



**VENTSPILS NAFTA**

**JSC VENTSPILS NAFTA  
UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2015**

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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	Elizabetes street 1, Riga, Republic of Latvia, LV-1010
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-1010

## 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; a Latvian-Russian joint venture in the Baltic States *LatRosTrans Ltd*, 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 a fleet 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.

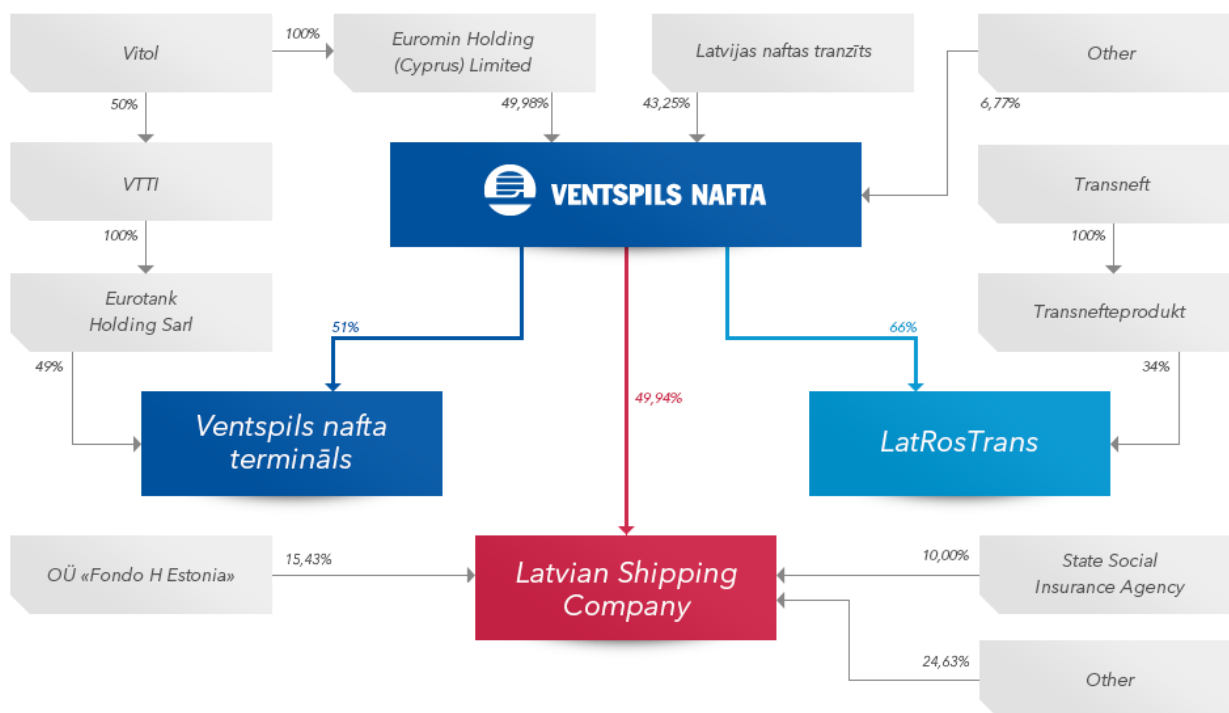
### Strategy

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)

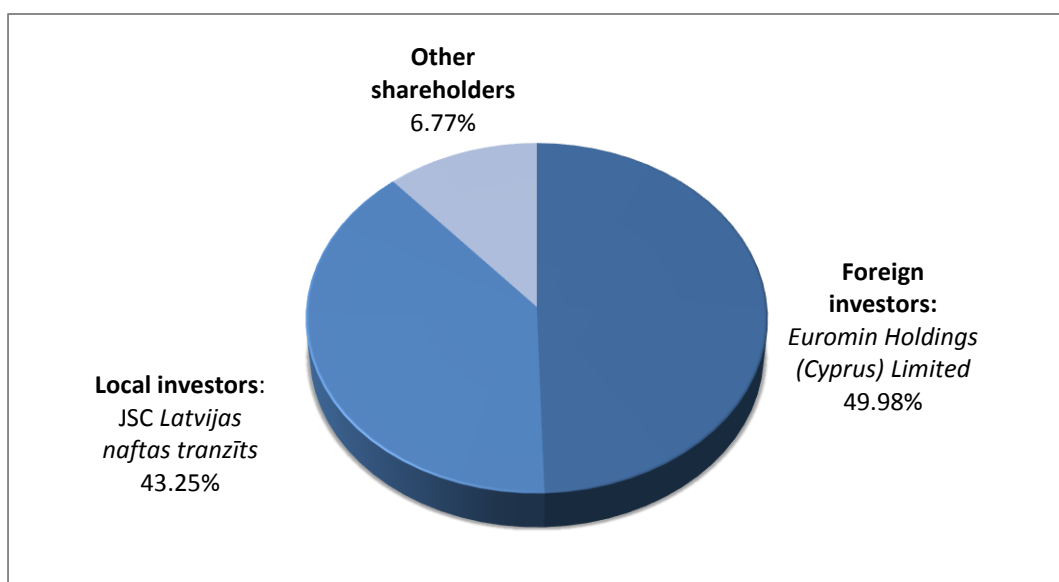
### Corporate structure

Corporate structure of JSC Ventspils nafta as of date when the report is released



