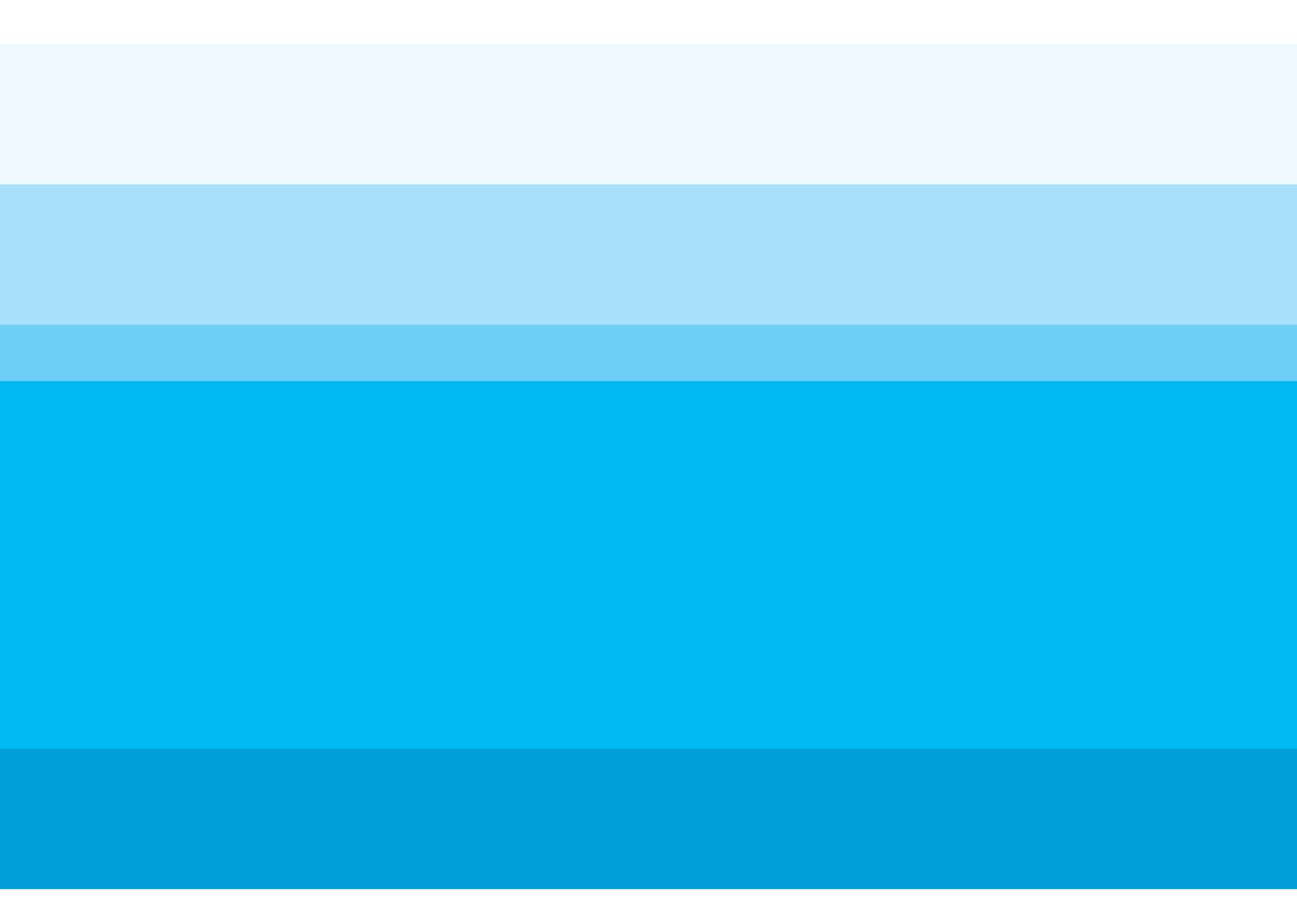


Vostok  
Nafta  
Investment  
Ltd

Six  
Months  
Report

January–  
June  
2012



- The Board has resolved to convene an EGM to be held on August 29, 2012 to consider the approval of the distribution of SEK 18.00 per SDR through a share split in combination with a mandatory redemption procedure. Under the Board's proposal, each SDR will be divided into two SDRs, of which one will be redeemed. Altogether, the proposal means that approximately USD 242 million will be distributed to SDR holders.
- Net result for the period was USD 31.27 million (mln) (January 1, 2011–June 30, 2011: 34.33). Earnings per share were USD 0.33 (0.34). Net result for the quarter was USD –13.20 mln (–33.60). Earnings per share for the quarter were USD –0.14 (–0.33).
- The net asset value of the company was USD 495.39 mln on June 30, 2012 (December 31, 2011: 492.08), corresponding to USD 5.24 (December 31, 2011: 4.93) per share. Given a SEK/USD exchange rate of 6.9632 the values were SEK 3,449.53 mln (December 31, 2011: 3,406.84 mln) and SEK 36.51 (December 31, 2011: 34.12), respectively.
- The group's net asset value per share in USD increased by 5.83% over the period January 1, 2012–June 30, 2012. During the same period the RTS index decreased by 2.27% in USD terms. During the quarter April 1, 2012–June 30, 2012 the group's net asset value per share in USD decreased by 2.76% (RTS index: –17.54%).
- During the second quarter 2012, Vostok Nafta repurchased 3,700,462 SDRs (shares). The number of outstanding shares at the end of the period was 91,704,195.
- After the end of the period, Vostok Nafta has repurchased 1,750,822 SDRs (shares).
- Vostok Nafta has after the end of the period completely divested the preferred share position in TNK-BP with insignificant positive effect.
- The reported net asset value per share of Vostok Nafta as of July 31, 2012 was USD 5.63 (SEK 38.33).

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

## Management report

The board of directors have yesterday decided to propose a disbursement of our cash holdings, making up just under 50% of the company's NAV, to our shareholders through a share split and subsequent compulsory share redemption programme. This is subject to an Extraordinary General Meeting scheduled for August 29th which, if the proposal is approved, will be followed by a two week trading window in the redemption shares. Value date is planned for October 2nd. There is an information brochure covering all aspects of the proposed transaction which is available on the company's website [www.vostoknafta.com](http://www.vostoknafta.com).

Since our last report we have basically exited our whole portfolio of Russian listed holdings. As previously communicated this was started during the beginning of the year using the opportunity of a rising Russian equity market on the back of increasing global risk appetite as well as the price for oil moving higher. Pricing for Russian assets has since moved around a bit but all in all we have felt that even though there remains potential upside in our portfolio of Russian listed holdings, the risk reward ratio, after the strong start to the year and the persistent low level of global risk appetite, has deteriorated. These exits have led to a situation where, as mentioned above, a significant part of our portfolio is sitting in cash. Post the disbursement of cash four major shareholdings, Tinkoff Credit Systems, Black Earth Farming, Avito and RusForest will make up about 80% of the remaining portfolio.

