



**VENTSPILS NAFTA**

**JSC VENTSPILS NAFTA  
UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2013**

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## Information about *Ventspils nafta*

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, Riga, Republic of Latvia, LV-1050
Subsidiaries of <i>JSC Ventspils nafta</i>	66% <i>LatRosTrans Ltd.</i> LRDS "Ilūkste", Šēderes pagasts, Ilūkstes novads, LV-5474
	51% <i>Ventspils nafta termināls Ltd.</i> Talsu street 75, Ventspils, LV-3602
	49.94% <i>JSC Latvian Shipping Company</i> Elizabetes street 1, Riga, LV-1807

## Information about Ventspils nafta (cont'd)

### About the Company

VN Group (*JSC Ventspils nafta* and its subsidiaries) is one of the largest groups of companies in Latvia. The core companies of the group are the crude oil and petroleum products terminal *Ventspils nafta termināls Ltd*, which is the largest in the Baltics; the largest Latvian-Russian joint venture in the Baltic States *LatRosTrans*, which provides transportation of petroleum products by the main diesel pipeline and which also owns the main pipeline for transport of crude oil; as well as *Latvian Shipping Company*, which owns one of the largest global fleets in the medium size and handy tanker segment.

### Mission

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 VN Group.

The mission of the VN 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.

### Vision

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

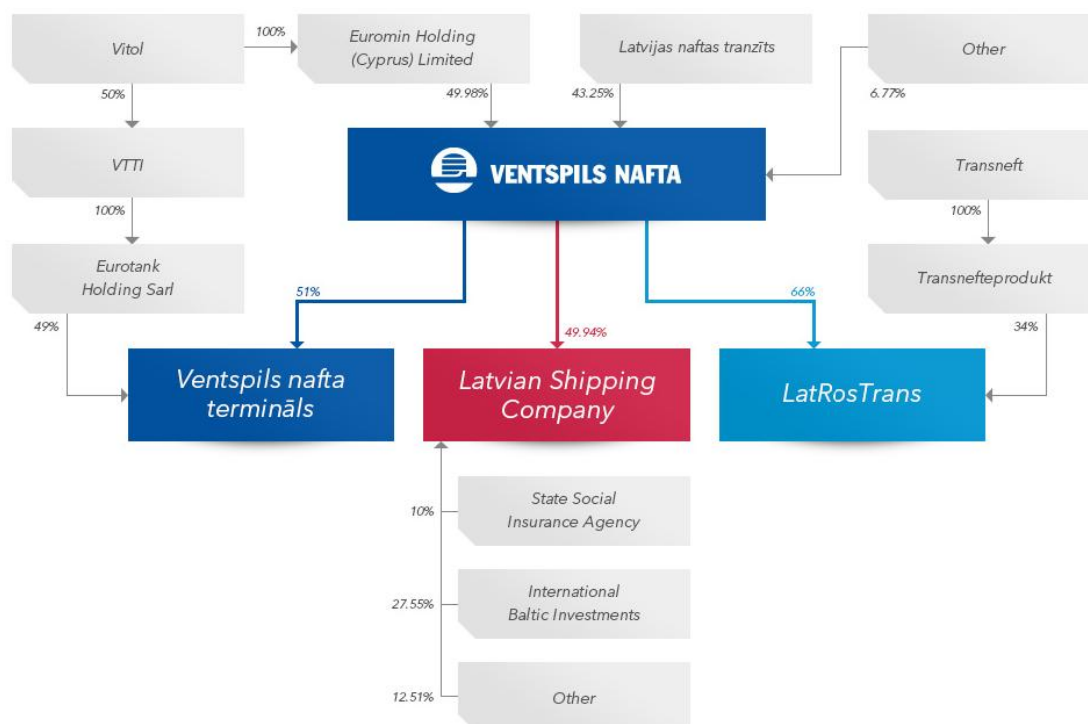
### Strategy

The strategy of *JSC Ventspils nafta*, the Group's parent company, is to improve performance of Group companies by providing policy advice and international know-how on down-stream oil business, by organising joint public procurement tenders and coordinating business activities including corporate loans and communication policy. In this respect the intention of VN Group is to streamline Group's activities by introducing best business practices and good corporate governance standards to improve shareholders value.

