Vostok Nafta Investment Ltd

Twelve Months Report

January–December 2012

- **Net result for the period was USD 119.74 million (mln) (January 1, 2011–December 31, 2011: –124.10). Earnings per share were USD 1.29 (2011: negative). Net result for the quarter was USD 82.47 mln (–28.02). Earnings per share for the quarter were USD 0.92 (2011: negative).**

- **Vostok Nafta has revalued its position in Tinkoff Credit Systems and Avito as a result of financial transactions during the fourth quarter, which generated a positive result of USD 81.6 mln.**

- **During the third quarter 2012, Vostok Nafta distributed SEK 18 per SDR to the shareholders for a total amount of SEK 1,619 mln (USD 246 mln) through a share split and mandatory redemption programme. The payment of the redemption amount was made on October 2, 2012.**

- **The net asset value of the company after distribution of USD 246 mln to the shareholders was USD 329.58 mln on December 31, 2012 (December 31, 2011: 492.08), corresponding to USD 3.67 (December 31, 2011: 4.93) per share. Given a SEK/USD exchange rate of 6.5156 the values were SEK 2,147.43 mln (December 31, 2011: 3,406.84 mln) and SEK 23.94 (December 31, 2011: 34.12), respectively.**

- **The group's net asset value per share in USD increased by 31.32% excluding the effect of the redemption programme over the period January 1, 2012–December 31, 2012 and decreased by 24.82% including the effect of the redemption programme. During the same period the RTS index increased by 10.50% in USD terms. During the quarter October 1, 2012–December 31, 2012 the group's net asset value per share in USD increased by 33.35% (RTS index: +3.47%).**

- **The number of outstanding shares at the end of the period was 89,719,279. During the fourth quarter 2012, Vostok Nafta repurchased 234,094 SDRs (shares).**

- **The reported net asset value per share of Vostok Nafta as of January 31, 2013 was USD 3.84 (SEK 24.40).**

Management report

Vostok Nafta's NAV has displayed a positive performance over the course of 2012 with a 31.3% increase when adjusting for the disbursement of USD 246 mln during the course of the third quarter. The Company's stock price has risen by some 73% in USD as a result partly of the increase in NAV but also due to a reduction in the discount that the stock is trading at in relation to the NAV during the course of 2012. The increase in the NAV is to a large extent a factor of the revaluation of our two private holdings, TCS and Avito on the back of transactions in both names. Our position in TCS was during the fourth quarter revalued to USD 146 mln (when adjusting for our sale of a total of USD 15 mln worth of shares) and our position in Avito was revalued to USD 79 mln.

During the fourth quarter three main events in our portfolio have stood out. The first was the revaluation of TCS on the back of transaction in November (which we have discussed in our last report). The second was the revaluation of Avito on the back of a transaction in its shares. The third was the work surrounding the restructuring of RusForest.

We have since our last report bought back some 1.74 mln shares in Vostok Nafta (of which 1.51 mln has been repurchased during January 2013), reducing the total outstanding number of shares to 88.21 mln. Although the current discount is lower than the average discount of 20.6% during 2012, we will continue to evaluate all opportunities to reduce the discount further.

TCS

TCS continues to show the wonderful combination of high growth and high profitability. It released its 9 month results for 2012 in early December displaying a USD 97 mln net profit for the period. The loan portfolio had grown to USD 1.3 bln up from USD 915 mln for the same period in 2011.

The market for consumer loans in Russia has continued to grow during the past quarter. The overall growth in the market has led the central bank to consider additional capital requirements for consumer loans in order to stage a gradual cooling off rather than risking a more abrupt and potentially disruptive period of market reversion.

TCS has grown with the market and indeed also been able to take market share. However my impression is that the bank has been careful to control the quality of its lending. At other consumer finance institutions it has been possible to witness an increase in the loan book without increasing the number of customers i.e more loans to the same borrower. This is not the case with TCS which has continued to add customers while still building its portfolio.

Also in anticipation of the Central Bank indeed following through on its threat of increasing the capital requirements for retail loans, TCS has raised subordinated debt which counts as capital maintaining its strategy to be conservative in its handling of capital. A total of USD 125 mln was raised at a yield of 14% in a 5.5 year maturity issue.

Avito

In December last year Avito entered into a transaction which includes Avito issuing new shares in the amount of USD 50 million to a new shareholder. The transaction is conditional upon approval of relevant authorities. The transaction resulted in a significant positive revaluation of Vostok Nafta's holding in Avito by approximately 55 percent. The transaction is expected to close by the end of February.

