



VENTSPILS NAFTA

JSC VENTSPILS NAFTA
UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
30 September 2013

Contents

Information about Ventspils nafta	3
Information on shares	6
Supervisory Council	8
Management Board	11
Statement of Management's responsibilities	12
Interim consolidated income statement	13
Interim consolidated statement of comprehensive income	14
Interim consolidated statement of financial position	15
Interim consolidated statement of cash flows	17
Interim consolidated statement of changes in equity	18
Notes to the unaudited condensed interim consolidated financial statements	20

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.

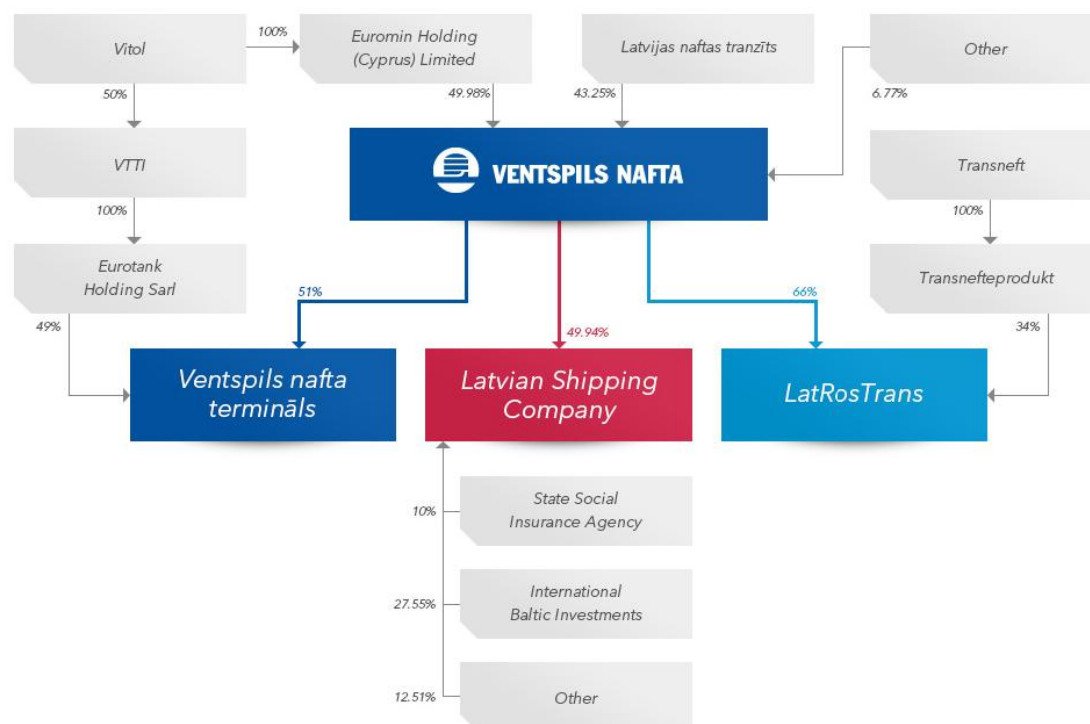
Strategy

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)