## Information about Ventspils nafta (cont'd)

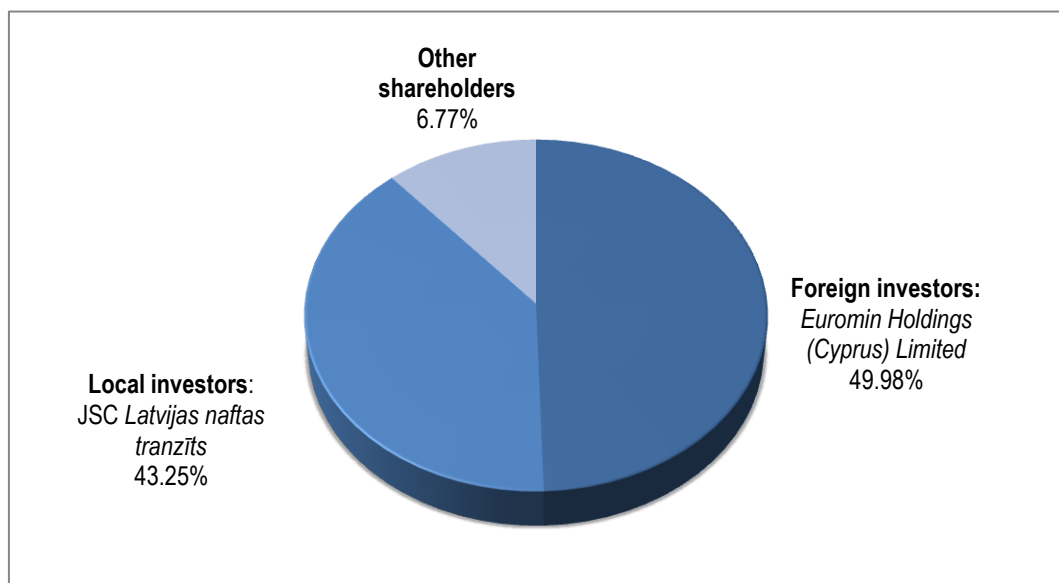
### Corporate structure

Corporate structure of JSC Ventspils nafta as at 31 March 2013



### Shareholders

Main shareholders (over 5%) of JSC Ventspils nafta as at 31 March 2013



## Information on shares

ISIN	LV0000100816
Ticker	VNF1R
Nominal value	1.00 LVL
Total number of securities	104 479 519
Number of listed securities	60 598 121
List	Baltic Official List, NASDAQ OMX Riga
Listing date	20 October 1998
Liquidity providers	None
Indexes	B2000GI, B2000PI, B2700GI, B2700PI, OMXBGI, OMXBPI, OMXRGI

## Trading information (1 January 2013 – 31 March 2013)

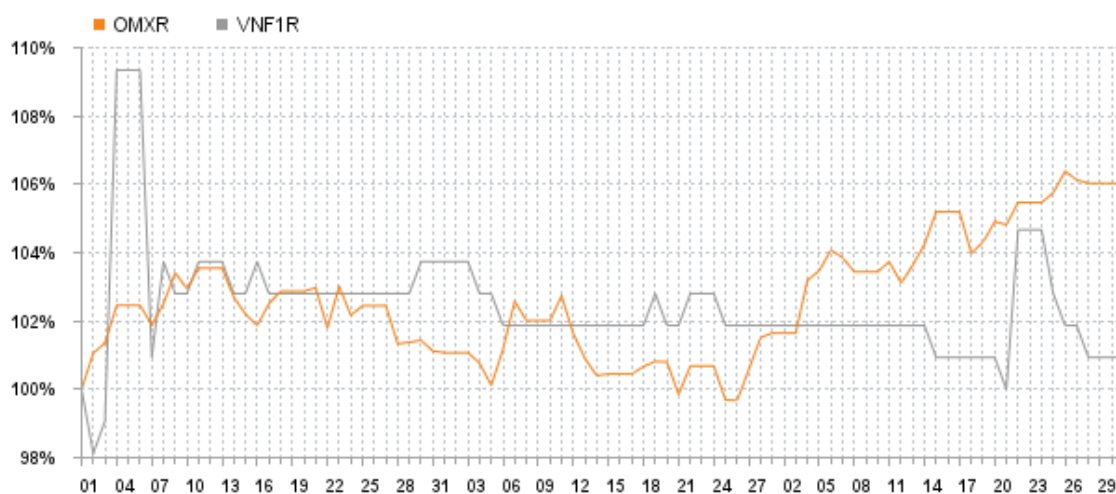
Open	1.070 LVL
Max	1.170 LVL
Min	1.050 LVL
Last	1.080 LVL
Average price	1.094 LVL
Change	+0.93 %
Deals	247
No of shares traded	22 772
Turnover	24 876.2 LVL
Capitalisation on 2013.03.31	112 837 880.52 LVL

## Securities trading history, LVL

Price	2009	2010	2011	2012	Q1/2013
Open, LVL	0.700	0.920	1.449	1.200	1.070
High, LVL	1.500	1.890	1.479	1.259	1.170
Low, LVL	0.590	0.910	1.013	1.000	1.050
Last, LVL	0.940	1.400	1.200	1.070	1.080
Traded volume	900,402	1,492,345	1,632,287	1,222,348	22,772
Turnover, million LVL	0.89	2.22	2.32	1.64	0.025
Capitalisation, million LVL	98.21	146.27	125.38	111.79	112.84

## Information on shares (cont'd)

### Share price in comparison with *NASDAQ OMX Riga* index (1 January 2013 – 31 March 2013)



Index/Equity	01.01.2013	31.03.2013	+/--%
— OMX Riga	395.91	419.79	6.03 ↑
— VNF1R	1.07 LVL	1.08 LVL	0.93 ↑

Information source: *JSC NASDAQ OMX Riga* webpage [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com)

## Supervisory Council

Chairman of the Council	Vladimir Egger
Deputy Chairman of the Council	Mikhail Dvorak
Members of the Council	Javed Ahmed Rubel Yilmaz Mark Morrell Ware Christophe Theophanis Matsacos Oļegs Stepanovs Igoris Skoks Olafs Berķis Genādijs Ševcovs Ivars Bērziņš

To the best of the Group's knowledge, no member of the Supervisory Council has more than 5% of direct ownership in related companies of Group's business partners, suppliers and clients.

There were no changes in the Council during the period from 1 January 2013 to 22 May 2013.



## Supervisory Council (cont'd)

### Professional experience of the members of the Supervisory Council



**Vladimir Egger** has worked as the Chairman of the Supervisory Council of JSC Ventspils Nafta since January 20, 2010. Vladimir Egger is the Chief Representative in the Vitol Group's company VNT SA in Moscow. He has almost 30 years of professional experience in the field of commodities trading. Prior to working for Vitol, he was the Managing Director of the company Lukoil Asia Pacific based in Singapore and Beijing, China. Professional education: Bachelor of Arts degree in Economics and a Master of Business Administration degree.

