Vostok Nafta Investment Ltd

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Press Release
May 21, 2008

Vostok Nafta Investment Ltd.
Three Months Report
Covering the Period
January 1, 2008–March 31, 2008

- **Net result for the period was USD 160.76 mln (Jan 1, 2007–Mar 31, 2007: 3.41). Earnings per share was USD 3.49 (0.07).**

- **The net asset value of the company was USD 964.92 mln (Dec 31, 2007: 803.95) on March 31, 2008, corresponding to USD 20.97 (17.47) per share. Given a SEK/USD exchange rate of 5.9423 the corresponding values were SEK 5,733.82 mln and SEK 124.59, respectively.**

- **The group's net asset value per share in USD increased by 20.04% over the period January 1, 2008–March 31, 2008. During the same period the RTS index decreased by 10.37% in USD terms.**

- **The number of outstanding shares at the end of the period was 46,020,901.**

- **The net asset value per share of Vostok Nafta as of April 30, 2008 was USD 20.62 (SEK 123.39).**

Background

Vostok Nafta Investment Ltd was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861.

As at March 31, 2008 the Group consists of one Bermudian parent company, one wholly owned Bermudian subsidiary, one wholly owned Cypriot subsidiary, two wholly owned Russian subsidiaries and one wholly owned Swedish subsidiary. The Swedish Depository Receipts of Vostok Nafta (SDB) are from July 4, 2007, listed on the OMX Nordic Exchange Stockholm (previously the Stockholm Stock Exchange), Mid Cap segment, with the ticker VNIL SDB.

The financial year is January 1–December 31.

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 86.32 (–2.74) mln. Result from investments in associated companies was USD 70.45 (1.99) mln. Dividend income was USD 3.27 (5.95) mln. Interest income from loan receivables was USD 1.23 (–) mln.

Operating costs were USD –1.50 (–0.90) mln.

Net financial items were USD 0.33 (0.00) mln.

Net result for the period was USD 160.76 (3.41) mln.

Total shareholders' equity amounted to USD 964.92 (803.95) mln on March 31, 2008.

Parent company

The parent company finances the Cypriot subsidiary's operations on market terms. The net result for the period was USD 2.55 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 31.65 (30.70) mln on March 31, 2008.

Management report

The pressure on global equity markets has eased somewhat as people now seem to believe that the financial system is out of the woods. When history books are written it will be the bail-out (not of the shareholders though) of Bear Sterns that proved up the resolve of the US authorities that was needed to save the system as such. As the debate now roars on how deep and how long the global recession will be, the commodity markets are stronger than ever before. Why? The supply shock is catching on in a way that recession inspired falling demand can not stop. US oil demand fell by 1 mln barrels a day year-on-year and the oil price went to another inflation adjusted all time high. Exxon cannot keep up its production growth and all the new reserves are in non-Opec countries closed off to the transparency that capital markets long for. This is naturally positive for Russia. Coupled with a very strong economy (where overheating is a more of a realistic risk) and a political outcome that is as close to perfect (for Russia) that one can come valuations are poised to continue going higher.

The quarter has seen us take some profits in our coal investments. Coal valuations globally have been driven higher due to the supply problems that we have witnessed in Asia. This is positive for the Russian coal producer but for the thermal ones still only marginally. Russia's clogged port system puts limits to the imports and exports on for example thermal coal which makes price equalisation with global markets difficult. Russian coal valuations have gone up, but for the wrong reason, which leads us to take some profits. We will be keeping a close eye on the sector going forward.

In the meantime our work with the existing portfolio and the quest for new investments goes on.

Macro

The appointments following the inauguration of president Medvedev and endorsement of prime minister Putin did not bring many surprises. The core of the team that was formed in the past 8 years remains intact. On the margin, one may argue that the relative weight of siloviki has decreased, and the relative role of liberals went somewhat up. Sergei Ivanov was notably downgraded from first deputy prime minister to a 'regular' deputy prime minister. Viktor Ivanov, the former head of presidential HR, moved to head the federal anti-drug agency. Viktor Ustinov, former Justice minister and another member of 'siloviki', moved to become the presidential envoy to the South Federal District. At the same time, appointment of 'liberal' Igor Shuvalov to first deputy prime minister is somewhat balanced by appointment as deputy prime minister of Igor Sechin, another prominent figure from the 'siloviki' camp.

One unsurprising conclusion one makes from all those appointments is that Vladimir Putin is going to remain in charge. His introductory speech as the new prime minister also effectively puts him in charge of his ambitious plans to improve quality of life of ordinary Russians through higher incomes, better education, healthcare, housing and other important aspects of welfare. He also emphasized as his strategic objectives supporting international expansion of Russian corporates, promoting national capital markets and optimizing government expenditures. Finally, he stressed the importance of decreasing the tax burden on the oil sector, a task which will possibly be the easiest to achieve.