We remain enthusiastic about Avito and its prospects. I would encourage anyone who is interested in the company to view the recording of its co-founder Filip Engelbert's presentation which is available on our website www.vostoknafta.com. His guidance of a revenue of USD 100 mln in 2015 is in our view not at all unrealistic and verifies the upside potential in our investment. Comparing Avito's margins to leboncoin.fr of France and applying the market's anticipation of multiples of the French company (it is wholly owned by the listed Norwegian company Schibsted) our stake in Avito would be worth nearly three times today's mark. In addition to this it is important to note that the Russian internet population is growing at higher rate than the one of France.

Black Earth Farming

Black Earth Farming's rights issue closed on December 7 last year and was oversubscribed in total raising SEK 530 mln (USD 81 mln) to the company. As has been presented previously the use of proceeds are to fund the strategic partnership with PepsiCo (USD 55 mln) and working capital.

Black Earth Farming has also since our last report released its 9 month report for 2012 displaying revenues of USD 110 mln, an operating profit of USD 10.6 mln and a net profit of USD –2.5 mln for the first 9 months. This performance is a result of the company's spring crops in 2012 being up on average 21% year-on-year while the average realised price during the third quarter was up 59% year-on-year as Russia has left its markets open for international trade in grains.

Autumn seeding has also progressed well with some 74k hectares planted with winter wheat into good soil conditions. This seeding was completed by early September which is two weeks earlier than the previous year in turn improving yield potential.

The company has also utilised the strong pricing environment by securing a total of some 30% of the 2013 harvest through forward sales at a pricing at profitable levels. The Pepsi agreement further strengthens the company's ability to price its goods forward.

I expect 2012 to be the first year the company displays a very healthy positive result at the EBITDA level which might also allow a small positive contribution at the net profit level. Although early so far the preparations for 2013 look very encouraging. As visibility into another profitable year will grow during 2013 I believe the valuation of the company by the market has the potential to change in a positive manner.

RusForest

As discussed in the prior report, the poor development of RusForest has led to the need for additional financing. The company has replaced all the senior officers since August and has spent the last six months exploring financial and strategic alternatives, as well as accelerating the sale of assets to raise cash.

In mid-December, RusForest announced a financial restructuring that will fund the company and add a new strategic shareholder. The transaction provides the company with new cash of USD 28 mln and further equity of USD 40 mln through a debt for equity restructuring of the outstanding bond, leaving the company with close to zero net debt. The new capital is proposed to be raised through a USD 15 mln targeted issue to Nova Capital, a Russian financial group with extensive experience in running successful forestry operations in Russia, and a USD 13 mln rights issue to existing shareholders of RusForest. The rights issue has been guaranteed by Vostok Nafta. During the fourth quarter of 2012, Vostok lent the company USD 5 mln in bridge funding in order to cover working capital requirements until the company could find a long-term solution to its financial and operational challenges.

We believe these actions are in our interests as they allow RusForest to avoid insolvency, which would leave no value for equity holders and limited liquidation value for bondholders. Instead, the company will now have the possibility to complete its production ramp up and in turn become cash flow positive. Nova Capital will add local execution capability to the company through its experience of running successful forestry and sawmilling operations in Eastern Siberia.

After the restructuring, Nova will be the largest RusForest shareholder with 25% of the company; current shareholders will retain 25% of the company, and the previous bondholders will own the remaining 50%. Depending on how much of the rights issue will be taken up by the current equity holders, Vostok's ownership of the company will range from some 7.4–23.9% post the full restructuring. The restructuring has already received bondholder and shareholder approval and is expected to close by the end of March.

February 2013,

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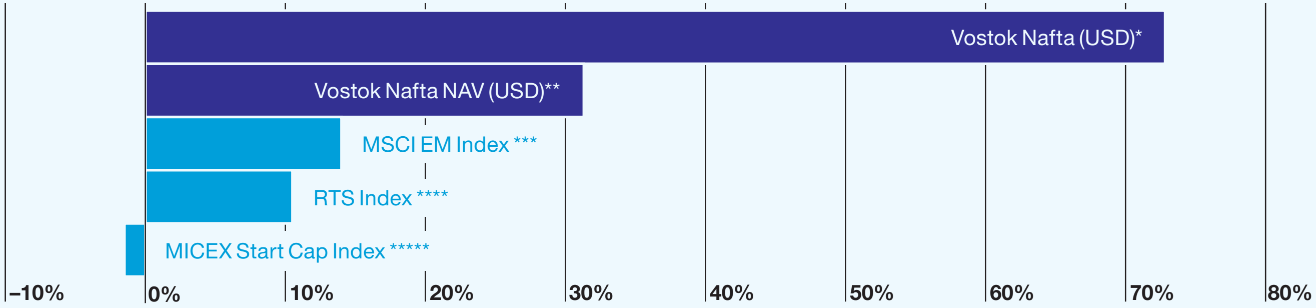
Vostok Nafta's portfolio development

