012.

Professional experience of the members of the Management Board

Simon Boddy has worked as the Chairman of the Management Board of *Ventspils Nafta* since January 20, 2010. He has worked in the oil business for more than 30 years. After gaining a degree in Mathematics from the University of Oxford, he worked for the energy company Shell and then for BP. In 1989 he joined the Vitol Group and has held senior positions in trading, refinery supply and economics, and as the Chief Representative in Vitol's Moscow office from 2006 to 2008. He was appointed as a Board Member of Vitol Tank Terminals International and is also a qualified English Barrister. He holds a post-graduate diploma in Law from the College of Law of England and Wales in London. Mr. Simon Boddy does not possess any shares of JSC *Ventspils nafta*.

Boris Bednov has worked as a member of the Management Board of JSC *Ventspils Nafta* since April 28, 2010. He is an oil industry professional. He began his career in the oil and transit business in 1982 as a Refinery Engineer. Since 1993 he has been working as Oil Trader. He has been the Head of the Lithuanian office of Vitol, based in Mazeikai, since 1996. He has graduated the D. Mendeleev University of Chemical Technology of Russia. Mr. Boris Bednov does not possess any shares of JSC *Ventspils nafta*.

Aleksej Tarasov has worked as a member of the Management Board of JSC *Ventspils Nafta* since January 6, 2011. He has worked for *Mazeki Nafta* since 1986. In 1997, he joined the Vitol Lithuania office and since then has continuously worked there as Technical Specialist. Main fields of his expertise include logistics, transportation, storage, and product quality preservation. He graduated in Engineering from St-Petersburg VVMURE Academy (currently Naval Institute of Radioelectronics, VVMURE named after A.S. Popov). Mr. Aleksej Tarasov does not possess any shares of JSC *Ventspils nafta*.

Interim consolidated income statement

For the period ended 30 September

	2012	2011	2012	2011
	LVL'000	(restated) LVL'000	EUR '000	(restated) EUR '000
Revenue	104 436	85 520	148 599	121 684
Cost of goods sold	<u>(85 141)</u>	<u>(72 556)</u>	<u>(121 145)</u>	<u>(103 238)</u>
Gross profit	19 295	12 964	27 454	18 446
General and administrative expense	(6 956)	(7 606)	(9 897)	(10 822)
Selling costs	(9)	(3)	(13)	(4)
Other operating income	1 098	397	1 562	565
Other operating expense	(1 075)	(2 556)	(1 530)	(3 637)
Impairment of other non-financial assets	(15 279)	(6 444)	(21 740)	(9 169)
Finance income	1 160	1 639	1 651	2 332
Finance costs	<u>(7 504)</u>	<u>(7 748)</u>	<u>(10 677)</u>	<u>(11 024)</u>
Loss before tax	(9 270)	(9 357)	(13 190)	(13 313)
Corporate income tax	<u>(581)</u>	<u>(1 078)</u>	<u>(827)</u>	<u>(1 534)</u>
Loss for the period	<u>(9 851)</u>	<u>(10 435)</u>	<u>(14 017)</u>	<u>(14 847)</u>
Attributable to:				
Parent company's shareholders	(4 458)	(5 398)	(6 343)	(7 680)
Non-controlling interest	<u>(5 393)</u>	<u>(5 037)</u>	<u>(7 674)</u>	<u>(7 167)</u>
	<u>(9 851)</u>	<u>(10 435)</u>	<u>(14 017)</u>	<u>(14 847)</u>
Loss per share attributable				
to the Parent company's shareholders:	<u>LVL (0,04)</u>	<u>LVL (0,05)</u>	<u>EUR (0,06)</u>	<u>EUR (0,07)</u>
Loss per share	<u>LVL (0,09)</u>	<u>LVL (0,10)</u>	<u>EUR (0,13)</u>	<u>EUR (0,14)</u>

On behalf of the Management Board:

Simon Boddy
 Chairman of the Management Board

Interim consolidated statement of comprehensive income

For the period ended 30 September

	2012	2011	2012	2011
	LVL'000	(restated) LVL'000	EUR '000	(restated) EUR '000
Loss for the period	(9 851)	(10 435)	(14 017)	(14 847)
Other comprehensive income/ (loss)				
- Foreign currency revaluation reserve	260	(6 521)	370	(9 279)
- Cash flow hedge reserve	102	313	145	445
Other comprehensive income/ (loss) for the period	362	(6 208)	515	(8 834)
Total comprehensive loss for the period	(9 489)	(16 643)	(13 502)	(23 681)
Attributable to:				
Parent company's shareholders	(4 277)	(8 498)	(6 086)	(12 092)
Non-controlling interests	(5 212)	(8 145)	(7 416)	(11 589)
	(9 489)	(16 643)	(13 502)	(23 681)