Observers note that Vladimir Putin in his recent speeches and public appearances seems to be really committed and focused on the idea of Russia's modernization. He will certainly need a lot of determination, as there are a number of difficulties to face. First, Putin's government has to deal with inflation. Recent opinion polls show that 62% of the population view inflation as priority task for the government. In a global environment of rising commodity prices fighting inflation is not an easy task, made all the more difficult by the government's plan to bring domestic gas prices gradually in line with the European prices. Second, corruption remains a threat to any effective implementation of the Putin's plan. According to a recent opinion poll, 27% of respondents believe government officials are corrupt. Third, the current team, both in the government and in the presidential administration, needs a heavier presence of liberal economists and professional managers in order to succeed in its attempts to modernize Russia. At the moment, it seems that an inflow of such personnel to the higher echelons of power remains limited.

However, it would not pay off to take a pessimistic view on Russia in the coming years. The government's financial position has a significant degree of durability, due to large reserves both at the government's rainy-day fund and the Central Bank's currency reserves, making the risks of fallout from the global credit crunch manageable. Commodity prices do not show any signs of weakening and will thus remain to be a considerable driver of economic growth. Domestic investment in fixed assets is growing and interest from foreign investors, both portfolio and strategic, is not waning. Government sponsored investment in infrastructure is also gradually taking off. The momentum for growth is there, and for all their objective limitations, Putin/Medvedev's team will keep it going.

Ukraine: The power struggle continues; PM threatens coalition break

The political fight at the helm of the power continues to be the main theme in Ukraine, and this is now starting to affect the country's economic development.

From the very beginning of the year, President Victor Yuschenko persistently opposed all the moves of Prime Minister Yulia Tymoshenko, who was supposed to be his closest ally in the ruling coalition. As a matter of fact practically all the major moves of the government, whether it was attempts to rectify the gas supply issues, or appointment of a new head of the State Property Fund, or even setting the annual privatization program, were immediately cancelled by a presidential decree.

The continuing standoff has practically paralyzed the work of the government, therefore Prime Minister Yulia Tymoshenko started an offensive in response. First, her political supporters in the *Rada* (the parliament) drafted a set of constitutional changes, which could substantially reduce the presidential powers and increase the responsibilities of the Cabinet. The cabinet are now ready to submit these proposals for review by the Constitutional Court. Remarkably, the opposition Party of Regions (led by ex-Prime Minister and presidential contender Victor Yanukovich) also prepared a draft of constitutional changes aiming for a similar outcome.

The two drives to amend the constitution, although not yet coordinated and evidently pursuing conflicting goals, are posing a real threat to the President's future, because the two factions of the parliament combined could easily provide the over 300 votes needed for constitutional change, in case one of the sides finally supports the initiatives of the other. So, the re-incarnation of the Orange Coalition could again become a victim of the maneuvering within the political triangle, however this time we could see the new combination of Tymoshenko and Yanukovich, rather than of Yuschenko and Yanukovich, as was previously the case.

The only plausible defense the President could have in case this combination becomes probable is to block the work of the Constitutional Court, for example by dismissing a third of the judges drafted on the presidential quota. However, currently it looks like both President Yuschenko and Prime Minister Tymoshenko are on track to raise the level of the conflict to the formal dissolution of the majority coalition, which could trigger the resignation of the Cabinet and potential new extraordinary parliamentary elections.

Continuing political instability in the country year and a half before the next scheduled Presidential elections do not leave the authorities a chance to address urgent economic issues, including funding the state budget and/or fighting inflationary pressures. On the back of growing energy and food prices, inflation rose to 30% YoY (year-on-year) in April 2008, currently the highest in Europe. Food inflation jumped to almost 50% YoY, with other prices growing quickly as well, most significantly wages, which are up by almost 40% YoY, to some extent a result of the Cabinet's populist policies.

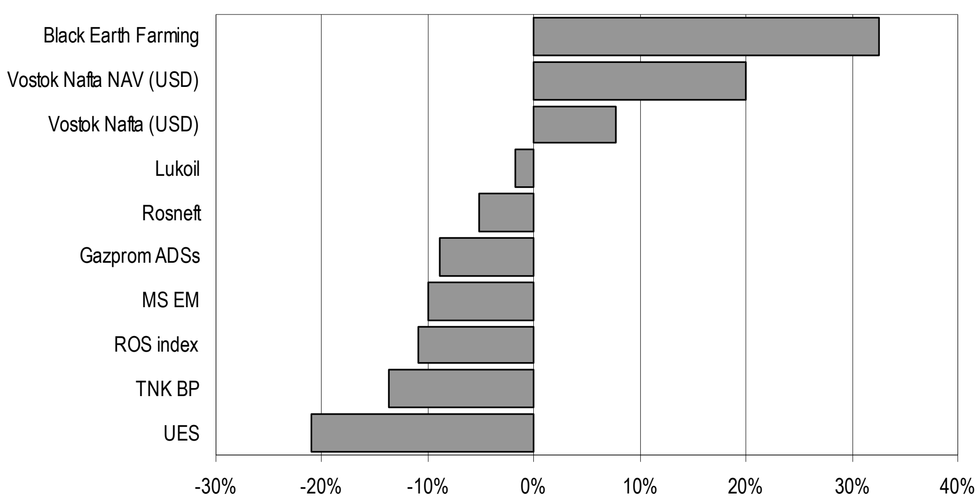
Another alarming macroeconomic development is the continuing widening of the current account, which so far was covered by a surplus of the capital account. There have been inflows of capital of close to 26% of GDP in Ukraine in 2007, however a repetition of such inflows in 2008 is unlikely, given that the political situation has become messier.

