Vostok Nafta Investment Ltd

Annual Report 2014

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Financial information for the year 2015

The company shall issue the following reports:

Interim report for the first three months
May 20, 2015

Interim report for the first six months
August 19, 2015

Interim report for the first nine months
November 18, 2015

Financial accounts bulletin
February 10, 2016

Annual report and account
March/April 2016

General meeting of shareholders 2015
May 20, 2015

General meeting of shareholders 2016
May 2016

The new normal

Over the past 12 months the unfolding events in Ukraine and also around the price of oil have led to investors questioning their view of Russia. I think we have now pretty much entered into the new normal:

- The price of oil is going to trade in a range between 50–70 per barrel.
- Ukraine is going to stay unstable for a very long time but has moved on from outright civil war.
- Sanctions towards Russia will start to come off, first in Europe and later on in the US.
- The ruble will reflect the price of oil and volatility will be much lower than what we have seen lately.
- Russia is leaning Eastwards towards China rather than Westwards towards Europe and the US.
- The negative economic shock of the price of oil will start to wear off and whilst recovery will be slower than in 2008/2009 the quality of it will likely be higher and hence more sustainable (companies cutting costs, consumption patterns intact, CB controlling the process of sorting out banks that are n trouble).

PhDs in economics, political science, history will for many years graduate on the subjects above so we won't go into them in any greater detail here. The point is that they describe, on a high level, the new normal that Russia will live in for the next five years or so. And normal is good. Companies will start to invest, consumers spend, investors seeking returns come back.

For our investments into Russia this is all good news. The ruble is lower today mainly because of the lower oil price, and hence to reach the USD revenue per user (our favorite metric across most of our investment companies) is going to take a little longer than we thought a year ago but the momentum and direction is now, under the new normal, back on track.

I could of course be wrong about this new normal. The US could start to equip Ukraine with arms which will likely lead to a more direct involvement of Russia in Ukraine. Not likely though. If the new normal is wrong it would more likely be due to stronger oil prices (back to 80–100) and that Russia and the West again join forces to fight the common enemy of Islamic extremism.

Avito

As you will note from the balance sheet since the last report we now value Avito according to a model as opposed to the last transaction. The last transaction was done roughly 12 months ago which can now be deemed a touch stale—hence the move to a model. The model uses our conservative forecast for EBITDA in rubles a couple of years out and then applies a peer group EV/EBITDA multiple. Typically the companies in the peer group operate in markets which have lower current growth rates and also lower future growth potential but arguably in less volatile macro environments, which therefore in a rough-and-ready way present us with decently relevant market multiples.

Whilst our forecasts might not change from quarter to quarter, the USD/ruble FX rate will and hence it is fair to assume some volatility in our Avito mark from quarter to quarter going forward.

Compared to the mark of the last transaction some 12 months ago we believe the progress of the company has been strong, motivating a higher value in ruble terms which is then obviously dragged down by a weaker ruble. All in all pretty much a wash versus the mark of a year ago (–0.9% vs the 2013 year-end valuation).

Meanwhile in the real world the company ended last year on a relatively strong note. One reason for this is that the business of online classifieds is partly counter-cyclical. In tough times people go for buying a second hand car or second hand baby pram rather than going for a brand new one.

The part of the revenue base that is of a more cyclical nature is the publishing part where it is clear that advertising budgets shrink in times like these. However, even here it is not wild to assume a relative strength at Avito given that they are still a growing part of the Russian internet scene, and the ability of buyers of traffic from Avito to tailor exactly what they want to buy, what they want to spend, measure returns, etc. makes it likely to be the last advertising budget to be cut—hence the company's relative strength.

Of course even a company like Avito feels some of the pain of a severe downtick in GDP like the one Russia is currently experiencing. Car dealers, real estate agents and small businesses generally will review their spending in tough times like these. This will of course affect revenues negatively.

However—more importantly—we think the current crisis period will mean that Avito emerges an even stronger player long-term. As an investor our preferred metrics are revenue per user and margins. How well you can monetize and what margins you can generate is very much a factor of how large you are versus competition. Yes, things are tough in Russia currently and spending overall has gone down. However, the strength of Avito's products, its management and operations and its balance sheet we think will result in the company emerging from the current period in a much stronger position versus everyone else and hence long term revenue per user and margins will be positively affected.

Also as a sign of its position versus competition already today, and very importantly for long term revenue per user, the company is slowly launching listing fees for professionals across certain verticals.

For those of you who follow Russian TV you will notice that Avito's real estate vertical Domofond is currently doing TV advertising which is of course having great effect on the activity at this site. Fantastic growth rates albeit from a low level. From where we sit it is very difficult to see Domofond not becoming the Rightmove of Russia in time.

Yell

Yell continues to build its presence in the Russian local search market. In December the company recorded over 3.7 million UMV which is an increase of 74% year-on-year. It had more than 700k reviews on the site as per December 2014. As with Avito the company's revenues are ruble-based and are thus negatively affected by the FX movements of late. However, of the USD 11 mln it raised last year (where we participated alongside Kinnevik) some USD 10 mln remain in hard currency providing the company with ample opportunity to invest into the attractively priced media markets of Russia today.

GetTaxi

Of our new investments, GetTaxi is of course the largest and arguably also the most mature. GetTaxi is the largest and fastest growing of the players in on-demand transportation services (or taxi-hailing apps) in revenue terms outside the US. It is active in Russia, Israel, UK and the US, covering Moscow, London, St. Petersburg and NY which are among the largest city markets for taxi in the world.

Long-term we are excited by the large upside in GetTaxi's area easiest measured by the addressable market of some USD 30 bln in taxi services in the countries they are focusing on coupled with the fact that penetration of two-sided mobile market places for taxi services is low at some 5–10% and the rather accepted view that this will over time grow to 90%+.

This leaves the remaining question of which companies will win, and we are encouraged by our own experience of marketplaces and how difficult it is to for a new entrant to establish itself in a market where there are existing players. GetTaxi is near dominant in revenue terms in Israel, the absolute strongest in Russia and has good potential to be one of the three players who establish themselves long term in London and NY.

Obviously Uber is the largest operator in the world given its position in the US and will likely remain a competitor to GetTaxi in London and NY. However, one big differentiator between the two companies is GetTaxi's global leadership in the B2B segment. GetTaxi is equally strong in both B2C and B2B where it counts for over 2,000 enterprise clients, generating about 40% of the company's revenue. Additionally, Uber now faces strong competition in all of its key markets outside the US from regional champions, and we believe GetTaxi is well-positioned to win in its core segments.

Although not without risk we believe GetTaxi may generate annual gross revenues of around USD 200 mln in 2015 and over USD 400 mln in annual run rate at the end of the year. As the company progresses over 2015 and beyond, visibility into further upside will grow and the valuation of the company materially change from our entry level.

Exits

We have concluded two exits after the balance sheet date, in early 2015—Delivery Hero (85% of equity component) and Quandoo (full exit). Both made us more than 2 times our money over the time of less than 12 months.

New investments

We are continuing to search for early stage online businesses with network effect characteristics with a strong entrepreneur in an emerging market. Although I believe all of you know that we are an opportunistic bunch, what we have found worked well for us in the past are situations where we can be helpful in supporting the founders with experience, patience and capital and where we end up with some 10–20% of the capital.

We are currently reviewing investment opportunities in the Middle East and Near Far East that seem to check all the boxes. Still early days, but hopefully one or two new investments can make it into the portfolio before summer. The USD checks are small but valuations are low and the addressable markets enormous. Not without risk but a good opportunity to make upwards of 10x on our money with an acceptable downside risk.