The group's net asset value per share in USD increased by 31.32% excluding the effect of the redemption programme over the period January 1, 2012–December 31, 2012 and decreased by 24.82% including the effect of the redemption programme. During the same period the RTS index increased by 10.50% in USD terms. During the quarter October 1, 2012–December 31, 2012 the group's net asset value per share in USD increased by 33.35% (RTS index: 3.47%).

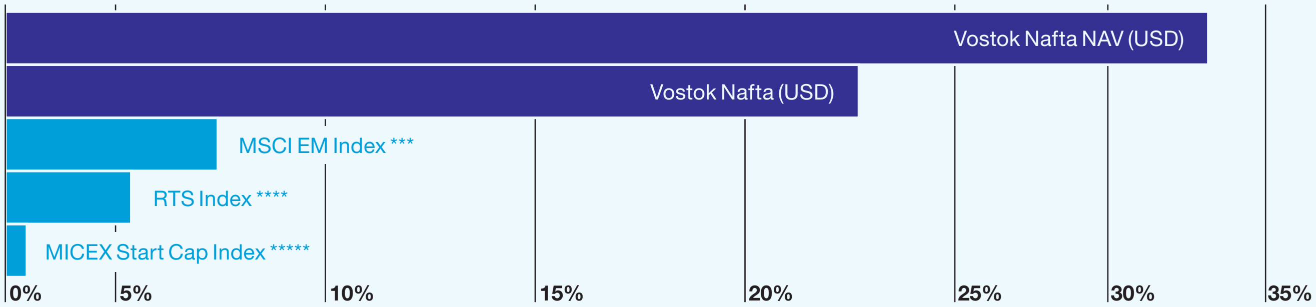
Portfolio structure

The investment portfolio stated at market value as at December 31, 2012 is shown below. Vostok Nafta's three largest investments are Tinkoff Credit Systems (39.6%), Avito (23.9%) and Black Earth Farming (21.0%).

Percent development January 1–December 31, 2012 *(last price paid on relevant stock exchange)*



Percent development October 1–December 31, 2012 *(last price paid on relevant stock exchange)*



* Corrected for redemption amount.
** Excluding effect of the redemption programme.
*** 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.
**** 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.

Number of shares	Company	Fair value, USD Dec 31, 2012	Percent-age-weight	Value per share, USD Dec 31, 2012	Value per share, USD Dec 31, 2011
51,481,173	Black Earth Farming, equity	69,530,714	21.0%	1.35	1.99 [2]
406,156,995	Clean Tech East Holding	623,361	0.2%	0.00	0.00 [2]
902,667	Tinkoff Credit Systems (Egidaco) [4]	131,000,000	39.6%	145.13	46.25 [1]
140,826,045	RusForest, equity	2,161,367	0.7%	0.02	0.74 [2]
	RusForest, bridge loan	5,095,556	1.5%		[3]
	RusForest, Issued call options	–53,627	0.0%		[2]
5,975,579	Avito [4,5]	78,941,797	23.9%	13.21	6.31 [2]
	Growth Capital and Private Equity, Total	**287,299,168**	**86.9%**		

Number of shares	Company	Fair value, USD Dec 31, 2012	Percent-age-weight	Value per share, USD Dec 31, 2012	Value per share, USD Dec 31, 2011
5,364,850	Caspian Services	160,946	0.0%	0.03	0.08 [1]
272,106	Dakor	108,842	0.0%	0.40	10.34 [1]
1,600,000	Kamkabel	80,000	0.0%	0.05	0.10 [1]
2,925,000	Kuzbass Fuel Company	9,506,250	2.9%	3.25	4.50 [1]
2,618,241	Kyrgyzenergo	168,688	0.1%	0.06	0.06 [1]
85,332	Podolsky Cement	105,982	0.0%	1.24	1.25 [1]
1,442,400	Shalkiya Zinc GDR	14,424	0.0%	0.01	0.07 [1]
623,800	TKS Real Estate	16,499	0.0%	0.03	0.83 [1]
15,000	Tuimazy Concrete Mixers	22,941	0.0%	1.53	2.27 [1]
154,334	Varyoganneftegaz Pref	1,404,439	0.4%	9.10	11.00 [1]
	Financial Portfolio Investments, Total	**11,589,012**	**3.5%**		
	Other current loan receivables	**31,854,028**	**9.6%**		
	Grand Total	**330,742,208**	**100.0%**		