The deterioration of the macroeconomic situation in Ukraine needs immediate attention of the authorities and the fact that the President and the Prime Ministers are currently at loggerheads in pursuing their own political agendas is not promising for improved economic developments in the country in the foreseeable future.

Vostok Nafta's portfolio development

Vostok Nafta's net asset value/share increased by 20.04% during January 1, 2008 and March 31, 2008 compared to the RTS index decrease of 10.37% in USD terms.

Percent development, January 1–March 31, 2008



Black Earth Farming

Black Earth Farming Limited (BEF) was among the first foreign financed companies to make substantial investments in Russian agricultural land assets. BEF has, thanks to its early establishment, now gained a strong market position in the Kursk, Tambov, Lipetsk, Samara, Voronezh and Ryazan areas of Russia. In March 2008, BEF completed a strategically important acquisition. The acquisition gave the company direct ownership of 21,200 hectares of land in the central Black Earth region, which also included administrative buildings, trucks, planters and a 60,000 ton capacity grain elevator. The elevator marks the first step towards the creation of a network of elevators, which going forward is planned to have the capacity to efficiently store BEF's harvests. By using elevators grain can be stored securely for longer periods, giving the company an opportunity to sell its produce in times of lower supply and higher prices.

Following further audit work BEF also adjusted its 2007 consolidated financial result by RUR +140,302 thousand in May, 2008. The largest adjustment came from the revision of the general and administrative expenses and of taxes other than on income.

BEF currently controls over 300,000 hectares of the richly endowed farmland in the Black Earth region. As per February 29, 2008, the land under full ownership contract amounted to 67,200 hectares, land under long term leases was approximately 16,400 hectares, with the remainder held through cropping rights or so called pais which were undergoing the process of registration to full ownership. During the agricultural year 2005–2006 BEF cropped 5,900 hectares which resulted in a total harvest of 9,000 tonnes of crops. In 2007 these figures had grown to 53,000 hectares cropped and a marketable harvest of over 100,000 tonnes. In 2008, BEF plans to harvest approximately 150,000 hectares.

BEF is currently focusing on improving production costs and margins. During 2008, BEF plans to add an additional 60,000 hectares to its land bank, but also aims to make production more efficient, and increase the gross margin, which in 2007 was 27%.

Kontakt East Holding

Kontakt East Holding AB (KEH) is a Swedish holding company which invests in companies active within the search and guidance media in Russia and associated markets. KEH currently has investments in the business segments of Directory Services and Consumer eCommerce. Directory Services offers its customers both online and offline directories and is operated through a number of subsidiaries which together give KEH a leading market position in Russia. Directory Services publishes directories in Moscow, St. Petersburg and eight other Russian districts. Online services are also provided through the web sites www.yellow-pages.ru, www.yell.ru and www.perm1.ru.

In 2007, KEH acquired YPI Yellow Pages Limited ("Yell.ru") which had a leading market position within search and guidance media in and around the St. Petersburg and Perm regions of Russia. Yell.ru has now been fully integrated with Directory Services, and significant cost synergies have been realised. For instance, sales of a number of products with historically low profitability have been discontinued and the back-office headcount has been reduced. Consequently, KEH's 2008 forecast of an EBITA-margin of at least 10% for Directory Services still stands.

KEH launched its first Consumer eCommerce offering through the website Avito.ru in 2007. The site provides an easy and accessible platform for companies and consumers who, through classifieds, wish to buy and sell goods and services over the Internet. Avito.ru has since the launch been growing rapidly and in the beginning of May 2008, the site listed 150,000 items for sale and had more than 60,000 registered users. Consumer eCommerce has now, as of Q108, also started seeing its first revenues through advertisements on the site.

KEH has been the leading player within guidance media services in Russia for quite some time and intends to continue to take a leading role in the consolidation of the market during 2008. In order to do this, further acquisitions of companies operating in major Russian cities may be of interest and KEH has already announced the acquisition of Publishing House Dialog LLC (Dialog) in Chelyabinsk. Dialog has been integrated into Directory Services and has strengthened KEH's presence in the southern Urals region of Russia. Additionally, KEH are planning to launch at least one more platform within the Consumer eCommerce business segment.