Mr Vladimir Egger does not own any shares of JSC Ventspils nafta.



**Mikhail Dvorak** has worked as the Deputy Chairman of the Supervisory Council of JSC Ventspils Nafta since January 20, 2010. He is the Financial Controller of Vitol Group and Finance Director at Vitol Group's companies in the CIS countries, Georgia and the Baltic States. In 2010 he was also appointed as a member of the Supervisory Council of LatRosTrans Ltd on behalf of JSC Ventspils Nafta in 2010. Professional education: he has graduated the Moscow State Linguistic University and the International Institute of Law and Economics in the speciality of finances and crediting.

Mr Mikhail Dvorak does not own any shares of JSC Ventspils nafta.



**Rubel Yilmaz** has worked as a member of the Supervisory Council of JSC 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 on March 1, 2010. Professional education: he has obtained a degree in economics in University of Groningen (Netherlands).

Mr Rubel Yilmaz does not own any shares of JSC Ventspils nafta.



**Mark Morrell Ware** has worked as a member of the Supervisory Council of JSC 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. Professional education: he has graduated the Durham University with distinction (BA Honours in Economics and Politics).

Mr Mark Morrell Ware does not own 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 is currently 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. Professional education: *Juris* Doctor degree from Harvard University, a Master of Business Administration degree from Harvard University, and a Bachelor's degree in Economics and Mathematics from Yale University.

Mr Javed Ahmed does not own any shares of JSC Ventspils nafta.



**Christophe Theophanis Matsacos** has worked as a member of the Supervisory Council of JSC Ventspils Nafta since July 17, 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 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 Theophanis Matsacos does not own any shares of JSC Ventspils nafta.

## Supervisory Council (cont'd)

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



**Oļegs Stepanovs** is a member of the Supervisory Council of JSC Ventspils nafta since July 25, 2012. Member of the Supervisory Council of JSC Latvian Shipping Company. He was 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, Chairman of the Supervisory Council of JSC SS&F Group since 2008, and Member of the Supervisory Council of JSC Baltic Coal Terminal since 2009. Professional education: he has obtained a Doctor's degree in Economics in the Institute of Market Problems and Economic and Ecological Research (Ukraine) and has graduated the Odessa Marine Engineering Institute, faculty of Marine Transport Organisation and Management.

Mr Oļegs Stepanovs does not own any shares of JSC Ventspils nafta.



**Igors Skoks** is a member of the JSC Ventspils nafta Supervisory Council since 25 July 2012. 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 was the Chairman of the JSC Aureus kapitāls Supervisory Council.

Professional education: graduated the University of Latvia, faculty of Economics.

Mr Igors Skoks does not own any shares of JSC Ventspils nafta.



**Olafs Berķis** is a member of the JSC Ventspils nafta Supervisory Council since 25 July 2012. He has been 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 the JSC Ventspils nafta, as well as in Supervisory Council of LatRosTrans Ltd. Professional education: graduated Riga Maritime School in the specialty of ship driver.

Mr Olafs Berķis does not own any shares of JSC Ventspils nafta.



**Genādijs Ševcovs** is a member of the JSC Ventspils nafta Supervisory Council since 25 July 2012. He has been a 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. Professional education: graduated the I.M.Gubkin Moscow Institute of the Petrochemical and Gas Industry in the specialty "Design and Operation of Gas and Oil Pipeline, Gas Storages and Oil Depots".

Mr Genādijs Ševcovs has 2525 shares of JSC Ventspils nafta.



**Ivars Bērziņš** is a member of the JSC Ventspils nafta Supervisory Council since 25 July 2012. Member of Supervisory Council of JSC Latvijas naftas tranzīts and authorised representative of Skonto nafta Ltd. Professional education: Master's degree in law.

Mr Ivars Bērziņš does not own any shares of JSC Ventspils nafta.

## Management Board

Chairman of the Board

Simon Boddy

Members of the Board

Boris Bednov  
Aleksiej Tarasov

No member of the Management Board has more than 5% of direct ownership in any of Group's business partners, suppliers and clients.

There were no changes in the Management Board during the period from 1 January 2013 to 22 May 2013.

### Professional experience of the members of the Management Board



**Simon Boddy** has worked as the Chairman of the Management Board of JSC Ventspils Nafta since January 20, 2010. He has worked in the oil business for more than 30 years. He has 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 United Kingdom Barrister. Professional education: academic degree in Mathematics from the Oxford University, post-graduate diploma in Law from the College of Law of England and Wales in London.

Mr Simon Boddy does not own 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 and transit 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. Professional education: he has graduated the D. Mendeleev University of Chemical Technology in Russia.

Mr Boris Bednov does not own any shares of JSC Ventspils nafta.



**Aleksiej Tarasov** has worked as a member of the Management Board of JSC Ventspils Nafta since January 6, 2011. He has worked for Mazeikiu 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. Professional education: degree in Engineering from the St-Petersburg VVMURE Academy (currently – the Naval Institute of Marine Radioelectronics, VVMURE named after A.S. Popov).

Mr Aleksiej Tarasov does not own any shares of JSC Ventspils nafta.

## **Statement of Management's responsibilities**

The Management Board of *JSC Ventspils nafta* prepares condensed interim consolidated financial statements for each reporting period. These condensed interim consolidated financial statements give a true and fair view of the state of affairs of the *JSC Ventspils nafta* and its subsidiaries (hereafter – the Group) as of 31 March 2013, changes in shareholders' equity, cash flows and the results of the Group for the three month period ended 31 March 2013.

