Vostok Nafta Investment Ltd

Three Months Report

January–March 2011

- **Net result for the period was USD 67.93 million (mln) (January 1, 2010–March 31, 2010: 83.57). Earnings per share were USD 0.67 (0.83).**

- **The net asset value of the company was USD 693.49 mln on March 31, 2011 (December 31, 2010: 625.43), on March 31, 2011, corresponding to USD 6.87 (December 31, 2010: 5.66) per share. Given a SEK/USD exchange rate of 6.3025 the values were SEK 4,370.75 mln (December 31, 2010: 4,259.18 mln) and SEK 43.27 (December 31, 2010: 42.12), respectively.**

- **The group's net asset value per share in USD increased by 10.88% over the period January 1, 2011–March 31, 2011. During the same period the RTS index increased by 15.47% in USD terms.**

- **The number of outstanding shares at the end of the period was 100,990,975.**

- **The reported net asset value per share of Vostok Nafta as of April 30, 2011 was USD 7.01 (SEK 42.34).**

Management report

The Russian market has steadily continued to improve during the first part of 2011. A rising oil price has led momentum driven flows towards the attractive valuations of the Russian index, dominated by the large energy names. Plotting the chart of the Russian RTS index together with the price of oil betrays a very tight correlation between the index and the price of oil. Oil is very important for the short term flows but also provides, if handled correctly, a marvellous base for long term growth. Being oil price bulls we like this attribute of the Russian market. Beyond the oil price and the short term, investors with a big picture orientation and a medium term view have been focusing on three main drivers for the Russian market:

Election cycle

As we approach the Duma elections in December this year we will likely have a lot more visibility into who becomes the next president in the March 2012. In fact when Russia's main political party, United Russia, holds its pre-election congress on September 21st a lot of insight into which titles will go to which person will be available. The Moscow rumour mill is currently putting money on Putin to be elected back as President, Finance Minister Kudrin becomes Prime Minister and Medvedev goes off to chair the constitutional court. Kudrin has orchestrated the country's frugal fiscal policy of the past decade and is therefore popular with investors. However, I would still not rule out a complete status quo for the top posts. There might be some people moving in and out of office but most importantly the actual policies will remain unchanged. For investors though the most important thing is to have the election behind us. September 21st could well be the date when the market moves on from its election focus.

Emerging market inflation

A key worry for emerging market investors over early 2011 has been rising inflation pressures and the need for several central banks to hike rates. Although the Russian central bank raised rates at its last meeting (25 bps to 8.25%), the Russian economy is not heated up like some of its Bric-peers. Inflation is expected at around 7.5% for the full year of 2011. The budget is however expansionary which is understandable from a political perspective with the elections coming up. The higher oil price helps the financing of the country whose budget deficit has gone from a negative 2-3% to roughly zero at current prices. The prominence of Alexei Kudrin in the next Government, perhaps even elevated to the role of Prime Minister, smacks of continued fiscal frugality post elections. A lower and stable inflation rate compared to the past decade would be good for Russia, a classic prerequisite for more investment led growth.

Corporate governance

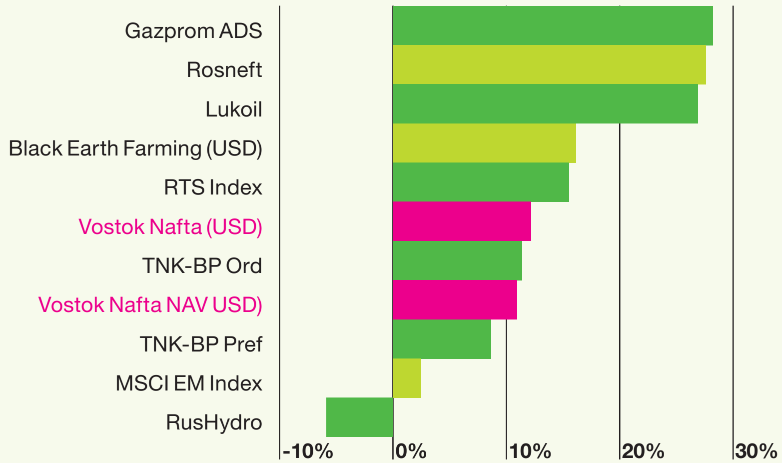
As discussed numerous times before, an often cited reason for not having exposure to Russia is that the corporate governance risks associated with it are simply too high. BP's sometimes confusing relations with its long standing Russian partners, AAR and more recently its attempt to hook up with the Russian State through Rosneft have often been used as an example of the difficulties of doing business in Russia. Recently a transaction in Lenta, a supermarket chain based in St. Petersburg, has caught the headlines as a deal where corporate governance has been abused. As all of you know we are a keen investor into BP's and AAR's oil company TNK-BP which has been a model of corporate governance in recent years throwing off among the highest dividend yields in the Russian universe. Not knowing the details of what has been going on at Lenta our view is that there is always more to the case than what the media headlines give access to and very often never a clear cut case of corporate governance abuse. Although Russia is not an easy place to do business, our view is that the corporate governance environment has improved significantly over the past ten years and does not differ materially from other large emerging markets.