The background to this development is a change in strategy of the company. During its first 10 years Vostok Nafta was one of few actors on the Russian capital markets. However over the past 5 years the diversity of money managers active across the entirety of the listed segment of the market has

grown. Another way of saying this is that whilst in the 1990s and early 2000s demand for capital was scarce and there was not a lot of it around, there is nowadays more supply of capital. Demand is still there but the increased number of sources of capital has led to returns coming down. Vostok Nafta started out investing in the nascent Russian equity market in the mid-1990s when potential returns were high. As the potential return of the broader market came down we increasingly moved over to less liquid names to be able to fill our high hurdle rates. Around 2005 we further ventured out into unlisted investments, or private equity.

Of the two parts of our portfolio, the Russian listed part is certainly easier to replicate through investments into one of the many available equity funds out there, than the private equity part of it.

Hence the proposal by the board of directors to distribute the cash generated by the exits from our listed portfolio in my view makes a lot of sense. One attribute of Vostok Nafta that I have always liked is that no one has been incentivized to keep the assets large, especially if they do not have the potential to live up to the high hurdle rates that we seek. Cash certainly can't give us those returns, and we do not have immediate investment opportunities that we believe make sense for us. Should our shareholders want to maintain exposure to the listed segment of the Russian market there are ample opportunities providing exposure to the Russian capital market around to invest the cash received from Vostok Nafta in. The remaining portfolio, however, does have the potential to throw off great returns. Avito and Tinkoff Credit Systems were both continuing to perform well over the past quarter. New investors have come in during the year with high expectations of investment returns from the levels where we have them marked. At Black Earth Farming, improvements in opera-

tions have been significant under the stewardship of Richard Warburton and his crew and on top of this the company seems on track to be able to produce a good harvest at the same time as prices remain high. At RusForest, production is yet to take off and the market in its stock has grown tired of waiting, but with improving execution my hunch is that sentiment around the core of the investment case which is the company's forestry assets will change drastically for the better.

The "new" portfolio is more focused and more difficult to replicate elsewhere (yes – Black Earth Farming and RusForest are possible to buy directly, but our blocks are not possible to replicate at current valuations). All positions have strong prospects and I strongly believe they will perform well and create value for our shareholders.

August 2012,  
[Per Brilioth](#)

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

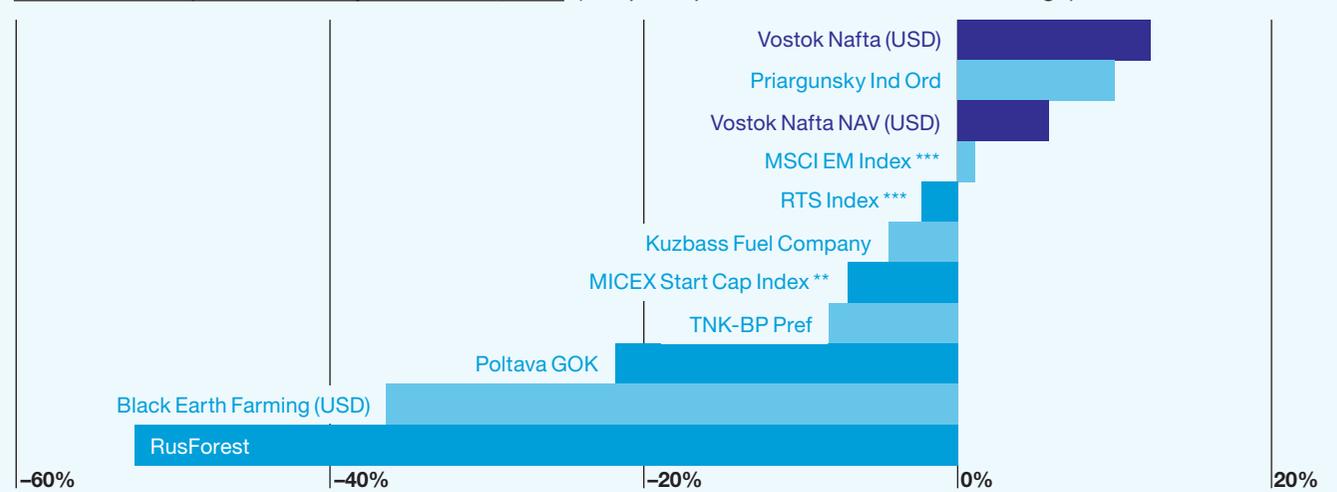
### Vostok Nafta's portfolio development

The group's net asset value per share in USD increased by 5.83% over the period January 1, 2012–June 30, 2012. During the same period the RTS index decreased by 2.27% in USD terms. During the quarter April 1, 2012–June 30, 2012 the group's net asset value per share in USD decreased by 2.76% (RTS index: –17.54%).

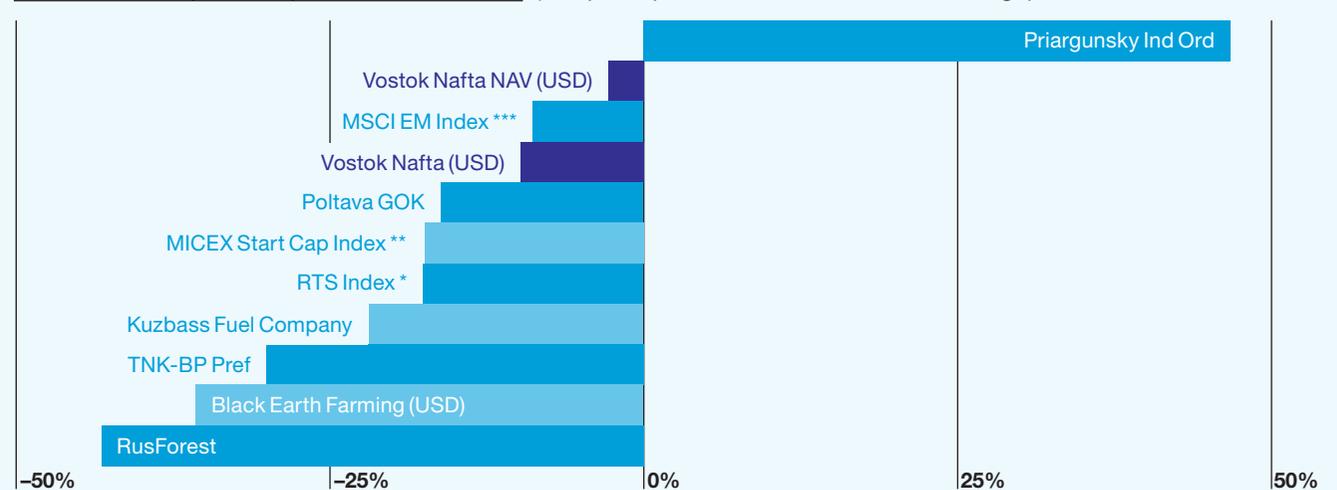
### Portfolio structure

The investment portfolio stated at market value as at June 30, 2012 is shown on the next page. Vostok Nafta's three biggest investments are Tinkoff Credit Systems (29.6%), TNK-BP Holding (20.1%) and Avito (16.8%).