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

Vostok Nafta's portfolio as at December 31, 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 have been wheat, barley, corn, sunflowers and rapeseeds. From 2013 and onwards the crops will also include potatoes and sugar beets, intended for PepsiCo's Russian operations. BEF's original business concept was 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. As of September 30, 2012, BEF held 251,000 hectares of land in full ownership, corresponding to 81% of the total controlled land bank of 310,000 hectares. The acquisition and consolidation phase is at its ending and the company is now focusing on increasing productivity in terms of crops yielded per hectare of land by using modern agricultural farming practices. The recently announced PepsiCo agreement and continuously improved operations have further strengthened BEF's long term potential for increased production and profitability.

- Revenue from goods sold during 3Q12 increased by 139% y-o-y to approximately USD 46.9 million as 199,200 tons of crops were sold, up 51% y-o-y. EBITDA for the 9M 2012 period adjusted for revaluation gains amounted to approximately USD 16.9 million versus USD –11.9 million in 2011. Net profit for 3Q12 2012 amounted to USD 11.6 million versus USD –15.8 million in 2011. Fourth quarter results will be released on February 28, 2013.

- As of 22 November, 90% of the total 2012 crop area have been harvested. Average yields were 2.4 tons per hectare of wheat and 1.9 tons per hectare of barley. The total 2012 harvest area is expected at approximately 222,000 hectares.

- In October 2012, Black Earth Farming announced a 3 year strategic partnership with PepsiCo and its subsidiaries in Russia. BEF will become a significant supplier of sunflower seeds, potatoes and sugar beets. BEF successfully financed the expected capital need via a rights issue of SEK 530 million with preferential rights for current shareholders, which was completed in December 2012. The rights issue was over subscribed and the largest shareholders in Black Earth Farming, including Kinnevik and Vostok Nafta subscribed for their respective pro rata shares in the rights issue. Vostok Nafta's share in the rights issue was SEK 131.4 million.

Black Earth Farming

Vostok Nafta's number of shares as at December 31, 2012	51,481,173
Total Value (USD)	**69,530,714**
Share of total portfolio	21.0%
Share of total shares outstanding	24.8%
Share development January 1–December 31, 2012 (in USD)	–32.0%
Share development October 1–December 31, 2012 (in USD)	–27.7%

During the fourth quarter 2012 Vostok Nafta subscribed for 20,592,469 shares in the rights issue.

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 2012. 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 of peers in other countries. Avito is already the leading brand and has the highest brand awareness in Moscow and St. Petersburg. 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. In 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. The Russian E-commerce market is expected to be worth some USD 27.6 bn in 2012, an increase of 14% compared to USD 24.2 bn in 2011. 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 December 2012, Avito entered into a transaction which includes Avito issuing new shares in the amount of USD 50 million to a new shareholder. The transaction is conditional upon approval of relevant authorities. Avito is now the second largest shareholding of Vostok Nafta. The transaction resulted in a significant positive revaluation of Vostok Nafta's holding in Avito by approximately 55%.

- Avito continues to grow in a satisfying pace, revenues in October 2012 were almost at USD 3.5 million compared to full year 2011 of around USD 9.0 million.

Avito*

Vostok Nafta's number of shares as at December 31, 2012	5,975,579
Total Value (USD)	**78,941,797**
Share of total portfolio	23.9%
Share of total shares outstanding	13.8%
Value development January 1–December 31, 2012 (in USD)	108.9%
Value development October 1–December 31, 2012 (in USD)	55.7%

During the fourth 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.*

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 interest rates 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. Since 2010, after the financial crisis in 2008–09, the Russian credit card market has grown by 25–40 per cent a year.

- Tinkoff Credit Systems has continued to deliver record strong financial results during 2012. Retail deposits have increased by 61.8% in H1 2012, from USD 361.6 mln in 2011 to USD 584.9 mln. The net loan portfolio increased by 57% in H1 2012, to USD 1.1 bn and TCS had by then issued a total of 2.243 mln cards. TCS will report a net income of USD 120 mln for the full year 2012.

- In November 2012, TCS successfully placed a USD 125 mln 5.5-year debut subordinated Eurobond with 14.00% coupon. This issue follows TCS September 2012 USD 250 million 10.75% 3 year Eurobond.