May 2011,
Per Brilioth

Vostok Nafta's portfolio development

The group's net asset value per share in USD increased by 10.88% over the period January 1, 2011–March 31, 2011. During the same period the RTS index increased by 15.47% in USD terms.

Percent development January 1–March 31, 2011
(last price paid on relevant stock exchange)



Portfolio structure

The investment portfolio stated at market value as at March 31, 2011 is shown below. Vostok Nafta's three biggest investments are Black Earth Farming (21.04%), TNK-BP Holding (19.73%) and RusForest (9.63%).

Vostok Nafta's portfolio as at March 31, 2011

Number of shares	Company	Fair value, USD Mar 31, 2011	Percentage-weight	Value per share, USD Mar 31, 2011	Value per share, USD Dec 31, 2010	Note
5,364,850	Caspian Services	858,376	0.13%	0.16	0.12	1
5,789,903	Kherson Oil Refinery	7,272	0.00%	0.001	0.001	1
16,502,237	TNK-BP Holding Ord	48,681,599	7.33%	2.95	2.65	1
31,053,600	TNK-BP Holding Pref	82,292,040	12.40%	2.65	2.44	1
10,036,976	Ufa Refinery	12,947,699	1.95%	1.29	1.43	1
108,500	Varyaganneftegaz Pref	1,573,250	0.24%	14.50	19.50	1
	Oil, Total	**146,360,236**	**22.05%**			
1,261	Alrosa	25,220,000	3.80%	20,000.00	14,400.00	1
300,000	Fortress Minerals	1,456,944	0.22%	4.86	4.26	1
31,434	Gaisky GOK	14,616,810	2.20%	465.00	390.00	1
3,004,498	Poltava GOK	16,615,219	2.50%	5.53	5.23	1
107,822	Priargunsky Ind Ord	22,642,620	3.41%	210.00	229.00	1
11,709	Priargunsky Ind Pref	1,170,900	0.18%	100.00	109.00	1
1,442,400	Shakiya Zinc GDR	173,088	0.03%	0.12	0.11	1
	Other commodities, Total	**81,895,581**	**12.34%**			
3,654	Bekabadcement	657,720	0.10%	180.00	180.00	1
375	TKS Concrete [5]	1,506,750	0.23%	4,018.00	4,018.00	1
39,000	Gornozavodsk Cement	9,750,000	1.47%	250.00	250.00	1
1,600,000	Kamkabel	160,000	0.02%	0.10	0.10	1
85,332	Podolsky Cement	53,588	0.01%	0.63	0.63	1
11,804,303	Steppe Cement Ltd	8,327,889	1.25%	0.71	0.79	1
19,730	Transneft Pref	29,044,517	4.38%	1,472.10	1,233.16	1
1,215,000	Tuimazy Concrete Mixers	5,771,250	0.87%	4.75	4.30	1
	Infrastructure, Total	**55,271,714**	**8.33%**			
267,801	RusHydro ADR (1 ADR = 100 Local shares)	1,363,107	0.21%	5.09	5.45	1
34,821,499	RusHydro Local shares	1,723,664	0.26%	0.05	0.05	1
3,500,000	Kuzbass Fuel Company	27,125,000	4.09%	7.75	6.87	1
133,752,681	Kuzbassrazrezugol	52,832,309	7.96%	0.40	0.39	1
2,618,241	Kyrgyzenergo	168,688	0.03%	0.06	0.06	1
	Energy Sector Restructuring, Total	**83,212,768**	**12.54%**			
160,000	Acron	6,971,853	1.05%	43.57		
1,765,000	Agrowill	747,167	0.11%	0.42	0.34	1
30,888,704	Black Earth Farming	139,679,185	21.04%	4.52	3.90	2
272,106	Dakor	3,081,981	0.46%	11.33	10.59	1
	Agriculture, Total	**150,480,186**	**22.67%**			
1,074,882	Egidaco Investment Limited (TCS), equity [5]	45,825,947	6.90%	42.63	40.47	1
50,000	Vosvik AB/Kontakt East [5]	21,046,333	3.17%	422.50	390.76	2
28,165,209	RusForest AB	62,787,971	9.46%	2.23	1.88	2
	RusForest, short-term loans	1,096,581	0.17%			4
	RusForest, Issued call options	-53,627				2
406,156,995	Clean Tech East Holding AB	10,311,007	1.55%	0.03	0.02	2
	Clean Tech East Holding AB, loan	3,991,573	0.60%			3
623,800	TKS Real Estate	1,324,764	0.20%	2.12	1.59	1
	What Works in the West, Total	**146,330,549**	**22.05%**			
	Other non current loan receivables	200,000	0.03%			3
	Other current loan receivables	18,059	0.00%			4
	Other loan receivables, Total	**218,059**	**0.03%**			
	Grand Total	**663,769,090**	**100.00%**			