### Shareholders

Main shareholders (over 5%) of JSC Ventspils nafta as of date when the report is released

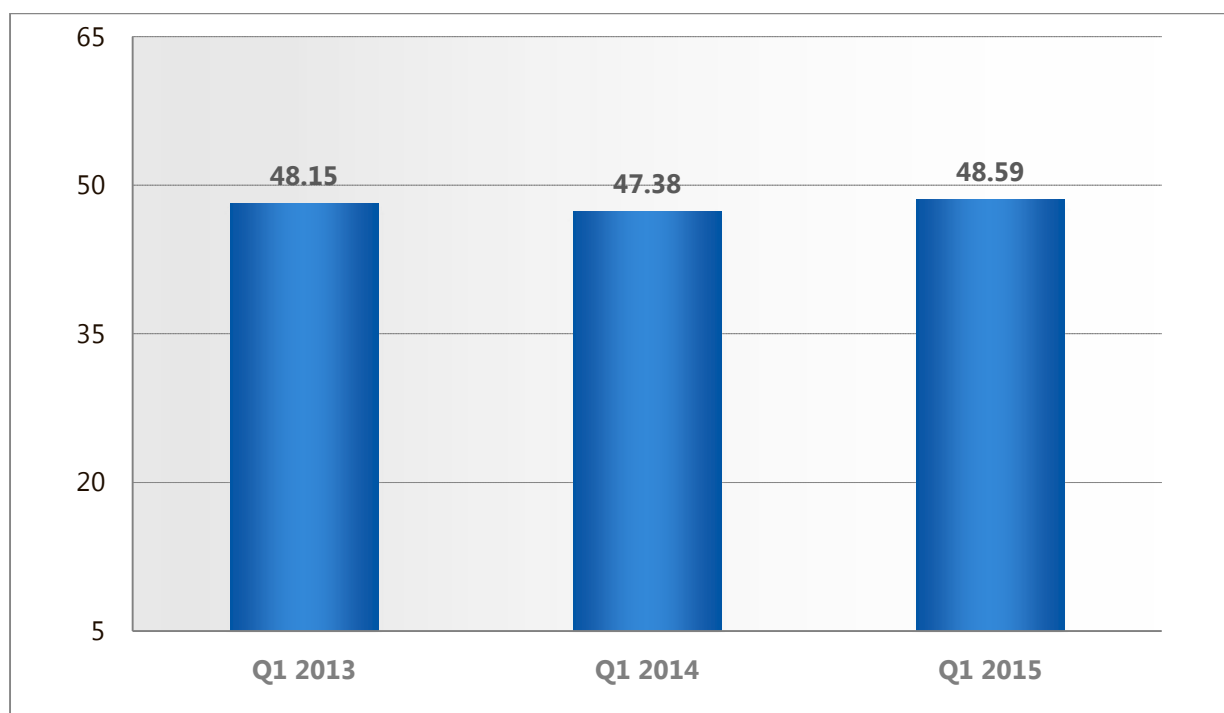


## Information about Ventspils nafta (cont'd)

### Key figures

	Q1/2013	Q1/2014	Q1/2015
<b>Turnover (million EUR)</b>	48.15	47.38	48.59
<b>Net profit (million EUR)</b>	7.06	10.81	12.04
<b>Gross profit before depreciation (million EUR)</b>	19.82	17.10	19.90
<b>% of turnover</b>	41.2%	36.1%	41.0%
<b>EBITDA (million EUR)</b>	19.32	12.94	17.23
<b>% of turnover</b>	40.1%	27.3%	35.4%
<b>EBIT (million EUR)</b>	10.96	7.49	11.82
<b>% of turnover</b>	22.8%	15.8%	24.3%
<b>Return on Assets (%)</b>	0.8%	1.5%	1.7%
<b>Return on Equity (%)</b>	1.19%	2.12%	2.53%
<b>EPS attributable to owners of the parent (EUR)</b>	0.04	0.06	0.07
<b>Liquidity ratio</b>	3.74	3.47	2.49

### Ventspils nafta Group's revenue (million EUR)



## Information on shares

ISIN	LV0000100816
Ticker	VNF1R
Nominal value	1.40 EUR
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 2015 – 31 March 2015)