- On November 1, 2012, as previously announced, Tinkoff Credit Systems announced the conclusion of a secondary transaction whereby Horizon Capital paid a total of USD 40 million for 4 percent of the shares in TCS Bank. Vostok Nafta participated in the transaction, selling approx. 10% of its stake in TCS Bank. The transaction values TCS Bank at USD 1 billion, which translates into a valuation of USD 131 million for Vostok Nafta's remaining position. This transaction generated a positive result of USD 57 million, of which USD 6 million was a realized gain, which was accounted for in the fourth quarter.

Tinkoff Credit Systems	
Vostok Nafta's number of shares as at December 31, 2012	902,667
Total Value (USD)	**131,000,000**
Share of total portfolio	39.6%
Share of total shares outstanding	13.1%
Value development January 1–December 31, 2012	213.8%
Value development October 1–December 31, 2012	63.3%

During the fourth quarter 2012 Vostok Nafta has purchased 0 shares and sold 103,846 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 and 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 annual allowable cut of around 3.6 million m^3. 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. RusForest owns five sawmills in close proximity to its forest leases and is self-sufficient in raw material to produce more than 400,000 cubic meters per year of sawnwood products. RusForest's goal is to develop into a leading independent integrated forestry and sawmilling company in Russia with the aim 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. However, due to continued slow operational improvements, RusForest has seen severe financial challenges since the second half of 2012. To solve the constrained financial position key management was replaced, and the company is as of December, 2012 engaged in a recapitalization process, which will enable RusForest to continue to work on improving operations in order to generate attractive returns for its shareholders.

- In November 2012, RusForest secured bridge financing of USD 5 mln from Vostok Nafta. The bridge loan initially carried a 16 per cent interest rate and would mature on April 30, 2013. On February 8, 2013, after the end of the period, the terms of this loan were amended to 9 per cent interest and the maturity term was extended to December 31, 2013. As part of the new agreement, RusForest also secured an additional USD 4 mln bridge loan from Vostok Nafta. This second loan carries 9 per cent and matures on March 31, 2013.

- On December 12, 2012 RusForest announced its proposition to resolve the company's strained financial situation. The proposition from the board consists of three main steps; debt restructuring including a bond write down and debt to equity swap, a new rights issue of approximately SEK 86 mln with preferential rights to the existing shareholders and finally a directed share issue to Nova Capital, a new Russian strategic partner, which intends to invest approximately SEK 100 mln.

- In the end of January, 2013, after the end of the period, the bondholders agreed to the proposed debt restructuring and on February 1, 2013 the restructuring was approved by the shareholders at an EGM.

- Vostok Nafta has committed to subscribe to it's pro rata share (SEK 25 mln) and in addition to this, guaranteed the remaining part of the SEK 86 mln rights issue.

RusForest

Vostok Nafta's number of shares as at December 31, 2012	140,826,045
Total Value (USD)	**2,161,367**
Share of total portfolio	0.7%
Share of total shares outstanding	29.4%
Share development January 1–December 31, 2012 (in USD)	–94.6%
Share development October 1–December 31, 2012 (in USD)	–72.2%

During the fourth quarter 2012 Vostok Nafta has purchased 0 shares and sold 0 shares in RusForest.

Investments

During the fourth quarter gross investments in financial assets were USD 19.67 (35.00) mln and proceeds from sales were USD 41.22 (56.97) mln.

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

Purchases

+20,592,469	Black Earth Farming Ltd

Sales

– 103,846	Tinkoff Credit Systems
– 113,072	Priargunsky Ind Ord
– 575,000	Kuzbass Fuel Company
– 1,200,000	Tuimazy Concrete Mixers

Group – results for the year and net asset value

During the year, the result from financial assets at fair value through profit or loss amounted to USD 114.02 (–53.88) mln. The result from investments in associated companies was USD –9.06 (–87.96) mln. Result from loan receivables was USD 2.82 (0.22) mln. Dividend income, net of withholding tax returns/expenses, was USD 14.47 (23.72) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD –4.77 (–5.55) mln.

Net financial items were USD 3.60 (–0.28) mln.

The net result for the year was USD 119.74 (–124.10) mln.

Total shareholders' equity amounted to USD 329.58 mln on December 31, 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 70.87 (–0.34) mln. The result from investments in associated companies was USD 14.16 (–30.12) mln. The result from loan receivables was USD 0.21 (–0.96) mln. Dividend income, net of withholding tax expenses, was USD 0.18 (5.27) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD 1.38 (2.07) mln.

Net financial items were USD –1.51 (0.59) mln.

The net result for the quarter was USD 82.47 (–28.02) 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 31.84 mln on December 31, 2012 (December 31, 2011: 37.67).