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 non current loan receivables.
4. These investments are shown in the balance sheet as current loan receivables.
5. Private equity investment.

INFORMATION ON SIGNIFICANT HOLDINGS

TNK-BP Holding

TNK-BP is a leading Russian oil company and is among the top ten privately-owned oil companies in the world in terms of crude oil production. BP and AAR consortium are the company shareholders on a parity basis. TNK-BP also owns about 50% of the Slavneft oil and gas company. TNK-BP accounts for about 16% of oil production in Russia (including TNK-BP's stake in Slavneft). The company's total proved reserves amounted to 13.07 billion barrels of oil equivalents as of December 31, 2010, compared to 11.67 billion barrels as of December 31, 2009. Vostok Nafta sees a superior production outlook due to earlier investments into promising fields. The company is highly cash generative, well managed and cost efficient thanks to a competent management team, with staff from TNK's Russian business and BP's global operations.

- TNK-BP achieved record high underlying oil and gas production of 1,771 mboepd during the first quarter of 2011, up 2% compared to the same quarter in 2010. Production was supported by strong contributions from the Uvat fields in West Siberia and the Verknechonskoye oil field in East Siberia, incremental gas sales from Rospan and the company's producing assets in Orenburg, partially offset by the natural production decline of the mature assets in West Siberia.
- In 1Q11, EBITDA increased by 72% y-o-y to USD 3.9 bn, supported by a 36% rise in the oil price, which was partly offset by excise increases, rising electricity and transportation costs, and rouble appreciation. Net income for the first quarter 2011 amounted to USD 2.4bn which is 91% up on the same period of 2010.
- BP's intention to undergo a USD 7.6 bln share swap with Rosneft as well as setting up joint venture to invest into Arctic hydrocarbons has successfully been challenged by BP's partners in TNK-BP, Alfa-Access-Renova (AAR). BP and Rosneft have during the negotiations with AAR bid USD 32.5 bln for AAR's stake in TNK-BP (implicitly valuing the listed TNK-BP at some USD 3.50 per share). The three parties have said that although the initially proposed deal is now off, they will continue working on a new transaction which will involve all three parties in a mutually satisfactory way.