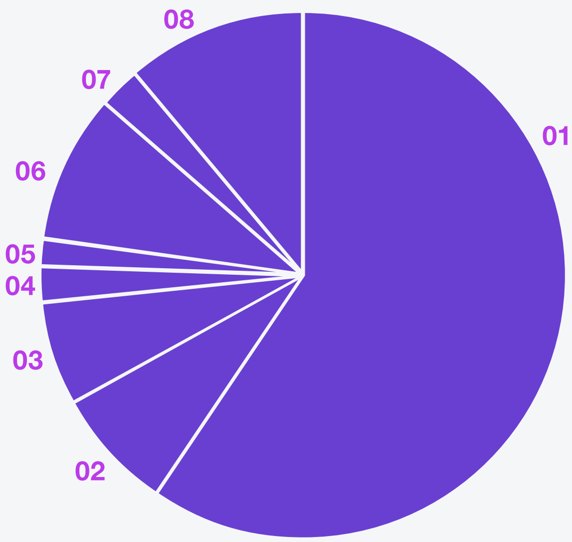
Most importantly of course we are out here looking for high returns with exceptionally good risk-reward characteristics. Our opportunistic approach will lead us, if the potential upside is large enough to compensate for risk, to take stakes in companies fitting the general sector description but where we don't end up with our ideal size etc.

One such example is Wallapop, a Barcelona-based mobile only online classified company we invested into in early 2015. Wallapop has over a short space of time taken great strides in terms of market share in online classifieds in Spain and are also making good inroads to France. The Holy Grail is of course the US where the dominant Craigslist is very weak in its mobile product. Our percentage of the company is small, but this is a situation where we think the upside more than compensates for the risk.

March 2015

Per Brilioth
Managing Director

The Vostok Nafta investment portfolio as per December 31, 2014



01 Avito 59.6%
02 Tinkoff Bank 7.4%
03 GetTaxi 6.6%
04 Yell.ru 2.1%
05 Quandoo 1.7%
06 Delivery Hero 9.0%
07 Kite Ventures 2.6%
08 Liquidity management portfolio, including cash 11.0%

Number of shares	Company	Fair value, USD Dec 31, 2014	Percentage weight	Value per share, USD Dec 31, 2014	Value per share, USD Dec 31, 2013	
6,166,470	Avito 2	232,054,598	59.6%	37.6	39.2	1
9,079,794	Tinkoff Bank (TCS Group Holding PLC)	28,964,543	7.4%	3.19	15.7	1
18,927,570	GetTaxi 2	25,638,889	6.6%			1
8,661,609	Yell.ru 2	8,000,000	2.1%	0.9		1
	Quandoo 2,3	6,699,598	1.7%			1
	Delivery Hero Holding GmbH, debt	27,808,753	7.1%			
	Delivery Hero Holding GmbH, equity component 2	7,331,704	1.9%			1
	Kite Ventures, debt	10,103,806	2.6%			
	Liquidity management portfolio, including cash	42,978,630	11.0%			
	Total	**389,580,520**	**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.
3. In March 2015, after the balance sheet date, Vostok Nafta has divested its entire stake in Quandoo.

The Group's net asset value as at December 31, 2014, was USD 388.47 mln, corresponding to USD 5.24 per share. Given a SEK/USD exchange rate of 7.8117 the values were SEK 3,034.62 mln and SEK 40.95 respectively.

The group's net asset value per share in USD decreased by 25.65% over the period January 1, 2014–December 31, 2014. During the same period the RTS index decreased by 45.19% in USD terms.

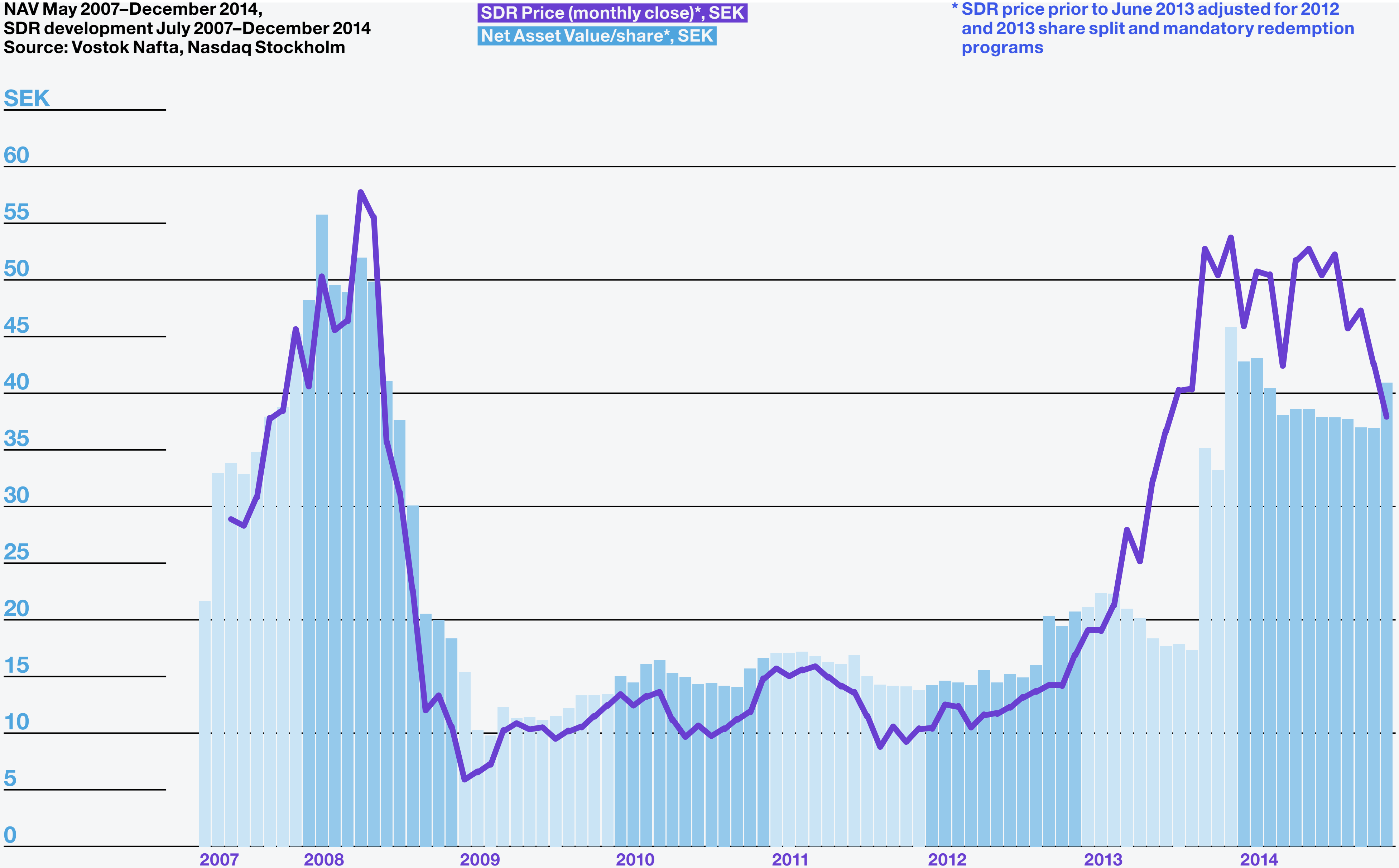
During the period January 1, 2014–December 31, 2014, the investment portfolio, which represents the largest part of the Group's net asset value, has decreased by USD 245.82 mln. Movements of the investment portfolio are (USD mln):

Opening balance	635.40
Additions	145.33
Proceeds from disposals	–67.00
Net change in loan receivables	33.79
Interest income	2.44
Exchange differences	–3.32
Change in fair value and result from disposals	–124.54
Change in cash	–232.53
Closing balance	389.58

Major portfolio events of the year include new equity investments in Yell.ru (USD 8 mln), Quandoo (EUR 5.5 mln) and GetTaxi (USD 25 mln) and debt investments in Delivery Hero (EUR 25 mln) and Kite Ventures (EUR 8 mln). During 2014, Vostok Nafta repurchased 15,830,049 SDRs for a total purchase price of USD 118 mln.