On behalf of the Management Board:

Simon Boddy
 Chairman of the Management Board

Interim consolidated statement of financial position

	30.09.2012. LVL'000	31.12.2011. LVL'000	30.09.2012. EUR'000	31.12.2011. EUR'000
Assets				
Non-current assets				
Intangible assets	25 282	25 361	35 973	36 085
Property, plant and equipment	407 792	401 397	580 237	571 136
Investment properties	872	883	1 241	1 256
Investments in associated entities	8	7	11	10
Loans to affiliated companies	47 759	47 759	67 955	67 955
Other non-current financial assets	25 004	25 753	35 578	36 643
Total non-current assets	506 717	501 160	720 995	713 085
Current assets				
Inventories	3 474	2 949	4 943	4 196
Trade and other receivables	14 252	25 571	20 279	36 384
Short term deposits	30 631	18 045	43 584	25 676
Other current financial assets	16 116	16 100	22 931	22 909
Cash and cash equivalents	33 473	33 343	47 628	47 443
	97 946	96 008	139 365	136 608
Assets classified as held for sale	-	32 314	-	45 979
Total current assets	97 946	128 322	139 365	182 587
Total assets	604 663	629 482	860 360	895 672

On behalf of the Management Board:

 Simon Boddy
 Chairman of the Management Board

Interim consolidated statement of financial position (cont'd)

	30.09.2012. LVL'000	31.12.2011. LVL'000	30.09.2012. EUR '000	31.12.2011. EUR '000
Equity and liabilities				
Equity				
Share capital	104 479	104 479	148 660	148 660
Share premium	42 343	42 343	60 249	60 249
Legal reserve	715	715	1 017	1 017
Foreign currency revaluation reserve	(4 924)	(5 054)	(7 006)	(7 191)
Cash flow hedge reserve	(680)	(731)	(968)	(1 040)
Other reserves	119 014	126 008	169 341	179 293
Loss for the period	(4 458)	(6 994)	(6 343)	(9 952)
Equity attributable to equity holders of the parent	256 489	260 766	364 950	371 036
Non-controlling interest	146 240	151 452	208 081	215 497
Total equity	402 729	412 218	573 031	586 533
Non-current liabilities				
Borrowings	149 612	161 678	212 879	230 047
Finance lease	13 520	14 021	19 237	19 950
Deferred tax liability	1 182	1 070	1 682	1 522
Deferred income	2 509	2 623	3 570	3 732
Derivative financial instruments	724	500	1 030	711
Total non-current liabilities	167 547	179 892	238 398	255 962
Current liabilities				
Borrowings	16 864	16 962	23 995	24 135
Finance lease	748	687	1 064	978
Trade and other payables	13 243	11 498	18 846	16 360
Taxes payable	340	436	484	620
Derivative financial instruments	637	963	906	1 370
Deferred income	1 449	5 735	2 062	8 160
Provisions	1 106	1 091	1 574	1 554
Total current liabilities	34 387	37 372	48 931	53 177
Total liabilities	201 934	217 264	287 329	309 139
Total equity and liabilities	604 663	629 482	860 360	895 672

On behalf of the Management Board:

 Simon Boddy
 Chairman of the Management Board

Interim consolidated statement of cash flows

For the period ended 30 September

	2012	2011	2012	2011
	LVL'000	(restated) LVL'000	EUR'000	(restated) EUR'000
Operating activities				
Loss before tax	(9 270)	(9 357)	(13 190)	(13 313)
<u>Adjustments for:</u>				
Depreciation and amortisation	17 531	17 212	24 944	24 490
Increase in financial instruments	-	(11)	-	(16)
Loss on disposal of non-financial assets	10	1 733	14	2 466
Currency translation difference	(1 072)	(1 650)	(1 525)	(2 348)
Interest income	(1 090)	(1 294)	(1 551)	(1 841)
Interest expense	7 232	7 644	10 290	10 876
Recognized impairment	15 279	6 483	21 740	9 224
Changes in fair value of financial assets	-	(11)	-	(16)
	28 620	20 749	40 722	29 522
<u>Working capital adjustments:</u>				
Changes in trade and other receivables and prepayments	11 195	(2 964)	15 930	(4 218)
Changes in inventories	(520)	(836)	(740)	(1 190)
Changes in trade and other payables	(2 858)	51	(4 067)	74
	36 437	17 000	51 845	24 188
Corporate income tax paid	(733)	(2 358)	(1 043)	(3 355)
Net cash flows from operating activities	35 704	14 642	50 802	20 833
Net cash flows used in investing activities	(16 778)	(19 075)	(23 873)	(27 141)
Cash flows before financing activities	18 926	(4 433)	26 929	(6 308)
Net cash flows (used in)/from financing activities	(19 505)	5 034	(27 753)	7 163
Net (decrease)/ increase in cash and cash equivalents	(579)	601	(824)	855
Cash and cash equivalents as at 1 January	33 343	30 766	47 443	43 776
Exchange gain on cash and cash equivalents	709	-	1 009	-
Cash and cash equivalents as at 30 September	33 473	31 367	47 628	44 631

Interim 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 currency revaluation reserve	Cash flow hedge reserve	Other reserves			
	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	
At 31 December 2010	104 479	42 343	715	(5 029)	(1 124)	126 008	267 392	161 029	428 421
Loss for the period	-	-	-	-	-	(5 398)	(5 398)	(5 037)	(10 435)
Other comprehensive (loss)/ income	-	-	-	(3 257)	156	-	(3 101)	(3 107)	(6 208)
Total comprehensive (loss)/ income	-	-	-	(3 257)	156	(5 398)	(8 499)	(8 144)	(16 643)
Dividends declared	-	-	-	-	-	-	-	(4 753)	(4 753)
As at 30 September 2011 (restated)	104 479	42 343	715	(8 286)	(968)	120 610	258 893	148 132	407 025
Loss for the period	-	-	-	-	-	(1 596)	(1 596)	(156)	(1 752)
Other comprehensive income	-	-	-	3 232	237	-	3 469	3 476	6 945
Total comprehensive income/ (loss)	-	-	-	3 232	237	(1 596)	1 873	3 320	5 193
Balances as of 31 December 2011	104 479	42 343	715	(5 054)	(731)	119 014	260 766	151 452	412 218
Loss for the period	-	-	-	-	-	(4 458)	(4 458)	(5 393)	(9 851)
Other comprehensive income	-	-	-	130	51	-	181	181	362
Total comprehensive income/ (loss)	-	-	-	130	51	(4 458)	(4 277)	(5 212)	(9 489)
As at 30 September 2012	104 479	42 343	715	(4 924)	(680)	114 556	256 489	146 240	402 729

Interim consolidated statement of changes in equity (cont'd)

	Attributable to the equity holders of the parent						Non-controlling interest	Total	
	Share capital	Share premium	Legal reserve	Foreign currency revaluation reserve	Cash flow hedge reserve	Other reserves			
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000			
At 31 December 2010	148 660	60 249	1 017	(7 156)	(1 599)	179 293	380 465	229 124	609 589
Loss for the period	-	-	-	-	-	(7 680)	(7 680)	(7 167)	(14 847)
Other comprehensive (loss)/ income	-	-	-	(4 634)	222	-	(4 412)	(4 422)	(8 834)
Total comprehensive (loss)/ income	-	-	-	(4 634)	222	(7 680)	(12 092)	(11 589)	(23 681)
Dividends declared	-	-	-	-	-	-	-	(6 763)	(6 763)
As at 30 September 2011 (restated)	148 660	60 249	1 017	(11 790)	(1 377)	171 613	368 373	210 772	579 145
Loss for the period	-	-	-	-	-	(2 272)	(2 272)	(222)	(2 494)
Other comprehensive income	-	-	-	4 599	337	-	4 936	4 946	9 882
Total comprehensive income/ (loss)	-	-	-	4 599	337	(2 272)	2 664	4 724	7 388
Dividends declared	-	-	-	-	-	-	-	-	-
Balances as of 31 December 2011	148 660	60 249	1 017	(7 191)	(1 040)	169 341	371 036	215 497	586 533
Loss for the period	-	-	-	-	-	(6 343)	(6 343)	(7 674)	(14 017)
Other comprehensive income/ (loss)	-	-	-	185	72	-	257	258	515
Total comprehensive (loss)/ income	-	-	-	185	72	(6 343)	(6 086)	(7 417)	(13 503)
As at 30 September 2012	148 660	60 249	1 017	(7 006)	(968)	162 998	364 950	208 081	573 031