RusForest

RusForest is an unlisted group of companies active within the forestry sector in Eastern Siberia. Going forward the aim is to consolidate these companies into a single holding company: RusForest (Cyprus) Ltd. On a consolidated basis RusForest has already reached some scale, controlling over 700,000 hectares of forest area, 1,449,000 m^3 of annual allowable cut (AAC) and a sawmilling capacity of around 140,000 m^3.

Russia has the world's largest timber reserves and borders China – the world's largest importer of wood and wood products. In turn, Eastern Siberia is known for its high quality pine and larch which, due to the climate, grows slowly and with a high density. Rusforest's operations are also favourably positioned, in the southern part of Eastern Siberia, to effectively reach the rapidly growing Asian market and most of the production is currently sold to China, Japan, Central Asia and the Middle East.

The Russian government has imposed increasing export duties on roundwood in order to, among other things, increase domestic value adding production within the forestry sector. These duties were raised to 25% on April 1, 2008 and are due to increase to 80% as of January 2009. This has become a major political issue between the EU and Russia and is negatively affecting the Russian WTO accession, but at this stage it looks like Russia will hold firm (maybe with some very small concessions). The increase in export duties in January 2009 could take some 50 million m^3 of roundwood off the global log market, hurting Chinese and Finnish sawmills. If 2/3 of this volume is sawlogs, supplied to sawmills, it would imply a reduction of around 15 million m^3 of sawnwood supply. This move should (in theory) push up international prices for sawnwood and reduce the price of sawlogs for Russian domestic sawmills, including RusForest's.

To take further advantage of this situation, and be able to process a larger part of the output from its forestry assets, RusForest is currently constructing two sawmills at the subsidiaries OOO Bogouchanski LPK and OOO Nebelsky LPH with a combined annual capacity of 200,000 m^3. The Bogouchanski mill is expected to be operational by mid 2008 and the Nebelsky mill by late 2008 or early 2009. After the completion of the two mills, RusForest´s consolidated sawnwood output is subsequently expected to be approximately 340,000 m^3. Additional sawmilling capacity is also planned for the subsidiary PIK 89.

Investments

During the period net investments in financial assets were USD –3.29 (–15.72) mln.

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

Purchases (shares)

+	253,397	Lebedyan Exp Can Reg
+	3,559,047	Steppe Cement Ltd
+	38,000	Priargunsky Ind Ord

Sales (shares)

–	375,000	Belon
–	488,000	Gazprom Neft ADR

Portfolio structure

The investment portfolio stated at market value as at March 31, 2008 is shown on next page. Vostok Nafta's three biggest investments are Black Earth Farming (28.30%), Kuzbassrazrezugol (15.17%) and TNK BP Holding Pref (6.79%).

Vostok Nafta Investment Ltd

Vostok Nafta portfolio as at March 31, 2008

Number of shares	**Company**	**Market price**	**Market value, USD**	**Percentage weight**	
933,250	Caspian Services Inc	2.15	2,006,488	0.21%	
2,025	Orsk Refinery Ord	36	72,900	0.01%	
538	Orsk Refinery Pref	32.5	17,485	0.00%	
45,468,616	TNK-BP Holding Pref	1.46	66,384,179	6.79%	
5,789,903	Kherson Oil Refinary	0.1	573,200	0.06%	
100,000	Yakutskgazprom	0.05	5,000	0.00%	
	Oil Price Total		**69,059,252**	**7.07%**	
966	Alrosa Co Ltd	26,000	25,116,000	2.57%	
6,000,000	Fortress Mining Corp	1.30	7,818,578	0.80%	
31,274	Gaisky GOK	670.00	20,953,580	2.14%	
333,033	Poltava GOK	18.27	6,084,513	0.62%	
1,516,055	Poltava GOK	18.27	27,698,325	2.83%	
47,000	Priargunsky Ind Ord	570	26,790,000	2.74%	
1,200	Priargunsky Ind Pref	305	366,000	0.04%	
1,015,000	Shalkyia Zinc GDR	0.40	406,000	0.04%	
1,124,045	Uchalinsky GOK	19.10	21,469,260	2.20%	
	Commodities SuperCycle Total		**136,702,256**	**13.99%**	
1,600,000	Kamkabel	6.05	9,680,000	0.99%	
3,559,047	Steppe Cement Ord	5.16	18,347,740	1.88%	
	Volga Nash Dom, debt	1.00	2,930,000	0.30%	2)
39,000	Gornozavodsk Cement	850.00	33,150,000	3.39%	
1,200,000	Tuimazy Concrete Mixers	23.00	27,600,000	2.82%	
	Russian infrastructure Total		**91,707,740**	**9.39%**	
554,700	Belon	115	63,790,500	6.53%	
456,273,416	Hydro OGK 024D	0.0730	33,307,959	3.41%	
220,434,053	Kuzbassrazrezugol	0.6725	148,241,901	15.17%	
2,618,241	Kyrgyzenergo	0.06	168,688	0.02%	
6,000	RSC Energia	580	3,480,000	0.36%	
6,498,701	Systemseparation	0.40	2,580,976	0.26%	1)
	Energy Sector Restructuring Total		**251,570,024**	**25.75%**	