TNK-BP Holding	
Vostok Nafta's number of shares	
Ordinary	*16,502,237*
Preferred	*31,053,600*
Value Ordinary	*48,681,599*
Value Preferred	*82,292,040*
Total Value (USD)	**130,973,639**
Portfolio percentage weight	19.7%
Share of total shares outstanding	0.3%
Share development Jan 1–Mar 31, 2011	
Ordinary	*11.3%*
Preferred	*8.6%*

During the first quarter 2011 Vostok Nafta has purchased 100,000 preferred shares and sold 0 shares in TNK-BP Holding.

Black Earth Farming

Black Earth Farming (BEF) is a leading farming company, publicly listed in Stockholm and operating in Russia. BEF was among the first foreign financed companies to make substantial investments in Russian agricultural land assets to exploit the large untapped potential. Because of its early establishment, BEF has gained a strong market position in the Kursk, Tambov, Lipetsk and Voronezh regions, all located in the Black Earth areas which holds one of the most fertile soils in the world. The company's main products are wheat, barley, corn, sunflowers and rapeseeds. By introducing modern agricultural farming practices there is a vast opportunity to significantly increase productivity in terms of crops yielded per hectare of land, thus increasing the land value. The registration of controlled land into full ownership continues successfully, with the majority of land now under fully registered free holds. Total land under control amounted to 328,000 hectares as of December 31, 2010. Land in ownership amounted to 250,000 hectares, land in ownership registration amounted to 30,000 hectares, and land under long term lease increased to 48,000 hectares. At the same time operating improvements are ongoing with substantial long term potential for increased production and profitability.

- Black Earth Farming seeded approximately 100 thousand hectares with winter wheat during the autumn of 2010. Following good establishment and favourable weather conditions so far, approximately 97% of the area has survived the idle winter period.
- Seeding of spring crops has started and planting is expected to be completed by mid-May 2011. The targeted total area planted with commercial crops for 2011, including winter and spring crops, amounts to approximately 235 thousand hectares. This represents a 30% increase from the area harvested in 2010.

Black Earth Farming	
Vostok Nafta's number of shares	30,888,704
Total Value (USD)	**139,679,185**
Portfolio percentage weight	21.0%
Share of total shares outstanding	24.8%
Share development Jan 1–Mar 31, 2011 (in USD)	16.1%

During the first quarter 2011 Vostok Nafta has purchased 0 shares and sold 0 shares in Black Earth Farming.

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. The company currently controls approximately 2.4 million hectares of forest land with an annual allowable cut (AAC) of 2.8 million m³. 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. 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 m³ and an annual sawnwood production of 800,000-850,000 m³ during the coming four to five years.

- In April 2011, RusForest acquired Nord Timber Group through an issue in kind, for a total consideration of 29,437,529 RusForest shares. As a result of the acquisition, the company's annual AAC in the Arkhangelsk region amounts to 984,800 m³ which will cover the future raw material requirements of the sawmill at LDK-3.
- In February 2011, RusForest acquired the Russian harvesting company Sibartles, which is the holder of a pine dominated forest lease, located approximately 80 km north of the Boguchansky LPK sawmill, with an AAC of 165,400 m³.
- To enable continued expansion within harvesting and sawmilling, RusForest AB is issuing a bond loan. The loan, which has a term of three years, amounts to SEK 500 million with a fixed interest rate of 11% per annum.
- Ahead of the Annual General Meeting, Franz Bergstrand, Per Brilioth and Jerker Karlsson are proposed for re-election as board members. Kenneth Eriksson, previously Chief Operating Officer of the SCA Group and Camilla Öberg, CFO at Logica Sweden AB, are proposed as new board members. Kenneth Eriksson is proposed as chairman of the board of directors.

RusForest	
Vostok Nafta's number of shares	28,165,209
Value shares	*62,787,971*
Value loan	*1,096,581*
Total Value (USD)	**63,884,552**
Portfolio percentage weight	9.6%
Share of total shares outstanding	29.7%
Share development Jan 1–Mar 31, 2011 (in USD)	18.5%

During the first quarter 2011 Vostok Nafta has purchased 0 shares and sold 0 shares in RusForest.