Percent development January 1–June 30, 2012 (last price paid on relevant stock exchange)



Percent development April 1–June 30, 2012 (last price paid on relevant stock exchange)



\* The RTS Index (Russian Trading System Index) is a capitalization-weighted index. The index is comprised of stocks traded on the Russian Trading System and uses free-float adjusted shares.  
 \*\* The MICEX Start Cap Index is a real-time cap-weighted index of 50 stocks of Russian small cap companies.  
 \*\*\* The MSCI EM Index (Morgan Stanley Capital International Emerging Markets Index) is a free float weighted equity index that consists of indices in 26 emerging economies.

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

Number of shares	Company	Fair value, USD Jun 30, 2012	Percent- age- weight	Value per share, USD Jun 30, 2012	Value per share, USD Dec 31, 2011
30,888,704	Black Earth Farming	39,036,699	12.9%	1.26	1.99 2
406,156,995	Clean Tech East Holding	1,166,580	0.4%	0.00	0.00 2
1,006,513	Tinkoff Credit Systems (Egidaco), equity 4	89,435,024	29.6%	88.86	46.25 1
140,826,045	RusForest, equity RusForest, Issued call options	19,010,851	6.3%	0.13	0.74 2
50,000	Vosvik (Avito and Yellow Pages) 4	50,687,909	16.8%	1,013.76	755.80 2
	<b>Growth Capital and Private Equity, Total</b>	<b>199,283,437</b>	<b>65.9%</b>		

Number of shares	Company	Fair value, USD Jun 30, 2012	Percent- age- weight	Value per share, USD Jun 30, 2012	Value per share, USD Dec 31, 2011
1,765,000	Agrowill	328,851	0.1%	0.19	0.18 1
5,364,850	Caspian Services	112,662	0.0%	0.02	0.08 1
272,106	Dakor	108,842	0.0%	0.40	10.34 1
1,600,000	Kamkabel	160,000	0.1%	0.10	0.10 1
3,500,000	Kuzbass Fuel Company	15,050,000	5.0%	4.30	4.50 1
2,618,241	Kyrgyzenergo	168,688	0.1%	0.06	0.06 1
85,332	Podolsky Cement	104,062	0.0%	1.22	1.25 1
3,004,498	Poltava GOK	4,917,087	1.6%	1.64	2.09 1
113,072	Priargunsky Ind Ord	12,437,920	4.1%	110.00	100.00 1
11,709	Priargunsky Ind Pref	386,397	0.1%	33.00	50.00 1
1,442,400	Shalkiya Zinc GDR	14,424	0.0%	0.01	0.07 1
623,800	TKS Real Estate	785	0.0%	0.00	0.83 1
29,485,027	TNK-BP Holding Pref	60,646,666	20.1%	2.06	2.24 1
1,215,000	Tuimazy Concrete Mixers	1,215,000	0.4%	1.00	2.27 1
154,334	Varyoganneftegaz Pref	1,080,338	0.4%	7.00	11.00 1
	<b>Financial Portfolio Investments, Total</b>	<b>96,731,722</b>	<b>32.0%</b>		
	<b>Short term trades</b>	<b>6,225,570</b>	<b>2.1%</b>		
	<b>Other current loan receivables</b>	<b>44,034</b>	<b>0.0%</b>		<b>3</b>
	<b>Grand Total</b>	<b>302,284,763</b>	<b>100.0%</b>		

1. These investments are shown in the balance sheet as financial assets at fair value through profit or loss.

2. These investments are shown in the balance sheet as investments in associated companies.

3. These investments are shown in the balance sheet as current loan and other receivables.

4. Private equity investment.

Vostok Nafta's portfolio as at June 30, 2012

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

## Black Earth Farming

Black Earth Farming (BEF) is a leading farming company, publicly listed in Stockholm and operating in Russia. The company's main products are wheat, barley, corn, sunflowers and rapeseeds. BEF's business concept is to acquire and consolidate zero or low yielding land assets in the Russian Black Earth region, which holds one of the most fertile soils in the world. Russian agricultural land is significantly undervalued, both in comparative terms and in relation to its inherent production potential. Unproductive land can currently be acquired at a significant discount in an international comparison, but with large appreciation potential. By introducing modern agricultural farming practices there is also a vast opportunity to significantly increase productivity in terms of crops yielded per hectare of land, thus increasing the land value. As of December 31, 2011, BEF held 260,000 hectares of land in full ownership, corresponding to 82% of the total controlled land bank of 318,000 hectares. 40,000 hectares are held under long-term lease. At the same time operating improvements are ongoing with substantial long term potential for increased production and profitability.

- BEF has obtained a USD 25 million credit facility from its two major shareholders Kinnevik New Ventures and Vostok Nafta to fund working capital needs. The seasonality of the farming business involves large working capital outflows prior to harvest and until sales of new crop commences during the second half of the calendar year. The facility is unsecured, carries an annual interest rate of 11% and matures in June 2013. BEF can however at its sole discretion prepay the entire loan at any time prior to the maturity date.
- Revenue from goods sold during 1Q12 increased by 425% y-o-y to approximately USD 22.8 million as 120 thousand tons of crop were sold in 2012 vs. 17 thousand in 2011. EBITDA for the period amounted to approximately USD –3.6 million versus USD -8.5 million in 2011. Excluding revaluation effects of biological assets, inventory and cost of sales EBITDA for 1Q 2012 was USD 1.8 million vs. –4.4 million in 2011. Second quarter results will be released on August 24, 2012.
- Late spring has delayed spring seeding but with better y-o-y operational progress. Total 2012 crop area expected slightly lower at approximately 225 thousand hectares with a reduced area of lower margin crops. The drought in Russia is seen continuing with less than the average amount of rainfall expected in grain producing regions this month, according to Russia's state weather centre. A lack of rainfall can affect late crops in North Caucasus, Black Earth regions in central Russia and in the Volga area.