Vostok Nafta portfolio as at March 31, 2008 (continued)

Number of shares	Company	Market price	Market value, USD	Percentage weight	
690,000	Agrowill Group	2.29	1,577,657	0.16%	
26,715,404	Black Earth Farming	10.35	276,491,820	28.30%	1)
272,107	Dakor	28.09	7,642,629	0.78%	
161,952	Armada	20.25	3,279,528	0.34%	
382,970	Kemerovo Azot	35.1	13,442,247	1.38%	
4,410,000	Kontakt East	4.31	18,998,704	1.94%	1)
253,397	Lebedyan Exp Can Reg	83.00	21,031,951	2.15%	
11,004,813	Rusforest Ltd	1.96	21,521,056	2.20%	1,3)
2,000,000	Sistema	1.41	2,820,000	0.29%	
623,800	Waymore Holding Ltd	22.69	14,152,373	1.45%	
	Tinkoff Credit Systems WTS		2,000,000	0.20%	
	Tinkoff Credit Systems, debt		19,900,859	2.04%	2)
	What works in the west Total		**402,858,824**	**41.23%**	
1,000,000	Bashneft Pref	9.45	9,450,000	0.97%	
11,378	Transneft Pref	1,385.00	15,758,530	1.61%	
	Short term trades Total		**25,208,530**	**2.58%**	
	Grand Total		**977,106,626**	**100.00%**	

1. These investments are shown in the balance sheet as investments in associated companies.
2. These investments are shown in the balance sheet as Loan receivables.
3. This investment is recognized in the balance sheet at acquisition cost.

Vostok Nafta Investment Ltd

Income statements – Group

(Expressed in USD thousands)	Jan 1, 2008-Mar 31, 2008	Jan 1, 2007-Mar 31, 2007
Result from financial assets at fair value through profit or loss	86,321	-2,737
Result from investments in associated companies	70,454	1,989
Dividend income	3,273	5,949
Interest income from loan receivables	1,231	-
Other operating income	15	-
Total operating income	**161,294**	**5,201**
Operating expenses	-1,501	-898
Russian dividend withholding tax expenses	-95	-892
Operating result	**159,698**	**3,411**
Financial income and expenses		
Interest income	533	-
Interest expense	-713	-
Currency exchange gains/losses, net	553	2
Other financial expenses	-41	-
Net financial items	**332**	**2**
Result before tax	**160,030**	**3,413**
Taxation	729	-8
Net result for the financial period	**160,759**	**3,405**
Earnings per share (in USD)	3.49	0.07
Diluted earnings per share (in USD)	3.48	0.07

Vostok Nafta Investment Ltd

Balance sheets – Group

(Expressed in USD thousands)	Note	Mar 31, 2008	Dec 31, 2007
NON CURRENT ASSETS			
Tangible non current assets			
Office equipment		540	545
Total tangible non current assets		**540**	**545**
Financial non current assets			
Financial assets at fair value through profit or loss		634,683	565,043
Investment in associated companies		319,593	248,213
Loan receivables		22,831	9,138
Total financial non current assets		**977,107**	**822,394**
CURRENT ASSETS			
Cash and cash equivalents		46,562	27,528
Receivables from related parties	2	6,808	4,894
Unsettled trades		7,487	3,172
Tax receivables		128	98
Other current receivables		962	601
Total current assets		**61,947**	**36,293**
TOTAL ASSETS		**1,039,594**	**859,232**
SHAREHOLDERS' EQUITY			
(including net result for the financial period)		**964,917**	**803,954**
NON CURRENT LIABILITIES			
Deferred tax liabilities		621	1,358
Total non current liabilities		**621**	**1,358**
CURRENT LIABILITIES			
Interest bearing current liabilities			
Borrowings		50,311	50,438
Non-interest bearing current liabilities			
Tax payable		113	106
Liabilities to related parties	2	97	586
Unsettled trades		22,397	1,677
Other current liabilities		210	141
Accrued expenses		929	972
Total current liabilities		**74,057**	**53,920**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,039,595**	**859,232**
PLEDGED ASSETS & CONTINGENT LIABILITIES			
Pledged assets		954,276	813,256
Contingent liabilities		-	-