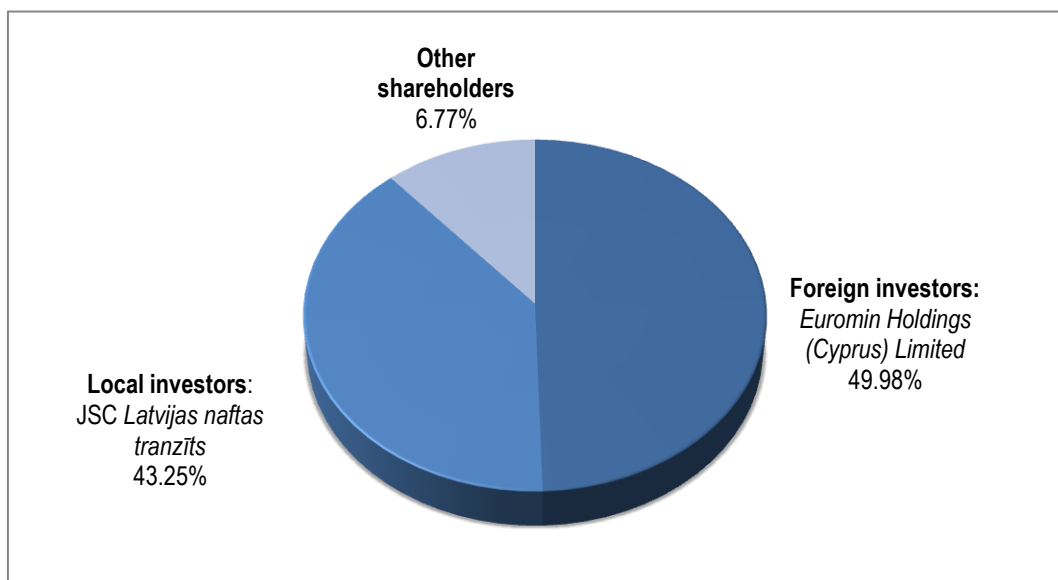
Corporate structure

Corporate structure of JSC Ventspils nafta as at 30 September 2013



Shareholders

Main shareholders (over 5%) of JSC Ventspils nafta as at 30 September 2013



Information on shares

ISIN	LV0000100816
Ticker	VNF1R
Nominal value	1.00 LVL
Total number of securities	104 479 519
Number of listed securities	104 479 519
List	Baltic Main 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 – 30 September 2013)

Open	1.070 LVL
Max	1.170 LVL
Min	0.910 LVL
Last	1.01 LVL
Average price	1.054 LVL
Change	-5.61 %
Deals	859
No of shares traded	287 135
Turnover	289 845.11 LVL
Capitalisation on 2013.09.30	105 524 314.19 LVL

Securities trading history, LVL

Price	2009	2010	2011	2012	Q1-Q3 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	0.910
Last, LVL	0.940	1.400	1.200	1.070	1.010
Traded volume	900 402	1 492 345	1 632 287	1 222 348	287 135
Turnover, million LVL	0.89	2.22	2.32	1.64	0.29
Capitalisation, million LVL	98.21	146.27	125.38	111.79	105.52

Information on shares (cont'd)

Share price in comparison with *NASDAQ OMX Riga* index (1 January 2013 – 30 September 2013)



Index/Equity	01.01.2013	30.09.2013	+/--%
— OMX Riga	395.91	454.09	14.70 ↑
— VNF1R	1.07 LVL	1.01 LVL	-5.61 ↓

Information source: JSC NASDAQ OMX Riga webpage www.nasdaqomxbaltic.com

Supervisory Council

Members of the Council

Vladimir Egger (Chairman of the Council until October 17, 2013)

Mikhail Dvorak (Deputy Chairman of the Council until October 17, 2013)

Javed Ahmed

Rubel Yilmaz

Simon Boddy

Christophe Theophanis Matsacos

Rudolf Meroni

David Guy Anstis

Jānis Berķis

Nauris Berķis

Ivars Bērziņš

The changes in the Council during the period from 1 January 2013 to 19 November 2013 were as follows:

Elected	Dismissed/ Resigned	Name	Position held
25/07/2012	26/06/2013	Olafs Berķis	Member of the Council
25/07/2012	17/10/2013	Oļegs Stepanovs	Member of the Council
25/07/2012	17/10/2013	Igors Skoks	Member of the Council
25/07/2012	17/10/2013	Genādijs Ševcovs	Member of the Council
20/01/2010	17/10/2013	Mark Morrell Ware	Member of the Council
17/10/2013	-	Simon Boddy	Member of the Council
17/10/2013	-	Rudolf Meroni	Member of the Council
17/10/2013	-	David Guy Anstis	Member of the Council
17/10/2013	-	Jānis Berķis	Member of the Council
17/10/2013	-	Nauris Berķis	Member of the Council

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.

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, and was re-elected for a period of 3 years on October 17, 2013. Egger is also a member of the Supervisory Council of the Ventspils nafta subsidiary JSC Latvian Shipping Company. 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, and was re-elected for a period of 3 years on October 17, 2013. Dvorak also holds positions in Ventspils nafta subsidiaries – he is the Deputy Chairman of the Supervisory Council of JSC Latvian Shipping Company, and has been a member of the Supervisory Council of LatRosTrans Ltd since 2010.

Mikhail Dvorak is the Financial Controller of Vitol Group and Finance Director at Vitol Group's companies in the CIS countries, Georgia and the Baltic States. Professional education: he has graduated the Moscow State Linguistic University and the International Institute of Law and Economics in the specialty 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, and was re-elected for a period of 3 years on October 17, 2013. Yilmaz is also holds positions in Ventspils nafta subsidiaries – he is a member of the Supervisory Council of JSC Latvian Shipping Company, and has been a member of the Supervisory Council of Ventspils nafta termināls Ltd since March 1, 2010.