Notes to the unaudited condensed interim consolidated financial statements

1. Accounting policies

These unaudited condensed interim consolidated financial statements are prepared in accordance with and comply with accounting policies applied in preparation of the consolidated financial statements of *JSC Ventspils nafta* and its subsidiaries (hereinafter also – the Group) for the year ended 31 December 2011, which were prepared in accordance with International Financial Reporting Standards.

The Group's unaudited condensed interim consolidated financial statements are presented in Latvian Lat, which is also the Parent company's functional currency. Each subsidiary in the Group determines its own functional currency and items included in the financial statements of each subsidiary are measured using its functional currency.

Transactions and balances

The functional and presentation currency of *Ventspils Nafta Termināls Ltd*, *LatRosTrans Ltd* and *Ventspils Nafta JSC* is Latvian lat (LVL), the functional currency of *Latvian Shipping Company JSC* is U.S. Dollar (USD).

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Latvian Lat applying the official exchange rate established by the Bank of Latvia at the last day of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated to the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Presentation of financial statements in LVL is done using exchange rate set by the Bank of Latvia according to the following rates:

		30.09.2012.	31.12.2011.	30.09.2011.
As at the reporting period-end	USD/LVL	0.546000	0.544000	0.516000
	EUR/LVL	0.702804	0.702804	0.702804
Average rate per period	USD/LVL	0.548607		0.499989

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 30.09.2012: 1 EUR = 0.702804 LVL, 30.09.2011: 1 EUR = 0.702804 LVL.

Notes to the unaudited condensed interim consolidate financial statements (cont'd)

For the period ended 30 September

2. Segment information

	Crude oil and oil products		Shipping		Holding activities		Total segments		Adjustments and eliminations		Consolidated	
	2012 LVL th	2011 LVL th	2012 LVL th	2011 LVL th	2012 LVL th	2011 LVL th	2012 LVL th	2011 LVL th	2012 LVL th	2011 LVL th	2012 LVL th	2011 LVL th
Revenue from external customers	58 501	49 622	45 538	35 551	-	-	104 039	85 173	-	-	104 039	85 173
Intersegment revenue	-	-	-	-	200	224	200	224	(200)	(224)	-	-
Voyage costs	-	-	(10 230)	(2 251)	-	-	(10 230)	(2 251)	-	-	(10 230)	(2 251)
Chartering costs	-	-	-	(2 827)	-	-	-	(2 827)	-	-	-	(2 827)
Vessel operating costs	-	-	(15 001)	(15 655)	-	-	(15 001)	(15 655)	-	-	(15 001)	(15 655)
Cost of sales (vessel operating costs excluding)	(42 444)	(34 748)	(281)	(263)	-	-	(42 725)	(35 011)	-	-	(42 725)	(35 011)
Other revenue	-	-	397	347	-	-	397	347	-	-	397	347
Depreciation and amortisation	(6 078)	(6 827)	(11 437)	(10 376)	(15)	(9)	(17 530)	(17 212)	-	-	(17 530)	(17 212)
Impairment of non-financial assets *	-	-	(15 279)	(6 444)	-	-	(15 279)	(6 444)	-	-	(15 279)	(6 444)
Interest income	505	362	12	28	914	904	1 431	1 294	(328)	-	1 103	1 294
Interest expense	-	-	(7 430)	(7 644)	(128)	-	(7 558)	(7 644)	328	-	(7 230)	(7 644)
Net result before taxes	10 484	8 409	(13 711)	(9 534)	971	1 119	(2 256)	(6)	(200)	(224)	(2 456)	(230)
Segment assets	205 623	185 911	315 126	329 323	89 461	83 261	610 210	598 495	(26 328)	(9)	583 882	598 486
Unallocated:												
Assets of subsidiaries not included in segment											3 663	2 449
Investment properties											1 002	1 668
Available-for-sale financial assets											16 116	15 877
Total consolidated assets											604 663	618 480
Including additions to non-current assets	3 018	1 935	21 186	37 059	1	-	24 205	38 994	-	-	24 205	38 994