Kuzbassrazrezugol

Kuzbassrazrezugol (KZRU) is Russia's second largest thermal coal producer representing over 25% of Russia's total exports of thermal coal. KZRU extracts its coal from 12 open pit mines, all located in the large coal district in south-western Siberia, making it one of the lowest cost producers of high quality thermal coal in Russia. Reserves are estimated at 2.3 billion tons of coal implying a reserve life of at least 50 years. The majority of production consists of thermal coal which is mainly used in coal-fired power plants. The key driver of the Russian thermal coal market is the power sector liberalization and the transition from gas to coal as a fuel source. Domestic thermal coal prices are at a large discount to international prices due to the regulations of natural gas and electricity prices in Russia. The gradual liberalization of these markets will close that gap.

- KZRU has announced it will invest RUB 20bn in construction of new processing and enrichment facilities over 2011–2015, which will enhance the quality of its coal.
- KZRU's production of coking coal in 1Q11 increased by 43.6% y-o-y to 1,421k tonnes.
- In 1Q11, the company produced 10.3mln tonnes of coal, which represents a 10% y-o-y decrease, while in March 2011 its coal production rose 14% m-o-m to 3.6mln tonnes of coal.
- Coal shipments to customers amounted to 11.5mln tonnes for 1Q11, representing an increase by 4.8% y-o-y, including 5.8mln tonnes sold on export (increase by 3% y-o-y).

Kuzbassrazrezugol	
Vostok Nafta's number of shares	133,752,681
Total Value (USD)	**52,832,309**
Portfolio percentage weight	8.0%
Share of total shares outstanding	2.2%
Share development Jan 1–Mar 31, 2011	2.6%

During the first quarter 2011 Vostok Nafta has purchased 0 shares and sold 0 shares in Kuzbassrazrezugol.

Tinkoff Credit Systems

Tinkoff Credit Systems (TCS) is Russia's first and only pure 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 business model is branch-less with customer recruitment and distribution handled via direct mail complemented by online services and a call centre. 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 credit card portfolio. Russian consumer lending is expected to set new highs this year 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, TCS can serve millions of customers.

Vostok Nafta has valued its equity position in TCS based on assumptions that comprise Vostok Nafta's best assessment of the economic conditions that are expected to prevail. This valuation is Vostok Nafta's subjective valuation and may not reflect the real value of the business.

- In April 2011, TCS Bank successfully closed a USD 175m 3 year Eurobond with an 11.5% coupon. The offering was oversubscribed with sizable demand coming from both Russian and international investors from the UK, continental Europe, and Asia. The proceeds raised will be used to grow the bank's credit-card portfolio. TCS Bank plans to double that portfolio to RUB 20–22 billion by the end of 2011.
- TCS issued its millionth card in April and grew its credit card receivables by 82% in 2010.
- In March 2011, TCS repaid in advance its syndicated RUB-loan with the original total amount of RUB 1,5 bln.

Tinkoff Credit Systems (TCS)	
Vostok Nafta's number of shares	1,074,882
Total Value (USD)	**45,825,947**
Portfolio percentage weight	6.9%
Share of total shares outstanding	17.1%
Share value development Jan 1–Mar 31, 2011	5.5%

During the first quarter 2011 Vostok Nafta has acquired an additional 1,708 shares in Tinkoff Credit Systems.

Investments

During the first quarter gross investments in financial assets were USD 15.34 (48.78) mln and proceeds from sales were USD 13.58 (47.67) mln.

Major changes of securities in the portfolio during the fourth quarter were:

Purchases			Sales		
+	160,000	Acron	–	1,191,933	RusHydro
+	1,580	Priargunsky Ind Ord	–	1,165,000	Ufaneftekhim
+	100,000	TNK-BP Pref	–	1,470,000	Novoil Ord

Group – results for the year and net asset value

During the period, the result from financial assets at fair value through profit or loss amounted to USD 25.99 (60.80) mln. Result from investments in associated companies was USD 29.90 (21.58) mln. Result from loan receivables was USD 1.36 (1.85) mln. Dividend income, net of withholding tax expenses, was USD 11.55 (0.19) mln.

Net operating expenses (defined as other operating income less operating expenses) amounted to USD -1.20 (-0.87) mln.

Net financial items were USD 0.34 (0.05) mln.

Net result for the period was USD 67.93 (83.57) mln.

