

**Vostok
Nafta
Investment
Ltd**

**Nine Months Report
January–September
2014**



- Net result for the period was USD –128.51 million (mln) (January 1, 2013–September 30, 2013: –25.44). Earnings per share were negative (negative). Net result for the quarter was USD –37.47 mln (July 1, 2013–September 30, 2013: –0.76). Earnings per share for the quarter were negative (negative).
- The net asset value of the Company was USD 391.41 mln on September 30, 2014 (December 31, 2013: 633.97), corresponding to USD 5.23 (December 31, 2013: 7.05) per share. Given a SEK/USD exchange rate of 7.2383 the values were SEK 2,833.14 mln (December 31, 2013: 4,126.10 mln) and SEK 37.84 (December 31, 2013: 45.89), respectively.
- The group’s net asset value per share in USD decreased by 25.86% over the period January 1, 2014–September 30, 2014. During the same period the RTS index decreased by 22.11% in USD terms. During the quarter July 1, 2014–September 30, 2014 the group’s net asset value per share in USD decreased by 8.75% (RTS index: –17.74%).
- During the third quarter, the Company has made two new investments: a EUR 5.5 mln investment in Quandoo, the fastest growing and technology-leading restaurant reservation platform in EMEA; and a USD 25 mln investment in GetTaxi, which provides transportation services to enterprises and individuals through mobile and web-based applications and aims to become the global leader in the space. The Company has also made two new debt investments (in Delivery Hero and Kite Ventures) in the total amount of EUR 33 mln.

- The number of outstanding shares at the end of the period was 74,865,149.
- The reported net asset value per share of Vostok Nafta as of October 31, 2014 was USD 5.04 (SEK 37.02).

Management report

There is no question that sentiment around Russia has been better. The situation in Ukraine continues to present a drag on people’s perception of Russia. It does not really matter that the cease fire between Ukrainian forces and Eastern separatists has been more or less intact for several months now, – investors currently seem to be more inclined to invest anywhere else than in Russia. The Russian economy is going through a downturn that was in the works long before sanctions, and the ruble’s negative performance this year has more to do with oil than events in Ukraine.

My view is that while the initiation of the events in Ukraine last year with the Maidan violence etc. was not Russia’s doing or preference, its actions around Crimea and much debated support of the Eastern separatists has driven the sentiment. Given the progress on the path to a new normality, sentiment should have been better in Russia already now were it not for a series of events that one has to argue is Russia’s own doing (albeit possibly as a consequence of the sanctions imposed on it by the West).

Firstly, the process to reverse the privatization of Bashneft to Sistema has rung alarm bells that we are back to the days when Yukos went under and has led to the questioning of ownership rights at large in the country. As always though, even a not particularly deep insight in to the background of the Bashneft sale reveals that this privatization was indeed rife

with fraud on behalf of the sellers and the process would have been questioned anywhere in the world. Certainly not a reason to worry about ownership rights at large in Russia. If, on the other hand, you have bought an asset that has its origins in a murky privatization mechanism you should apply a higher risk premium though...

Secondly, the passing of a new media law limiting foreign ownership to 20% for large TV broadcasters and large print publications is not good for those assets and to most observers smacks of an unnecessary ambition to control media for the larger audiences in Russia. Notably markets seem to have assumed that there is a risk that this means more regulation of the internet in some form, and this view has seen the valuations of internet companies in Russia deteriorate. There have been discussions in Russia over the past years whether social media internet companies should require a mass media license, but these have never led to anything. I believe Russian internet companies will start to store their data on servers located in Russia, but worries of regulation of the internet beyond this is very exaggerated.

Avito

At Avito, business continues to develop well. The company’s Q3 report will be made public on December 9. The focus of the company continues to be one of continuous development of the verticals. We have conducted work on estimating the current addressable market of the large verticals (real estate, auto, jobs and services) and it is clear that the opportunity is large. Our estimate is that the advertising budget of real estate agents is some USD 1 bln of which roughly half is spent online and that car dealers spend some USD 1.5 bln on advertising in total and some USD 400 mln online. Avito’s revenues from

Nine Months Report Covering the Period January 1, 2014–September 30, 2014

value-added services for real estate in the last 12 months as per June were USD 17 mln and for cars USD 11 mln with the current exchange rate, so the potential is clearly large.

As of September 30, we have kept our valuation unchanged at the last paid price, which was a transaction completed earlier this year where we also participated as a buyer. Although there is in my view currently a large upside to this mark (a view that I believe we have clearly demonstrated by buying back Vostok Nafta stock at higher implicit valuations for Avito), I am a strong advocate of keeping the last paid price as long as possible rather than reverting to valuation models, which in my view are too sensitive for subjective input data. If time passes and the last paid price no longer seems to be the best estimate for fair value we will revert to using our preferred model which very simply puts a peer group multiple on earnings two years out.

New transactions

Our troika of new investments, which were introduced in our last financial report and all closed during the third quarter, has shown good progress in line with our initial expectations. Having said this, Quandoo has managed to close a transaction post ours where the Japanese company Recruit becomes a meaningful shareholder in Quandoo. A mix of secondary and primary shares was purchased at a valuation of primary shares that is in line with where we invested.

Going forward

Going forward, we will naturally keep on evaluating new investments including buying our own shares. In the spirit of our everlasting ambition to maintain a portfolio of holdings that are difficult for our typical shareholders to access themselves, we have trans-

formed part of our cash position into senior secured debt of companies with network effects at a mature stage, providing us with double digit interest rates and an all in IRR potential of some 20%. As maturity is relatively short I believe this presents a very good risk/reward positioning of our cash, whilst at the same time maintaining liquidity.