At the end of December, 2014 the four biggest investments were Avito (59.6%), Delivery Hero (9.0%), Tinkoff Bank (7.4%) and GetTaxi (6.6%).

The Vostok Nafta investment portfolio



Net Asset Value (NAV) and SDR development, Vostok Nafta

The Vostok Nafta investment portfolio

Avito is Russia's leading online classifieds site and enables individuals and businesses to buy and sell goods through classified ads on desktop and mobile.

Avito is the largest and fastest growing online classified platform in Russia, and the company has continued to show strong growth throughout 2014. 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 and consumers and business migrating online.

According to LiveInternet.ru, Avito is one of most visited sites in Russia with some 75 million unique visitors (March 2015) measured by unique cookies compared to approximately 51 million at the end of 2013.

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.

Avito also owns just under 50% of the leading classified site in Morocco Avito.ma following a transaction with Schibsted. 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. The new combined Moroccan site has continued to develop well since the merger was executed.

Verticals

During 2014, Avito has continued to strengthen its position in the key verticals, Auto, Real Estate and Jobs and Services with an increasing product offering for professional sellers. 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. Avito publishes (in Russian) updates and other interesting statistics on different categories at http://www.avito.ru/company/press/release.

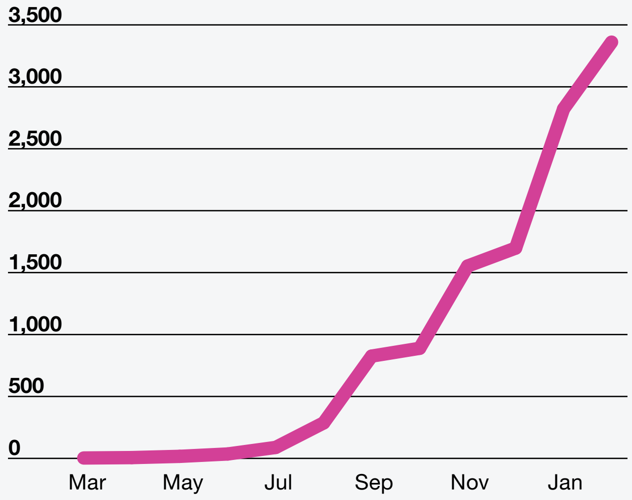
Domofond.ru (Real estate)

Avito launched Domofond.ru in a joint venture with Korbitec in March, 2014. Domofond.ru is a designated property vertical which will service real estate agencies and developers in the growing Russian real estate market. Domofond aims to be the leading property vertical in Russia and will help Avito create a stronger brand and improve monetization in the real estate segment.

As of December, 2014, there were roughly 3.5 mln listings on the Domofond portal. Since launch,

Domofond Development monthly visits, March 2013–February 2014

Thousand visitors. Source: company data



Domofond has had strong month on month growth in visitors, although from a low base, and the company recently started running advertisement on Russian TV-channels. 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 SeLoger.

Auto Vertical

Avito's Auto category has also progressed well during 2014 despite of a shrinking overall car market during 2014 following a weaker Russian economy. In mid March 2015 there were around 4.3 million live ads in the auto category from professional sellers on Avito.

According to Autostat.ru the Russian car market declined some 10% during 2014. Despite this decline, Russia is still one of Europe's largest market with, 2.5 million new cars sold and more than 5 million used cars sold in Russia during 2014.

An international peer in the auto vertical is Autotrader.com in the US. Autotrader.com is a private company owned by the majority shareholder Cox Enterprises. Financial information on Autotrader is scarce, but according to their website the company generated revenue of just short of USD 1.2 bln in 2012 and served on average 20 thousand dealers and 85 thousand private listers on a monthly basis.

In January 2014, Cox Enterprises acquired 25% of Autotrader from a minority shareholder at valuation of USD 7.2 bln for the whole company, according to media reports.

Jobs Vertical

Avito launched its jobs and services vertical in 2013 and ran a TV-campaign in the category which generated instant results in the two targeted categories. In mid March 2015 there were about 276 thousand live ads in the jobs category from professional advertisers and 551 thousand live ads in the services category from professional advertisers on Avito.

Avito trading statement as per the fourth quarter and full year 2014

Set out below are the latest public unaudited financials and figures from Avito.

Key performance indicators fourth quarter 2014[1]

- Revenues of RUB 1,262 mln (USD 22.4 mln[2]), up 57% compared with the fourth quarter 2013 (RUB 802 mln).
- Adjusted EBITDA margin of 39% or RUB 489 mln (USD 8.7 mln[2]), compared with the fourth quarter 2013 (RUB 202 mln).
- During the fourth quarter 2014 Avito made significant investment in marketing by running federal TV campaigns to support its rebranding activities, brand positioning and brand awareness.
- Page views amounted to 23 bln compared to 15 bln for the previous year.
- Monthly audience[3] in December 2014 according to TNS Russia and the Web Index project was 27.1 mln compared to 23.9 mln in December 2013.

Key performance indicators full year 2014[1]

- Revenues of RUB 4,305 mln (USD 76.5 mln[2]), up 79% compared with the same period in 2013 (RUB 2,411 mln).
- Adjusted EBITDA margin of 50.6% or RUB 2,177 mln (USD 38.7 mln[2]), compared with the same period in 2013 (RUB 679 mln).
- Avito's cash and cash equivalents in excess of USD 148 mln[2].
- Page views amounted to 75 bln compared to 47 bln for the previous year.
- Using the average USD/RUB rate of 2014 (38.6025) Avito's full year 2014 revenues amounted to USD 111.5 mln and EBITDA amounted to USD 56.4 mln.

Valuation

As per December 31, 2014, Vostok Nafta has revalued Avito using a model based valuation as there has been almost 12 month since the latest transaction in the company. The model generates a valuation of USD 232 mln for Vostok Nafta's stake in Avito or

1. Audited RUB figures from Avito.
2. Translated with official FX rate of 56.2584 as of December 31, 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/

Avito

Vostok Nafta's number of shares as at December 31, 2014	6,166,470
Total Value (USD)	**232,054,598**
Share of total portfolio	59.6%
Share of total shares outstanding	13.7%
Value development January 1–December 31, 2014 (in USD) *	–0.9%

During 2014 Vostok Nafta purchased 190,891 shares and sold 0 shares in Avito.

Avito

1.69 bln for the whole company as per December 31, 2014. A peer group multiple is applied to Vostok Nafta's conservative short to medium-term ruble EBITDA forecasts for Avito. The USD/RUB rate of 56.82 as per December 31, 2014 is used in the model. The new valuation is roughly 15% higher than the SEK denominated transaction-based valuation and reflects Avito's continued strong development despite the significant negative external factors currently present in Russia.