Notes to the unaudited condensed interim consolidate financial statements (cont'd)

For the period ended 30 September

2. Segment information (cont'd)

Reconciliation of segment results to consolidated income statement:

	2012	2011
	LVL thousand	LVL thousand
Segment result	(2 456)	(230)
Reconciliation to loss before taxes:		
General and administrative expenses (excluding depreciation)	(6 827)	(7 446)
Selling expenses	(9)	(3)
Other operating income/ (expenses), net	39	(2 143)
Other financial (expenses)/ income, net	(217)	241
Adjustments and eliminations	200	224
LOSS BEFORE TAXES:	(9 270)	(9 357)

* Impairment of non financial assets in amount of LVL 15 279 thousand relates to the impairment of the fleet recognised in the 9 month period of 2012 (2011: LVL 6 444 thousand). The decrease in the value of the fleet reflects the difficulties that all ship-owners continue to experience in the current financial environment.

Notes to the unaudited condensed interim consolidated financial statements (cont'd)

For the period ended 30 September

2. Segment information

	Crude oil and oil products		Shipping		Holding activities		Total segments		Adjustments and eliminations		Consolidated	
	2012 EUR th	2011 EUR th	2012 EUR th	2011 EUR th	2012 EUR th	2011 EUR th	2012 EUR th	2011 EUR th	2012 EUR th	2011 EUR th	2012 EUR th	2011 EUR th
Revenue from external customers	83 239	70 606	64 795	50 585	-	-	148 034	121 191	-	-	148 034	121 191
Intersegment revenue	-	-	-	-	285	319	285	319	(285)	(319)	-	-
Voyage costs	-	-	(14 556)	(3 203)	-	-	(14 556)	(3 203)	-	-	(14 556)	(3 203)
Chartering costs	-	-	-	(4 022)	-	-	-	(4 022)	-	-	-	(4 022)
Vessel operating costs	-	-	(21 345)	(22 275)	-	-	(21 345)	(22 275)	-	-	(21 345)	(22 275)
Cost of sales (vessel operating costs excluding)	(60 392)	(49 442)	(400)	(374)	-	-	(60 792)	(49 816)	-	-	(60 792)	(49 816)
Other revenue	-	-	565	493	-	-	565	493	-	-	565	493
Depreciation and amortisation	(8 648)	(9 714)	(16 273)	(14 764)	(21)	(13)	(24 942)	(24 491)	-	-	(24 942)	(24 491)
Impairment of non-financial assets *	-	-	(21 740)	(9 169)	-	-	(21 740)	(9 169)	-	-	(21 740)	(9 169)
Interest income	719	515	17	40	1 301	1 286	2 037	1 841	(467)	-	1 570	1 841
Interest expense	-	-	(10 572)	(10 876)	(182)	-	(10 754)	(10 876)	467	-	(10 287)	(10 876)
Net result before taxes	14 918	11 965	(19 509)	(13 565)	1 383	1 592	(3 208)	(8)	(285)	(319)	(3 493)	(327)
Segment assets	292 575	264 528	448 384	468 584	127 293	118 470	868 252	851 582	(37 461)	(13)	830 791	851 569
Unallocated:												
Assets of subsidiaries not included in segment											5 212	3 485
Investment properties											1 426	2 373
Available-for-sale financial assets											22 931	22 591
Total consolidated assets											860 360	880 018
Including additions to non-current assets	4 294	2 753	30 145	52 730	1	-	34 440	55 483	-	-	34 440	55 483

Notes to the unaudited condensed interim consolidate financial statements (cont'd)

For the period ended 30 September

2. Segment information (cont'd)

Reconciliation of segment results to consolidated income statement:

	2012	2011
	EUR thousand	EUR thousand
Segment result	(3 493)	(327)
Reconciliation to loss before taxes:		
General and administrative expenses (excluding depreciation)	(9 715)	(10 595)
Selling expenses	(13)	(4)
Other operating income/ (expenses), net	55	(3 049)
Other financial (expenses)/ income, net	(309)	343
Adjustments and eliminations	285	319
LOSS BEFORE TAXES:	(13 190)	(13 313)

* Impairment of non financial assets in amount of EUR 21 740 thousand relates to the impairment of the fleet recognised in the 9 month period of 2012 (2011: EUR 9 169 thousand). The decrease in the value of the fleet reflects the difficulties that all ship-owners continue to experience in the current financial environment.