## Black Earth Farming

Vostok Nafta's number of shares as at June 30, 2012	30,888,704
Total Value (USD)	39,036,699
Share of total Net Asset Value	7.7%
Share of total shares outstanding	24.8%
Share development	
January 1–June 30, 2012 (in USD)	–36.4%
Share development	
April 1–June 30, 2012 (in USD)	–35.6%

*During the second quarter 2012 Vostok Nafta has purchased 0 shares and sold 0 shares in Black Earth Farming.*

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

## Avito

Avito is the largest and fastest growing online trading platform in Russia, and the number of monthly unique visitors continued to grow at a rapid pace during 2011. The company has obtained a leading position in terms of visitors and number of ads, distancing itself from its competitors. Once market dominance is achieved the business model has great potential in terms of profitability judging by the experience in other countries. Avito is already the leading brand and has the highest brand awareness in Moscow and St. Petersburg, with the goal to achieve close to 100% in the long term. Compared to western countries, Russia has a very low proportion of internet users in relation to the total population. Although the growth rate is significant, the current internet penetration in Russia is low in relative terms but very high in absolute terms. By 2013 internet users in Russia are expected to reach over 90 million, with a penetration rate of 67%. The market for internet related services is expected to grow significantly in correlation with an increased internet penetration and the number of Russians who want to buy things online grew exponentially over the past year. A record 6.1 million Russians made online purchases last year, an increase of 16.5% compared to 5.2 million in 2010. Avito attracts close to 30 million monthly unique users who browse a total of more than 2 billion pages and spend on average one hour a month on the site. More than 6 million new items are added every month by over 3 million users.

- In May 2012, Avito announced that it received USD 75 million in new funding from Baring Vostok Private Equity, Accel Partners, and existing investors Kinnevik and Northzone. The new funds will be used to fuel the company's growth throughout Russia. Vostok Nafta did not participate in the new funding. In connection with this transaction, we have revalued our stake in Avito upwards in the Net Asset Value report per May 31, 2012. In doing so, we applied a discount to the value assigned to the preferred shares issued in the transaction to arrive at an imputed value of our own ordinary shares.

## Avito\*

Vostok Nafta's number of shares as at June 30, 2012	5,975,579
Total Value (USD)	50,645,087
Share of total Net Asset Value	10.0%
Share of total shares outstanding	16.9%
Value development	
January 1–June 30, 2012 (in USD)	34.2%
Value development	
April 1–June 30, 2012 (in USD)	34.2%

*During the second quarter 2012 Vostok Nafta has purchased 0 shares and sold 0 shares in Avito.*

*\* The shares in Avito are owned through the holding company Vosvik AB.*

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

### Tinkoff Credit Systems

Tinkoff Credit Systems (TCS) is Russia's first and only dedicated credit card lending institution. Based in Moscow, TCS Bank issues credit cards to customers in all of Russia's regions. TCS's senior management consists of a team of experienced professionals formerly employed by Visa, McKinsey and several top Russian banks. The bank operates a branchless business model using online and direct mail as its main customer recruitment and distribution channels. On the servicing side, TCS's call centre is one of the leaders in Russia. The advanced underwriting process and customer acquisition by invitation only limits the risk of fraud and exposure to less desirable customers, thus reducing the credit risk. The low-cost business model is flexible with a proven ability to rapidly grow and effectively service the credit card portfolio. Russian consumer lending is expected to reach new heights due to lower costs of risk and higher consumer spending, and the company is singularly focused on issuing and servicing consumer credit cards. By combining a purpose-built platform with dedicated staff and IT systems, TCS can serve millions of customers. During 2003–07, the Russian credit card market doubled in size every year. After slowing during the 2008–09 crisis, it started growing again in 2010.

- In April 2012, TCS successfully placed a USD 50 mln domestic bond maturing in 2015 with a put option in April 2013. With 72 orders coming from a well-diversified group of investors, the order book ran with an 87% oversubscription. This enabled the company to cut off at a 13.25% coupon rate, down from the initial price guidance of 13.5–14.0%.
- In May 2012, USD 50 million was invested by Baring Vostok Private Equity in Tinkoff Credit Systems to support further growth. Based on this transaction, we have revalued our stake in TCS upwards in the Net Asset Value report per May 31, 2012.

### Tinkoff Credit Systems

Vostok Nafta's number of shares as at June 30, 2012	1,006,513
Total Value (USD)	89,435,024
Share of total Net Asset Value	17.7%
Share of total shares outstanding	14.6%
Value development	
January 1–June 30, 2012	92.1%
Value development	
April 1–June 30, 2012	92.1%

*During the second quarter 2012 Vostok Nafta has purchased 0 shares and sold 0 shares in Tinkoff Credit Systems.*

## RusForest

RusForest is active within the forestry sector in Eastern Siberia and the Arkhangelsk region of Russia. The company was established in 2006 through the acquisitions of Tuba-Les and PIK-89 in the Irkutsk region. Since then, RusForest has reached a considerable scale, both in terms of forest resources and sawmilling capacity, through strategic acquisitions and brownfield development projects. Through long term lease agreements the company controls approximately 3 million hectares of forest land with an AAC of around 3.6 million m<sup>3</sup>. Increases in controlled forest land come from the acquisition of NTG in Arkhangelsk, new forest leases in Magistralny as well as two acquired harvesting companies in Boguchany during 2011. RusForest's principal business concept is to refine the prime quality pine, spruce and larch logs from its forest leases into a wide range of sawnwood products of which a smaller share is attributable to planed products, including flooring and other interior products. The Group's total sawmilling capacity, which currently amounts to approximately 350,000 m<sup>3</sup> of sawnwood, is expected to, after completion of ongoing investments, gradually increase to 500,000–550,000 m<sup>3</sup> of sawnwood. There is significant potential (of up to 800,000–850,000 m<sup>3</sup> of sawnwood) within the limit of the maximum allowable harvesting. By increasing its sawmilling capacity as well as adding other value-adding activities RusForest will continue to develop its vast resource and unlock its potential. The aim is to apply Scandinavian best practices to a Russian cost base, which should have the potential of offering among the lowest production costs in the world. RusForest's goal is to develop into a leading independent integrated forestry and sawmilling company in Russia, with an annual harvest of 2.7–2.9 million m<sup>3</sup> and an annual sawnwood produc-

- tion of 800,000–850,000 m<sup>3</sup> during the coming four to five years.
- The share issue in RusForest, for which the subscription period ended on April 4, 2012, was fully subscribed. The rights issue has provided RusForest with approximately SEK 452 million before costs related to the rights issue. The number of shares in RusForest increased by 383,230,776 shares from 95,807,694 shares to a total of 479,038,470 shares and the share capital increased by SEK 383,230,776 from SEK 95,807,694 to SEK 479,038,470. Vostok Nafta participated in the rights issue and the share ownership remained unchanged at 29.4%.
  - The Group's production volumes improved in Q1 2012 versus Q4 2011 both in harvesting and in sawmilling. Eight new harvesting groups finally arrived at their destinations during Q4 and were fully launched in Arkhangelsk, Boguchany and Magistralny which significantly improved harvesting volumes towards the end of the fourth quarter and into the first quarter. Severny Les (Arkhangelsk) showed record high harvesting results in March 2012.
  - The results for the first quarter were very disappointing. In particular, earnings were below expectations as sawnwood sales were weaker than expected. Other reason for the poor result were revenue delay from Q1 production deferred to Q2 sales and one-off expenses.
  - RusForest has appointed Garrett Soden as CEO, effective immediately. Mr Soden was previously CFO of Etrion Corporation and has extensive experience in emerging markets. Mr Hermansson

will continue to support the Company in his role as General Director of RusForest Management in Moscow.