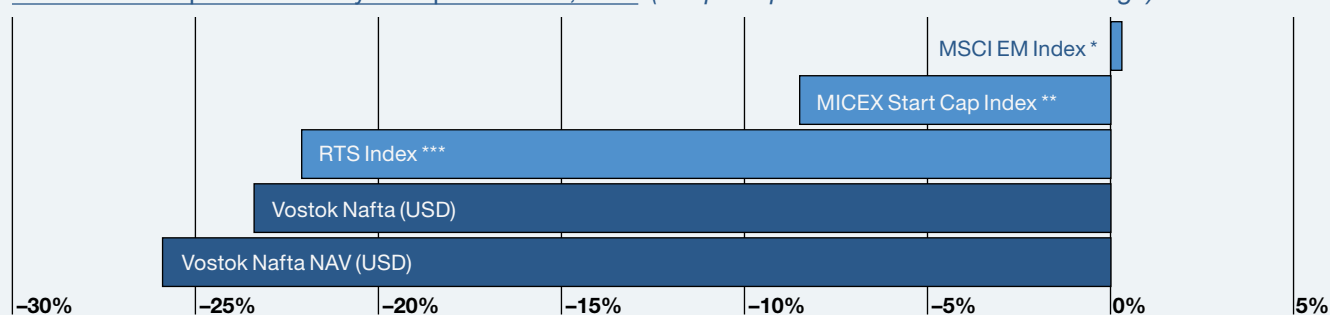
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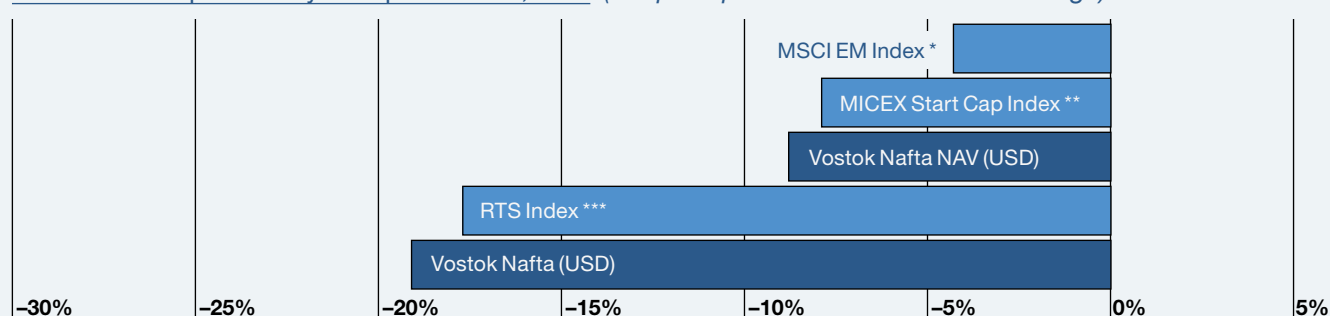
Vostok Nafta's portfolio development

The group's net asset value per share in USD decreased by 25.86% over the period January 1, 2014–September 30, 2014. During the same period the RTS index decreased by 22.11% in USD terms. During the quarter July 1, 2014–September 30, 2014 the group's net asset value per share in USD decreased by 8.75% (RTS index: –17.74%).

Percent development January 1–September 30, 2014 (last price paid on relevant stock exchange)



Percent development July 1–September 30, 2014 (last price paid on relevant stock exchange)



* The MSCI Emerging Markets Index is a free float weighted equity index that consists of indices in 26 emerging economies.

** The MICEX Start Cap Index is a real-time cap-weighted index of 50 stocks of Russian small cap companies.

*** 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.

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Portfolio structure

The investment portfolio stated at market value as at September 30, 2014 is shown to the right.

Vostok Nafta portfolio as at September 30, 2014

Number of shares	Company	Fair value, USD September 30, 2014	Percentage weight	Value per share, USD September 30, 2014	Value per share, USD December 31, 2013
6,166,470	Avito 2	217,240,215	55.4%	35.2	39.2 1
9,079,794	Tinkoff Credit Systems (TCS Group Holding PLC)	43,492,213	11.1%	4.8	15.7 1
	GetTaxi 2 (Mandatory convertible loan)	25,272,222	6.4%		1
8,661,609	Yell.ru 2	8,000,000	2.0%	0.9	1
	Quandoo 2	6,976,535	1.8%		1
	Delivery Hero Holding GmbH, debt	28,751,892	7.3%		
	Delivery Hero Holding GmbH, equity component 2	3,147,193	0.8%		1
	Kite Ventures, debt	10,191,660	2.6%		
	Liquidity management portfolio, including cash	49,276,834	12.6%		
	Total	392,348,764	100.0%		

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.