The aforementioned financial statements are prepared in accordance with applicable legislation on a going concern basis. During the reporting period, appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Group and enable the management to ensure that financial statements are drawn up pursuant to applicable legislation.

On behalf of the Management Board:

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Simon Boddy  
Chairman of the Management Board  
of *Joint Stock Company Ventspils nafta*  
Riga, 22 May 2013

## Interim consolidated income statement

For the period ended 31 March

	<b>2013</b> LVL'000	<b>2012</b> LVL'000	<b>2013</b> EUR '000	<b>2012</b> EUR '000
Revenue	33 840	36 781	48 150	52 335
Cost of sales	(25 787)	(30 089)	(36 692)	(42 813)
<b>Gross profit</b>	<b>8 053</b>	<b>6 692</b>	<b>11 458</b>	<b>9 522</b>
General and administrative expense	(1 761)	(2 423)	(2 506)	(3 448)
Other operating income	528	210	751	299
Other operating expense	(261)	(263)	(371)	(374)
Impairment of other non-financial assets	(905)	(8 314)	(1 288)	(11 830)
Finance income	1 450	414	2 063	589
Finance costs	(1 997)	(3 015)	(2 841)	(4 290)
<b>Profit/ (Loss) before tax</b>	<b>5 107</b>	<b>(6 699)</b>	<b>7 266</b>	<b>(9 532)</b>
Corporate income tax	(145)	(238)	(205)	(339)
<b>Profit/ (Loss) for the period</b>	<b>4 962</b>	<b>(6 937)</b>	<b>7 061</b>	<b>(9 871)</b>
Attributable to:				
Parent company's shareholders	2 851	(3 392)	4 057	(4 827)
Non-controlling interest	2 111	(3 545)	3 004	(5 044)
	<b>4 962</b>	<b>(6 937)</b>	<b>7 061</b>	<b>(9 871)</b>
Profit/ (Loss) per share attributable				
to the Parent company's shareholders:	LVL 0,03	LVL (0,03)	EUR 0,04	EUR (0,04)
Profit/ (Loss) per share	LVL 0,05	LVL (0,07)	EUR 0,07	EUR (0,09)

On behalf of the Management Board:

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Simon Boddy  
 Chairman of the Management Board  
 of Joint Stock Company *Ventspils nafta*

## Interim consolidated statement of comprehensive income

For the period ended 31 March

	2013 LVL'000	2012 LVL'000	2013 EUR '000	2012 EUR '000
<b>Profit/ (Loss) for the period</b>	<b>4 962</b>	<b>(6 937)</b>	<b>7 061</b>	<b>(9 871)</b>
<b>Other comprehensive (loss)/ income</b>				
- Foreign currency revaluation reserve	3 239	(4 051)	4 609	(5 762)
- Cash flow hedge reserve	63	74	90	105
<b>Other comprehensive (loss)/ income for the period</b>	<b>3 302</b>	<b>(3 977)</b>	<b>4 699</b>	<b>(5 657)</b>
<b>Total comprehensive profit/ (loss) for the period</b>	<b>8 264</b>	<b>(10 914)</b>	<b>11 760</b>	<b>(15 528)</b>
Attributable to:				
Parent company's shareholders	4 500	(5 378)	6 404	(7 652)
Non-controlling interests	3 764	(5 536)	5 356	(7 876)
	<b>8 264</b>	<b>(10 914)</b>	<b>11 760</b>	<b>(15 528)</b>

On behalf of the Management Board:

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Simon Boddy  
 Chairman of the Management Board  
 of *Joint Stock Company Ventspils nafta*

## Interim consolidated statement of financial position

	<b>31.03.2013.</b> LVL'000	<b>31.12.2012.</b> LVL'000	<b>31.03.2013.</b> EUR '000	<b>31.12.2012.</b> EUR '000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	25 267	25 252	35 952	35 930
Property, plant and equipment	396 866	394 150	564 691	560 825
Investment properties	1 138	1 145	1 619	1 629
Investments in associated entities	7	7	10	10
Loans to affiliated companies	47 759	47 759	67 955	67 955
Other non-current financial assets	23 831	23 780	33 909	33 836
<b>Total non-current assets</b>	<b>494 868</b>	<b>492 093</b>	<b>704 136</b>	<b>700 185</b>
<b>Current assets</b>				
Inventories	2 773	3 051	3 946	4 341
Trade and other receivables	10 772	13 381	15 327	19 041
Short term deposits	20 704	32 512	29 459	46 260
Other current financial assets	16 828	15 996	23 944	22 760
Cash and cash equivalents	65 553	50 619	93 274	72 024
<b>Total current assets</b>	<b>116 630</b>	<b>115 559</b>	<b>165 950</b>	<b>164 426</b>
<b>Total assets</b>	<b>611 498</b>	<b>607 652</b>	<b>870 086</b>	<b>864 611</b>

On behalf of the Management Board:

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Simon Boddy  
 Chairman of the Management Board  
 of *Joint Stock Company Ventspils nafta*