SDR repurchase

During the fourth quarter 2012, Vostok Nafta repurchased 234,094 SDRs.

Income statements – Group

(Expressed in USD thousands)	Jan 1, 2012– Dec 31, 2012	Jan 1, 2011– Dec 31, 2011	Oct 1, 2012– Dec 31, 2012	Oct 1, 2011– Dec 31, 2011
Result from financial assets at fair value through profit or loss 1	114,023	–53,876	70,868	–343
Result from investments in associated companies	–9,057	–87,956	14,163	–30,116
Result from loan receivables 1	2,817	218	208	–958
Dividend income	11,246	27,893	213	6,197
Other operating income	436	293	124	70
Total operating income	119,464	–113,429	85,576	–25,151
Operating expenses	–5,202	–5,843	–1,509	–2,143
Dividend withholding tax expenses	3,228	–4,170	–32	–930
Other operating expenses	–1,289	–521	–	–521
Operating result	116,202	–123,963	84,035	–28,744
Financial income and expenses				
Interest income	1,237	103	1,076	23
Interest expense	–35	–	–35	–
Currency exchange gains/losses, net	2,397	–417	–2,549	567
Other financial income	–	37	–	1
Net financial items	3,599	–276	–1,508	591
Result before tax	119,801	–124,239	82,527	–28,154
Taxation	–59	137	–60	139
Net result for the financial period	119,742	–124,102	82,467	–28,015
Earnings per share (in USD)	1.29	neg.	0.92	neg.
Diluted earnings per share (in USD)	1.29	neg.	0.90	neg.

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, 2012– Dec 31, 2012	Jan 1, 2011– Dec 31, 2011	Oct 1, 2012– Dec 31, 2012	Oct 1, 2011– Dec 31, 2011
Net result for the financial period	119,742	–124,102	82,467	–28,015
Other comprehensive income for the period				
Currency translation differences	1,095	–83	3	8
Disposals	–951	–	–	–
Total other comprehensive income for the period	144	–83	3	8
Total comprehensive income for the period	119,886	–124,185	82,471	–28,007

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)	Dec 31, 2012	Dec 31, 2011
NON CURRENT ASSETS		
Tangible non current assets		
Property, plant and equipment	23	36
Total tangible non current assets	**23**	**36**
Financial non current assets		
Financial assets at fair value through profit or loss	142,589	324,768
Investment in associated companies	151,204	120,416
Loan receivables	–	9,102
Deferred tax asset	–	35
Total financial non current assets	**293,793**	**454,321**
CURRENT ASSETS		
Cash and cash equivalents	31,841	37,665
Loan receivables	5,109	–
Tax receivables	218	325
Other current receivables	225	1,447
Total current assets	**37,392**	**39,438**
TOTAL ASSETS	**331,207**	**493,794**
SHAREHOLDERS' EQUITY (including net result for the financial period)	**329,584**	**492,078**
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Tax payables	288	424
Other current liabilities	986	907
Accrued expenses	350	386
Total current liabilities	**1,624**	**1,717**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**331,207**	**493,794**

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, 2011	**100,991**	**192,029**	**–924**	**333,334**	**625,430**
Net result for the year January 1, 2011 to December 31, 2011	–	–	–	–124,102	–124,102
Other comprehensive income for the year					
Currency translation differences	–	–	–83	–	–83
Total comprehensive income for the year January 1, 2011 to December 31, 2011	**–**	**–**	**–83**	**–124,102**	**–124,185**
Transactions with owners:					
Employees share option scheme:					
– value of employee services	–	12	–	–	12
Buy back of own shares	–2,521	–6,659	–	–	–9,180
	–2,521	–6,647	–	–	–9,168
Balance at December 31, 2011	**98,470**	**185,382**	**–1,007**	**209,232**	**492,078**
Balance at January 1, 2012	**98,470**	**185,382**	**–1,007**	**209,232**	**492,078**
Net result for the year January 1, 2012 to December 31, 2012	–	–	–	119,742	119,742
Other comprehensive income for the year					
Currency translation differences	–	–	1,095	–	1,095
Disposals	–	–	–	–951	–951
Total comprehensive income for the year January 1, 2012 to December 31, 2012	**–**	**–**	**1,095**	**118,791**	**119,886**
Transactions with owners:					
Redemption programme	–44,977	–	–	–201,144	–246,121
Employees share option scheme: [1]					
– value of employee services	–	–	–	–	–
Buy back of own shares	–8,634	–27,625	–	–	–36,259
	–8,634	–27,625	–	–	–36,259
Balance at December 31, 2012	**44,860**	**157,757**	**88**	**126,879**	**329,584**

1. The Board has adjusted the terms for options issued under the 2010 Incentive Scheme following the share split and redemption program in the third quarter of 2012, as required under the terms of the 2010 Incentive Scheme. Under the revised terms, each option issued 2010 (maturing in August 2013) entitles the holder to subscribe for 2.10 SDRs at a strike price of SEK 14.93, and each option issued 2011 (maturing in June 2014) entitles the holder to subscribe for 2.10 SDRs at a strike price of SEK 22.31. The 2010 Incentive Scheme is described in greater detail in Note 28 to the financial statements in the Annual Report 2011.