Total shareholders' equity amounted to USD 693.49 mln on March 31, 2011 (December 31, 2010: 625.43).

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 28.53 mln on March 31, 2011 (December 31, 2010: 9.45).

Annual General Meeting

An Annual General Meeting in Vostok Nafta Investment Ltd was held on May 4, 2011.

At the meeting, the shareholders considered a number of items, some of which were the following.

- The profit and loss account and the balance sheet as well as the consolidated profit and loss account and the consolidated balance sheet were adopted, showing total profit for the financial year January 1–December 31, 2010, in the amount of USD 138.36 mln. The directors' proposal that no dividends be paid was approved.
- All directors were re-elected, namely Al Breach, Per Brilioth, Lars O Grönstedt, C. Ashley Heppenstall, Paul Leander-Engström, Lukas H. Lundin, William A. Rand and Robert J. Sali. Lukas H. Lundin was appointed Chairman of the Board.
- PricewaterhouseCoopers AB were re-elected as the Company's auditors.

Income statements – Group

(Expressed in USD thousands)	Jan 1, 2011– Mar 31, 2011	Jan 1, 2010– Mar 31, 2010
Result from financial assets at fair value through profit or loss 1	25,985	60,798
Result from investments in associated companies	29,900	21,578
Result from loan receivables 1	1,357	1,847
Dividend income	13,592	223
Other operating income	61	291
Total operating income	**70,895**	**84,737**
Operating expenses	-1,263	-1,169
Dividend withholding tax expenses	-2,039	-33
Operating result	**67,594**	**83,535**
Financial income and expenses		
Interest income	12	1
Currency exchange gains/losses, net	316	49
Other financial income	15	–
Net financial items	**343**	**50**
Result before tax	**67,937**	**83,585**
Taxation	-2	-17
Net result for the financial period	**67,935**	**83,568**
Earnings per share (in USD)	0.67	0.83
Diluted earnings per share (in USD)	0.67	0.83

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.

Statement of comprehensive income

(Expressed in USD thousands)	Jan 1, 2011– Mar 31, 2011	Jan 1, 2010– Mar 31, 2010
Net result for the financial period	**67,935**	**83,568**
Other comprehensive income for the period		
Currency translation differences	127	-14
Total other comprehensive income for the period	**127**	**-14**
Total comprehensive income for the period	**68,062**	**83,554**

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

Balance sheets – Group

(Expressed in USD thousands)	Mar 31, 2011	Dec 31, 2010
NON CURRENT ASSETS		
Tangible non current assets		
Property, plant and equipment	112	133
Investment property	543	543
Total tangible non current assets	654	675
Financial non current assets		
Financial assets at fair value through profit or loss	424,692	401,547
Investment in associated companies	233,771	199,272
Loan receivables	4,192	4,902
Deferred tax asset	66	61
Total financial non current assets	662,720	605,783
CURRENT ASSETS		
Cash and cash equivalents	28,528	9,448
Loan receivables	1,115	9,283
Tax receivables	395	186
Other current receivables	1,444	1,789
Total current assets	31,481	20,706
TOTAL ASSETS	694,856	627,164
SHAREHOLDERS' EQUITY (including net result for the financial period)	693,493	625,430
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Liabilities to related parties	200	200
Tax payables	515	504
Unsettled trades	–	406
Other current liabilities	141	110
Accrued expenses	506	513
Total current liabilities	1,363	1,733
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	694,856	627,164

Statement of Changes in Equity – Group

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2010	100,991	191,700	-42	194,975	487,624
Net result for the period					
January 1, 2010 to March 31, 2010	–	–	–	83,568	83,568
Other comprehensive income for the period					
Currency translation differences	–	–	-14	–	-14
Total comprehensive income for the period January 1, 2010 to March 31, 2010	–	–	-14	83,568	83,554
Transactions with owners:					
Employees share option scheme:					
– value of employee services	–	1	–	–	1
	–	1	–	–	1
Balance at March 31, 2010	100,991	191,701	-56	278,543	571,179
Balance at January 1, 2011	100,991	192,029	-924	333,334	625,430
Net result for the period					
January 1, 2011 to March 31, 2011	–	–	–	67,935	67,935
Other comprehensive income for the period					
Currency translation differences	–	–	127	–	127
Total comprehensive income for the period January 1, 2011 to March 31, 2011	–	–	127	67,935	68,062
Transactions with owners:					
Employees share option scheme:					
– value of employee services	–	1	–	–	1
	–	1	–	–	1
Balance at March 31, 2011	100,991	192,030	-797	401,269	693,493