The latest significant transaction in the company was initiated in early January 2014 and finalized in the end of February, 2014. In this transaction, the founders of Avito sold 10% of their holdings, which corresponds to approximately 1.7% of the total number of shares in Avito. The pricing in the transaction equals SEK 255 per underlying Avito share, which equated to a valuation of approximately USD 1.8 bln for the whole company. All shareholders were guaranteed their pro-rata share of this offering and Vostok Nafta purchased 183,551 warrants, which are immediately exercisable, for a total consideration SEK 46.8 mln, including the subscription price of the warrants. As a result of the transaction, the purchased warrants corresponds to 0.4% of the total number of outstanding shares and warrants in Avito, bringing Vostok Nafta's total shareholding in Avito to 13.7%.

Avito is indirectly followed by a number of investment banks through their coverage of Avito's listed shareholders, Vostok Nafta, Kinnevik and Naspers. These banks assign different valuations of Avito ranging from USD 1.8–3.5 bln.

Revenue per Monthly Active User (MAU)

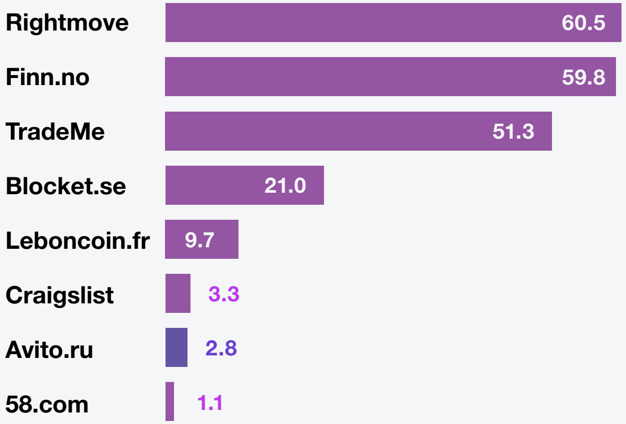
To highlight the revenue potential of leading online classified sites the graph to the right shows the annual revenue per MAU in 2013 for five leading classified sites in other countries compared with Avito's 2014 full year revenue per MAU. Leboncoin.fr (France), Blocket.se (Sweden), TradeMe (New Zealand), Craigslist (US), 58.com (China) and Finn.no (Norway) are all leading online classified sites (general and verticals) in their respective country. RightMove is the leading real estate vertical in the UK. Leboncoin.fr is probably the best and closest peer to Avito has it was founded just two years before Avito and has very similar revenue model.

Avito is still early in its evolution, and even though one should be careful comparing revenue dynamics from country to country, we are confident Avito we will se continued growth as the company and the market matures.

Company website: avito.ru

Revenue in USD per monthly active user

All data based on 2013 figures (company info, ComScore estimates) except for Avito, which is 2014 full year figures



Avito

	1q14	2q14	3q14	4q14	FY2014	YoY growth%
Revenue, RUB mln	852	1,069	1,122	1,262	4,305	79%
Adjusted EBITDA	393	569	727	489	2,177	220%
Margin, %	46%	53%	65%	39%	51%	–
Monthly audience, million	25.8	25.8	26.7	27.1	–	13%
Page Views, billion	17	17	18	23	75	60%

Avito

Tinkoff Bank (TCS Group Holding PLC) is an innovative provider of online retail financial services operating in Russia through a high-tech branchless platform.

In order to support its branchless platform, the Group has also developed a “smart courier” network covering almost 600 cities and towns in Russia which allows next day delivery to many customers. In early 2015, Tinkoff Credit Systems was renamed Tinkoff Bank to reflect the company’s long-term strategy of becoming an universal supplier of online retail financial services, with loan products remaining its core.

Since its launch in 2007 by Mr Oleg Tinkov, a renowned Russian entrepreneur with a long track record of creating successful businesses, Tinkoff Bank has grown into a leader in the Russian credit card market. As of March 1, 2015, Tinkoff Bank has issued 5 mln credit cards.

In addition to a market-leading credit card offering, Tinkoff Bank has developed a successful online retail deposits programme. Tinkoff Bank’s other innovative lines of business include Tinkoff Online Insurance, which enables Tinkoff Bank to underwrite and sell its own innovative online insurance products, and Tinkoff Mobile Wallet, mobile payment solutions and financial services for Russian consumers.

Tinkoff Bank

Vostok Nafta’s number of shares as at December 31, 2014	9,079,794
Total Value (USD)	**28,964,543**
Share of total portfolio	7.4%
Share of total shares outstanding	4.9%
Value development January 1–December 31, 2014 (in USD)	–79.7%

During 2014 Vostok Nafta purchased 337,500 shares and sold 0 shares in Tinkoff Bank.

As of December 31, 2014, Tinkoff Bank’s total assets amounted to RUB 108.8 bln, net loans and advances to customers stood at RUB 74.6 bln and customer accounts (deposits) amounted to RUB 43.4 bln. In 2014, Tinkoff Bank generated a net profit of RUB 3.4 bln and net interest income of RUB 30.8 bln.

Tinkoff Bank is well capitalised with the total capital ratio and Tier 1 capital ratio of 21.8% and 15.9%, respectively, in accordance with Basel III methodology.

Tinkoff Bank’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, Tinkoff Bank 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.

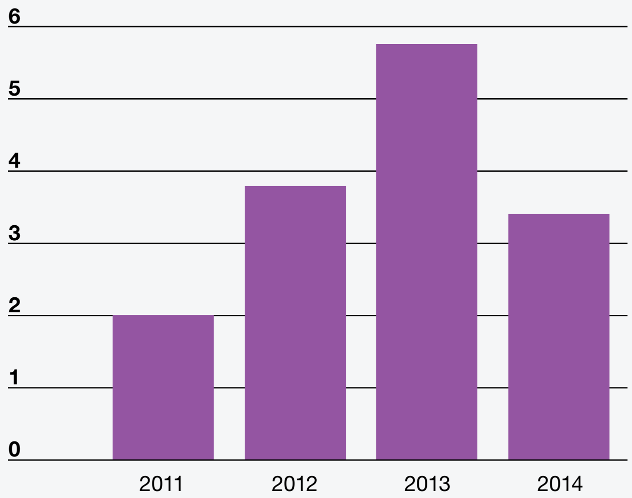
Tinkoff Bank was listed on the main list of London Stock Exchange on October 25, 2013. Vostok Nafta sold down its stake in Tinkoff Bank in conjunction with the IPO, which comprised of both primary and secondary equity. As per December 31, 2014, Vostok Nafta owns 4.8% of Tinkoff Bank (TCS Group Holding PLC) valued at USD 28.9 mln.

2014 Financial results

2014 was a challenging year for the entire Russian retail banking industry. Tinkoff Bank has responded to slowing sector growth in the beginning of the year by initiating cost saving initiatives to counter the sharp deterioration of the market environment, and took specific steps throughout the year to enable the

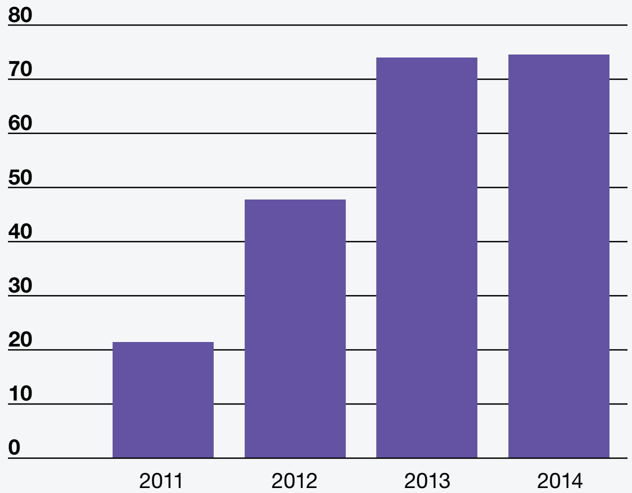
Tinkoff Bank: net profit, 2011–2014

RUB bln. Source: company data



Tinkoff Bank: net loan portfolio, 2011–2014

RUB bln. Source: company data



Tinkoff Bank

bank to deliver strong results, proving the robustness of the strategy and flexibility of the business model.