## Interim consolidated statement of financial position (cont'd)

	<b>31.03.2013.</b>	<b>31.12.2012.</b>	<b>31.03.2013.</b>	<b>31.12.2012.</b>
	LVL'000	LVL'000	EUR '000	EUR '000
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	104 479	104 479	148 660	148 660
Share premium	42 343	42 343	60 249	60 249
Foreign currency revaluation reserve	(4 828)	(6 445)	(6 869)	(9 170)
Cash flow hedge reserve	(470)	(501)	(668)	(713)
Other reserves	123 810	119 729	176 166	170 359
Profit for the period	2 851	4 081	4 057	5 807
<b>Equity attributable to equity holders of the parent</b>	<b>268 185</b>	<b>263 686</b>	<b>381 595</b>	<b>375 192</b>
Non-controlling interest	149 691	150 076	212 991	213 539
<b>Total equity</b>	<b>417 876</b>	<b>413 762</b>	<b>594 586</b>	<b>588 731</b>
<b>Non-current liabilities</b>				
Borrowings	141 219	141 227	200 937	200 948
Finance lease	13 105	12 935	18 647	18 405
Deferred tax liability	5 066	5 028	7 208	7 154
Deferred income	2 432	2 471	3 460	3 516
Derivative financial instruments	605	643	861	915
<b>Total non-current liabilities</b>	<b>162 427</b>	<b>162 304</b>	<b>231 113</b>	<b>230 938</b>
<b>Current liabilities</b>				
Borrowings	16 966	16 570	24 140	23 577
Finance lease	841	768	1 197	1 093
Trade and other payables	10 357	11 069	14 737	15 748
Taxes payable	557	413	793	588
Derivative financial instruments	378	401	538	571
Deferred income	1 167	1 441	1 660	2 050
Provisions	929	924	1 322	1 315
<b>Total current liabilities</b>	<b>31 195</b>	<b>31 586</b>	<b>44 387</b>	<b>44 942</b>
<b>Total liabilities</b>	<b>193 622</b>	<b>193 890</b>	<b>275 500</b>	<b>275 880</b>
<b>Total equity and liabilities</b>	<b>611 498</b>	<b>607 652</b>	<b>870 086</b>	<b>864 611</b>

On behalf of the Management Board:

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Simon Boddy  
 Chairman of the Management Board  
 of *Joint Stock Company Ventspils nafta*



## Interim consolidated statement of cash flows

For the period ended 31 March

	2013	2012	2013	2012
	LVL'000	LVL'000	EUR'000	EUR'000
<b>Operating activities</b>				
<b>Profit/ (Loss) before tax</b>	5 107	(6 699)	7 266	(9 532)
<u>Adjustments for:</u>				
Depreciation and amortisation	5 875	5 386	8 359	7 664
Loss on disposal of non-financial assets	5	2	7	3
Currency translation difference	(1 779)	(215)	(2 531)	(306)
Interest income	(238)	(414)	(339)	(589)
Interest expense	1 927	2 325	2 742	3 308
Recognized impairment	905	8 314	1 288	11 830
	<b>11 802</b>	<b>8 699</b>	<b>16 792</b>	<b>12 378</b>
<u>Working capital adjustments:</u>				
Changes in trade and other receivables and prepayments	2 784	12 445	3 962	17 707
Changes in inventories	340	(864)	484	(1 229)
Changes in trade and other payables	(1 149)	(1 798)	(1 635)	(2 558)
	<b>13 777</b>	<b>18 482</b>	<b>19 603</b>	<b>26 298</b>
Corporate income tax paid	(130)	(241)	(185)	(343)
<b>Net cash flows from operating activities</b>	<b>13 647</b>	<b>18 241</b>	<b>19 418</b>	<b>25 955</b>
Net cash flows from investing activities	6 129	2 697	8 721	3 837
<b>Cash flows before financing activities</b>	<b>19 776</b>	<b>20 938</b>	<b>28 139</b>	<b>29 792</b>
Net cash flows used in financing activities	(6 336)	(6 969)	(9 015)	(9 916)
<b>Net increase in cash and cash equivalents</b>	<b>13 440</b>	<b>13 969</b>	<b>19 124</b>	<b>19 876</b>
Cash and cash equivalents as at 1 January	51 422	33 343	73 167	47 443
Exchange gain on cash and cash equivalents	691	-	983	-
<b>Cash and cash equivalents as at 31 March</b>	<b>65 553</b>	<b>47 312</b>	<b>93 274</b>	<b>67 319</b>

## 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	Total		
	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000
<b>Balances as of 1 January 2012</b>	<b>104 479</b>	<b>42 343</b>	<b>715</b>	<b>(5 054)</b>	<b>(731)</b>	<b>119 014</b>	<b>260 766</b>	<b>151 452</b>	<b>412 218</b>
Loss for the period	-	-	-	-	-	(3 392)	(3 392)	(3 545)	(6 937)
Other comprehensive income/ (loss)	-	-	-	(2 023)	37	-	(1 986)	(1 991)	(3 977)
Total comprehensive (loss)/ income	-	-	-	(2 023)	37	(3 392)	(5 378)	(5 536)	(10 914)
<b>Balances as of 31 March 2012</b>	<b>104 479</b>	<b>42 343</b>	<b>715</b>	<b>(7 077)</b>	<b>(694)</b>	<b>115 622</b>	<b>255 388</b>	<b>145 916</b>	<b>401 304</b>
Profit for the period	-	-	-	-	-	7 473	7 473	3 333	10 806
Other comprehensive income/ (loss)	-	-	-	632	193	-	825	827	1 652
Total comprehensive income/ (loss)	-	-	-	632	193	7 473	8 298	4 160	12 458
Reclassification of legal reserves	-	-	(715)	-	-	715	-	-	-
<b>Balances as of 31 December 2012</b>	<b>104 479</b>	<b>42 343</b>	<b>-</b>	<b>(6 445)</b>	<b>(501)</b>	<b>123 810</b>	<b>263 686</b>	<b>150 076</b>	<b>413 762</b>
Profit for the period	-	-	-	-	-	2 851	2 851	2 111	4 962
Other comprehensive income/ (loss)	-	-	-	1 617	31	-	1 648	1 654	3 302
Total comprehensive income/ (loss)	-	-	-	1 617	31	2 851	4 499	3 765	8 264
Dividends declared	-	-	-	-	-	-	-	(4 150)	(4 150)
<b>Balances as of 31 March 2013</b>	<b>104 479</b>	<b>42 343</b>	<b>-</b>	<b>(4 828)</b>	<b>(470)</b>	<b>126 661</b>	<b>268 185</b>	<b>149 691</b>	<b>417 876</b>