Rubel Yilmaz is the Chief Financial Director of VTTI (Vitol Tank Terminals International). 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.



Simon Boddy is a member of the JSC Ventspils nafta Supervisory Council since 17 October 2013, elected for a period of 3 years. Boddy is also a member of the Supervisory Council of JSC Latvian Shipping Company, a Ventspils nafta subsidiary.

Simon Boddy 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. He was the Chairman of the Management Board of JSC Ventspils Nafta in the time period from January 20, 2010 until September 1, 2013. 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.



Javed Ahmed has worked as a member of the Supervisory Council of Ventspils Nafta since January 20, 2010, and was re-elected for a period of 3 years on October 17, 2013. Ahmed is also a member of the Supervisory Council of JSC Latvian Shipping Company, a Ventspils nafta subsidiary.

Javed Ahmed 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.

Supervisory Council (cont'd)

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



Christophe Theophanis Matsacos has worked as a member of the Supervisory Council of JSC Ventspils Nafta since July 17, 2010, and was re-elected for a period of 3 years on October 17, 2013. Matsacos is also a member of the Supervisory Council of JSC Latvian Shipping Company, a Ventspils nafta subsidiary.

Christophe Matsacos 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.



Rudolf Meroni is a member of the JSC Ventspils nafta Supervisory Council since 17 October 2013, elected for a period of 3 years.

Rudolf Meroni was also on the Supervisory Council of the JSC Ventspils nafta in the time period from July 7, 2010 until July 25, 2012.



David Guy Anstis is a member of the JSC Ventspils nafta Supervisory Council since 17 October 2013, elected for a period of 3 years.

David Guy Anstis has worked on the Management Board of several stevedoring companies in Ventspils. Previously he worked for Moore Stephens LLP, Chartered Accountants, in London, where he was a partner in the International Business Group, focusing on clients in the maritime industry.

Mr David Guy Anstis does not own any shares of JSC Ventspils nafta.



Jānis Berķis is a member of the JSC Ventspils nafta Supervisory Council since 17 October 2013, elected for a period of 3 years.

Jānis Berķis is Deputy Chairman of the Supervisory Council of Noord Natie Ventspils Terminals Ltd since February 2012 and Deputy Chairman of the Supervisory Council of JSC Ventbunkers since February 2013. In June 2010 Janis Berķis became the member of the Supervisory Council of JSC L.V.K., and in March 2011 became the board member of N&J ratio Ltd. Professional education: bachelor's degree in management at the Ventspils University College, MBA at the "Turība" University.

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



Nauris Berķis is a member of the JSC Ventspils nafta Supervisory Council since 17 October 2013, elected for a period of 3 years.

Nauris Berķis is the Chairman of the Supervisory Council of JSC Baltijas Ekspresis since March 2012 and the Chairman of the Supervisory Council of JSC Latvijas Naftas Tranzīts since May 2013. In June 2011 he became the board member of Privātfonds Ltd, whereas from March 2012 he became the board member of N&J Ltd. Professional education: bachelor's degree in management at the Ventspils University College.

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



Ivars Bērziņš has worked as a member of the Supervisory Council of Ventspils Nafta since July 25, 2012, and was re-elected for a period of 3 years on October 17, 2013.

He is a 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	Robert Kirkup
Members of the Board	Boris Bednov Aleksėj Tarasov

The changes in the Board during the period from 1 January 2013 to 19 November 2013 were as follows:

Elected	Dismissed/ Resigned	Name	Position held
16/10/2009	01/09/2013	Simon Boddy	Member of the Board
01/09/2013	-	Robert Kirkup	Member of the Board

Starting with September 1, 2013 the Chairman of the Management Board of JSC Ventspils Nafta Simon Boddy who held the position since January 20, 2010 was replaced by Robert Kirkup.

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

Professional experience of the members of the Management Board



Robert Kirkup is the Chairman of the JSC Ventspils nafta Management Board since 1 September 2013, elected for a period of 3 years. Kirkup also holds positions in Ventspils nafta subsidiaries - he is the Chairman of the Supervisory Councils of LatRosTrans Ltd and JSC Latvian Shipping Company as well as a member of the Supervisory Council of Ventspils nafta termināls Ltd. He has worked in the oil and sugar business for more than 17 years. In 1996 he joined the Vitol Group and has held several positions in trading. Since July 2006 he has been appointed as the Global Head of Sugar at Vitol S.A. In addition he was a member of the World Sugar Committee for the ICE No11 Raw Sugar Futures Contract and still is a member of the Council of the Sugar Association of London, where he is an Arbitrator. Professional education: BA Honours Degree in Business.