Cash flow statements – Group

(Expressed in USD thousands)	Jan 1, 2011– Mar 31, 2011	Jan 1, 2010– Mar 31, 2010	Jan 1, 2010– Dec 31, 2010
OPERATING ACTIVITES			
Result before tax	67,937	83,585	138,458
Adjustment for:			
Interest income	-12	-1	-16
Interest expenses	–	–	7
Currency exchange gains/-losses	-316	-49	-682
Depreciations and write downs	30	30	1,292
Result from financial assets at fair value through profit or loss	-25,985	-60,798	-106,665
Result from investments in associated companies	-29,900	-21,577	-20,422
Result from loan receivables	-1,357	-1,847	-8,005
Dividend income	-13,592	-291	-10,653
Other non-cash items	16	1	3
Change in current receivables	275	-8,063	510
Change in current liabilities	-438	18,117	411
Net cash used in/from operating activities	-3,342	9,107	-5,762
Investments in financial assets	-15,343	-48,783	-113,672
Sales of financial assets	13,585	47,670	88,572
Increase in loan receivables	10,236	-838	17,615
Dividend received	13,592	291	10,653
Interest received	12	1	2,003
Interest paid	–	–	-7
Tax paid	-22	-35	-115
Net cash flow from/used in operating activities	18,718	7,413	-714
INVESTING ACTIVITIES			
Investments in office equipment	–	-9	-24
Net cash flow used in investing activities	–	-9	-24
FINANCING ACTIVITIES			
Proceeds from issue of warrants	–	–	326
Net cash flow from financing activities	–	–	326
Change in cash and cash equivalents	18,718	7,404	-411
Cash and cash equivalents at beginning of the period	9,448	8,935	8,935
Exchange gains/losses on cash and cash equivalents	362	6	924
Cash and cash equivalents at end of period	28,528	16,345	9,448

Key financial ratios – Group

	1Q 2011	1Q 2010
Return on capital employed, % 1	10.30	15,79
Equity ratio, % 2	99.80	96.65
Shareholders' equity/share, USD 3	6.87	5.66
Earnings/share, USD 4	0.67	0.83
Diluted earnings/share, USD 5	0.67	0.83
Net asset value/share, USD 6	6.87	5.66
Weighted average number of shares for the financial period	100,990,975	100,990,975
Weighted average number of shares for the financial period (fully diluted)	101,975,975	100,990,975
Number of shares at balance sheet date	100,990,975	100,990,975

1. 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.
2. Equity ratio is defined as shareholders' equity in relation to total assets.
3. Shareholders' equity/share USD is defined as shareholders' equity divided by total number of shares.
4. Earnings/share USD is defined as result for the period divided by average weighted number of shares for the period.
5. 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.
6. Net asset value/share USD is defined as shareholders' equity divided by total number of shares.

(Expressed in USD thousands)	Jan 1, 2011– Mar 31, 2011	Jan 1, 2010– Mar 31, 2010
Operating expenses	-1,093	-987
Operating result	-1,093	-987
Financial income and expenses		
Interest income	5,919	5,929
Currency exchange gains/losses, net	49	-9
Net financial items	5,968	5,920
Net result for the financial period	4,875	4,933

(Expressed in USD thousands)	Jan 1, 2011– Mar 31, 2011	Jan 1, 2010– Mar 31, 2010
Net result for the financial period	4,875	4,933
Other comprehensive income for the period	–	–
Currency translation differences	–	–
Total other comprehensive income for the period	–	–
Total comprehensive income for the period	4,875	4,933