Statement of Changes in Equity – Group

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings	Total
Balance at December 31, 2006	**-**	**-**	**385,043**	**385,043**
Profit for the period January 1, 2007 to December 31, 2007	-	-	282,765	282,765
Total recognized income for the period January 1, 2007 to December 31, 2007	-	-	282,765	282,765
Employees share option scheme:				
- value of employee services	-	125	-	125
Proceeds from issue of warrants	-	-	476	476
Non Gazprom related assets and liabilities provided through an issue in kind	-	-	-10,903	-10,903
Exercise of issued warrants	46,021	-	-46,021	-
Proceeds from new share issue, net of transaction costs	-	146,351	-	146,351
Currency differences	-	-	97	97
	46,021	146,476	-56,351	136,039
Balance at December 31, 2007	**46,021**	**146,476**	**611,457**	**803,954**
Profit for the period January 1, 2008 to March 31, 2008	-	-	160,759	160,759
Total recognized income for the period January 1, 2008 to March 31, 2008	-	-	160,759	160,759
Employees share option scheme:				
- value of employee services	-	97	-	97
Currency differences	-	-	107	107
	-	97	107	204
Balance at March 31, 2008	**46,021**	**146,573**	**772,323**	**964,917**

Vostok Nafta Investment Ltd

Cash flow statements – Group

(Expressed in USD thousands)	Jan 1, 2008- Mar 31, 2008	Jan 1, 2007- Mar 31, 2007	Jan 1, 2007- Dec 31, 2007
OPERATING ACTIVITES			
Result before tax	160,030	3,413	283,154
Adjustment for:			
Interest income	-533	-	-1,225
Interest expenses	713	-	3,709
Currency exchange gains	-553	-2	-538
Depreciation	47	26	78
Result from financial assets at fair value through profit or loss	-86,321	2,737	-158,407
Result from investments in associated companies	-70,454	-1,989	-123,693
Other non-cash items	-986	-	1,127
Change in current receivables	-6,072	-1,028	-8,444
Change in current liabilities	20,241	-7,852	-59
Net cash from/used in operating activities	**16,112**	**-4,695**	**-4,298**
Investments in financial assets	-89,575	-40,924	-361,505
Sales of financial assets	105,330	56,644	219,482
Increase of loan receivables	-12,462	-	-9,126
Acquisition of group companies	-	-	-6,181
Interest received	426	-	1,225
Interest paid	-881	-	-606
Tax paid	-120	-8	-1,975
Net cash flow from/used in operating activities	**18,830**	**11,017**	**-162,984**
INVESTING ACTIVITIES			
Investments in machinery and equipment	-9	-119	-303
Sales of machinery and equipment	-	-	3
Net cash flow used in investing activities	**-9**	**-119**	**-300**
FINANCING ACTIVITIES			
Proceeds from borrowings	-	-	49,750
Proceeds from new share issue	-	-	146,350
Assets and liabilities provided through an owner's contribution	-	-10,903	-10,903
Proceeds from sale of warrants	-	-	476
Net cash flow used in/from financing activities	**-**	**-10,903**	**185,673**
Change in cash and cash equivalents	**18,821**	**4**	**22,389**
Cash and cash equivalents at beginning of the period	**27,528**	**5,124**	**5,124**
Exchange gains/losses on cash and cash equivalents	213	3	15
Cash and cash equivalents at end of period	46,562	5,131	27,528

Key financial ratios – Group

	2008	2007
Return on capital employed, % [1]	**17.28**	0.90
Equity ratio, % [2]	**92.82**	93.57
Shareholders' equity/share, USD [3]	**20.97**	17.47
Earnings/share, USD [4]	**3.49**	0.07
Diluted earnings/share, USD [5]	**3.48**	0.07
Net asset value/share, USD [6]	**20.97**	17.47
Weighted average number of shares for the financial period	**46,020,901**	46,020,901
Weighted average number of shares for the financial period (fully diluted)	**46,020,901**	46,020,901
Number of shares at balance sheet date	**46,119,859**	46,020,901

1. Return on capital employed is defined as the Group's result 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).
2. Equity ratio is defined as shareholders' equity in relation to total assets.
3. Shareholders' equity/share USD is defined as shareholders' equity divided by total number of shares.
4. Earnings/share USD is defined as result for the period divided by average weighted number of shares for the period.
5. Diluted earnings/share USD is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.
6. Net asset value/share USD is defined as shareholders' equity divided by total number of shares.

Vostok Nafta Investment Ltd

Income statement – Parent

(Expressed in USD thousands)	Jan 1, 2008- Mar 31, 2008
Operating expenses	-863
Operating result	**-863**
Financial income and expenses	
Interest income	3,467
Currency exchange gains/losses, net	-58
Net financial items	**3,409**
Net result for the financial period	**2,546**
Earnings per share (in USD)	0.06
Diluted earnings per share (in USD)	0.06