Cash flow statements – Group

(Expressed in USD thousands)	Jan 1, 2012– Dec 31, 2012	Jan 1, 2011– Dec 31, 2011
OPERATING ACTIVITES		
Result before tax	119,801	–124,239
Adjustment for:		
Interest income	–1,237	–103
Interest expenses	35	–
Currency exchange gains/-losses	–2,397	417
Depreciations and write downs	31	101
Result from financial assets at fair value through profit or loss	–114,023	53,876
Result from investments in associated companies	9,057	87,956
Result from loan receivables	–2,817	–1,178
Dividend income	–11,246	–27,893
Other non-cash items	1,289	1,559
Change in current receivables	86	266
Change in current liabilities	28	48
Net cash used in operating activities	**–1,393**	**–9,190**
Investments in financial assets	–87,226	–102,942
Sales of financial assets	353,351	116,745
Increase/decrease in loan receivables	–2,963	5,312
Dividend received	11,246	27,893
Interest received	1,237	103
Interest paid	–35	–
Tax paid	–106	–151
Net cash flow from operating activities	**274,110**	**37,769**
INVESTING ACTIVITIES		
Investments in office equipment	–17	–
Disposal, Group companies	–	40
Net cash flow used in/from investing activities	**–17**	**40**
FINANCING ACTIVITIES		
Redemption programme	–246,121	–
Buy back of own shares	–36,259	–9,180
Net cash flow used in financing activities	**–282,380**	**–9,180**
Change in cash and cash equivalents	–8,287	28,630
Cash and cash equivalents at beginning of the period	37,665	9,448
Exchange gains/losses on cash and cash equivalents	2,462	–414
Cash and cash equivalents at end of period	**31,841**	**37,665**

Key financial ratios – Group

	2012	2011
Return on capital employed, % (01)	29.15	–22.21
Equity ratio, % (02)	99.51	99.65
Shareholders' equity/share, USD (03)	3.67	4.93
Earnings/share, USD (04)	1.29	neg.
Diluted earnings/share, USD (05)	1.29	neg.
Net asset value/share, USD (06)	3.67	4.93
Weighted average number of shares for the financial period (07)	92,918,593	100,705,275
Weighted average number of shares for the financial period (fully diluted)	92,918,593	101,400,275
Number of shares at balance sheet date	89,719,279	98,470,200

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.

Income statement – Parent

(Expressed in USD thousands)	Jan 1, 2012– Dec 31, 2012	Jan 1, 2011– Dec 31, 2011	Oct 1, 2012– Dec 31, 2012	Oct 1, 2011– Dec 31, 2011
Operating expenses	–4,785	–4,523	–1,429	–1,194
Reversal of write down/ write down of shares in subsidiaries	110,094	–42,403	110,094	–42,403
Dividends income from Group companies	276	22,274	–	22,274
Operating result	**105,585**	**–24,652**	**108,665**	**–21,323**
Financial income and expenses				
Interest income	12,689	16,662	1,042	4,573
Currency exchange gains/losses, net	2,932	146	–2,351	30
Net financial items	**15,621**	**16,808**	**–1,310**	**4,603**
Net result for the financial period	**121,206**	**–7,844**	**107,355**	**–16,720**

Statement of comprehensive income

(Expressed in USD thousands)	Jan 1, 2012– Dec 31, 2012	Jan 1, 2011– Dec 31, 2011	Oct 1, 2012– Dec 31, 2012	Oct 1, 2011– Dec 31, 2011
Net result for the financial period	**121,206**	**–7,844**	**107,355**	**–16,720**
Other comprehensive income for the period				
Currency translation differences	–	–	–	–
Total other comprehensive income for the period	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**121,206**	**–7,844**	**107,355**	**–16,720**