2. Private equity investment.

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Avito

Avito is the largest and fastest growing online classified platform in Russia, and the company continues to show strong growth year to date. The company has established itself as the leading player in terms of visitors and number of ads and continues to outpace its competitors. Avito has established a firm market-leading position, which is a key factor in terms of high profitability potential judging by the experience of peers in other countries. Avito is the leading brand and has the highest brand awareness in Moscow, St. Petersburg and throughout the regions. The merger with Naspers-owned Slando.ru and OLX.ru in 2013 significantly reaffirmed this #1 position in the Russian market. Compared to western countries, Russia still lags behind in terms of low proportion of internet users in relation to the total population. By the end of 2016 the number of internet users in Russia is expected to reach around 100 million, compared to an estimate of 84 million in 2014. The market for internet-related services is expected to grow significantly in correlation with an increased internet penetration. The Russian e-commerce market is expected to grow with the increasing internet penetration to approximately USD 25 bln in 2016 according to Goldman Sachs Investment Research. According

Avito

Vostok Nafta's number of shares as at September 30, 2014	6,166,470
Total Value (USD)	217,240,215
Share of total portfolio	55.4%
Share of total shares outstanding	13.7%
Value development January 1–September 30, 2014 (in USD) *	–7.2%

During the third quarter 2014 Vostok Nafta purchased 0 shares and sold 0 shares in Avito.

* The change in value in USD terms corresponds to the SEK depreciation versus USD during 2014.

to LiveInternet.ru, Avito had 59 million (40 million in 3Q13) unique visitors during the last 31 days prior to this report measured by unique cookies. Avito also owns just under 50% of and the leading classified site in Morocco, Avito.ma, which also has presence in Ukraine and Egypt. In February 2014, Schibsted announced a joint venture between its Moroccan site and Avito.ma to create a clear market leader and further strengthen the combined sites position on the Moroccan online classified market. The new company has retained the Avito.ma brand and is operated by the controlling shareholder Schibsted.

In early 2014 the work with Domofond.ru, a real estate portal for the Russian market, commenced within a JV between Avito and Naspers-owned Korbitec. The venture is still in its early stages and is aiming to further develop the real estate segment to make the process more efficient and convenient for all parties. As of September, 2014, there were roughly 3.5 million listings on the Domofond portal. The Russian real estate market is underdeveloped and holds great promise for the future. Some of the most profitable and highest valued international classifieds sites are real estate portals, including the likes of Rightmove, Zillow, REA Group and SeLogger.

In early October, after the third quarter ending, Avito launched a new re-branded logo and updated site together with a new set of TV-commercials broadcasted across Russia. The new TV-spots can be found at <https://www.avito.ru/company/tv>

As per September 30, 2014, the valuation of Avito is based on the two latest transactions in Avito completed earlier in 2014 and amounts to SEK 255 per share or USD 217.2 mln for Vostok Nafta's stake in the company. The founders of Avito sold 10% of their holdings in February, 2014 and later in June a limited number of Avito shares held by other management members were sold at the same SEK 255 per share

valuation. Even if these transactions were completed seven months ahead of the third quarter ending, in our view they still represent the best objective estimate of the fair value of Avito. Please see note 3 for further information on the Avito valuation.

Key performance indicators second quarter 2014¹

- Revenues of RUB 1,069 mln (USD 31.8 mln²), up 85% compared with the second quarter 2013 (RUB 579 mln).
- EBITDA margin of 53% or RUB 569 mln (USD 16.9 mln²), compared with the second quarter 2013 (RUB 196.3 mln).
- Monthly audience³ in June 2014 according to TNS Russia of 25.8 mln compared to 24.3 mln in June 2013.

Key performance indicators year-to-date second quarter 2014¹

- Revenues of RUB 1,921 mln (USD 57.1 mln²), up 97% compared with the second quarter 2013 (RUB 976 mln).
- EBITDA margin of 50% or RUB 962 mln (USD 28.6 mln²), compared with the second quarter 2013 (RUB 172.7 mln).
- Avito's cash position at the end of the second quarter was USD 137 mln.
- Page views amounted to 34 bln compared to 21 bln for the previous year.

Avito's trading statement for the third quarter and the first nine months of 2014 is expected to be released on December 9, 2014.

Company website: avito.ru

1. Unaudited figures from Avito.

2. Translated with official FX rate of 33.6306 as of June 30, 2014 quoted by the Central Bank of the Russian Federation.

3. Monthly audience is measured by a regular survey performed by TNS Russia. Details can be found at <http://en.tns-global.ru/services/media/media-audience/internet/description/>.

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Tinkoff Credit Systems

TCS Group Holding PLC (TCS) is an innovative provider of online retail financial services operating in Russia through a high-tech branchless platform, which is supported by a “smart” courier network that covers around 600 cities and towns in Russia. TCS’s main offering is credit cards and had as of June 30, 2014 RUB 74.6 bln in net loans and advances to customers. In addition to a market-leading credit card offering, the Group has developed a successful online retail deposits program and added Tinkoff Mobile Wallet to its portfolio of innovative online products and services for Russian consumers, including mobile financial services, payment solutions and insurance.

TCS’s senior management consists of a team of experienced professionals formerly employed by Visa, McKinsey and several top Russian banks. By combining a purpose-built platform with dedicated staff, TCS can serve millions of customers. 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.

Tinkoff Credit Systems

Vostok Nafta’s number of shares as at September 30, 2014	9,079,794
Total Value (USD)	43,492,213
Share of total portfolio	11.1%
Share of total shares outstanding	4.9%
Value development January 1–September 30, 2014 (in USD)	–69.4%

During the third quarter 2014 Vostok Nafta purchased 237,500 shares and sold 0 shares in TCS.

TCS was listed on the main list of London Stock Exchange on October 25, 2013. Vostok Nafta sold approximately 60% of its initial stake in TCS in the IPO but is still the second largest shareholder with 4.8% ownership.