## 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	Total		
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Balances as of 1 January 2012</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>(7 191)</b>	<b>(1 040)</b>	<b>169 341</b>	<b>371 036</b>	<b>215 497</b>	<b>586 533</b>
Loss for the period	-	-	-	-	-	(4 825)	(4 825)	(5 044)	(9 869)
Other comprehensive income/ (loss)	-	-	-	(2 879)	53	-	(2 826)	(2 833)	(5 659)
Total comprehensive (loss)/ income	-	-	-	(2 879)	53	(4 825)	(7 651)	(7 877)	(15 528)
<b>Balances as of 31 March 2012</b>	<b>148 660</b>	<b>60 249</b>	<b>1 017</b>	<b>(10 070)</b>	<b>(987)</b>	<b>164 516</b>	<b>363 385</b>	<b>207 620</b>	<b>571 005</b>
Profit for the period	-	-	-	-	-	10 633	<b>10 633</b>	4 742	<b>15 375</b>
Other comprehensive income/ (loss)	-	-	-	900	274	-	<b>1 174</b>	1 177	<b>2 351</b>
Total comprehensive income/ (loss)	-	-	-	900	274	10 633	<b>11 807</b>	5 919	<b>17 726</b>
Reclassification of legal reserves	-	-	(1 017)	-	-	1 017	-	-	-
<b>Balances as of 31 December 2012</b>	<b>148 660</b>	<b>60 249</b>	-	<b>(9 170)</b>	<b>(713)</b>	<b>176 166</b>	<b>375 192</b>	<b>213 539</b>	<b>588 731</b>
Profit for the period	-	-	-	-	-	4 057	4 057	3 004	7 061
Other comprehensive income/ (loss)	-	-	-	2 301	45	-	2 346	2 353	4 699
Total comprehensive income/ (loss)	-	-	-	2 301	45	4 057	6 403	5 357	11 760
Dividends declared	-	-	-	-	-	-	-	(5 905)	(5 905)
<b>Balances as of 31 March 2013</b>	<b>148 660</b>	<b>60 249</b>	-	<b>(6 869)</b>	<b>(668)</b>	<b>180 223</b>	<b>381 595</b>	<b>212 991</b>	<b>594 586</b>

## 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 2012, which were prepared in accordance with International Financial Reporting Standards.

In 2012 the Group has made certain reclassifications between different captions of the consolidated income statement. The comparatives have been restated conform to the new presentation. The reclassifications had no effect on the statement of financial position as of 31 March 2012.

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 *JSC Ventspils Nafta* is Latvian lat (LVL), the functional currency of *JSC Latvian Shipping Company* 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:

		31.03.2013.	31.12.2012.	31.03.2012.
As at the reporting period-end	USD/LVL	0.547000	0.531000	0.528000
Average rate per period	USD/LVL	0.532352		0.536478

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 31.03.2013: 1 EUR = 0.702804 LVL, 31.03.2012: 1 EUR = 0.702804 LVL due to the requirements of *JSC NASDAQ OMX Riga*.

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

For the period ended 31 March

### 2. Segment information

	Crude oil and oil products		Shipping		Holding activities		Total segments		Adjustments and eliminations		Consolidated	
	2013 LVL th	2012 LVL th	2013 LVL th	2012 LVL th	2013 LVL th	2012 LVL th	2013 LVL th	2012 LVL th	2013 LVL th	2012 LVL th	2013 LVL th	2012 LVL th
<b>Revenue from external customers</b>	<b>19 435</b>	<b>21 674</b>	<b>14 282</b>	<b>14 971</b>	-	-	<b>33 717</b>	<b>36 645</b>	-	-	<b>33 717</b>	<b>36 645</b>
Intersegment revenue	-	-	-	-	25	48	<b>25</b>	<b>48</b>	(25)	(48)	-	-
Voyage costs	-	-	(2 448)	(3 290)	-	-	<b>(2 448)</b>	<b>(3 290)</b>	-	-	<b>(2 448)</b>	<b>(3 290)</b>
Vessel operating costs	-	-	(4 603)	(4 921)	-	-	<b>(4 603)</b>	<b>(4 921)</b>	-	-	<b>(4 603)</b>	<b>(4 921)</b>
Cost of sales (vessel operating costs excluding)	(12 849)	(16 511)	(91)	(100)	-	-	<b>(12 940)</b>	<b>(16 611)</b>	-	-	<b>(12 940)</b>	<b>(16 611)</b>
Other revenue	-	-	123	124	-	12	<b>123</b>	<b>136</b>	-	-	<b>123</b>	<b>136</b>
Depreciation and amortisation	(2 052)	(2 019)	(3 820)	(3 362)	(3)	(5)	<b>(5 875)</b>	<b>(5 386)</b>	-	-	<b>(5 875)</b>	<b>(5 386)</b>
Impairment of non-financial assets*	-	-	(905)	(8 314)	-	-	<b>(905)</b>	<b>(8 314)</b>	-	-	<b>(905)</b>	<b>(8 314)</b>
Interest income	163	128	3	6	261	287	<b>427</b>	<b>421</b>	(191)	(7)	<b>236</b>	<b>414</b>
Interest expense	-	-	(2 038)	(2 319)	(79)	-	<b>(2 117)</b>	<b>(2 319)</b>	191	7	<b>(1 926)</b>	<b>(2 312)</b>
<b>Net result before taxes</b>	<b>4 697</b>	<b>3 272</b>	<b>503</b>	<b>(7 205)</b>	<b>204</b>	<b>342</b>	<b>5 404</b>	<b>(3 591)</b>	<b>(25)</b>	<b>(48)</b>	<b>5 379</b>	<b>(3 639)</b>
<b>Segment assets</b>	<b>218 757</b>	<b>199 686</b>	<b>305 102</b>	<b>313 819</b>	<b>94 010</b>	<b>78 549</b>	<b>617 869</b>	<b>592 054</b>	<b>(26 732)</b>	<b>(4 629)</b>	<b>591 137</b>	<b>587 425</b>
Unallocated:												
Assets of subsidiaries not included in segment											3 372	2 229
Investment properties											865	879
Available-for-sale financial assets											16 124	15 973
<b>Total consolidated assets</b>											<b>611 498</b>	<b>606 506</b>
Including additions to non-current assets	826	1 205	422	797	1	1	<b>1 249</b>	<b>2 003</b>	-	-	<b>1 249</b>	<b>2 003</b>