Tinkoff Bank's net profit for full year 2014 totalled RUB 3.4 bln, reaching the higher end of their guidance provided last year. Tinkoff Bank remains one the most profitable Russian banks with an ROE of 15.7% and has with a significant liquidity cushion been successful in managing their deposit portfolio throughout volatile periods in 2014

Tinkoff Bank's primary focus in 2014 has been on risk management and the quality of the loan portfolio, with cost of risk going down consistently throughout the year to 15.1% in 4Q14 following a spike in 1Q14 at 20.5%. Tinkoff Bank deliberately decelerated loan growth and cut approval rates down to 15%, but managed to acquire new high-quality low-risk clients, growing the loan portfolio by 12.8% and acquiring over 560,000 new active customers during 2014.

Despite the weakening market environment and slower loan portfolio expansion, Tinkoff Bank has continued to develop new business opportunities including co-branded products together with major Russian and international online retailers, and new internet and mobile banking services.

Tinkoff Bank is rated B+ with negative outlook by Fitch and B2 with stable outlook by Moody's as per December 31, 2014.

Share price performance

Following the IPO of the company in October 2013, Tinkoff Bank's share price has been very volatile and seen a significant share price decline following a declining macro environment driven by a down turn in the Russian consumer credit cycle, declining oil prices, indirect effects from the situation in Ukraine coupled with sanctions and an over all declining Russia sentiment. Tinkoff Bank's share price has declined some 79% during 2014. However, Tinkoff Bank is well capitalized and together with its strong management team, the company is well positioned for growth when market conditions improve. Tinkoff Bank has stayed meaningfully profitable through out of 2014.

In December 2014, Tinkoff Bank adopted a new dividend policy and announced a dividend of USD 0.303 per GDR. The dividend was paid out on December 27 and Vostok Nafta received a total amount of USD 2.75 mln representing a yield of 10%.

Company website: tcsbank.ru/eng/

Tinkoff Bank

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 has several listed comparable peers in other markets which focus on local search and reviews, most notably Yelp.com in the US.

Yell monetizes through selling subscription packages to companies connected to Yell. Currently, the subscription price range from RUB 40k–250k for 12 months depending on which features the connected companies get access to.

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 participation from Yell's current principal investor Investment AB Kinnevik. Vostok Nafta owns 33.3% of Yell.ru as per December 31, 2014.

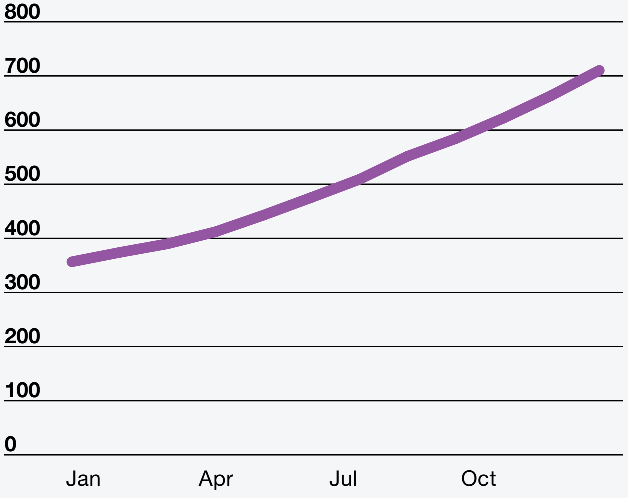
Yell.ru has a steady and strong growth of unique visitors who utilize the service. In December 2014, Yell.ru had over 3.7 mln unique monthly visitors (UMVs), up 74% y-o-y and page views amounted to 9.8 mln. In December 2014 there were over 700k reviews (up 99% y-o-y) on Yell.ru and each month more than 40k 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

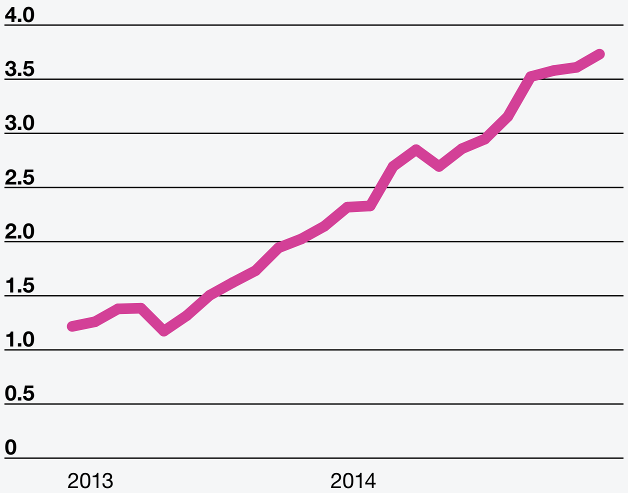
Yell.ru: number of reviews, 2014

Thousand reviews. Source: company data



Yell.ru: unique monthly visitors, 2013–2014

Million UMVs. Source: company data



Yell.ru

Vostok Nafta's number of shares as at December 31, 2014	8,661,609
Total Value (USD)	**8,000,000**
Share of total portfolio	2.1%
Share of total shares outstanding	33.3%

During 2014 Vostok Nafta purchased 8,661,609 shares and sold 0 shares in Yell.ru.

Quandoo

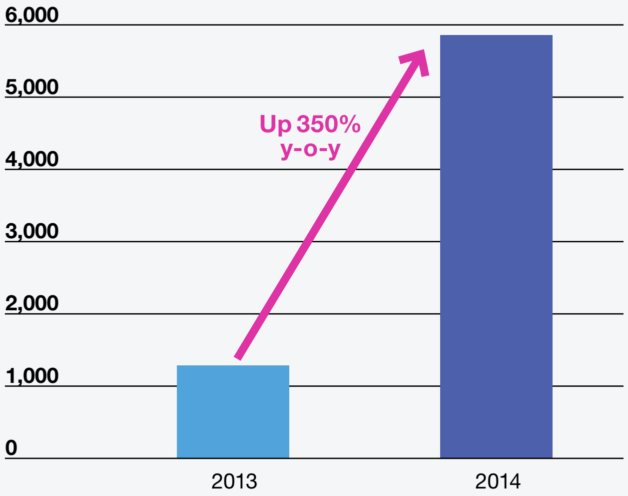
Quandoo is the fastest growing and technology leading restaurant reservation platform in EMEA.

Quandoo is currently in 88 cities across 13 EMEA markets with market leadership in 6 of the top 10 European markets (Germany, Italy, Austria, Poland, Switzerland and Turkey). To date the company has seated 3.2 million diners in 4,878 real-time connected partner restaurants. Quandoo's 2014 full year revenue amounted to EUR 4.29 million and EBITDA of EUR -9,66 million. 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 5.5mln 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

Quandoo: Number of reservation-taking restaurants
At year-end. Source: company data



transaction commissions. Quandoo is building the first modular operating system that integrates point of sale-relevant systems which provides restaurants with unique insight into their business as well as unmatched efficiency in managing daily operations.

In October 2014, Quandoo announced a new strategic investment from RGIP.LLC a corporate venture capital fund of Japan-based Recruit Holdings. RGIP has unrivalled understanding and expertise of their local Asian markets and the major opportunities for growth in those regions.

As per December 31, 2014 Vostok Nafta's investment in Quandoo was valued at EUR 5.5 mln based on the price of the transaction in which Vostok Nafta became a shareholder.