Following the IPO of the company in October 2013, TCS’s share price has been very volatile and negatively affected for several reasons. First there was speculation in the media on new banking regulations in late 2013, which was later followed by an unexpected downturn in the consumer credit cycle. This together with the current situation in Eastern Ukraine and the indirect effect of international sanctions has driven the share price down. As per September 30, the TCS share price has declined some 70% YTD. However, as a result of the IPO, TCS became over-capitalized and has been able to manage this more difficult business environment with great effort and stayed meaningfully profitable during the second quarter of 2014.

In June 2014, TCS announced it had received indications from, independently of one another, Oleg Tinkov and certain other pre-IPO shareholders – including Vostok Nafta, Baring Vostok and Goldman Sachs – of their intention to increase their holdings in the company, and in the third quarter of 2014, Vostok Nafta bought 237,500 TCS GDRs.

- Net income in the second quarter 2014 amounted to RUB 1.3 bln (RUB 1.4 bln in 2Q 2014).
- Net interest margin in 2Q 2014 was 34.6% compared to 38.7% in 2Q 2013.
- Cost of risk in 2Q 2014 was 18.7% compared to 12.6% in 2Q 2013.
- The net loan portfolio increased y-o-y to RUB 74.6 bln as of June 30, 2014, up 20% since the end of 2Q 2013. Market share of 7.0% as of June 30, 2014, placing TCS as the #3 credit card issuer in Russia

by market share behind Sberbank and Russian Standard Bank.

- Retail deposits was RUB 42.1 bln as of June 30, 2014, up from 32 bln as of 2Q 2013 and as of June 30, 2014, cash amounted to 14.4% of total assets and 32.4% of customer accounts.
- In April 2014, TCS launched the dedicated website tinkoffinsurance.ru for its property and travel insurance products through the Tinkoff Online Insurance platform.

Third quarter results are expected to be published in late November 2014.

Company website: tcsbank.ru/eng/

Yell.ru

Yell.ru is an online local search utility with user reviews about local companies and services in Russia. Reviews help consumers make better-informed decisions when purchasing services or goods. Yell.ru expects that more than a third of all online Russians will use the service during 2014 to look for restaurants, doctors, shopping opportunities and more. Yell has several listed comparable peers in other markets which focus on local search and reviews, most notably Yelp.com in the US.

Vostok Nafta announced the investment in Yell.ru in June 2014. Vostok Nafta invested USD 8 mln in the context of a total raise of USD 11 mln that included

Yell.ru

Vostok Nafta’s number of shares as at September 30, 2014	8,661,609
Total Value (USD)	8,000,000
Share of total portfolio	2.0%
Share of total shares outstanding	33.3%

During the third quarter 2014 Vostok Nafta purchased 0 shares and sold 0 shares in Yell.ru.

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participation from Yell's current principal investor Investment AB Kinnevik.

Yell.ru has a steady and strong growth of unique visitors who utilize the service. In September 2014, Yell.ru had over 4.5 mln UUVs, which is an increase of 112% y-o-y. Page views in September amounted to 10.6 mln. Currently there are over 583k reviews on Yell.ru and each month more than 32k new reviews are written by its users. 95% of Yell's traffic is organic and roughly 30% is currently coming from mobile channels.

Yell.ru is headed by two Swedish internet entrepreneurs, Joakim Grönvall and Mathias Eklöf, who run the company from Moscow.

Company website: yell.ru

Quandoo

Quandoo is the fastest growing and technology-leading restaurant reservation platform in EMEA. Quandoo is currently in 88 cities across 9 EMEA markets with market leadership in 4 of the top 10 European markets (Germany, Italy, Austria and Turkey). To date the company has seated 2.8 million diners in 3,800 real-time connected partner restaurants. Restaurateurs are equipped with an industry-leading reservation-management system that supports them in driving utilization and engaging with their customers through the Quandoo platform. The company was founded by Philipp Magin, Daniel Glasner, Ronny Lange, Tim-Hendrik Meyer and Sebastian Moser.

Vostok Nafta finalized the indirect investment of EUR 5.5 mln in Quandoo on July 2, 2014. The Quandoo investment is the result of a cooperation initiated with Piton Capital, a London-based venture capital firm, which was introduced to our shareholders in our 2013 Annual Report. The Quandoo shares are owned indirectly through Piton Capital Investments Coöperatief B.A.

In very simple words Quandoo connects diners to restaurants through online and mobile channels and monetizes through a mix of subscription fees and transaction commissions. Quandoo is building the first modular operating system that integrates point of sale-relevant systems, and which provides restaurants with unique insights into its business as well as unmatched efficiency in managing daily operations.

In October, Quandoo announced a new strategic investment from RGIP LLC, a corporate venture capital fund of Japan-based Recruit Holdings. RGIP will provide understanding an expertise of the Asian markets and the major opportunities for growth in those regions.

Other shareholders include Holtzbrinck Ventures, DN Capital, the Sixt Family, Piton Capital and Recruit.

As per September 30, 2014, Vostok Nafta values its investment in Quandoo on the basis of the initial investment cost which is EUR 5.5 mln (USD 6.98 mln as per September 30, 2014) and represents 1.8% of Vostok Nafta's total NAV.

Company website: quandoo.com

GetTaxi

GetTaxi is a simple and instant way to order taxis with one click of a button from a smartphone.

The GetTaxi system automatically finds the taxi closest to the user's location, significantly reducing waiting time. GetTaxi users have access to driver and vehicle information and real-time views of the taxis they order. Users can rank drivers, view their previous ride details, and even earn miles points toward free rides and other bonuses. GetTaxi is currently active in four countries and across 24 cities, most notably Moscow, St. Petersburg, Tel Aviv, London and New York. Nearly half of the Fortune 500 companies use GetTaxi today. The addressable market

for the company within its existing markets is some USD 30 bln. GetTaxi's revenues are typically some 15–30% of the fare value depending on whether it is servicing a private or business client.