Balance sheet – Parent

(Expressed in USD thousands)	Dec 31, 2012	Dec 31, 2011
NON CURRENT ASSETS		
Financial non current assets		
Shares in subsidiaries	294,507	184,412
Receivables from Group companies	34,282	307,731
Total financial non current assets	328,788	492,143
CURRENT ASSETS		
Cash and cash equivalents	716	71
Other current receivables	73	83
Total current assets	789	154
TOTAL ASSETS	329,577	492,297
SHAREHOLDERS' EQUITY (including net result for the financial period)	328,987	490,160
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Liabilities to group companies	268	1,833
Other current liabilities	75	8
Accrued expenses	247	297
Total current liabilities	590	2,137
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	329,577	492,297

Statement of Changes in Equity – 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
Net result for the year January 1, 2011 to December 31, 2011	–	–	–7,844	–7,844
Other comprehensive income for the year				
Currency translation differences	–	–	–	–
Total comprehensive income for the year January 1, 2011 to December 31, 2011	–	–	–7,844	–7,844
Transactions with owners:				
Employees share option scheme:				
– value of employee services	–	12	–	12
Buy back of own shares	–2,521	–6,659	–	–9,180
	–2,521	–6,647	–	–9,168
Balance at December 31, 2011	98,470	185,382	206,308	490,160
Balance at January 1, 2012	98,470	185,382	206,308	490,160
Net result for the year January 1, 2012 to December 31, 2012	–	–	121,206	121,206
Other comprehensive income for the year				
Currency translation differences	–	–	–	–
Total comprehensive income for the year January 1, 2012 to December 31, 2012	–	–	121,206	121,206
Transactions with owners:				
Redemption programme	–44,977	–	–201,144	–246,121
Employees share option scheme:				
– value of employee services	–	–	–	–
Buy back of own shares	–8,634	–27,625	–	–36,259
	–8,634	–27,625	–	–36,259
Balance at December 31, 2012	44,860	157,757	126,370	328,987

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	2012 Associated companies	2012 Lundin family and group of companies	2012 Key management and Board of Directors	2011 Associated companies	2011 Lundin family and group of companies	2011 Key management and Board of Directors
Items of the income statement						
Income from loan receivables	2,178[1]	–	–	409[1]	–	–
Other operating income	29[2]	406[2]	–	41[2]	233[2]	–
Operating expenses	–	–465[3]	–1,128[4]	–	–387[3]	–1,132[4]
Interest expenses	–	–	–	–	–	–
Balance sheet items						
Non current loan receivables	–	–	–	8,902[1]	–	–
Current loan receivables	5,096[1]	–	–	–	–	–
Other current receivables	–	–	–	–	–	–
Retained earnings	–	–	–	–	–	–12
Other current liabilities and accrued expenses	–9[2]	–14[2]	–152[4]	–6[2]	–66[2]	–143[4]

1) **Loans to associated companies**
Vostok Nafta has an outstanding short-term loan receivable from RusForest AB, which was recognized at a book value of USD 5.10 mln as per December 31, 2012. In the Income Statement for the period ended December 31, 2012 Vostok Nafta has recognised interest income in the amount of USD 0.36 mln from Black Earth Farming Ltd and USD 1.81 mln from RusForest AB. Vostok Nafta has a credit line of USD 12.5 mln to Black Earth Farming Ltd which carries an annual interest rate of 11% and matures in June 2013. There were no outstanding loan receivables from Black Earth Farming Ltd as per December 31, 2012.

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, 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. Vostok Nafta paid USD 285,209 (2011: 84,359) to Mile High Holdings Ltd in respect of aviation services received.

4) **Operating expenses: Key management and Board of Directors**
Compensation paid or payable includes salary and bonuses to the management and remuneration to the Board members.

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 December 31, 2012 the Vostok Nafta Investment Ltd Group consists of the Bermudian parent company, one wholly owned Bermudian subsidiary, one wholly owned Cypriot subsidiary, one wholly owned Cypriot subsidiary which is under liquidation, 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 121.21 (–7.84) mln.

Financial and Operating risks
During 2012, the Company has exited most of its positions in Russian listed stock. After the cash distribution on October 2, 2012, the non-quoted investments represent a substantially larger part of the remaining portfolio. 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 three months report for the period January 1, 2013–March 31, 2013 will be published on May 15, 2013.

Annual General Meeting and Annual Report 2012
The annual general meeting is planned to take place on Tuesday, May 7, 2013. The annual report will be available on the company's website (www.vostoknafta.com) from March 29, 2013.

Subsequent events
Since January 1, 2013 the Company has repurchased 1,509,279 SDRs.

February 13, 2012

Per Brilioth
Managing Director
Vostok Nafta Investment Ltd

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

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