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

In February 2015, one of Quandoo's existing shareholders, Japanese Recruit acquired 100% of Quandoo at a valuation of approximately EUR 214 mln for the entire company. Vostok Nafta sold its indirect held shares in Quandoo as part of the transaction which is expected to result in a 2.3x return on invested capital and an IRR of 242% in EUR over the 9 months Vostok Nafta has invested in the company. Vostok Nafta has received 92.5% of these proceeds and the remaining 7.5% is expected to be distributed in 18 months.

Recruit's press release regarding the acquisition: http://www.recruit-rgf.com/ir/ir_news/2015/0305_7604.html

Company website: quandoo.com

Quandoo GmbH	
Vostok Nafta's number of shares as at December 31, 2014	n/a
Total Value (USD)	**6,669,598**
Share of total portfolio	1.7%
Share of total shares outstanding	4.6%

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, thus reducing the waiting time to less than 10 minutes. GetTaxi users have access to driver and vehicle information and real-time views of 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 30 cities, most notably Moscow, St. Petersburg, Tel Aviv, London and New York. Nearly half of the Fortune 500 companies use GetTaxi today and in total GetTaxi has over 2,000 corporate clients. The addressable market for the company within its existing markets is worth some USD 30 bln. Of this GetTaxi's revenues are typically some 15–30% 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. 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 and the transaction was finalized on August 11, 2014. Vostok Nafta's 25 mln investment was part of a larger round and structured as a convertible loan. The loan was converted into equity in December 2014.

In September 2014, GetTaxi, or Gett as it is known in the US, launched its "USD 10 Anywhere" campaign in Manhattan. The campaign generated impressive demand growth in NY and after some initial struggle to match the strong demand with supply, Gett managed to generate a good balance between driver supply and demand in late 2014. NY is currently GetTaxi's fastest growing market.

In February 2015, GetTaxi launched its service in six new cities in the UK – Edinburgh, Manchester, Liverpool, Birmingham, Glasgow and Leeds.

In early 2015, GetTaxi announced its intention to work with the TripThru global hub, a neutral integration hub for on-demand ground transportation apps, set to go live later this year. The TripThru hub is a market neutral cloud platform for on-demand ground transportation apps that facilitates cooperation between networks in a way that is flexible, efficient and customizable. The TripThru hub will give GetTaxi seamless access to on-demand ground transportation providers worldwide. Networks in the hub will have the ability to refer ride requests between themselves, on an on-demand basis, in order to give their apps broader global coverage.

Company website: gettaxi.com

GetTaxi	
Vostok Nafta's number of shares as at December 31, 2014	18,927,570
Total Value (USD)	**25,638,889**
Share of total portfolio	6.6%
Share of total shares outstanding	6.7%

Debt investments

Delivery Hero

Delivery Hero (DHH) is a worldwide network of online food ordering sites with over 200,000 restaurants connected to its service. The company operates in 24 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 1,500 employees around the world with 440 staff working from its Berlin headquarters.

Vostok Nafta owns 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 in which Vostok Nafta has received a number of shares and warrants in the company. As per December 31, 2014 the warrants had been converted in to equity and the total value of the equity component amounted to USD 7.3 mln.

In February, 2015, Vostok Nafta sold 85% of the equity component in DHH for a total purchase price of approximately USD 9.4 mln in connection with a transaction in which Rocket Internet invested EUR 496 mln in both primary and secondary shares of Delivery Hero.

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. Kite Ventures' largest holding is Delivery Hero.

Vostok Nafta owns 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 December 31, 2014 had no value.

The Vostok Nafta share

Share information
All the shares carry one vote each. The shares are traded as depository receipts (SDR) in Stockholm, where Pareto Securities AB is the custodian bank. A depository receipt carries the same dividend entitlement as the underlying share and the holder of a depository receipt has a corresponding voting right at shareholders meetings. The holder of a depository receipt must, however, follow certain instructions from the custodian bank in order to have the right to participate in shareholders meetings.

Dividends
No dividend has been proposed for the year.

Information about the net asset value
Previously, Vostok Nafta published a monthly estimated net asset value (NAV), issued on the second working day of each month. As Vostok Nafta's investment portfolio mainly consists of unlisted assets, the valuation of which typically is more static than listed assets which are actively traded, the Company has concluded that its monthly Net Asset Value (NAV) reports do not provide meaningful information to the market. For this reason, the Company has decided to discontinue the previously published monthly NAV reports and instead publish its NAV exclusively in connection with the Company's interim reports.

Potential net asset discount
With a view to limiting a possible net asset discount and maximizing shareholder value, the Vostok Nafta articles of association provide that the Company may buy back its own shares. Such purchases may be made within the stipulated capital limits, provided that the bought back shares are immediately canceled.

On February 13, 2014, Vostok Nafta informed that the Company's Board of Directors had resolved to mandate the management of Vostok Nafta to repurchase Swedish Depository Receipts (SDRs) of the Company. The mandate from the Board of Directors stipulates that a maximum of 10 percent of the SDRs that are outstanding at the time of the resolution could be bought back. On April 7, 2014, Vostok Nafta informed that the initial mandate had been fulfilled and that the Company's Board of Directors had resolved to renew the buy-back mandate with an additional 10 percent of the SDRs that were outstanding at the time of the resolution. On May 14, 2014, Vostok Nafta informed that the Company's Board of Directors had resolved to renew the buy-back mandate with an additional 10 percent of the SDRs that were outstanding of the time of the resolution. During 2014, Vostok Nafta repurchased 15,830,049 SDRs (2013: 1,509,279). The SDRs that were bought back under the mandate and the underlying shares were canceled.

The market
The Vostok Nafta share (SDR) is traded on Nasdaq Stockholm, Mid Cap segment since July 4, 2007.

Share turnover
The average daily turnover during the period January 1, 2014 to December 31, 2014, was 226,000 shares (2013: 387,000 shares). Trading has been conducted 100 percent of the time.

Codes Assigned to Vostok Nafta's Share
Recent and historic quotes for Vostok Nafta's share are easily accessible on a number of business portals as well as via professional financial and real-time market data providers. Below is a list of the symbols and codes under which the Vostok Nafta share can be found.

ISIN Code	SE0002056721
Nasdaq Stockholm short name (ticker)	VNIL SDB
Reuters	VNILsdb.ST
SAX/Ecovision	VNIL SDB
Bloomberg	VNIL:SS

Largest shareholders as per December 31, 2014
The shareholder list below as per December 31, 2014, shows the ten largest owners at that time. The number of shareholders in Vostok Nafta on December 31, 2014 amounted to around 9,850 (2013: 12,250).