GetTaxi provides its services to enterprises and individuals through mobile and web applications and aims to become a global leader in the space. It is currently larger than all its direct competitors and second only to Uber globally. It expects to hit a run rate of USD 150 mln in revenues by year-end and continues to grow at some 400% annually. Other shareholders include Access Industries and Inventure Partners.

In contrast to its most famous competitor, Uber, it offers not only a business-to-consumer product but also a business-to-business product. Although currently smaller in terms of revenues at GetTaxi today, the corporate market offers higher profitability and also immense growth opportunities as competition is lower. Also in contrast to Uber, GetTaxi deals solely with regulated taxis, making it less confrontational with incumbent solutions.

Vostok Nafta has invested USD 25 mln in GetTaxi during the third quarter of 2014. The investment was structured as a convertible loan with 8% annual interest and will automatically convert into actual equity upon the finalization of the larger round which is expected to take place in the fourth quarter 2014.

As per September 30, 2014 the GetTaxi investment is valued on the basis the initial investment cost adjusted with interest accrued as per September 30, 2014. The GetTaxi investment represents 6.4% of Vostok Nafta's total NAV.

Company website: gettaxi.com

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Debt investments

Delivery Hero

Delivery Hero is a worldwide network of online food-ordering sites with almost 100,000 restaurants connected to its service. The company operates in 23 countries across five continents, including Germany, Sweden, UK, Korea, China and India. Delivery Hero's restaurant partners generate more than one billion USD in annual sales via online orders or mobile applications and deliver more than 10 million meals every month. Delivery Hero has more than 1,000 employees around the world with 400 staff working from its Berlin headquarters.

During the third quarter, Vostok Nafta invested EUR 25 mln in senior secured debt of Delivery Hero with 9.5%–10.5% annual nominal interest. The loan also included a smaller equity component, through which Vostok Nafta will receive a number of shares and warrants in the company. On September 30, 2014 the equity component represented 9.8% of the total value of the Delivery Hero investment.

Kite Ventures

Kite Ventures is a global venture investment company specializing in marketplace and transactional network investments. The firm seeks to invest in companies in Europe and New York. Kite Ventures was founded in 2009 and has invested over USD 250 mln across 20 portfolio companies

In September 2014, Vostok Nafta invested EUR 8 mln in senior secured debt of Kite Ventures. The debt carries 13% annual nominal interest and has a 2-year maturity. The Kite investment also features a smaller equity component, which on September 30, 2014 had no value.

RusForest

Vostok Nafta owns USD 5 mln of short-term debt with 13% annual interest in the former portfolio company RusForest. The interest is paid on a quarterly basis and the debt matures on December 31, 2014.

Investments

During the third quarter, gross investments in financial assets were USD 43.75 (8.34) mln and proceeds from sales were USD 32.85 (0) mln.

Major changes in the portfolio during the third quarter:

During the third quarter 2014, the Company has made investments in Quandoo (EUR 5.5 mln), Get-Taxi (USD 25 mln), Tinkoff Credit Systems (USD 1.36 mln) and cash investments (USD 6.73 mln). The Company has also made debt investments in Delivery Hero (EUR 25 mln) and Kite Ventures (EUR 8 mln).

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 –123.94 (–20.17) mln, mainly coming from the TCS share price decline. Result from loan receivables was USD 0 (0.89) mln. Dividend and coupon income, net of withholding tax expenses, was USD 1.01 (0.49) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD 3.07 (6.69) mln.

Net financial items were USD –2.51 (0.03) mln.

Net result for the period was USD –128.51 (–25.44) mln.

Total shareholders' equity amounted to USD 391.41 mln on September 30, 2014 (December 31, 2013: 633.97).

Group – results for the quarter

During the quarter, the result from financial assets at fair value through profit or loss amounted to USD –34.42 (–0.19) mln, mainly coming from the TCS share price decline. Result from loan receivables was USD 0 (0.12) mln. Dividend and coupon income, net of withholding tax expenses, was USD 0.35 (0.03) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD 0.76 (0.77) mln.

Net financial items were USD –2.65 (0.06) mln.

Net result for the quarter was USD –37.47 (–0.76) 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 15.47 mln on September 30, 2014 (December 31, 2013: 246.57).

(Expressed in USD thousands)	Jan 1, 2014– Sep 30, 2014	Jan 1, 2013– Sep 30, 2013	Jul 1, 2014– Sep 30, 2014	Jul 1, 2013– Sep 30, 2013
Result from financial assets at fair value through profit or loss ¹	-123,944	-20,169	-34,419	-190
Result from loan receivables ¹	-	893	-	115
Dividend and coupon income	1,009	522	352	29
Other operating income	-	256	-	1
Total operating income	-122,935	-18,497	-34,067	-45
Operating expenses	-3,074	-6,943	-762	-775
Dividend withholding tax expenses	-	-28	-	-
Operating result	-126,009	-25,468	-34,829	-821
Financial income and expenses				
Interest income	1,095	20	817	5
Interest expense	-3	-29	-3	-
Currency exchange gains/losses, net	-3,596	36	-3,459	57
Net financial items	-2,505	27	-2,645	62
Result before tax	-128,514	-25,441	-37,474	-758
Taxation	-	-	-	-
Net result for the financial period	-128,514	-25,441	-37,474	-758
Earnings per share (in USD)	Neg.	Neg.	Neg.	Neg.
Diluted earnings per share (in USD)	Neg.	Neg.	Neg.	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.