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

For the period ended 31 March

### 2. Segment information (cont'd)

Reconciliation of segment results to consolidated income statement:

	<b>2013</b>	<b>2012</b>
	LVL thousand	LVL thousand
Segment result	5 379	(3 639)
<b>Reconciliation to profit/ (loss) before taxes:</b>		
General and administrative expenses (excluding depreciation)	(1 712)	(2 358)
Other operating income/ (expenses), net	272	(47)
Other financial income/ (expenses), net	1 143	(703)
Adjustments and eliminations	25	48
<b>PROFIT/ (LOSS) BEFORE TAXES:</b>	<b>5 107</b>	<b>(6 699)</b>

\* Impairment of non financial assets in amount of LVL 905 thousand relates to the impairment of the fleet recognised in the reporting period of 2013 (2012: LVL 8 314 thousand).

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

For the year ended 31 March

### 2. Segment information

	Crude oil and oil products		Shipping		Holding activities		Total segments		Adjustments and eliminations		Consolidated	
	2013 EUR th	2012 EUR th	2013 EUR th	2012 EUR th	2013 EUR th	2012 EUR th	2013 EUR th	2012 EUR th	2013 EUR th	2012 EUR th	2013 EUR th	2012 EUR th
<b>Revenue from external customers</b>	<b>27 654</b>	<b>30 839</b>	<b>20 321</b>	<b>21 302</b>	-	-	<b>47 975</b>	<b>52 141</b>	-	-	<b>47 975</b>	<b>52 141</b>
Intersegment revenue	-	-	-	-	36	68	<b>36</b>	<b>68</b>	(36)	(68)	-	-
Voyage costs	-	-	(3 483)	(4 681)	-	-	<b>(3 483)</b>	<b>(4 681)</b>	-	-	<b>(3 483)</b>	<b>(4 681)</b>
Vessel operating costs	-	-	(6 549)	(7 002)	-	-	<b>(6 549)</b>	<b>(7 002)</b>	-	-	<b>(6 549)</b>	<b>(7 002)</b>
Cost of sales (vessel operating costs excluding)	(18 282)	(23 493)	(129)	(142)	-	-	<b>(18 411)</b>	<b>(23 635)</b>	-	-	<b>(18 411)</b>	<b>(23 635)</b>
Other revenue	-	-	175	176	-	17	<b>175</b>	<b>193</b>	-	-	<b>175</b>	<b>193</b>
Depreciation and amortisation	(2 920)	(2 873)	(5 435)	(4 784)	(4)	(7)	<b>(8 359)</b>	<b>(7 664)</b>	-	-	<b>(8 359)</b>	<b>(7 664)</b>
Impairment of non-financial assets*	-	-	(1 288)	(11 830)	-	-	<b>(1 288)</b>	<b>(11 830)</b>	-	-	<b>(1 288)</b>	<b>(11 830)</b>
Interest income	232	182	4	9	371	408	<b>607</b>	<b>599</b>	(272)	(10)	<b>335</b>	<b>589</b>
Interest expense	-	-	(2 900)	(3 300)	(112)	-	<b>(3 012)</b>	<b>(3 300)</b>	272	10	<b>(2 740)</b>	<b>(3 290)</b>
<b>Net result before taxes</b>	<b>6 684</b>	<b>4 655</b>	<b>716</b>	<b>(10 252)</b>	<b>291</b>	<b>486</b>	<b>7 691</b>	<b>(5 111)</b>	<b>(36)</b>	<b>(68)</b>	<b>7 655</b>	<b>(5 179)</b>
<b>Segment assets</b>	<b>311 263</b>	<b>284 128</b>	<b>434 122</b>	<b>446 525</b>	<b>133 766</b>	<b>111 766</b>	<b>879 151</b>	<b>842 419</b>	<b>(38 036)</b>	<b>(6 586)</b>	<b>841 115</b>	<b>835 833</b>
Unallocated:												
Assets of subsidiaries not included in segment											4 798	3 172
Investment properties											1 231	1 251
Available-for-sale financial assets											22 942	22 728
<b>Total consolidated assets</b>											<b>870 086</b>	<b>862 984</b>
Including additions to non-current assets	1 175	1 715	600	1 134	1	1	<b>1 776</b>	<b>2 850</b>	-	-	<b>1 776</b>	<b>2 850</b>