Mr. Robert Kirkup 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, and was re-elected for a period of 3 years starting from April 28, 2013.

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. Mendelejev University of Chemical Technology in Russia.

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



Aleksėj Tarasov has worked as a member of the Management Board of JSC Ventspils Nafta since January 6, 2011, and was re-elected for a period of 3 years on June 26, 2013.

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 Aleksėj 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 30 September 2013, changes in shareholders' equity, cash flows and the results of the Group for the nine month period ended 30 September 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:

Robert Kirkup
Chairman of the Management Board
of *Joint Stock Company Ventspils nafta*
Riga, 19 November 2013

Interim consolidated income statement

For the period ended 30 September

	2013 LVL'000	2012 LVL'000	2013 EUR '000	2012 EUR '000
Revenue	90 013	104 436	128 077	148 599
Cost of sales	(68 194)	(85 141)	(97 031)	(121 145)
Gross profit	21 819	19 295	31 046	27 454
General and administrative expense	(5 559)	(6 956)	(7 910)	(9 897)
Selling costs	(13)	(9)	(18)	(13)
Other operating income	884	1 098	1 258	1 562
Other operating expense	(3 672)	(1 075)	(5 225)	(1 530)
Impairment of other non-financial assets	(12 775)	(15 279)	(18 177)	(21 740)
Finance income	831	1 160	1 182	1 651
Finance costs	(6 586)	(7 504)	(9 371)	(10 677)
Loss before tax	(5 071)	(9 270)	(7 215)	(13 190)
Corporate income tax	(324)	(581)	(461)	(827)
Loss for the period	(5 395)	(9 851)	(7 676)	(14 017)
Attributable to:				
Parent company's shareholders	(2 426)	(4 458)	(3 451)	(6 343)
Non-controlling interest	(2 969)	(5 393)	(4 225)	(7 674)
	(5 395)	(9 851)	(7 676)	(14 017)
Loss per share attributable				
to the Parent company's shareholders:	LVL (0,02)	LVL (0,04)	EUR (0,03)	EUR (0,06)
Loss per share	LVL (0,05)	LVL (0,09)	EUR (0,07)	EUR (0,13)

On behalf of the Management Board:

Robert Kirkup
 Chairman of the Management Board
 of *Joint Stock Company Ventspils nafta*

Interim consolidated statement of comprehensive income

For the period ended 30 September

	2013 LVL'000	2012 LVL'000	2013 EUR '000	2012 EUR '000
Loss for the period	(5 395)	(9 851)	(7 676)	(14 017)
Other comprehensive (loss)/ income				
- Foreign currency revaluation reserve	(1 561)	260	(2 221)	370
- Cash flow hedge reserve	323	102	460	145
Other comprehensive (loss)/ income for the period	(1 238)	362	(1 761)	515
Total comprehensive loss for the period	(6 633)	(9 489)	(9 437)	(13 502)
Attributable to:				
Parent company's shareholders	(3 045)	(4 277)	(4 332)	(6 086)
Non-controlling interests	(3 588)	(5 212)	(5 105)	(7 416)
	(6 633)	(9 489)	(9 437)	(13 502)

On behalf of the Management Board:

Robert Kirkup
 Chairman of the Management Board
 of *Joint Stock Company Ventspils nafta*

Interim consolidated statement of financial position

	30.09.2013. LVL'000	31.12.2012. LVL'000	30.09.2013. EUR '000	31.12.2012. EUR '000
Assets				
Non-current assets				
Intangible assets	25 258	25 252	35 939	35 930
Property, plant and equipment	346 424	394 150	492 918	560 825
Investment properties	1 124	1 145	1 599	1 629
Investments in associated entities	7	7	10	10
Loans to affiliated companies	68 686	47 759	97 732	67 955
Other non-current financial assets	21 548	23 780	30 660	33 836
Total non-current assets	463 047	492 093	658 858	700 185
Current assets				
Inventories	2 704	3 051	3 847	4 341
Trade and other receivables	11 773	13 381	16 752	19 041
Short term deposits	36 534	32 512	51 983	46 260
Other current financial assets	16 620	15 996	23 648	22 760
Cash and cash equivalents	30 911	50 619	43 983	72 024
Assets classified as held for sale	6 643	-	9 452	-
Total current assets	105 185	115 559	149 665	164 426
Total assets	568 232	607 652	808 523	864 611