Income statements – Group

(Expressed in USD thousands)	Jan 1, 2014– Sep 30, 2014	Jan 1, 2013– Sep 30, 2013	Jul 1, 2014– Sep 30, 2014	Jul 1, 2013– Sep 30, 2013
Net result for the financial period	-128,514	-25,441	-37,474	-758
Other comprehensive income for the period				
<i>Items that may be classified subsequently to profit or loss:</i>				
Currency translation differences	-81	10	-54	30
Disposals	-	-	-	-
Total other comprehensive income for the period	-81	10	-54	30
Total comprehensive income for the period	-128,595	-25,431	-37,527	-729

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) Sep 30, 2014 Dec 31, 2013

NON-CURRENT ASSETS**Tangible non-current assets**

Property, plant and equipment	6	11
Total tangible non-current assets	6	11

Financial non-current assets

Financial assets at fair value through profit or loss	332,939	383,828
Loan receivables	38,944	5,000
Total financial non-current assets	371,882	388,828

CURRENT ASSETS

Cash and cash equivalents	15,466	246,572
Loan receivables	5,000	-
Receivables from related parties	-	1,261
Tax receivables	407	315
Other current receivables	47	145
Total current assets	20,920	248,293

TOTAL ASSETS	392,809	637,133
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SHAREHOLDERS' EQUITY

(including net result for the financial period)	391,409	633,966
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CURRENT LIABILITIES**Non-interest bearing current liabilities**

Tax payables	389	402
Other current liabilities	876	1,998
Accrued expenses	134	766
Total current liabilities	1,399	3,166

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	392,809	637,133
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(Expressed in USD thousands) Share Capital Additional paid in capital Other reserves Retained earnings Total

Balance at January 1, 2013	44,860	157,757	88	126,879	329,584
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Net result for the period

January 1, 2013 to September 30, 2013	-	-	-	-25,441	-25,441
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Other comprehensive income for the period

Currency translation differences	-	-	10	-	10
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Total comprehensive income for the period January 1, 2013 to September 30, 2013	-	-	10	-25,441	-25,431
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Transactions with owners:

Proceeds from shares issued	593	2,749	-	-	3,342
Redemption program	-13,232	-	-	-47,033	-60,264
Buy back of own shares	-755	-3,889	-	-	-4,644
	-755	-3,889	-	-	-4,644

Balance at September 30, 2013	31,466	156,617	98	54,406	242,587
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Balance at January 1, 2014	31,466	157,939	89	444,472	633,966
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Net result for the period

January 1, 2014 to September 30, 2014	-	-	-	-128,514	-128,514
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Other comprehensive income for the period

Currency translation differences	-	-	-81	-	-81
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Total comprehensive income for the period January 1, 2014 to September 30, 2014	-	-	-81	-128,514	-128,595
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Transactions with owners:

Proceeds from shares issued	9	61	-	-	70
Buy back of own shares	-5,272	-108,760	-	-	-114,032
	-5,272	-108,760	-	-	-114,032

Balance at September 30, 2014	26,203	49,240	8	315,958	391,409
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Balance sheets – Group

Statement of Changes in Equity – Group

(Expressed in USD thousands)	Jan 1, 2014– Sep 30, 2014	Jan 1, 2013– Sep 30, 2013
OPERATING ACTIVITIES		
Result before tax	-128,514	-25,441
Adjustment for:		
Interest income	-1,094	-20
Interest expense	3	29
Currency exchange gains/-losses	3,596	-37
Depreciations and write downs	4	14
Result from financial assets at fair value through profit or loss	123,944	20,169
Result from loan receivables	-	-893
Dividend and coupon income	-1,009	-522
Change in current receivables	1,353	179
Change in current liabilities	-1,734	-241
Net cash used in operating activities	-3,450	-6,764
Investments in financial assets	-123,976	-12,319
Sales of financial assets	50,921	8,743
Increase in loan receivables	-40,482	-15
Dividend and coupon income	1,009	-522
Interest received	874	20
Interest paid	-3	-29
Tax paid	-119	-129
Net cash flow used in operating activities	-115,226	-9,970
INVESTING ACTIVITIES		
Investments in office equipment	-	-11
Sale of office equipment	-	7
Net cash flow used in investing activities	-	-3
FINANCING ACTIVITIES		
Redemption program transaction fees	-	-584
Proceeds from shares issued	70	3,342
Buy back of own shares	-114,032	-4,644
Net cash flow used in financing activities	-113,962	-1,886
Change in cash and cash equivalents	-229,188	-11,859
Cash and cash equivalents at beginning of the period	246,572	31,841
Exchange gains/losses on cash and cash equivalents	-1,918	-43
Cash and cash equivalents at end of period	15,466	19,939

Cash flow statements – Group

	9m 2014	9m 2013
Return on capital employed, % (01)	-25.07	-8.89
Equity ratio, % (02)	99.64	99.45
Shareholders' equity/share, USD (03)	5.23	2.70
Earnings/share, USD (04)	Neg.	Neg.
Diluted earnings/share, USD (05)	Neg.	Neg.
Net asset value/share, USD (06)	5.23	2.70
Weighted average number of shares for the financial period	79,732,697	88,561,204
Weighted average number of shares for the financial period (fully diluted)	79,732,697	88,585,564
Number of shares at balance sheet date	74,865,149	89,903,020