### RusForest

Vostok Nafta's number of shares as at June 30, 2012	140,826,045
Total Value (USD)	19,010,851
Share of total Net Asset Value	3.8%
Share of total shares outstanding	29.4%
Share development	
January 1–June 30, 2012 (in USD)	–52.4%
Share development	
April 1–June 30, 2012 (in USD)	–43.1%

*During the second quarter 2012 Vostok Nafta's number of shares increased by 112,660,836 to 140,826,045 through participation in the rights issue.*

# Six Months Report Covering the Period January 1, 2012–June 30, 2012

## Investments

During the second quarter gross investments in financial assets were USD 11.25 (35.64) mln and proceeds from sales were USD 96.24(16.51) mln.

Major changes of shares in the portfolio during the second quarter were:

### Purchases

+ 112,660,836 RusForest (through participation in rights issue)

### Sales

– 63,500 Gornozavodsk Cement  
– 11,509,294,872 Inter RAO  
– 266,760 Acron  
– 8,000,000 Alrosa  
– 16,434 Gaisky GOK  
– 13,454,303 Steppe Cement  
– 1,068,573 TNK-BP Pref

## Group – results for the period and net asset value

During the period, the result from financial assets at fair value through profit or loss amounted to USD 59.27 (21.97) mln. Result from investments in associated companies was USD –30.74 (0.59) mln. Result from loan receivables was USD 2.36 (1.43) mln. Dividend income, net of withholding tax expenses, was USD 4.34 (12.48) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD –2.31 (–2.43) mln.

Net financial items were USD –0.36 (0.31) mln.

Net result for the period was USD 31.27 (34.33) mln.

Total shareholders' equity amounted to USD 495.39 mln on June 30, 2012 (December 31, 2011: 492.08).

## Group – results for the quarter

During the quarter, the result from financial assets at fair value through profit or loss amounted to USD 3.00 (–4.02) mln. Result from investments in associated companies was USD –16.62 (–29.31) mln. Result from loan receivables was USD 0.56 (0.07) mln. Dividend income, net of withholding tax expenses, was USD 1.43 (0.93) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD –1.24 (–1.23) mln.

Net financial items were USD –0.34 (–0.03) mln.

Net result for the quarter was USD –13.20 (–33.60) mln.

## Liquid assets

The liquid assets of the group, defined as cash and bank deposits adjusted for concluded but not yet settled share transactions, amounted to USD 188.79 mln on June 30, 2012 (December 31, 2011: 37.67).

(Expressed in USD thousands)	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Apr 1, 2012– Jun 30, 2012	Apr 1, 2011– Jun 30, 2011
<b>Result from financial assets at fair value through profit or loss <sup>1</sup></b>	<b>59,270</b>	<b>21,966</b>	<b>3,001</b>	<b>-4,020</b>
<b>Result from investments in associated companies</b>	<b>-30,739</b>	<b>586</b>	<b>-16,615</b>	<b>-29,314</b>
<b>Result from loan receivables <sup>1</sup></b>	<b>2,358</b>	<b>1,426</b>	<b>561</b>	<b>70</b>
<b>Dividend income</b>	<b>1,510</b>	<b>14,682</b>	<b>1,510</b>	<b>1,090</b>
<b>Other operating income</b>	<b>189</b>	<b>136</b>	<b>118</b>	<b>75</b>
<b>Total operating income</b>	<b>32,587</b>	<b>38,796</b>	<b>-11,424</b>	<b>-32,100</b>
<b>Operating expenses</b>	<b>-2,496</b>	<b>-2,571</b>	<b>-1,354</b>	<b>-1,308</b>
<b>Dividend withholding tax expenses</b>	<b>2,830</b>	<b>-2,202</b>	<b>-75</b>	<b>-163</b>
<b>Other operating expenses</b>	<b>-1,286</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating result</b>	<b>31,635</b>	<b>34,022</b>	<b>-12,854</b>	<b>-33,571</b>
<b>Financial income and expenses</b>				
<b>Interest income</b>	<b>144</b>	<b>45</b>	<b>130</b>	<b>33</b>
<b>Interest expense</b>	<b>-1</b>	<b>-</b>	<b>-1</b>	<b>-</b>
<b>Currency exchange gains/losses, net</b>	<b>-506</b>	<b>237</b>	<b>-473</b>	<b>-78</b>
<b>Other financial income</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>16</b>
<b>Net financial items</b>	<b>-363</b>	<b>314</b>	<b>-344</b>	<b>-29</b>
<b>Result before tax</b>	<b>31,272</b>	<b>34,336</b>	<b>-13,198</b>	<b>-33,600</b>
<b>Taxation</b>	<b>-</b>	<b>-2</b>	<b>-</b>	<b>-</b>
<b>Net result for the financial period</b>	<b>31,272</b>	<b>34,335</b>	<b>-13,198</b>	<b>-33,600</b>
<b>Earnings per share (in USD)</b>	<b>0.33</b>	<b>0.34</b>	<b>-0.14</b>	<b>-0.33</b>
<b>Diluted earnings per share (in USD)</b>	<b>0.33</b>	<b>0.34</b>	<b>-0.14</b>	<b>-0.33</b>

1. Interest on loan receivables which are considered parts of the investment portfolio is presented in the income statement as 'Result from loan receivables' among operating income items. Interest on other loans and receivables is presented in the income statement as 'Interest income' among financial items. Realized and unrealized exchange gains/losses on loan receivables which are considered parts of the investment portfolio are presented in the income statement as 'Result from loan receivables'. Financial assets at fair value through profit or loss (including listed bonds) are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise.

## Income statements – Group

(Expressed in USD thousands)	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Apr 1, 2012– Jun 30, 2012	Apr 1, 2011– Jun 30, 2011
<b>Net result for the financial period</b>	<b>31,272</b>	<b>34,335</b>	<b>-13,198</b>	<b>-33,600</b>
<b>Other comprehensive income for the period</b>				
<b>Currency translation differences</b>	<b>111</b>	<b>158</b>	<b>-20</b>	<b>31</b>
<b>Total other comprehensive income for the period</b>	<b>111</b>	<b>158</b>	<b>-20</b>	<b>31</b>
<b>Total comprehensive income for the period</b>	<b>31,383</b>	<b>34,493</b>	<b>-13,217</b>	<b>-33,570</b>

Total comprehensive income for the periods above is entirely attributable to the equity holders of the parent company.