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

For the period ended 31 March

### 2. Segment information (cont'd)

Reconciliation of segment results to consolidated income statement:

	<b>2013</b>	<b>2012</b>
	EUR thousand	EUR thousand
Segment result	7 655	(5 179)
<b>Reconciliation to profit/ (loss) before taxes:</b>		
General and administrative expenses (excluding depreciation)	(2 438)	(3 354)
Other operating income/ (expenses), net	387	(67)
Other financial income/ (expenses), net	1 626	(1 000)
Adjustments and eliminations	36	68
<b>PROFIT/ (LOSS) BEFORE TAXES:</b>	<b>7 266</b>	<b>(9 532)</b>

\* Impairment of non financial assets in amount of EUR 1 288 thousand relates to the impairment of the fleet recognised in the reporting period of 2013 (2012: EUR 11 830 thousand).



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

### 3. Related party transactions

The related party transactions performed by the *VN Group* during the reporting year can be seen in the table below:

2013		Income	Expenses	Amounts due from related parties	Amounts due to related parties
Related party	Nature of services	LVL thousand	LVL thousand	LVL thousand	LVL thousand
Euromin Holdings (Cyprus) Ltd	Interest income	133	-	47 759	-
Ventspils Tank Services SA	Reloading services/ transportation of oil	19 767	-	1 451	(1 226)
Skonto nafta Ltd	Interest income	1	-	281	-
Mansel Oil Ltd.	Tech.management fee/IT services	60	-	6	-
Mansel Oil Ltd.	Voyage income	3 922	-	33	(457)
Vitol S.A.	Voyage income	430	-	442	-
<b>TOTAL:</b>		<b>24 313</b>	<b>-</b>	<b>49 972</b>	<b>(1 683)</b>
Including:					
Non-current				47 759	-
Current				2 213	-
Deferred income				-	(1 683)
<b>TOTAL:</b>				<b>49 972</b>	<b>(1 683)</b>

The related party transactions performed by the *VN Group* during the previous reporting year can be seen in the table below:

2012		Income	Expenses	Amounts due from related parties	Amounts due to related parties
Related party	Nature of services	LVL thousand	LVL thousand	LVL thousand	LVL thousand
Euromin Holdings (Cyprus) Ltd	Interest income	268	-	47 759	-
Ventspils Tank Services SA	Reloading services/ transportation of oil products	21 410	-	2 333	(1 309)
Mansel Oil Ltd.	Tech.management fee/IT services	56	-	5	-
Mansel Oil Ltd.	Voyage income	3 867	-	-	(1 068)
Vitol S.A.	Voyage income	497	-	2	-
Vitol Bahrain E.C.	Voyage income	109	-	13	-
<b>TOTAL:</b>		<b>26 207</b>	<b>-</b>	<b>50 112</b>	<b>(2 377)</b>
Including:					
Non-current				47 759	-
Current				2 353	-
Deferred income				-	(2 377)
<b>TOTAL:</b>				<b>50 112</b>	<b>(2 377)</b>

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

### 3. Related party transactions (cont'd)

The related party transactions performed by the *VN Group* during the reporting year can be seen in the table below:

Related party	2013 Nature of services	Income EUR thousand	Expenses EUR thousand	Amounts due	Amounts due
				from related parties EUR thousand	to related parties EUR thousand
Euromin Holdings (Cyprus) Ltd	Interest income	189	-	67 955	-
Ventspils Tank Services SA	Reloading services/ transportation of oil	28 126	-	2 065	(1 744)
Skonto nafta Ltd	Interest income	1	-	400	-
Mansel Oil Ltd.	Tech.management fee/IT services	85	-	9	-
Mansel Oil Ltd.	Voyage income	5 581	-	47	(650)
Vitol S.A.	Voyage income	612	-	629	-
<b>TOTAL:</b>		<b>34 594</b>	<b>-</b>	<b>71 105</b>	<b>(2 394)</b>
Including:					
Non-current				67 955	-
Current				3 150	-
Deferred income				-	(2 394)
<b>TOTAL:</b>				<b>71 105</b>	<b>(2 394)</b>

The related party transactions performed by the *VN Group* during the previous reporting year can be seen in the table below:

Related party	2012 Nature of services	Income EUR thousand	Expenses EUR thousand	Amounts due	Amounts due
				from related parties EUR thousand	to related parties EUR thousand
Euromin Holdings (Cyprus) Ltd	Interest income	381	-	67 955	-
Ventspils Tank Services SA	Reloading services/ transportation of oil products	30 464	-	3 320	(1 863)
Mansel Oil Ltd.	Tech.management fee/IT services	80	-	7	-
Mansel Oil Ltd.	Voyage income	5 502	-	-	(1 520)
Vitol S.A.	Voyage income	707	-	3	-
Vitol Bahrain E.C.	Voyage income	155	-	18	-
<b>TOTAL:</b>		<b>37 289</b>	<b>-</b>	<b>71 303</b>	<b>(3 383)</b>
Including:					
Non-current				67 955	-
Current				3 348	-
Deferred income				-	(3 382)
<b>TOTAL:</b>				<b>71 303</b>	<b>(3 382)</b>