Vostok Nafta Investment Ltd

Balance sheet – Parent

(Expressed in USD thousands)	Mar 31, 2008	Dec 31, 2007
NON CURRENT ASSETS		
Financial non current assets		
Shares in subsidiaries	377,695	377,695
Receivables from Group companies	153,991	150,795
Total financial non current assets	**531,686**	**528,490**
CURRENT ASSETS		
Cash and cash equivalents	58	113
Receivables from related parties	10	6
Other current receivables	159	261
Total current assets	**227**	**379**
TOTAL ASSETS	**531,913**	**528,870**
SHAREHOLDERS' EQUITY		
(including net result for the financial period)	**530,317**	**527,674**
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Liabilities to group companies	621	188
Other current liabilities	176	152
Accrued expenses	799	855
Total current liabilities	**1,596**	**1,195**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**531,913**	**528,870**
PLEDGED ASSETS & CONTINGENT LIABILITIES		
Pledged assets	-	-
Contingent liabilities	-	-

Statement of Changes in Equity – Parent

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings	Total
Profit for the period	-	-	3,222	3,222
Total recognized income for the financial period April 5, 2007 to December 31, 2007	-	-	3,222	3,222
Employees share option scheme:				
– value of employee services	-	125	-	125
Proceeds from issue of options	-		476	476
New share issue	0	-	-	0
Exercise of issued warrants	46,021	-	331,479	377,500
Proceeds from new share issue, net of transaction costs	-	146,351	-	146,351
	46,021	146,476	331,955	524,452
Balance at December 31, 2007	**46,021**	**146,476**	**335,177**	**527,674**
Profit for the period	-	-	2,546	2,546
Total recognized income for the financial period January 1, 2008 to March 31, 2008	-	-	2,546	2,546
Employees share option scheme:	-	-		
– value of employee services	-	97	-	97
		97	-	97
Balance at March 31, 2008	**46,021**	**146,377**	**337,723**	**530,317**

Note 1 Accounting principles

This consolidated interim account 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 2007.

Note 2 Related party transactions

During the period Vostok Nafta has been involved in the following related party transactions:

- shared services expenses have been paid by Vostok Gas Sverige AB to Vostok Nafta Sverige AB in the amount of USD 62 thousand,
- Loans to associated companies (incl subsidiaries) increased by USD 1 803 thousand. Loans to companies controlled by employees of Vostok Nafta decreased by USD 455 thousand. As at 31 March, 2008, total receivables from related parties, which are either associated companies; companies controlled by employees of Vostok Nafta; or key personnel of the company or other related companies amounted to USD 6 808 thousand.
- During the period, outstanding liability to Vostok Gas amounted to USD 97 thousand.

Operating and sector-related risks

Country-specific risks

The risks associated with Russia and other CIS states are common to all investments in these countries and are not characteristic of any specific portfolio holding. An investment in Vostok Nafta will be subject to risks associated with ownership and management of investments and in particular to risks of ownership and management in Russia and other CIS states.

As these countries are still, from an economic point of view, in a phase of development, investments are affected by unusually large fluctuations in profit and loss and other factors outside the Company's control that may have an adverse impact on the value of Vostok Nafta's adjusted equity. Investors should therefore be aware that investment activity in Russia and other CIS states entails a high level of risk and requires special consideration of factors, including those mentioned here, which are usually not associated with investment in shares in better regulated countries.

Unstable state administration, both locally and federally, could have an adverse impact on investments. None of the CIS states has a fully developed legal system comparable to that in more developed countries. Existing laws and regulations are sometimes applied inconsistently and both the independence and efficiency of the court system constitute a significant risk. Statutory changes have taken place and will probably continue to take place at a rapid pace, and it remains difficult to predict the effect of legislative changes and legislative decisions for companies. Vostok Nafta will invest in or for market segments that the Company is active in or will be active in. It could be more difficult to obtain redress or exercise one's rights in CIS states than in some other states governed by law.

Foreign-exchange risk
The Company's investments are made in RUB or USD. The official exchange rate for RUB therefore directly or indirectly affects the value of investments, but it is impossible to quantify this effect as companies have differing foreign-exchange sensitivity. In addition, investors in the Company's Depository Receipts have differing base currencies. The Company's accounts are prepared up in USD as this is the functional currency. Taken together, this means that fluctuations in exchange rates may affect the net worth of the portfolio in various ways that do not necessarily reflect real economic changes in the underlying assets. Each investor is advised to make his or her own analysis of the foreign-exchange risk existing in the Company's portfolio.

Acquisition and disposal risk
Acquisitions and disposals are by definition a natural element in Vostok Nafta's activities. All acquisitions and disposals are subject to uncertainty. The Company's explicit exit strategy is to sell its holdings to strategic investors or via the market. There are no guarantees that the Company will succeed in selling its participations and portfolio investments at the price the shares are being traded at on the market at the time of the disposal. Vostok Nafta may therefore fail to sell its holdings in a portfolio company or be forced to do so at less than its maximum value or at a loss. If Vostok Nafta disposes of the whole or parts of an investment in a portfolio company, the Company may receive less than the potential value of the participations, and the Company may receive less than the sum invested.