On behalf of the Management Board:

Robert Kirkup
 Chairman of the Management Board
 of *Joint Stock Company Ventspils nafta*

Interim consolidated statement of financial position (cont'd)

	30.09.2013.	31.12.2012.	30.09.2013.	31.12.2012.
	LVL'000	LVL'000	EUR '000	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
Foreign currency revaluation reserve	(7 225)	(6 445)	(10 280)	(9 170)
Cash flow hedge reserve	(340)	(501)	(484)	(713)
Other reserves	123 810	119 729	176 166	170 359
(Loss)/ Profit for the period	(2 426)	4 081	(3 451)	5 807
Equity attributable to equity holders of the parent	260 641	263 686	370 860	375 192
Non-controlling interest	135 321	150 076	192 544	213 539
Total equity	395 962	413 762	563 404	588 731
Non-current liabilities				
Borrowings	115 888	141 227	164 894	200 948
Finance lease	-	12 935	-	18 405
Deferred tax liability	5 141	5 028	7 315	7 154
Deferred income	2 356	2 471	3 352	3 516
Derivative financial instruments	443	643	630	915
Total non-current liabilities	123 828	162 304	176 191	230 938
Current liabilities				
Borrowings	22 311	16 570	31 746	23 577
Finance lease	12 899	768	18 354	1 093
Trade and other payables	10 844	11 069	15 431	15 748
Taxes payable	246	413	350	588
Derivative financial instruments	277	401	394	571
Deferred income	923	1 441	1 313	2 050
Provisions	942	924	1 340	1 315
Total current liabilities	48 442	31 586	68 928	44 942
Total liabilities	172 270	193 890	245 119	275 880
Total equity and liabilities	568 232	607 652	808 523	864 611

On behalf of the Management Board:

Robert Kirkup
 Chairman of the Management Board
 of Joint Stock Company *Ventspils nafta*

Interim consolidated statement of cash flows

For the period ended 30 September

	2013	2012	2013	2012
	LVL'000	LVL'000	EUR'000	EUR'000
Operating activities				
Loss before tax	(5 071)	(9 270)	(7 215)	(13 190)
<u>Adjustments for:</u>				
Depreciation and amortisation	17 067	17 531	24 284	24 944
Loss on disposal of non-financial assets	2 484	10	3 534	14
Currency translation difference	529	(1 072)	753	(1 525)
Interest income	(831)	(1 090)	(1 182)	(1 551)
Interest expense	5 671	7 232	8 069	10 290
Recognized impairment	12 775	15 279	18 177	21 740
	32 624	28 620	46 420	40 722
<u>Working capital adjustments:</u>				
Changes in trade and other receivables and prepayments	3 699	11 184	5 264	15 915
Changes in inventories	353	(520)	502	(740)
Changes in trade and other payables	(38)	(2 858)	(54)	(4 067)
	36 638	36 426	52 132	51 830
Corporate income tax paid	(462)	(733)	(657)	(1 043)
Net cash flows from operating activities	36 176	35 693	51 475	50 787
Net cash flows used in investing activities	(33 087)	(16 740)	(47 079)	(23 819)
Cash flows before financing activities	3 089	18 953	4 396	26 968
Net cash flows used in financing activities	(23 305)	(19 505)	(33 160)	(27 753)
Net decrease in cash and cash equivalents	(20 216)	(552)	(28 764)	(785)
Cash and cash equivalents as at 1 January	50 619	33 304	72 024	47 387
Exchange gain on cash and cash equivalents	508	709	723	1 009
Cash and cash equivalents as at 30 September	30 911	33 461	43 983	47 611