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, 2014– Sep 30, 2014	Jan 1, 2013– Sep 30, 2013	Jul 1, 2014– Sep 30, 2014	Jul 1, 2013– Sep 30, 2013
Result from financial assets at fair value through profit or loss				
Operating expenses	-4,250	-8,921	-2,477	-167
Dividend and coupon income	1,009	25	352	25
Operating result	-6,411	-15,657	-2,895	-940
Financial income and expenses				
Interest income	1,935	1,109	1,408	225
Interest expense	-3	-	-3	-
Currency exchange gains/losses, net	-3,439	139	-3,302	46
Net financial items	-1,508	1,248	-1,897	271
Net result for the financial period	-7,918	-14,409	-4,792	-670

(Expressed in USD thousands)	Jan 1, 2014– Sep 30, 2014	Jan 1, 2013– Sep 30, 2013	Jul 1, 2014– Sep 30, 2014	Jul 1, 2013– Sep 30, 2013
Net result for the financial period	-7,918	-14,409	-4,792	-670
Other comprehensive income for the period				
<i>Items that may be classified subsequently to profit or loss:</i>				
Currency translation differences	-	-	-	-
Total other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-7,918	-14,409	-4,792	-670

Income statement – Parent

Statement of com- prehensive income

(Expressed in USD thousands)	Sep 30, 2014	Dec 31, 2013
NON-CURRENT ASSETS		
Financial non-current assets		
Shares in subsidiaries	84,389	84,389
Financial assets at fair value through profit or loss	31,958	12,450
Loan receivables	38,944	5,000
Receivables from Group companies	50,500	110
Total financial non-current assets	205,790	101,949
CURRENT ASSETS		
Cash and cash equivalents	15,298	246,434
Loan receivables	5,000	-
Receivables from related parties	-	1,261
Other current receivables	22	126
Total current assets	20,320	247,820
TOTAL ASSETS	226,110	349,769
SHAREHOLDERS' EQUITY (including net result for the financial period)		
	225,463	347,344
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Liabilities to group companies	526	2,314
Other current liabilities	45	23
Accrued expenses	76	89
Total current liabilities	646	2,425
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	226,110	349,769

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings	Total
Balance at January 1, 2013	44,860	157,757	126,370	328,987
Net result for the period				
January 1, 2013 to				
September 30, 2013	-	-	-14,409	-14,409
Other comprehensive income for the period				
Currency translation differences	-	-	-	-
Total comprehensive income for the period January 1, 2013 to September 30, 2013	-	-	-14,409	-14,409
Transactions with owners:				
Proceeds from shares issued	593	2,749	-	3,342
Redemption program	-13,232	-	-47,033	-60,264
Buy back of own shares	-755	-3,889	-	-4,644
	-13,394	-1,140	-47,033	-61,566
Balance at September 30, 2013	31,466	156,617	64,929	253,012
Balance at January 1, 2014	31,466	157,939	157,939	347,344
Net result for the period				
January 1, 2014 to				
September 30, 2014	-	-	-7,918	-7,918
Other comprehensive income for the period				
Currency translation differences	-	-	-	-
Total comprehensive income for the period January 1, 2014 to September 30, 2014	-	-	-7,918	-7,918
Transactions with owners:				
Proceeds from shares issued	9	61	-	70
Buy back of own shares	-5,272	-108,760	-	-114,032
	-5,272	-108,760	-	-114,032
Balance at September 30, 2014	26,203	49,240	150,020	225,463

Balance sheet – Parent

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 2013.

Note 2 Related party transactions

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

USD thousands	Operating expenses		Current liabilities	
	9m 2014	9m 2013	9m 2014	9m 2013
Key management and				
Board of Directors*	-852	-2,694	-67	-21

* Compensation paid or payable includes salary and bonuses to the management and remuneration to the Board members.

Note 3 Fair value estimation

The numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report. For more information regarding financial instruments in level 2 and 3 see note 3 in Vostok Nafta's Annual Report 2013. The fair value of financial instruments is measured by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets that are measured at fair value at September 30, 2014.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through				
profit or loss	72,303	40,249	220,387	332,939
Total assets	72,303	40,249	220,387	332,939

The following table presents the group's assets that are measured at fair value at December 31, 2013.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value				
through profit or loss	149,704	234,124	-	383,828
Total assets	149,704	234,124	-	383,828

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Investments in assets that are not traded on any market will be held at fair value determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. These different techniques may include discounted cash flow valuation (DCF), exit-multiple valuation also referred to as Leveraged Buyout (LBO) valuation, asset based valuation as well as forward looking multiples valuation based on comparable traded companies.

During the third quarter of 2014 one transfer between level 1, 2 and 3 has been done. The Group's Investment in Avito AB was transferred to level 3 from level 2 as per September 30, 2014 even though the investment is still valued on the basis of the latest transaction in the company. The reason for transferring Avito to level 3 is that a latest transaction-based valuation gets eroded over time and as the latest significant transaction closed in February 2014 this fair value estimate now carries more uncertainty. The equity component in the new investment in Delivery Hero is also classified as level 3 as the warrants are valued on the basis of a Black-Scholes model. The new investments in Quandoo and GetTaxi during the third quarter are classified as level 2 as the valuations are based on the price paid in each respective transaction.

The following table presents the group's changes of financial assets in level 3.