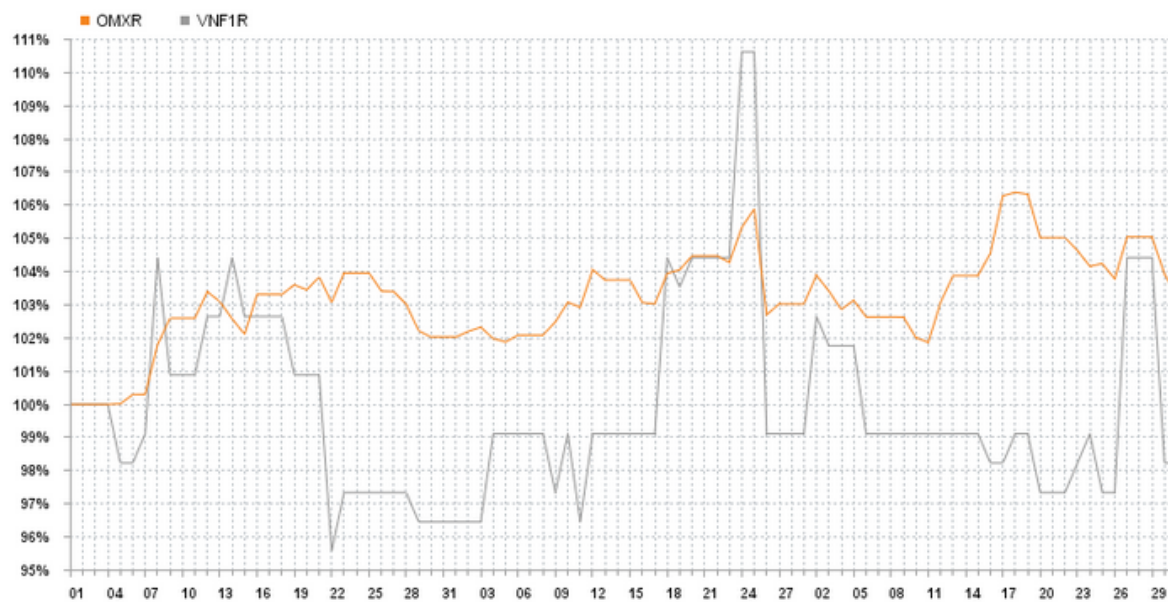
Open	1.130 EUR
Max	1.250 EUR
Min	1.080 EUR
Last	1.110 EUR
Average price	1.130 EUR
Change	-1.77 %
Deals	156
No of shares traded	20 582
Turnover	23 529.36 EUR
Capitalisation on 31.03.2015	115 972 266.09 EUR

## Securities trading history, EUR

Price	2011	2012	2013	2014	Q1/2015
Open, EUR	2.062	1.707	1.522	1.423	1.130
High, EUR	2.104	1.791	1.665	1.500	1.250
Low, EUR	1.441	1.423	1.295	0.954	1.080
Last, EUR	1.707	1.522	1.423	1.130	1.110
Traded volume	1 632 287	1 222 348	305 600	95 771	20 582
Turnover, million EUR	3.30	2.33	0.44	0.11	0.02
Capitalisation, million EUR	178.39	159.07	148.66	118.06	115.97

## Information on shares (cont'd)

### Share price in comparison with *NASDAQ OMX Riga* index (1 January 2015 – 31 March 2015)



Index/Equity	01.01.2015	31.03.2015	+/-%
— OMX Riga	408.03	421.39	3.27 <span style="color: green;">▲</span>
— VNF1R	1.130 EUR	1.110 EUR	-1.77 <span style="color: red;">▼</span>

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



## Supervisory Council

Chairman of the Council	Vladimir Egger
Deputy Chairman of the Council	Rubel Yilmaz
Members of the Council	Andrea Schlaepfer
	Olga Kurenkova
	Varvara Maximova
	Dzmitry Yudzin
	Rudolf Meroni
	David Guy Anstis
	Jānis Berķis
	Nauris Berķis
	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.

The changes in the Council during the period from 1 January 2015 to 25 May 2015 were as follows:

<b>Elected</b>	<b>Dismissed/ Resigned</b>	<b>Name</b>	<b>Position held</b>
27/04/2015	-	Olga Kurenkova	Member of the Council
27/04/2015	-	Dzmitry Yudzin	Member of the Council
17/10/2013	27/04/2015	Simon Boddy	Member of the Council
11/06/2014	27/04/2015	Julia Verschagina	Member of the Council

According to the Supervisory Council's resolution of 14 May 2015, Vladimir Egger was re-elected as the Chairman of the Supervisory Council and Rubel Yilmaz was re-elected as Deputy Chairman of the Supervisory Council respectively.

## 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 April 27, 2015. Vladimir Egger is also Chairman 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.



**Rubel Yilmaz** is the Deputy Chairman of the Supervisory Council of JSC Ventspils nafta. He is a member of the Supervisory Council of JSC Ventspils nafta since January 20, 2010, and was re-elected for a period of 3 years April 27, 2015. Yilmaz 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 Ventspils nafta termināls Ltd since March 1, 2010.

Rubel Yilmaz is the Head of Business Development and Strategy 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.



**Andrea Schlaepfer** is a member of the JSC Ventspils nafta Supervisory Council since 11 June 2014, and was re-elected for a period of 3 years on April 27, 2015. Schlaepfer is also a member of the Supervisory Council of the Ventspils nafta subsidiary JSC Latvian Shipping Company.

Andrea Schlaepfer is Head of Corporate Affairs at Vitol. She joined Vitol in February 2013. Prior to this she was Executive Director of Communications at LCH.Clearnet. She has over 15 years' experience in communications, primarily in the financial sector and has worked in an advisory capacity in communication firms, including Citigate Dewe Rogerson, and as head of European communications for Schroders Investment Management. She has a degree in Philosophy and Modern Languages from the University of Oxford.

Ms. Andrea Schlaepfer does not own any shares of JSC Ventspils nafta.



**Olga Kurenkova** is a member of the JSC Ventspils nafta Supervisory Council since 27 April 2015, elected for a period of 3 years. Kurenkova is also a member of the Supervisory Council of the Ventspils nafta subsidiary JSC Latvian Shipping Company.