Interim consolidated statement of changes in equity

	Attributable to the equity holders of the parent						Total	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	LVL'000
Balances as of 1 January 2012	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 (loss)/ income	-	-	-	130	51	(4 458)	(4 277)	(5 212)	(9 489)
Balances as of 30 September 2012	104 479	42 343	715	(4 924)	(680)	114 556	256 489	146 240	402 729
Profit for the period	-	-	-	-	-	8 539	8 539	5 181	13 720
Other comprehensive income/ (loss)	-	-	-	(1 521)	179	-	(1 342)	(1 345)	(2 687)
Total comprehensive income/ (loss)	-	-	-	(1 521)	179	8 539	7 197	3 836	11 033
Reclassification of legal reserves	-	-	(715)	-	-	715	-	-	-
Balances as of 31 December 2012	104 479	42 343	-	(6 445)	(501)	123 810	263 686	150 076	413 762
Loss for the period	-	-	-	-	-	(2 426)	(2 426)	(2 969)	(5 395)
Other comprehensive income/ (loss)	-	-	-	(780)	161	-	(619)	(619)	(1 238)
Total comprehensive income/ (loss)	-	-	-	(780)	161	(2 426)	(3 045)	(3 588)	(6 633)
Dividends declared	-	-	-	-	-	-	-	(11 167)	(11 167)
Balances as of 30 September 2013	104 479	42 343	-	(7 225)	(340)	121 384	260 641	135 321	395 962

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
Balances as of 1 January 2012	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	-	-	-	185	72	-	257	258	515
Total comprehensive (loss)/ income	-	-	-	185	72	(6 343)	(6 086)	(7 416)	(13 502)
Balances as of 30 September 2012	148 660	60 249	1 017	(7 006)	(968)	162 998	364 950	208 081	573 031
Profit for the period	-	-	-	-	-	12 151	12 151	7 372	19 523
Other comprehensive income/ (loss)	-	-	-	(2 164)	255	-	(1 909)	(1 914)	(3 823)
Total comprehensive income/ (loss)	-	-	-	(2 164)	255	12 151	10 242	5 458	15 700
Reclassification of legal reserves	-	-	(1 017)	-	-	1 017	-	-	-
Balances as of 31 December 2012	148 660	60 249	-	(9 170)	(713)	176 166	375 192	213 539	588 731
Loss for the period	-	-	-	-	-	(3 451)	(3 451)	(4 225)	(7 676)
Other comprehensive income/ (loss)	-	-	-	(1 110)	229	-	(881)	(880)	(1 761)
Total comprehensive income/ (loss)	-	-	-	(1 110)	229	(3 451)	(4 332)	(5 105)	(9 437)
Dividends declared	-	-	-	-	-	-	-	(15 890)	(15 890)
Balances as of 30 September 2013	148 660	60 249	-	(10 280)	(484)	172 715	370 860	192 544	563 404

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.

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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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:

		30.09.2013.	31.12.2012.	30.09.2012.
As at the reporting period-end	USD/LVL	0.521000	0.531000	0.546000
Average rate per period	USD/LVL	0.533719		0.548607

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 30.09.2013: 1 EUR = 0.702804 LVL, 30.09.2012: 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 30 September

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
Revenue from external customers	47 978	58 501	41 732	45 538	-	-	89 710	104 039	-	-	89 710	104 039
Intersegment revenue	-	-	-	-	92	200	92	200	(92)	(200)	-	-
Voyage costs	-	-	(5 759)	(10 230)	-	-	(5 759)	(10 230)	-	-	(5 759)	(10 230)
Vessel operating costs	-	-	(13 676)	(15 001)	-	-	(13 676)	(15 001)	-	-	(13 676)	(15 001)
Cost of sales (vessel operating costs excluding)	(31 690)	(42 443)	(231)	(281)	-	-	(31 921)	(42 724)	3	-	(31 918)	(42 724)
Result from disposal of non-financial assets	417	(10)	(2 901)	-	-	-	(2 484)	(10)	-	-	(2 484)	(10)
Other revenue	-	-	303	397	-	-	303	397	-	-	303	397
Depreciation and amortisation	(6 184)	(6 079)	(10 876)	(11 437)	(7)	(15)	(17 067)	(17 531)	-	-	(17 067)	(17 531)
Impairment of non-financial assets*	-	-	(12 775)	(15 279)	-	-	(12 775)	(15 279)	-	-	(12 775)	(15 279)
Interest income	557	505	22	12	842	914	1 421	1 431	(595)	(328)	826	1 103
Interest expense	-	-	(6 014)	(7 430)	(241)	(128)	(6 255)	(7 558)	595	328	(5 660)	(7 230)
Net result before taxes	11 078	10 474	(10 175)	(13 711)	686	971	1 589	(2 266)	(89)	(200)	1 500	(2 466)
Segment assets	205 891	205 623	266 260	315 126	102 742	89 591	574 893	610 340	(26 924)	(26 328)	547 969	584 012
Unallocated:												
Assets of subsidiaries not included in segment											3 222	3 663
Investment properties											1 124	872
Available-for-sale financial assets											15 917	16 116
Total consolidated assets											568 232	604 663
Including additions to non-current assets	2 139	3 018	482	2 118	1	1	2 622	5 137	-	-	2 622	5 137