	Level 3
Opening balance January 1, 2014	-
Investments	3,295
Transfers into level 3	233,280
Change in fair value and other	-16,188
Closing balance September 30, 2014	220,387

Nine Months Report Covering the Period January 1, 2014–September 30, 2014

Avito

As per September 30, 2014 Vostok Nafta has transferred its investment in Avito from level 2 to level 3 due to the increasing uncertainty in the latest transaction-based valuation following the longer time period since the transaction which was finalized in February 2014. The SEK 255 per share valuation was reaffirmed in June 2014 when other management members sold shares at the same valuation, but as this second transaction was limited in size it cannot by itself be considered as a valid basis of valuation. Since the transaction in February, the macro economic outlook in Russia has deteriorated following a stagnation in economic growth, lower oil price and currency volatility. In addition to this, the situation in Ukraine and the ongoing sanctions against Russia have had a negative indirect effect on the general Russia sentiment. At the same time, Avito continues to perform well and in line with our expectations in terms of monetization and profitability despite these negative external factors. Given these positive company specific developments and indirect negative external conditions it is our view that the latest transaction-based valuation of SEK 255 per share is the best objective fair value estimate of Avito.

Vostok Nafta continuously compares the transaction-based valuation with a valuation model based on future EBITDA-multiples of comparable traded companies. As per September 30, 2014 this model generates a higher valuation than the SEK 255 per share valuation, but the model is by definition also very sensitive to input assumptions, especially as the comparable companies used are non-Russian and as the model does not adjust for any potential country risk premium apart from the currency effect which impacts our Avito EBITDA-forecasts in USD terms. In addition, there has also been high volatility in the global online classifieds sector during 2014

and as such, the latest transaction-based valuation is still considered to be a better objective estimate of Avito's fair value than the model-generated output. If no new transaction occurs and the internal and external factors are deemed to have changed sufficiently to affect Avito's fair value, the future looking EBITDA-multiple model is likely to be used to derive a fair value estimate going forward.

A 10% lower/higher valuation of Avito would result in and decrease/increase by USD 21.7 mln or 5.5% of the total portfolio. The table below outlines how a 10% and 20% decrease/increase of the latest transaction-based valuation would impact the valuation of Vostok Nafta's investment in Avito.

	Sensitivity in Transaction based valuation SEK 255			
	-20%	-10% per share	+10%	+20%
Valuation of Vostok Nafta's investment in				
Avito, USD mln	173.8	195.5	217.2	239.0
Impact on Result from financial assets at fair value through profit or loss, USD mln	-43.4	-21.7	-	21.7
			43.4	

Yell.ru

During the second quarter of 2014, Vostok Nafta has invested USD 8 mln in Yell.ru at a post-money valuation of USD 24 mln which corresponds to a 33.3% ownership stake. As per September 30, 2014, Yell is classified as a level 2 investment as it is valued on the basis of this transaction which is also equivalent to Vostok Nafta's acquisition cost.

GetTaxi

During the third quarter of 2014, Vostok Nafta invested USD 25 mln in GetTaxi through a mandatory convertible loan with annual interest of 8% which will

convert in to equity when GetTaxi's ongoing growth funding round is closed. This is expected to take place in the fourth quarter of 2014. As per September 30, 2014, the GetTaxi investment is classified as a level 2 investment as it is valued on the basis of Vostok Nafta's USD 25 mln investment which is equivalent to Vostok Nafta's acquisition cost and accrued interest on the convertible loan.

Quandoo

During the third quarter of 2014, Vostok Nafta made an indirect investment of EUR 5.5 mln in Quandoo. As per September 30, 2014, Quandoo is classified as a level 2 investment as it is valued on the basis of this transaction which is also equivalent to Vostok Nafta's acquisition cost.

Delivery Hero (equity component)

During the third quarter of 2014 Vostok Nafta invested EUR 25 mln in senior secured debt and a combination of shares and warrants. As per September 30, 2014, the loan receivable is valued with an NPV-model and the shares and warrants are valued on the basis of the latest equity transaction in Delivery Hero. As the warrants are valued through a Black-Scholes model, the entire equity component of the Delivery Hero is classified as a level 3 investment. As per September 30, 2014, the equity component is valued at USD 3.1 mln.

The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment's fair value, the valuation are adjusted accordingly. The transaction-based valuations are frequently assessed using

multiples of comparable traded companies for each unlisted investment or other valuation models.

Loan receivables

The fair value estimation of loan receivables relating to Delivery Hero, Kite Ventures and RusForest is outlined in the table below.

Fair value estimation of loan receivables	Sep 30, 2014	Dec 31, 2013
Short-term	5,000	–
Long-term	38,944	5,000
Total loan receivables	43,994	5,000

Carrying value corresponds to fair value of loans receivables.

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 Nordic Exchange Stockholm, Mid Cap segment, with the ticker VNIL SDB.

As of September 30, 2014 the Vostok Nafta Investment Ltd Group consists of the Bermudian parent company, one wholly-owned Cypriot subsidiary, 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 –7.92 (–14.41) 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 2013.

Upcoming Reporting Dates

Vostok Nafta's twelve months report for the period January 1, 2014–December 31, 2014 will be published on February 11, 2015.

November 12, 2014

[Per Brilioth](#)

Managing Director

Vostok Nafta Investment Ltd

Nine Months Report Covering the Period January 1, 2014–September 30, 2014

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of Vostok Nafta Investment Ltd as of 30 September 2014 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34.

Gothenburg, 12 November 2014
PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized Public Accountant

Bo Hjalmarsson
Authorized Public Accountant

Nine Months Report Covering the Period January 1, 2014–September 30, 2014

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