Vostok Nafta operates in a market that may be subject to competition with regard to investment opportunities. Other investors may thus compete with Vostok Nafta in the future for the type of investments the Company intends to make. There is no guarantee that Vostok Nafta will not in the future be subject to competition which might have a detrimental impact on the Company's return from investments. The Company can partially counter this risk by being an active financial owner in the companies Vostok Nafta invests in and consequently supply added value in the form of expertise and networks.

Despite the Company considering that there will be opportunities for beneficial acquisitions for Vostok Nafta in the future, there is no guarantee that such opportunities for acquisition will ever arise or that the Company, in the event that such opportunities for acquisition arose, would have sufficient resources to complete such acquisitions.

Accounting practice and other information
Practice in accounting, financial reporting and auditing in Russia and other CIS states cannot be compared with the corresponding practices that exist in the Western World. This is principally due to the fact that accounting and reporting have only been a function of adaptation to tax legislation. The Soviet tradition of not publishing information unnecessarily is still evident. The formal requirements for Russian companies are to be restrictive in publishing information. In addition, access to external analysis, reliable statistics and historical data is inadequate. The effects of inflation can, moreover, be difficult for external observers to analyse. Although special expanded accounts are prepared and auditing is undertaken in accordance with international standard, no guarantees can be given with regard to the completeness or dependability of the information. Inadequate information and weak accounting standards may be imagined to adversely affect Vostok Nafta in future investment decisions.

Corporate governance risk

Misuse of corporate governance remains a problem in Russia. Minority shareholders may be badly treated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to Annual General Meetings and restrictions on seats on boards of directors for external investors. In addition, sale of assets and transactions with related parties are common. Transfer pricing is generally applied by companies for transfer of value from subsidiaries and external investors to various types of holding companies. It happens that companies neglect to comply with the rules that govern share issues such as prior notification in sufficient time for the exercise of right of pre-emption. Prevention of registration of shares is also widespread. Despite the fact that independent authorised registrars have to keep most share registers, some are still in the hands of the company management, which may thus lead to register manipulation. A company management would be able to take extensive strategic measures without proper consent from the shareholders. The possibility of shareholders exercising their right to express views and take decisions is made considerably more difficult.

Inadequate accounting rules and standards have hindered the development of an effective system for uncovering fraud and increasing insight. Shareholders can conceal their ownership by acquiring shares through shell company structures based abroad which are not demonstrably connected to the beneficiary, which leads to self-serving transactions, insider deals and conflicts of interest. The role of the Russian financial inspectorate as the regulator of the equity market to guarantee effective insight and ensure that fraud is uncovered is complicated by the lack of judicial and administrative enforcement instruments.

Deficiencies in legislation on corporate governance, judicial enforcement and corporate legislation may lead to hostile take-overs, where the rights of minority shareholders are disregarded or abused, which could affect Vostok Nafta in a detrimental manner.

Dependence on key individuals

Vostok Nafta is dependent on its senior executives. Its Managing Director, Per Brilioth, is of particular significance to the development of the Company. It cannot be ruled out that Vostok Nafta might be seriously affected if any of the senior executives left the Company.

Investments in growth markets

Investments in growth markets such as Russia entail a number of legal, economic and political risks. Many of these risks cannot be quantified or predicted, neither are they usually associated with investments in developed economies.

International capital flows

Economic unrest in a growth market tends also to have an adverse impact on the equity market in other growth countries or the share price of companies operating in such countries, as investors opt to re-allocate their investment flows to more stable and developed markets. The Company's share price may be adversely affected during such periods. Financial problems or an increase in perceived risk related to a growth market may inhibit foreign investments in these markets and have a negative impact on the country's economy. The Company's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.

Political instability
Russia has undergone deep political and social change in recent years. The value of Vostok Nafta's assets may be affected by uncertainties such as political and diplomatic developments, social or religious instability, changes in government policy, tax and interest rates, restrictions on the political and economic development of laws and regulations in Russia, major policy changes or lack of internal consensus between leaders, executive and decision-making bodies and strong economic groups. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. In addition, political changes may be less predictable in a growth country such as Russia than in other more developed countries. Such instability may in some cases have an adverse impact on both the operations and share price of the Company. Since the collapse of the Soviet Union in 1991, the Russian economy has, from time to time, shown

- significant decline in GDP
- weak banking system with limited supply of liquidity to foreign companies
- growing black and grey economic markets
- high flight of capital
- high level of corruption and increased organised economic crime
- hyperinflation
- significant rise in unemployment

It is not certain that the prevailing positive macroeconomic climate in Russia, with rising GDP, relatively stable currency and relatively modest inflation will persist. In addition, the Russian economy is largely dependent on the production and export of oil and natural gas, which makes it vulnerable to fluctuations in the oil and gas market. A downturn in the oil and gas market may have a significant adverse impact on the Russian economy.

Upcoming Reporting Dates

Vostok Nafta's six-month report for the period January 1, 2008–June 30, 2008 will be published on August 20, 2008.

May 21, 2008

Per Brilioth

Managing Director

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