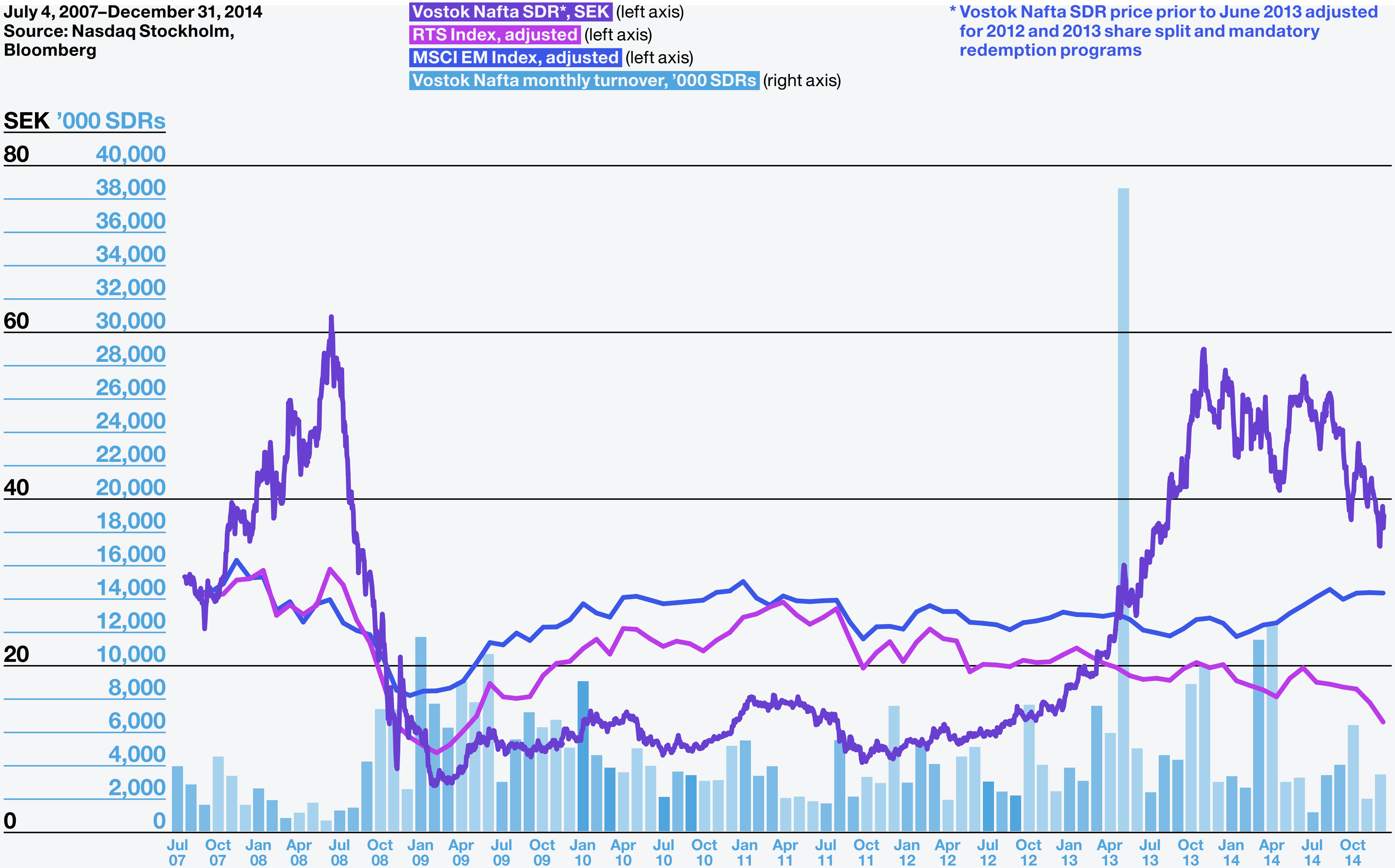
	Owner	Holding, SDRs	Holding, percent
01.	Luxor Capital Group L.P.*	27,098,265	36.57%
02.	Alecta Pension Insurance	7,000,000	9.45%
03.	Swedbank Robur Funds	4,975,257	6.71%
04.	Fidelity Funds	2,825,014	3.81%
05.	Carnegie Funds	1,330,000	1.79%
06.	Avanza Pension Insurance	634,398	0.86%
07.	Madrague Funds	382,832	0.52%
08.	Handelsbanken Funds	361,085	0.49%
09.	Old Westbury Funds	327,423	0.44%
10.	Holberg Funds	301,000	0.41%
	10 largest owners	45,235,274	61.05%
	Total	74,097,331	100.00%

* Luxor holding as per AGM registry from Euroclear (May 8, 2014).

Source: Euroclear Sweden AB and holdings known to Vostok Nafta. Excluding foreign nominees.

July 4, 2007–December 31, 2014
Source: Nasdaq Stockholm, Bloomberg

* Vostok Nafta SDR price prior to June 2013 adjusted for 2012 and 2013 share split and mandatory redemption programs



Vostok Nafta share price development

The Vostok Nafta share

Background

Vostok Nafta Investment Ltd ("Vostok Nafta", the "Company") was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861. Swedish Depository Receipts (SDRs) representing the Vostok Nafta shares are listed on the Nasdaq Nordic Exchange Stockholm, Mid Cap segment with the ticker: VNIL SDB. There were approximately 9,850 shareholders as at the end of December 2014.

Group structure

As of December 31, 2014, the Vostok Nafta Group consisted of the Bermudian parent company Vostok Nafta Investment Ltd; one wholly-owned Cypriot subsidiary, Vostok Komi (Cyprus) Limited; and one wholly-owned Swedish subsidiary, Vostok Nafta Sverige AB.

Vostok Komi (Cyprus) Limited is responsible for the group's portfolio, and Vostok Nafta Sverige AB provides corporate and support services to the group.

Operating policy

Business concept

Vostok Nafta Investment Ltd (Vostok Nafta) is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with a focus on companies with network effects.

The sector mandate is broad and the proposition is to create shareholder value by investing in assets that are associated with risks which Vostok Nafta is well-equipped to manage. Such typical risks include corporate governance risks, liquidity risks and operational risks.

Strategy

The Company's investment strategy is to run investments into primarily equity holdings in private companies with a high return potential.

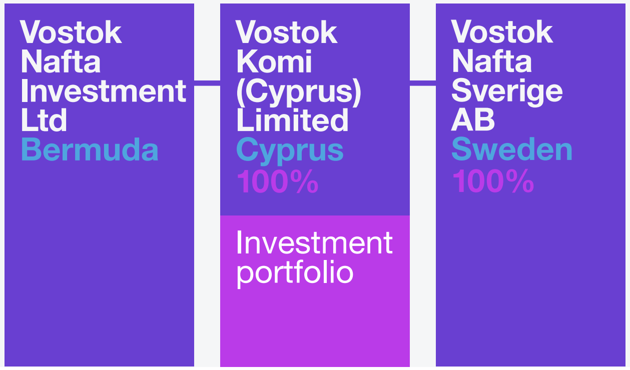
Organisation of activities

The Board of Directors meets in person at least twice a year and more frequently if needed. In addition to this, meetings are conducted by telephone conference when necessary. Between meetings, the Managing Director has regular contact with the Chairman of the Board and the other Board members. The Board of Directors adopts decisions on overall issues affecting the Vostok Nafta group.

The Managing Director manages the company's day-to-day activities and prepares investment recommendations in cooperation with the other members of the Board of Directors.

Recommendations on investments are made by the Board of Directors. Investment decisions are then taken by the Board of Directors of Vostok Komi (Cyprus) Limited.

More information on the organisation of the Company's activities is provided in the Administration Report and the Corporate Governance Report below.