Olga Kurenkova works at representative office of "Vitol Services B.V., The Netherlands" since 2012 as a head of logistic department. Previously since 2000 she was employed by representative office of "VNT S.A., Switzerland" as a logistic manager and head of logistic department. O. Kurenkova has graduated Moscow Aircraft Institute (MAI), economical department in 1990.

Ms. Olga Kurenkova does not own any shares of JSC Ventspils nafta.



**Varvara Maximova** is a member of the JSC Ventspils nafta Supervisory Council since 11 June 2014, and was re-elected for a period of 3 years on April 27, 2015. Maximova is also a member of the Supervisory Council of the Ventspils nafta subsidiary JSC Latvian Shipping Company.

Varvara Maximova is employed by Business Development Finance at Vitol since 2013. Previously she has worked for Natixis Bank and VTB Capital in Moscow. V. Maximova has degree in banking and finance from London School of Economics and Political Science and degree in economics from Russian State University "Higher School of Economics".

Ms. Varvara Maximova does not own any shares of JSC Ventspils nafta.

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## Supervisory Council (cont'd)

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



**Dzmitry Yudzin** is a member of the JSC Ventspils nafta Supervisory Council since 27 April 2015 elected for a period of 3 years. Yudzin is also a member of the Supervisory Council of Ventspils nafta subsidiary JSC Latvian Shipping Company.

D. Yudzin has worked for over 5 years in the oil and gas industry. Professional education: degree in Economy from Belarussian National Polytechnic University.

Mr. Dzmitry Yudzin 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, and was re-elected for a period of 3 years on April 27, 2015.

Rudolf Meroni was also on the Supervisory Council of the JSC Ventspils nafta in the 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, and was re-elected for a period of 3 years on April 27, 2015.

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, and was re-elected for a period of 3 years on April 27, 2015.

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, and was re-elected for a period of 3 years on April 27, 2015.

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 April 27, 2015.

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 Aleksej 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 2015 to 25 May 2015.

### 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 Council of LatRosTrans Ltd and the Chairman of the Management Board of JSC Latvian Shipping Company as well as a member of the Supervisory Council of Ventspils nafta termināls Ltd.

In 1996 he joined the Vitol Group and has held a variety of management positions in oil, sugar and metal. 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. Mendeleev University of Chemical Technology in Russia.

Mr. Boris Bednov does not own 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, 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. Aleksej 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 2015, changes in shareholders' equity, cash flows and the results of the Group for the 3 month period ended 31 March 2015.

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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Robert Kirkup  
Chairman of the Management Board  
of *Joint Stock Company Ventspils nafta*  
Riga, 25 May 2015

## Management Report

Dear shareholders,

### Ventspils nafta and its subsidiaries (Group)

The financial results of Ventspils nafta and its subsidiaries (the Group) for Q1 2015 were as follows:

- Net profit of 12.04 million EUR (Q1/2014: 10.81 million EUR).
- Consolidated income rose by 2.6% to 48.59 million EUR (Q1/2014: 47.38 million EUR)
- Gross profit increased by 24.5% to 14.5 million EUR (Q1/2014: 11.65 million EUR).
- Consolidated administrative costs fell by 0.57 million EUR to 2.88 million EUR (Q1/2014: 3.45 million EUR)

Consolidated results were impacted by the following:

- The Group recognized impairment of the fleet in the amount of 1.89 million EUR.
- Profit from foreign exchange movements was 8 million EUR.

Further details on performance of the companies within the Group are described below.

### Ventspils Nafta (VN)

- VN, the holding company, made a net profit of 6.32 million EUR for Q1 2015 (Q1/2014: 6.51 million EUR) largely as a result of dividend income from VN's investment in Ventspils nafta terminals Ltd, which amounted to 6.21 million EUR (Q1/2014: dividend income was 6.37 million EUR);
- Net interest income in Q1 2015 was 0.37 million EUR (Q1/2014: 0.44 million EUR). Interest income fell because two intergroup loans issued by Ventspils nafta in early 2012 and 2013, were repaid in the end of 2014.

### Ventspils nafta terminals (VNT)

- Income fell insignificantly by 0.84 million EUR to 24.1 million EUR (Q1/2014: 24.94 million EUR);
- Gross profit rose to 0.19 million EUR to 4.43 million EUR (Q1/2014: 4.24 million EUR);
- Net profit was 3.59 million EUR in Q1 2015 (Q1/2014: 3.6 million EUR);
- In Q1 2015, 47% of the transhipped amount came by rail or sea, 53% through pipeline.

### LatRosTrans (LRT)

- Volumes of transported petroleum products rose by 2.3% to 1.80 million tonnes (Q1/2014: 1.76 million tonnes);
- In Q1/2015 revenue was 5.23 million EUR (Q1/2014: 5.1 million EUR);
- Gross profits rose 0.15 million EUR to 2.54 million EUR (Q1/2014: 2.39 million EUR);
- Net result in the reporting period was 6.12 million EUR (Q1/2014: 1.77 million EUR). Since a substantial part of LRT's assets is denominated in USD, they are subject to currency exchange risk, therefore the net result of LRT in Q1/2015 was influenced by net profit from exchange rate fluctuations in the amount of 7.4 million EUR, in turn in the comparative period of 1Q/2014 the net result was affected by a loss from exchange rate fluctuations in the amount of 0.47 million EUR;
- During Q1 2015, the share capital of LRT was reduced by 66 million EUR. As of 31 March 2015, the share capital of LRT is 27.5 million EUR. There were no changes in the shareholding structure.