## Statement of comprehensive income

(Expressed in USD thousands)	Jun 30, 2012	Dec 31, 2011
<b>NON CURRENT ASSETS</b>		
<b>Tangible non current assets</b>		
Property, plant and equipment	25	36
<b>Total tangible non current assets</b>	<b>25</b>	<b>36</b>
<b>Financial non current assets</b>		
Financial assets at fair value through profit or loss	192,392	324,768
Investment in associated companies	109,848	120,416
Loan receivables	-	9,102
Deferred tax asset	-	35
<b>Total financial non current assets</b>	<b>302,241</b>	<b>454,321</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	188,793	37,665
Loan receivables	44	-
Receivables from related parties	13	-
Unsettled trades	5,190	-
Tax receivables	264	325
Other current receivables	147	1,447
<b>Total current assets</b>	<b>194,450</b>	<b>39,438</b>
<b>TOTAL ASSETS</b>	<b>496,716</b>	<b>493,794</b>
<b>SHAREHOLDERS' EQUITY</b> (including net result for the financial period)		
	495,393	492,078
<b>CURRENT LIABILITIES</b>		
<b>Non-interest bearing current liabilities</b>		
Tax payables	288	424
Other current liabilities	910	907
Accrued expenses	125	386
<b>Total current liabilities</b>	<b>1,323</b>	<b>1,717</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>496,716</b>	<b>493,794</b>

## Balance sheets – Group

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2011	100,991	192,029	-924	333,334	625,430
<b>Net result for the period</b>					
January 1, 2011 to June 30, 2011	-	-	-	34,335	34,335
<b>Other comprehensive income for the period</b>					
Currency translation differences	-	-	158	-	158
<b>Total comprehensive income for the period January 1, 2011 to June 30, 2011</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>34,335</b>	<b>34,493</b>
<b>Transactions with owners:</b>					
<b>Employees share option scheme:</b>					
- value of employee services	-	12	-	-	12
	-	12	-	-	12
<b>Balance at June 30, 2011</b>	<b>100,991</b>	<b>192,041</b>	<b>-766</b>	<b>367,669</b>	<b>659,935</b>
Balance at January 1, 2012	98,470	185,382	-1,007	209,232	492,078
<b>Net result for the period</b>					
January 1, 2012 to June 30, 2012	-	-	-	31,272	31,272
<b>Other comprehensive income for the period</b>					
Currency translation differences	-	-	111	-	111
<b>Total comprehensive income for the period January 1, 2012 to June 30, 2012</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>31,272</b>	<b>31,383</b>
<b>Transactions with owners:</b>					
<b>Employees share option scheme:</b>					
- value of employee services	-	-	-	-	-
Buy back of own shares	-6,766	-21,302	-	-	-28,068
	-6,766	-21,302	-	-	-28,068
<b>Balance at June 30, 2012</b>	<b>91,704</b>	<b>164,080</b>	<b>-896</b>	<b>240,505</b>	<b>495,393</b>

## Statement of Changes in Equity – Group

(Expressed in USD thousands)

Jan 1, 2012– Jan 1, 2011– Jan 1, 2011–  
Jun 30, 2012 Jun 30, 2011 Dec 31, 2011**OPERATING ACTIVITIES**

	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Jan 1, 2011– Dec 31, 2011
<b>Result before tax</b>	<b>31,272</b>	<b>34,336</b>	<b>-124,239</b>
<b>Adjustment for:</b>			
Interest income	-144	-45	-103
Interest expense	1	-	-
Currency exchange gains/-losses	506	-237	417
Depreciations and write downs	14	60	101
<b>Result from financial assets at fair value through profit or loss</b>	<b>-59,270</b>	<b>-21,966</b>	<b>53,876</b>
<b>Result from investments in associated companies</b>	<b>30,739</b>	<b>-586</b>	<b>87,956</b>
<b>Result from loan receivables</b>	<b>-2,358</b>	<b>-1,426</b>	<b>-1,178</b>
<b>Dividend income</b>	<b>-1,510</b>	<b>-14,682</b>	<b>-27,893</b>
<b>Other non-cash items</b>	<b>1,286</b>	<b>2</b>	<b>1,559</b>
<b>Change in current receivables</b>	<b>133</b>	<b>271</b>	<b>266</b>
<b>Change in current liabilities</b>	<b>-258</b>	<b>-702</b>	<b>48</b>
<b>Net cash used in/from operating activities</b>	<b>413</b>	<b>-4,975</b>	<b>-9,190</b>
<b>Investments in financial assets</b>	<b>-47,804</b>	<b>-50,982</b>	<b>-102,942</b>
<b>Sales of financial assets</b>	<b>235,752</b>	<b>30,099</b>	<b>116,745</b>
<b>Increase/decrease in loan receivables</b>	<b>-10,248</b>	<b>11,346</b>	<b>5,312</b>
<b>Dividend received</b>	<b>1,510</b>	<b>14,682</b>	<b>27,893</b>
<b>Interest received</b>	<b>144</b>	<b>45</b>	<b>103</b>
<b>Interest paid</b>	<b>-1</b>	<b>-</b>	<b>-</b>
<b>Tax paid</b>	<b>-75</b>	<b>20</b>	<b>-151</b>
<b>Net cash flow from/used in operating activities</b>	<b>179,691</b>	<b>235</b>	<b>37,769</b>
<b>INVESTING ACTIVITIES</b>			
<b>Investments in office equipment</b>	<b>-4</b>	<b>-</b>	<b>-</b>
<b>Disposal, Group companies</b>	<b>-</b>	<b>-</b>	<b>40</b>
<b>Net cash flow from/used in investing activities</b>	<b>-4</b>	<b>-</b>	<b>40</b>
<b>FINANCING ACTIVITIES</b>			
<b>Proceeds from issue of warrants</b>	<b>-</b>	<b>10</b>	<b>-</b>
<b>Buy back of own shares</b>	<b>-28,068</b>	<b>-</b>	<b>-9,180</b>
<b>Net cash flow from financing activities</b>	<b>-28,068</b>	<b>10</b>	<b>-9,180</b>
<b>Change in cash and cash equivalents</b>	<b>151,619</b>	<b>245</b>	<b>28,630</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>37,665</b>	<b>9,448</b>	<b>9,448</b>
<b>Exchange gains/losses on cash and cash equivalents</b>	<b>-490</b>	<b>292</b>	<b>-414</b>
<b>Cash and cash equivalents at end of period</b>	<b>188,793</b>	<b>9,985</b>	<b>37,665</b>