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

For the period ended 30 September

2. Segment information (cont'd)

Reconciliation of segment results to consolidated income statement:

	2013	2012
	LVL thousand	LVL thousand
Segment result	1 500	(2 466)
Reconciliation to loss before taxes:		
General and administrative expenses (excluding depreciation)	(5 462)	(6 827)
Selling expenses	(13)	(9)
Other operating income/ (expenses), net	(264)	49
Other financial income/ (expenses), net	(921)	(217)
Adjustments and eliminations	89	200
LOSS BEFORE TAXES:	(5 071)	(9 270)

* Impairment of non financial assets in amount of LVL 12 775 thousand relates to the impairment of the fleet recognised in the reporting period of 2013 (2012: LVL 15 279 thousand).

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

For the year ended 30 September

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
Revenue from external customers	68 267	83 239	59 379	64 795	-	-	127 646	148 034	-	-	127 646	148 034
Intersegment revenue	-	-	-	-	131	285	131	285	(131)	(285)	-	-
Voyage costs	-	-	(8 194)	(14 556)	-	-	(8 194)	(14 556)	-	-	(8 194)	(14 556)
Vessel operating costs	-	-	(19 459)	(21 345)	-	-	(19 459)	(21 345)	-	-	(19 459)	(21 345)
Cost of sales (vessel operating costs excluding)	(45 091)	(60 392)	(329)	(400)	-	-	(45 420)	(60 792)	4	-	(45 416)	(60 792)
Result from disposal of non-financial assets	593	(14)	(4 128)	-	-	-	(3 535)	(14)	-	-	(3 535)	(14)
Other revenue	-	-	431	565	-	-	431	565	-	-	431	565
Depreciation and amortisation	(8 799)	(8 650)	(15 475)	(16 273)	(10)	(21)	(24 284)	(24 944)	-	-	(24 284)	(24 944)
Impairment of non-financial assets*	-	-	(18 177)	(21 740)	-	-	(18 177)	(21 740)	-	-	(18 177)	(21 740)
Interest income	793	719	31	17	1 198	1 301	2 022	2 037	(847)	(467)	1 175	1 570
Interest expense	-	-	(8 557)	(10 572)	(343)	(182)	(8 900)	(10 754)	847	467	(8 053)	(10 287)
Net result before taxes	15 763	14 902	(14 478)	(19 509)	976	1 383	2 261	(3 224)	(127)	(285)	2 134	(3 509)
Segment assets	292 956	292 575	378 854	448 384	146 191	127 478	818 001	868 437	(38 309)	(37 461)	779 692	830 976
Unallocated:												
Assets of subsidiaries not included in segment											4 584	5 212
Investment properties											1 599	1 241
Available-for-sale financial assets											22 648	22 931
Total consolidated assets											808 523	860 360
Including additions to non-current assets	3 044	4 294	686	3 014	1	1	3 731	7 309	-	-	3 731	7 309

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

For the period ended 30 September

2. Segment information (cont'd)

Reconciliation of segment results to consolidated income statement:

	2013	2012
	EUR thousand	EUR thousand
Segment result	2 134	(3 509)
Reconciliation to loss before taxes:		
General and administrative expenses (excluding depreciation)	(7 772)	(9 714)
Selling expenses	(18)	(13)
Other operating income/ (expenses), net	(376)	70
Other financial income/ (expenses), net	(1 310)	(309)
Adjustments and eliminations	127	285
LOSS BEFORE TAXES:	(7 215)	(13 190)

* Impairment of non financial assets in amount of EUR 18 177 thousand relates to the impairment of the fleet recognised in the reporting period of 2013 (2012: EUR 21 740 thousand).