## Management Report (cont'd)

### Latvian Shipping Company (LSC)

- Revenue of Latvian Shipping Company and its subsidiaries (LSC Group) in Q1 2015 was 21.98 million USD (Q1/2014: 23.75 million USD) with a stable net voyage result for the period of 19.93 million USD (Q1/2014: 19.49 million USD);
- Net profit in Q1 2015 was 2.98 million USD (Q1/2014: 7.26 million USD) despite the record-low crude oil prices and volatility in the charter rates;
- A further impairment of the fleet in Q1 2015 in the amount of 2.05 million USD reflected a modest decrease in the fleet value (fleet impairment in Q1 2014 - 13.30 million USD);
- Administrative costs significantly reduced in Q1 2015 – 2.11 million USD due to lower legal costs (Q1/2014: 3.42 million USD);
- Q1 2015 cash positive for the LSC Group; net cash increase 0.64 million USD (net cash decrease in Q1 2014 was 0.03 million USD);
- Fleet operating profit - 13.03 million USD in Q1 2015, higher than in the previous year (Q1/2014: 11.97 million USD);
- No changes in the commercial fleet (sixteen vessels); LSC Shipmanagement Ltd contracted to technically manage two additional third party tankers (twenty vessels in total, including four third party' tankers);
- Disposal of non-core investment in Futbola klubs Ventspils Ltd finalised.

On behalf of the Management Board:

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Robert Kirkup  
Chairman of the Management Board  
of *Joint Stock Company Ventspils nafta*  
Riga, 25 May 2015

## Consolidated income statement

For the period ended 31 March

	<b>2015</b> EUR '000	<b>2014</b> EUR '000
Revenue	48 594	47 376
Cost of sales	(34 099)	(35 727)
<b>Gross profit</b>	<b>14 495</b>	<b>11 649</b>
General and administrative expense	(2 880)	(3 453)
Other operating income	205	15 050
Other operating expense	(3 274)	(460)
Impairment of other non-financial assets	(1 886)	(9 712)
Finance income	8 406	455
Finance costs	(1 986)	(2 541)
<b>Profit before tax</b>	<b>13 080</b>	<b>10 988</b>
Corporate income tax	(1 040)	(174)
<b>Profit for the period</b>	<b>12 040</b>	<b>10 814</b>
Attributable to:		
Parent company's shareholders	7 094	5 799
Non-controlling interest	4 946	5 015
	<b>12 040</b>	<b>10 814</b>
Profit per share attributable		
to the Parent company's shareholders:	EUR 0,07	EUR 0,06
Profit per share	EUR 0,12	EUR 0,10

On behalf of the Management Board:

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



## Consolidated statement of comprehensive income

For the period ended 31 March

	<b>2015</b>	<b>2014</b>
	EUR '000	EUR '000
<b>Profit for the period</b>	<b>12 040</b>	<b>10 814</b>
<b>Other comprehensive income/ (loss)</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
- Exchange differences on translation of foreign operations	14 228	(1 123)
- Net movement on cash flow hedges	(6)	102
<b>Other comprehensive income/ (loss) for the period</b>	<b>14 222</b>	<b>(1 021)</b>
<b>Total comprehensive income for the period</b>	<b>26 262</b>	<b>9 793</b>
Attributable to:		
Parent company's shareholders	14 196	5 289
Non-controlling interests	12 066	4 504
	<b>26 262</b>	<b>9 793</b>

On behalf of the Management Board:

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

## Consolidated statement of financial position

	<b>31.03.2015</b>	<b>31.12.2014</b>
	EUR '000	EUR '000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	11	13
Property, plant and equipment	416 760	388 959
Investment properties	357	359
Loans to affiliated companies	67 955	67 955
Other non-current financial assets	49 253	48 762
<b>Total non-current assets</b>	<b>534 336</b>	<b>506 048</b>
<b>Current assets</b>		
Inventories	3 417	11 238
Trade and other receivables	9 474	10 215
Loans to affiliated companies	19 215	33 434
Short term deposits	48 721	65 938
Other current financial assets	495	412
Cash and cash equivalents	109 834	58 034
<b>Total current assets</b>	<b>191 156</b>	<b>179 271</b>
<b>Total assets</b>	<b>725 492</b>	<b>685 319</b>

On behalf of the Management Board:

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

## Consolidated statement of financial position (cont'd)

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<u>EUR '000</u>	<u>EUR '000</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	146 271	146 271
Share premium	60 248	60 248
Reserve of share capital denomination	2 390	2 390
Foreign currency revaluation reserve	3 252	(3 853)
Cash flow hedge reserve	(287)	(284)
Retained earnings	121 478	129 089
Profit/(loss) for the period	7 094	(7 611)
<b>Equity attributable to equity holders of the parent</b>	<b>340 446</b>	<b>326 250</b>
Non-controlling interest	133 775	150 119
<b>Total equity</b>	<b>474 221</b>	<b>476 369</b>
<b>Non-current liabilities</b>		
Borrowings	168 909	156 205
Deferred tax liability	1 603	1 549
Deferred income	3 773	3 827
Derivative financial instruments	121	119
<b>Total non-current liabilities</b>	<b>174 406</b>	<b>161 700</b>
<b>Current liabilities</b>		
Borrowings	23 852	21 306
Trade and other payables	40 574	17 211
Taxes payable	1 816	3 697
Derivative financial instruments	516	510
Deferred income	1 937	2 439
Dividends payable	5 970	-
Provisions	2 200	2 087
<b>Total current liabilities</b>	<b>76 865</b>	<b>47 250</b>
<b>Total liabilities</b>	<b>251 271</b>	<b>208 950</b>
<b>Total equity and liabilities</b>	<b>725 492</b>	<b>685 319</b>