Income statement – Parent

Statement of comprehensive income

Balance sheet – Parent

(Expressed in USD thousands)	Mar 31, 2011	Dec 31, 2010
NON CURRENT ASSETS		
Financial non current assets		
Shares in subsidiaries	246,591	246,591
Receivables from Group companies	265,724	261,302
Total financial non current assets	512,315	507,893
CURRENT ASSETS		
Cash and cash equivalents	261	39
Receivables from related parties	–	–
Other current receivables	8	183
Total current assets	269	222
TOTAL ASSETS	512,584	508,115
SHAREHOLDERS' EQUITY (including net result for the financial period)	512,048	507,172
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Liabilities to group companies	252	619
Other current liabilities	14	54
Accrued expenses	270	270
Total current liabilities	536	943
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	512,584	508,115

Statement of Changes in Equity – Parent

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings	Total
Balance at January 1, 2010	100,991	191,700	194,713	487,404
Net result for the period				
January 1, 2010 to March 31, 2010	–	–	4,933	4,933
Other comprehensive income for the period				
Currency translation differences	–	–	–	–
Total comprehensive income for the period January 1, 2010 to March 31, 2010	–	–	4,933	4,933
Transactions with owners:				
Employees share option scheme:				
– value of employee services	–	1	–	1
	–	1	–	1
Balance at March 31, 2010	100,991	191,701	199,646	492,338
Balance at January 1, 2011	100,991	192,029	214,152	507,172
Net result for the period				
January 1, 2011 to March 31, 2011	–	–	4,875	4,875
Other comprehensive income for the period				
Currency translation differences	–	–	–	–
Total comprehensive income for the period January 1, 2011 to March 31, 2011	–	–	4,875	4,875
Transactions with owners:				
Employees share option scheme:				
– value of employee services	–	1	–	1
	–	1	–	1
Balance at March 31, 2011	100,991	192,030	219,027	512,048

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 2010.

Note 2 Related party transactions

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

USD thousand	2011				2010			
	Vostok Gas	Associated companies	Lundin family and group of companies	Key management	Vostok Gas	Associated companies	Lundin family and group of companies	Key management
Items of the income statement								
Income from loan receivables	–	111 [1]	–	–	–	53	–	–
Other operating income	–	7 [2]	46 [2]	–	–	5	32	–
Operating expenses	–	–	-45 [3]	-283 [4]	–	–	-252	-246
Interest expenses	–	–	–	–	–	–	–	–
Balance sheet items								
Non current loan receivables	–	3,992 [1]	–	–	–	1,014	–	–
Current loan receivables	–	1,097 [1]	–	–	–	4,026	–	–
Other current receivables	–	–	–	–	–	336	35	–
Retained earnings	–	–	–	–	–	–	–	-157
Other current liabilities and accrued expenses	-200 [5]	–	–	-217 [4]	-200	–	-265	-109

1) Loans to associated companies

Vostok Nafta has an outstanding long-term loan receivable from Clean Tech East Holding AB and RusForest AB, which was recognized at a book value USD 3.99 mln and USD 1.10 mln, respectively as per March 31, 2011. In the Income Statement for the period ended March 31, 2011 Vostok Nafta has recognised interest income in the amount of USD 0.08 mln from Clean tech East Holding AB and USD 0.03 mln from RusForest AB.

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

Vostok Nafta has an office rental agreement with RusForest AB, Lundin Mining AB and Clean Tech East Holding AB. Vostok Nafta provides head office facilities service to Lundin Petroleum AB and Investor Relations and Corporate Communication services to Lundin Mining Corporation, Africa Oil Corporation and Etrion Corporation.

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.

5) Other current liabilities: Vostok Gas

In July 2009, Vostok Nafta acquired from Vostok Gas Ltd all rights of the lender under two interest bearing unsecured loans to employees of the Vostok Nafta Group for a total consideration of USD 200,000. As at March 31, 2011, the consideration for the acquired receivables was still outstanding.

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 March 31, 2011 the Vostok Nafta Investment Ltd Group consists of the Bermudian parent company, one wholly owned Bermudian subsidiary, four wholly owned Cypriot subsidiaries, four wholly owned Russian 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 4.87 (4.93) 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 2010.

Upcoming Reporting Dates

Vostok Nafta's six month report for the period January 1, 2011–June 30, 2011 will be published on August 17, 2011.

May 18, 2011

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