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

3. Related party transactions

For the period ended 30 September

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

Related party	2013 Nature of services	Income LVL'000	Expenses LVL'000	Amounts due	Amounts due
				from related parties LVL'000	to related parties LVL'000
Euromin Holdings (Cyprus) Ltd	Interest income / Outstanding balances	402	-	47 893	-
Transnefteprodukt AK	Interest income/ Outstanding balances	89	-	10 507	-
Vitol S.A.	Interest income/ Outstanding balances	66	-	10 431	-
Ventspils Tank Services SA	Reloading services and transportation of oil products/ Outstanding balances	48 019	-	399	(1 298)
Latvijas Naftas Tranzīts JSC	Other services/ Outstanding balances	4	-	-	-
Vitol Tank Terminals International B.V.	Consulting and IT services, supply of goods	-	(1)	-	-
Skonto nafta Ltd	Interest income/ Outstanding balances	2	-	284	-
Mansel Oil Ltd.	Tech.management fee and IT services/ Outstanding balances	179	-	6	-
Mansel Oil Ltd.	Voyage income/Outstanding balances	11 929	-	10	(546)
Vitol S.A.	Voyage income/ Outstanding balances	2 988	-	30	-
Vitol S.A.	Selling of oil products	540	-	-	-
TOTAL:		64 218	(1)	69 560	(1 844)

Including:

Non-current	68 686	-
Current	874	(114)
Deferred income	-	(1 730)
TOTAL:		69 560 (1 844)

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

Related party	2012 Nature of services	Income LVL'000	Expenses LVL'000	Amounts due	Amounts due
				from related parties LVL'000	to related parties LVL'000
Euromin Holdings (Cyprus) Ltd	Interest income/ Outstanding balances	648	-	47 759	-
Ventspils Tank Services SA	Reloading services and transportation of oil products/ Outstanding balances	58 304	-	1 278	(1 267)
Mansel Oil Ltd.	Tech.management fee and IT services/ Outstanding balances	164	-	5	-
Mansel Oil Ltd.	Voyage income/ Outstanding balances	11 839	-	84	(542)
Vitol S.A.	Voyage income/ Outstanding balances	2 493	-	-	-
Vitol Bahrain E.C.	Voyage income/ Outstanding balances	112	-	608	-
Vitol S.A.	Selling of crude oil	727	-	-	-
TOTAL:		74 287	-	49 734	(1 809)

Including:

Non-current	47 759	-
Current	1 975	-
Deferred income	-	(1 809)
TOTAL:		49 734 (1 809)

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

3. Related party transactions (cont'd)

For the period ended 30 September

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

Related party	2013 Nature of services	Income EUR'000	Expenses EUR'000	Amounts due	Amounts due
				from related parties EUR'000	to related parties EUR'000
Euromin Holdings (Cyprus) Ltd	Interest income / Outstanding balances	572	-	68 146	-
Transnefteprodukt AK	Interest income/ Outstanding balances	127	-	14 950	-
Vitol S.A.	Interest income/ Outstanding balances	94	-	14 842	-
Ventspils Tank Services SA	Reloading services and transportation of oil products/ Outstanding balances	68 325	-	568	(1 847)
Latvijas Naftas Tranzīts JSC	Other services/ Outstanding balances	6	-	-	-
Vitol Tank Terminals International B.V.	Consulting and IT services, supply of goods	-	(1)	-	-
Skonto nafta Ltd	Interest income/ Outstanding balances	3	-	404	-
Mansel Oil Ltd.	Tech.management fee and IT services/ Outstanding balances	255	-	9	-
Mansel Oil Ltd.	Voyage income/Outstanding balances	16 973	-	14	(777)
Vitol S.A.	Voyage income/ Outstanding balances	4 252	-	43	-
Vitol S.A.	Selling of oil products	768	-	-	-
TOTAL:		91 375	(1)	98 976	(2 624)

Including:

Non-current				97 731	-
Current				1 245	(162)
Deferred income				-	(2 462)
TOTAL:				98 976	(2 624)

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

Related party	2012 Nature of services	Income EUR'000	Expenses EUR'000	Amounts due	Amounts due
				from related parties EUR'000	to related parties EUR'000
Euromin Holdings (Cyprus) Ltd	Interest income/ Outstanding balances	922	-	67 955	-
Ventspils Tank Services SA	Reloading services and transportation of oil products/ Outstanding balances	82 959	-	1 818	(1 803)
Mansel Oil Ltd.	Tech.management fee and IT services/ Outstanding balances	233	-	7	-
Mansel Oil Ltd.	Voyage income/ Outstanding balances	16 845	-	120	(771)
Vitol S.A.	Voyage income/ Outstanding balances	3 547	-	-	-
Vitol Bahrain E.C.	Voyage income/ Outstanding balances	159	-	865	-
Vitol S.A.	Selling of crude oil	1 034	-	-	-
TOTAL:		105 699	-	70 765	(2 574)

Including:

Non-current				67 955	-
Current				2 810	-
Deferred income				-	(2 574)
TOTAL:				70 765	(2 574)