On behalf of the Management Board:

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

## Consolidated statement of cash flows

For the period ended 31 March

	2015	2014
	EUR'000	EUR'000
<b>Operating activities</b>		
<b>Profit before tax</b>	13 080	10 998
<u>Adjustments for:</u>		
Depreciation and amortisation	5 403	5 454
Change in value of financial instruments	-	(49)
Profit on disposal of non-financial assets	(46)	(17)
Currency translation difference	(4 374)	266
Finance income	(484)	(454)
Finance costs	1 856	1 887
Recognition of other financial assets	-	(14 643)
Profit from disposal of non-current financial assets	(1)	-
Recognized impairment of the fleet and assets classified as held for sale	1 886	9 712
	<b>17 320</b>	<b>13 154</b>
<u>Working capital adjustments:</u>		
Changes in trade and other receivables and prepayments	747	(2 672)
Changes in inventories	7 822	(245)
Changes in trade and other payables	852	2 138
	<b>26 741</b>	<b>12 375</b>
Corporate income tax paid	(3 296)	(177)
<b>Net cash flows generated from operating activities</b>	<b>23 445</b>	<b>12 198</b>
<b>Investing activities</b>		
Proceeds from sale of non-current assets	57	61
Purchase of non-current assets	(795)	(425)
Proceeds from sale of non-current financial assets	1	-
Decrease/ (increase) in short term deposits	17 217	(8 732)
Loans received	18 442	-
Interest received	446	357
<b>Net cash flows generated from/ (used in) investing activities</b>	<b>35 368</b>	<b>(8 739)</b>
<b>Financing activities</b>		
Dividends paid	-	(6 116)
Repayment of borrowings	(5 991)	(5 299)
Interest paid	(1 581)	(1 590)
Prepaid financing expenses	(7)	(194)
<b>Net cash flows used in financing activities</b>	<b>(7 579)</b>	<b>(13 199)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>51 234</b>	<b>(9 740)</b>
Cash and cash equivalents as at 1 January	58 034	51 125
Exchange gain on cash and cash equivalents	566	(8)
<b>Cash and cash equivalents as at 31 March</b>	<b>109 834</b>	<b>41 377</b>

## Consolidated statement of changes in equity

For the period ended 31 March

	Attributable to the equity holders of the parent							Non-controlling interest	Total
	Share capital	Share premium	Reserve of share capital denomination	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	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 2014</b>	<b>148 661</b>	<b>60 248</b>	-	<b>(11 084)</b>	<b>(445)</b>	<b>136 292</b>	<b>333 672</b>	<b>174 660</b>	<b>508 332</b>
Profit for the period	-	-	-	-	-	5 799	5 799	5 015	10 814
Other comprehensive (loss)/ income	-	-	-	(561)	51	-	(510)	(511)	(1 021)
Total comprehensive (loss)/ income	-	-	-	(561)	51	5 799	5 289	4 504	9 793
Dividends declared	-	-	-	-	-	-	-	(6 116)	(6 116)
<b>Balances as of 31 March 2014</b>	<b>148 661</b>	<b>60 248</b>	-	<b>(11 645)</b>	<b>(394)</b>	<b>142 091</b>	<b>338 961</b>	<b>173 048</b>	<b>512 009</b>
Loss for the period	-	-	-	-	-	(13 410)	(13 410)	(11 382)	(24 792)
Other comprehensive income	-	-	-	7 792	110	-	7 902	7 922	15 824
Total comprehensive income/ (loss)	-	-	-	7 792	110	(13 410)	(5 508)	(3 460)	(8 968)
Reserve of share capital denomination	(2 390)	-	2 390	-	-	-	-	-	-
Other reserves	-	-	-	-	-	(7 295)	(7 295)	(7 312)	(14 607)
Effect of subsidiaries's share capital reduction	-	-	-	-	-	-	-	(12 250)	(12 250)
Other adjustments	-	-	-	-	-	92	92	93	185
<b>Balances as of 31 December 2014</b>	<b>146 271</b>	<b>60 248</b>	<b>2 390</b>	<b>(3 853)</b>	<b>(284)</b>	<b>121 478</b>	<b>326 250</b>	<b>150 119</b>	<b>476 369</b>
Profit for the period	-	-	-	-	-	7 094	7 094	4 946	12 040
Other comprehensive income/ (loss)	-	-	-	7 105	(3)	-	7 102	7 120	14 222
Total comprehensive income/ (loss)	-	-	-	7 105	(3)	7 094	14 196	12 066	26 262
Effect of subsidiary's share capital reduction	-	-	-	-	-	-	-	(22 440)	(22 440)
Dividends declared	-	-	-	-	-	-	-	(5 970)	(5 970)
<b>Balances as of 31 March 2015</b>	<b>146 271</b>	<b>60 248</b>	<b>2 390</b>	<b>3 252</b>	<b>(287)</b>	<b>128 572</b>	<b>340 446</b>	<b>133 775</b>	<b>474 221</b>

## Notes to the unaudited condensed 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 2014, which were prepared in accordance with International Financial Reporting Standards as adopted by EU.