# Cash flow statements

## – Group

6m 2012

6m 2011

<b>Return on capital employed, % (01)</b>	<b>6.33</b>	<b>5.34</b>
<b>Equity ratio, % (02)</b>	<b>99.73</b>	<b>99.83</b>
<b>Shareholders' equity/share, USD (03)</b>	<b>5.24</b>	<b>6.53</b>
<b>Earnings/share, USD (04)</b>	<b>0.33</b>	<b>0.34</b>
<b>Diluted earnings/share, USD (05)</b>	<b>0.33</b>	<b>0.34</b>
<b>Net asset value/share, USD (06)</b>	<b>5.24</b>	<b>6.53</b>
<b>Weighted average number of shares for the financial period</b>	<b>95,796,110</b>	<b>100,990,975</b>
<b>Weighted average number of shares for the financial period (fully diluted)</b>	<b>95,796,110</b>	<b>101,975,975</b>
<b>Number of shares at balance sheet date</b>	<b>91,704,195</b>	<b>100,990,975</b>

01. Return on capital employed is defined as the Group's result for the period plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the period). Return on capital employed is not annualised.
02. Equity ratio is defined as shareholders' equity in relation to total assets.
03. Shareholders' equity/share USD is defined as shareholders' equity divided by total number of shares.
04. Earnings/share USD is defined as result for the period divided by average weighted number of shares for the period.
05. Diluted earnings/share USD is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.
06. Net asset value/share USD is defined as shareholders' equity divided by total number of shares.

# Key financial ratios

## – Group

(Expressed in USD thousands)	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Apr 1, 2012– Jun 30, 2012	Apr 1, 2011– Jun 30, 2011
<b>Operating expenses</b>	<b>-2,263</b>	<b>-2,277</b>	<b>-1,195</b>	<b>-1,184</b>
<b>Operating result</b>	<b>-2,263</b>	<b>-2,277</b>	<b>-1,195</b>	<b>-1,184</b>
<b>Financial income and expenses</b>				
<b>Interest income</b>	<b>9,063</b>	<b>7,969</b>	<b>4,464</b>	<b>2,050</b>
<b>Currency exchange gains/losses, net</b>	<b>-70</b>	<b>56</b>	<b>11</b>	<b>7</b>
<b>Net financial items</b>	<b>8,993</b>	<b>8,025</b>	<b>4,475</b>	<b>2,057</b>
<b>Net result for the financial period</b>	<b>6,729</b>	<b>5,748</b>	<b>3,279</b>	<b>873</b>

(Expressed in USD thousands)	Jan 1, 2012– Jun 30, 2012	Jan 1, 2011– Jun 30, 2011	Apr 1, 2012– Jun 30, 2012	Apr 1, 2011– Jun 30, 2011
<b>Net result for the financial period</b>	<b>6,729</b>	<b>5,748</b>	<b>3,279</b>	<b>873</b>
<b>Other comprehensive income for the period</b>				
<b>Currency translation differences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>6,729</b>	<b>5,748</b>	<b>3,279</b>	<b>873</b>

## Income statement – Parent

## Statement of com- prehensive income

(Expressed in USD thousands) Jun 30, 2012 Dec 31, 2011

#### NON CURRENT ASSETS

Financial non current assets		
Shares in subsidiaries	184,412	184,412
Receivables from Group companies	284,909	307,731
<b>Total financial non current assets</b>	<b>469,321</b>	<b>492,143</b>

#### CURRENT ASSETS

Cash and cash equivalents	132	71
Other current receivables	7	83
<b>Total current assets</b>	<b>139</b>	<b>154</b>

**TOTAL ASSETS** 469,460 492,297

#### SHAREHOLDERS' EQUITY

(including net result for the financial period) 468,821 490,160

#### CURRENT LIABILITIES

Non-interest bearing current liabilities		
Liabilities to group companies	570	1,833
Other current liabilities	21	8
Accrued expenses	48	297
<b>Total current liabilities</b>	<b>639</b>	<b>2,137</b>

**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** 469,460 492,297

## Balance sheet – Parent

(Expressed in USD thousands) Share Capital Additional paid in capital Retained earnings Total

Balance at January 1, 2011	100,991	192,029	214,152	507,172
<b>Net result for the period</b>				
January 1, 2011 to June 30, 2011	–	–	5,748	5,748
<b>Other comprehensive income for the period</b>				
Currency translation differences	–	–	–	–
<b>Total comprehensive income for the period January 1, 2011 to June 30, 2011</b>	<b>–</b>	<b>–</b>	<b>5,748</b>	<b>5,748</b>
<b>Transactions with owners:</b>				
Employees share option scheme:				
– value of employee services	–	12	–	12
	–	12	–	12
<b>Balance at June 30, 2011</b>	<b>100,991</b>	<b>192,041</b>	<b>219,900</b>	<b>512,932</b>

Balance at January 1, 2012	98,470	185,382	206,308	490,160
<b>Net result for the period</b>				
January 1, 2012 to June 30, 2012	–	–	6,729	6,729
<b>Other comprehensive income for the period</b>				
Currency translation differences	–	–	–	–
<b>Total comprehensive income for the period January 1, 2012 to June 30, 2012</b>	<b>–</b>	<b>–</b>	<b>6,729</b>	<b>6,729</b>
<b>Transactions with owners:</b>				
Employees share option scheme:				
– value of employee services	–	–	–	–
Buy back of own shares	–6,766	–21,302	–	–28,068
	–6,766	–21,302	–	–28,068
<b>Balance at June 30, 2012</b>	<b>91,704</b>	<b>164,081</b>	<b>213,038</b>	<b>468,821</b>

## Statement of Changes in Equity – Parent

## Note 1 Accounting principles

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the consolidated accounts for Vostok Nafta Investment Ltd 2011.

## Note 2 Related party transactions

During the period Vostok Nafta has recognized the following related party transactions:

USD thousand	Vostok Gas	Associated companies	2012 Lundin family and group of companies	Key management	Vostok Gas	Associated companies	2011 Lundin family and group of companies	Key management
<b>Items of the income statement</b>								
Income from loan receivables	-	1,719 <sup>1</sup>	-	-	-	185	-	-
Other operating income	-	15 <sup>2</sup>	174 <sup>2</sup>	-	-	16	102	-
Operating expenses	-	-	-90 <sup>3</sup>	-551 <sup>4</sup>	-	-	-90	-576
Interest expenses	-	-	-	-	-	-	-	-
<b>Balance sheet items</b>								
Non current loan receivables	-	-	-	-	-	-	-	-
Current loan receivables	-	-	-	-	-	4,047	-	-
Other current receivables	-	-	13 <sup>2</sup>	-	-	-	9	-
Retained earnings	-	-	-	-	-	-	-	-12
Other current liabilities and accrued expenses	-	-9 <sup>2</sup>	-5 <sup>2</sup>	-36 <sup>4</sup>	-200	-13	-10	-39

### 1) Loans to associated companies

Vostok Nafta has no loan receivables as per June 30, 2012. In the Income Statement for the period ended June 30, 2012 Vostok Nafta has recognised interest income in the amount of USD 1.72 mln from RusForest AB. The major part of this loan, amounting to USD 20.17 mln, was converted into new shares in RusForest AB during the second quarter. The remaining part of this loan, amounting to USD 1.49 mln, was repaid.