The Group's unaudited condensed interim consolidated financial statements are presented in Euros (EUR), 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 Euros (EUR), 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 of the Group entities denominated in other currencies are translated into functional currency at the rate of exchange prevailing at the end of financial 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; and
- all resulting exchange differences are recognised in other comprehensive income.

ECB (the European Central Bank) rate of exchange as at 31.03.2015 EUR/USD – 1.0845 (average – 1.129774)

ECB (the European Central Bank) rate of exchange as at 31.03.2014 EUR/USD – 1.3759 (average – 1.369255)

ECB (the European Central Bank) rate of exchange as at 31.12.2014 EUR/USD – 1.2141

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

For the period ended 31 March

### 2. Segment information

	Storage and reloading of oil products		Transportation of oil products via pipeline		Shipping		Holding activities		Total segments		Adjustments and eliminations		Consolidated	
	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000	2015 EUR'000	2014 EUR'000
<b>Revenue from external customers</b>	<b>24 097</b>	<b>24 939</b>	<b>5 226</b>	<b>5 098</b>	<b>19 098</b>	<b>17 276</b>	-	-	<b>48 421</b>	<b>47 313</b>	-	-	<b>48 421</b>	<b>47 313</b>
Intersegment revenue	-	-	-	-	18	7	19	12	<b>37</b>	<b>19</b>	(37)	(19)	-	-
Voyage costs	-	-	-	-	(1 738)	(3 042)	-	-	<b>(1 738)</b>	<b>(3 042)</b>	-	-	<b>(1 738)</b>	<b>(3 042)</b>
Vessel operating costs	-	-	-	-	(6 180)	(5 491)	-	-	<b>(6 180)</b>	<b>(5 491)</b>	-	-	<b>(6 180)</b>	<b>(5 491)</b>
Cost of sales (vessel operating costs excluding)	(18 221)	(19 310)	(2 492)	(2 430)	(134)	(72)	-	-	<b>(20 847)</b>	<b>(21 812)</b>	-	-	<b>(20 847)</b>	<b>(21 812)</b>
Administrative expenses	(456)	(441)	(320)	(335)	(1 846)	(2 426)	(197)	(174)	<b>(2 819)</b>	<b>(3 376)</b>	37	24	<b>(2 782)</b>	<b>(3 352)</b>
Result from disposal of non-financial assets	29	44	12	-	5	(14)	-	(13)	<b>46</b>	<b>17</b>	-	-	<b>46</b>	<b>17</b>
Other revenue	-	-	-	-	169	63	4	-	<b>173</b>	<b>63</b>	-	-	<b>173</b>	<b>63</b>
Depreciation and amortisation	(1 517)	(1 461)	(201)	(285)	(3 682)	(3 704)	(3)	(4)	<b>(5 403)</b>	<b>(5 454)</b>	-	-	<b>(5 403)</b>	<b>(5 454)</b>
Impairment of non-financial assets*	-	-	-	-	(1 886)	(9 712)	-	-	<b>(1 886)</b>	<b>(9 712)</b>	-	-	<b>(1 886)</b>	<b>(9 712)</b>
Interest income	18	39	286	227	91	51	428	441	<b>823</b>	<b>758</b>	(340)	(305)	<b>483</b>	<b>453</b>
Interest expense	-	-	-	-	(2 044)	(2 077)	(144)	(110)	<b>(2 188)</b>	<b>(2 187)</b>	340	312	<b>(1 848)</b>	<b>(1 875)</b>
<b>Net result before tax</b>	<b>3 950</b>	<b>3 810</b>	<b>2 511</b>	<b>2 275</b>	<b>1 871</b>	<b>(9 141)</b>	<b>107</b>	<b>152</b>	<b>8 439</b>	<b>(2 904)</b>	-	<b>12</b>	<b>8 439</b>	<b>(2 892)</b>
<b>Segment assets</b>	<b>119 203</b>	<b>116 400</b>	<b>103 054</b>	<b>98 847</b>	<b>336 652</b>	<b>327 184</b>	<b>217 888</b>	<b>165 747</b>	<b>776 797</b>	<b>708 178</b>	<b>(99 044)</b>	<b>(44 461)</b>	<b>677 753</b>	<b>663 717</b>
Unallocated:														
Assets of subsidiaries not included in segment													4 197	3 778
Investment properties													357	359
Available-for-sale financial assets													16 465	16 465
<b>Total consolidated assets</b>													<b>698 772</b>	<b>684 319</b>
Including additions to non-current assets	473	3 030	151	2 451	714	279	-	5	<b>1 338</b>	<b>5 765</b>	-	-	<b>1 338</b>	<b>5 765</b>

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

For the period ended 31 March

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

Reconciliation of segment results to consolidated income statement:

	2015	2014
	EUR'000	EUR'000
Net result before taxes for reportable segment	8 439	(2 892)
<b>Reconciliation to profit before taxes:</b>		
Administrative expenses	(29)	(28)
Other operating income/ (expenses), net	(3 115)	14 579
Other financial income/ (expenses), net	7 785	(659)
Adjustments and eliminations	-	(12)
<b>PROFIT BEFORE TAXES:</b>	<b>13 080</b>	<b>10 988</b>

Impairment of non-financial assets in the amount of EUR 1 886 thousand relates to the impairment of the fleet recognised in the reporting period of 2015 (2014: EUR 9 712 thousand).