### 2) Other operating income from associated companies and Lundin companies and other current receivable

Vostok Nafta has an office rental agreement with RusForest AB and Lundin Mining AB. Vostok Nafta provides head office facilities service to Lundin Petroleum AB and Investor Relations and Corporate Communication services to Lundin Mining Corporation, Lundin Petroleum AB, Africa Oil Corporation, Etrion Corporation, ShaMaran Petroleum Corp. and Lucara Diamond Corp.

### 3) Operating expenses: Lundin companies

Vostok Nafta buys management and Investor Relations services regarding relations with the stock and financial markets from Namdo Management. The fee amounts to USD 15,000 per month.

### 4) Operating expenses: Key management

Key management includes members of the Board of Directors and members of the management of Vostok Nafta. The compensation paid or payable includes salary and bonuses to the management and remuneration to the Board members.

### Note 3 Events after the reporting period

The Board has resolved to convene an EGM to be held on August 29, 2012 to consider the approval of the distribution of SEK 18.00 per SDR through a share split in combination with a mandatory redemption procedure. Under the Board's proposal, each SDR will be divided into two SDRs, of which one will be redeemed. Altogether, the proposal means that approximately USD 242 million will be distributed to SDR holders.

After the end of the period, Vostok Nafta has repurchased 1,750,822 SDRs (shares).

Vostok Nafta has after the end of the period completely divested the preferred share position in TNK-BP with insignificant positive effect.

### Background

Vostok Nafta Investment Ltd was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861. Since July 4, 2007, the Swedish Depository Receipts of Vostok Nafta (SDB) are listed on the NASDAQ OMX Nordic Exchange Stockholm, Mid Cap segment, with the ticker VNIL SDB.

As at June 30, 2012 the Vostok Nafta Investment Ltd Group consists of the Bermudian parent company, one wholly owned Bermudian subsidiary, three wholly owned Cypriot subsidiaries and one wholly owned Swedish subsidiary.

The financial year is January 1–December 31.

### Parent company

The parent company finances the Cypriot subsidiaries' operations on market terms. The net result for the period was USD 6.73 (5.75) mln.

### Financial and Operating risks

The Company's risks and risk management are described in detail in note 3 of the Company's Annual Report 2011.

### Upcoming Reporting Dates

Vostok Nafta's nine month report for the period January 1, 2012–September 30, 2012 will be published on November 14, 2012.

August 15, 2012

[Per Brilioth](#)

Managing Director

Vostok Nafta Investment Ltd

The Board of Directors and the CEO certify that the half-year financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, August 15, 2012

[Lukas H. Lundin](#)

[Al Breach](#)

[Per Brilioth](#)

[Lars O Grönstedt](#)

[Ashley Heppenstall](#)

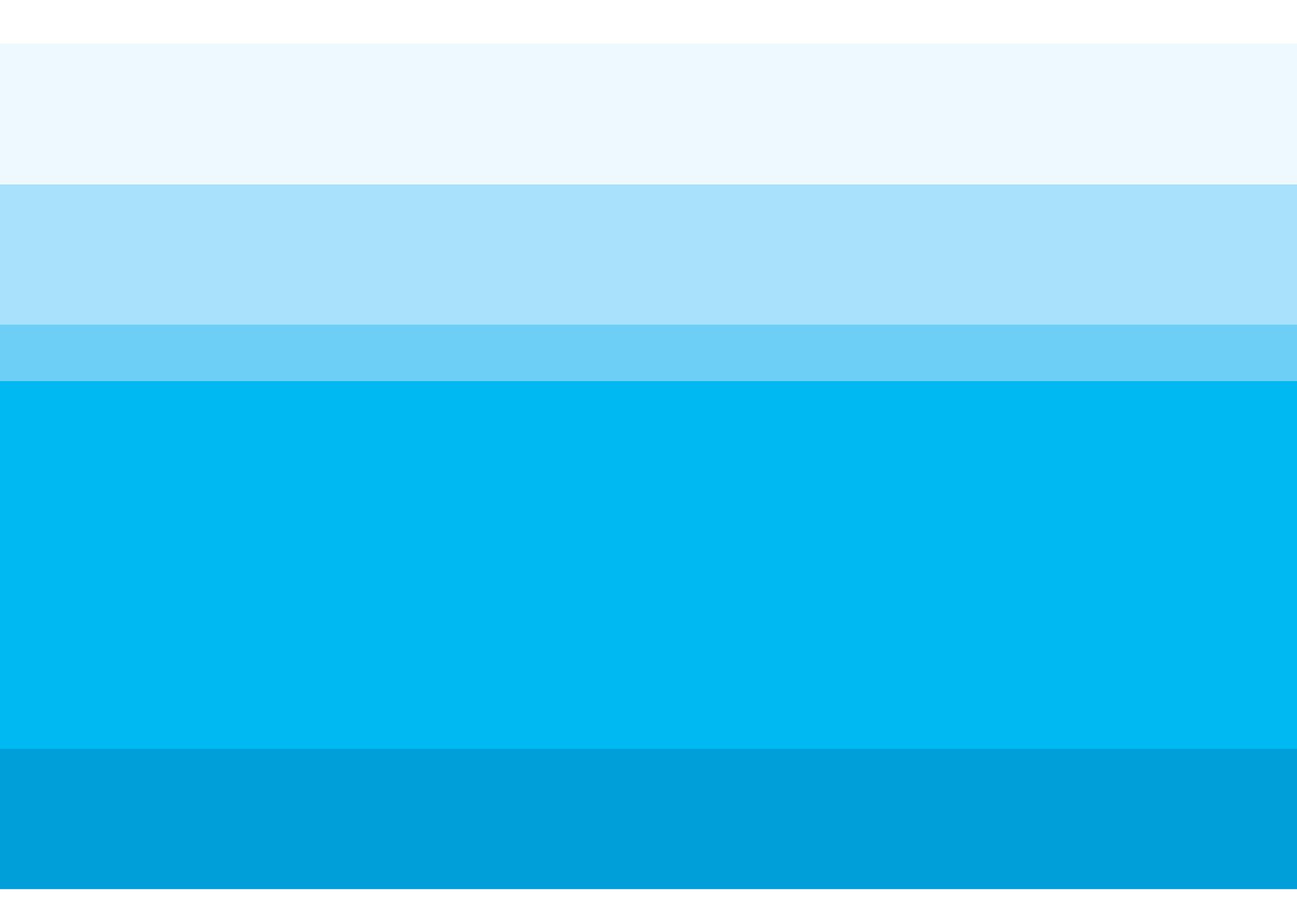
[Paul Leander-Engström](#)

[William A. Rand](#)

[Robert J. Sali](#)

This report has not been subject to review by the company's auditors.

# Six Months Report Covering the Period January 1, 2012–June 30, 2012





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