In the annual report for 2014 the business activities of previously reported operating segment – *Crude oil and oil products* was split into two reportable segments *Storage and reloading of oil products* and *Transportation of oil products via pipeline*. Comparative information for 3 month period of 2014 was adjusted accordingly.



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

For the period ended 31 March

### 3. Related party transactions

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

Related party	Nature of services	Q1 2015		31.03.2015	
		Income EUR'000	Expense EUR'000	Amounts due from related parties EUR'000	Amounts due to related parties EUR'000
Euromin Holdings (Cyprus) Ltd	Interest income/ Outstanding balances	176	-	68 001	-
Vitol Baltics Ltd	Rental costs/Management and accounting services/ Outstanding balances	9	-	9	-
Transnefteprodukt AK	Interest income/ Outstanding balances	72	-	19 215	-
Ventspils Tank Services SA	Reloading services and transportation of oil products/ Outstanding balances	28 895	-	2 980	(1 508)
Transnefteprodukt AK	Accounts payable resulting from decrease of share capital	-	-	-	(22 440)
Eurotank Holding SARL	Accounts payable resulting from decrease of share capital	-	-	-	(2 450)
Eurotank Holding SARL	Dividends payable	-	-	-	(5 970)
Vitol Tank Terminals International B.V.	Consulting and IT services, supply of goods/ Outstanding balances	-	-	-	(45)
ITANK B.V.	IT services/ Outstanding balances	-	-	-	(208)
Ventspils Tank Services SA	Storage of oil/ Outstanding balances	-	(1 965)	-	-
Latvijas Naftas Tranzits JSC	Other services/ Outstanding balances	-	-	6	-
Latvijas Naftas Tranzits JSC	Interest expense/ Outstanding balances	-	(7)	-	(2 086)
Minority shareholders of Skonto nafta Ltd.	Interest income/ Outstanding balances	1	-	411	-
Mansel Oil Ltd.	Tech.management fee and IT services/ Outstanding balances	92	-	16	-
Mansel Oil Ltd.	Voyage income/ Outstanding balances	5 533	-	-	(849)
Vitol S.A.	Voyage income/ Outstanding balances	1 969	-	-	-
Vitol S.A.	Selling of crude oil	8 820	-	-	-
Vitol S.A.	Interest income/ Outstanding balances	55	-	19	-
	<b>TOTAL:</b>	<b>45 622</b>	<b>(1 972)</b>	<b>90 657</b>	<b>(35 556)</b>
Including:					
Non-current				67 955	-
Current				22 702	(33 199)
Deferred income				-	(2 357)
				<b>TOTAL:</b>	<b>90 657 (35 556)</b>

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

For the period ended 31 March

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

The related party transactions performed by the *VN Group* during the previous reporting period and as at 31 December 2014 can be seen in the table below:

Related party	Nature of services	Q1 2014		31.12.2014	
		Income EUR'000	Expense EUR'000	Amounts due from related parties EUR'000	Amounts due to related parties EUR'000
Euromin Holdings (Cyprus) Ltd	Interest income/ Outstanding balances	204	-	68 002	-
Vitol Baltics Ltd	Rental costs/Management and accounting services/ Outstanding balances	-	-	69	-
Transnefteprodukt AK	Interest income/ Outstanding balances	65	-	16 961	-
Ventspils Tank Services SA	Reloading services and transportation of oil products/ Outstanding balances	29 587	-	2 480	(1 537)
Eurotank Holding SARL	Accounts payable resulting from decrease of share capital	-	-	-	(2 450)
Vitol Tank Terminals International B.V.	Consulting and IT services, supply of goods/ Outstanding balances	-	-	-	(20)
ITANK B.V.	IT services/ Outstanding balances	-	-	-	(208)
Ventspils Tank Services SA	Storage of oil/ Outstanding balances	-	-	-	(500)
Latvijas Naftas Tranzits JSC	Other services/ Outstanding balances	-	-	13	-
Latvijas Naftas Tranzits JSC	Interest expense/ Outstanding balances	-	(11)	-	(2 079)
Minority shareholders of Skonto nafta Ltd.	Interest income/ Outstanding balances	1	-	410	-
Mansel Oil Ltd.	Tech.management fee and IT services/ Outstanding balances	70	-	5	-
Mansel Oil Ltd.	Voyage income/ Outstanding balances	4 660	-	9	(50)
Vitol S.A.	Voyage income/ Outstanding balances	1 103	-	-	-
Vitol S.A.	Interest income/ Outstanding balances	44	-	16 490	-
Vitol Inc	Voyage income/ Outstanding balances	389	-	-	-
<b>TOTAL:</b>		<b>36 123</b>	<b>(11)</b>	<b>104 439</b>	<b>(6 844)</b>
Including:					
Non-current				67 955	-
Current				36 484	(5 257)
Deferred income				-	(1 587)
<b>TOTAL:</b>				<b>104 439</b>	<b>(6 844)</b>