Company information

Income statement in brief

(Expressed in USD thousand)	2014	2013	2012	2011	2010
Result from financial assets	–124,540	374,411	107,782	–141,614	135,093
Other operating income	4,316	885	11,682	28,186	11,068
Total income	–120,225	375,296	119,464	–113,429	146,160
Operating expenses	–4,296	–10,614	–5,202	–5,843	–5,733
Dividend withholding tax expenses/repayments	–	–23	3,228	–4,170	–1,593
Other operating expenses	–	–	–1,289	–521	–1,176
Operating result	–124,521	364,659	116,202	–123,963	137,660
Net financial items	–2,877	148	3,599	–276	798
Result before tax	–127,398	364,807	119,801	–124,239	138,458
Tax	–48	–182	–59	137	–98
Net result for the year	–127,446	364,626	119,742	–124,102	138,359

Cash flow in brief

(Expressed in USD thousand)	2014	2013	2012	2011	2010
Cash flow from/used in operating activities	–112,452	216,667	274,110	37,769	–714
Cash flow used in/from investing activities	–	–4	–17	40	–24
Cash flow used in/from financing activities	–117,919	–1,929	–282,380	–9,180	326
Cash flow for the year	–230,371	214,735	–8,287	28,630	–411
Exchange rate differences in cash and cash equivalents	–2,152	–4	2,462	–414	924
Cash and cash equivalents at the beginning of the year	246,572	31,841	37,665	9,448	8,935
Cash and cash equivalents at the end of the year	14,050	246,572	31,841	37,665	9,448

Balance sheet in brief

(Expressed in USD thousand)	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Non-current fixed assets	5	11	23	36	675
Non-current financial assets	375,530	388,828	293,793	454,321	605,783
Current financial assets	–	1,261	5,109	–	9,283
Cash and cash equivalents	14,050	246,572	31,841	37,665	9,448
Other current receivables	374	460	442	1,772	1,974
Total assets	389,959	637,133	331,207	493,794	627,164
Equity	388,470	633,966	329,584	492,078	625,430
Deferred tax liability	–	–	–	–	–
Current tax liability	369	402	288	424	504
Other current liabilities	1,120	2,764	1,336	1,293	1,229
Total equity and liabilities	389,959	637,133	331,207	493,794	627,164

Financial summary

Key ratios

	2014	2013	2012	2011	2010
Equity ratio, percent	99.62	99.50	99.51	99.65	99.72
Return on equity, percent	–24.93	75.68	29.15	–22.21	24.86
Return on capital employed, percent	–24.93	75.68	29.15	–22.21	24.86
Debt/equity ratio, multiple	–	–	–	–	–
Interest coverage ratio, multiple	–	–	–	–	–
Net asset value, MUSD	388	634*	330**	492	625
Exchange rate at balance sheet date,SEK/USD	7.8117	6.5084	6.5156	6.9234	6.8025
Net asset value, MSEK	3,035	4,126*	2,147**	3,407	4,254
Net asset value development in USD, percent	–39	110***	31***	–21	28
Net asset value development in USD including the effect of the redemption programs, percent	–39	92	–25	–21	28
RTS Index	791	1,443	1,527	1,382	1,770
Development RTS Index, percent	–45	–6	10	–22	23
Dividends	–	–	–	–	–

Share data

	2014	2013	2012	2011	2010
Earnings per share, USD	neg.	4.10	1.29	neg.	1.37
Diluted earnings per share, USD	neg.	4.10	1.29	neg.	1.37
Net asset value per share, USD	5.24	7.05*	3.67**	4.93	6.19
Net asset value per share, SEK	40.95	45.89*	23.94**	34.12	42.12
Number of shares outstanding at year-end	74,097,331	89,903,020	89,719,279	98,470,200	100,990,975
Weighted average number of shares outstanding	78,489,261	88,899,415	92,918,593	100,705,275	100,990,975
– diluted	78,489,261	88,923,775	92,918,593	101,400,275	100,990,975

Employees

	2014	2013	2012	2011	2010
Average number of employees during the period	4	6	7	8	13

Definitions of the key ratios

Equity ratio, percent Equity ratio is defined as Shareholders' equity in relation to total assets.
Return on equity, percent Return on equity is defined as net result for the year divided by average equity.
Return on capital employed, percent Return on capital employed is defined as net 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 year).
Debt/equity ratio, multiple Debt/equity ratio, multiple is defined as interest-bearing liabilities in relation to Shareholders' equity.
Interest coverage ratio Interest coverage ratio is defined as net result plus interest and taxes divided by interest expenses.
Net asset value development in USD, percent Change in net asset value in USD per share compared with previous accounting year, in percent.
RTS Index A Russian stock market index consisting of Russia's 50 most liquid and capitalized shares. The RTS Index is denominated in USD.
Development of RTS index Change in index compared to previous accounting year.
Net asset value Net asset value is defined as shareholders' equity.
Net asset value per share, USD Shareholders' capital divided by the number of shares outstanding at year-end.
Earnings/share, USD is defined as result for the period divided by the adjusted average weighted number of shares for the year.
Diluted earnings/share, USD is defined as result for the year divided by the adjusted average weighted number of shares for the year calculated on a fully diluted basis.

* After distribution of holdings in Black Earth Farming Limited and RusForest AB to the shareholders through the 2013 redemption program.
** After distribution of USD 246 mln to the shareholders through the 2012 redemption program.
*** Excluding the effect of the redemption programs.

Board of Directors

Lars O Grönstedt
Chairman
Swedish citizen, born 1954. Member of the board since 2010. Lars O Grönstedt holds a BA in languages and literature from Stockholm University, and an MBA from Stockholm School of Economics. Mr. Grönstedt spent most of his professional life at Handelsbanken. He was CEO of the bank 2001–2006, and Chairman 2006–2008. Today he is, among other things, senior advisor to Nord Stream, chairman of Scypho, vice chairman of the Swedish National Debt Office, speaker of the elected body of representatives of Trygg Foundation, and sits on the boards of East Capital Explorer, the IT company Pro4U, and the Institute of International Economics at Stockholm University. Holdings in Vostok Nafta: 1,500 depository receipts. Salary and remuneration: USD 112 thousand. No agreement regarding severance pay or pension.

Josh Blachman
Board member
US citizen, born 1974. Member of the board since 2013. Professional and educational background: Josh Blachman is a Founder and Managing Director of Atlas Peak Capital, an investment firm focused on private technology companies. Prior to co-founding Atlas Peak Capital, Josh Blachman was a Vice President at Saints Capital where he completed a variety of investments in private technology companies. Previously, Josh Blachman worked in the Corporate Development groups at Microsoft and Oracle where he evaluated and executed both acquisitions and investments. Josh Blachman holds Bachelor and Master of Science degrees in Industrial Engineering from Stanford University and an MBA from the Stanford Graduate School of Business. Holdings in Vostok Nafta: none. Salary and remuneration: USD 35 thousand. No agreement regarding severance pay or pension.

Keith Richman
Board member
US citizen, born 1973. Member of the board since 2013. Professional and educational background: Keith Richman is Founder and President of Defy Media, an Internet entertainment community for men. Prior to co-founding Defy Media, Keith Richman was the Co-Founder and Vice-President of OnePage (acquired by Sybase 2002) and Co-Founder and Director of Business Development for Billpoint Inc. (acquired by eBay in 1999). Previous posts include Director of Corporate Planning at the Walt Disney Company, where he focused on consumer products, cable and emerging media. Keith Richman holds Bachelor and Master of Arts degrees in International Policy Studies from Stanford University. Holdings in Vostok Nafta: none. Salary and remuneration: USD 35 thousand. No agreement regarding severance pay or pension.

Per Brilioth
Managing Director and Board member
Swedish citizen, born 1969. Member of the board and Managing Director since 2007. Professional and educational background: Between 1994 and 2000, Per Brilioth was head of the Emerging Markets section at Hagströmer & Qviberg and he has worked close to the Russian stock market for a number of years. Per Brilioth is a graduate of Stockholm University and holds a Master of Finance from the London Business School. Other significant board assignments: Member of the boards of RusForest AB, Avito AB, X5 Group AB, Tethys Oil AB and Svenska Fotografiska museet AB. Holdings in Vostok Nafta: 200,000 depository receipts and 500,000 call options (including holdings through an endowment insurance). Salary: USD 540 thousand. Agreement regarding severance pay and pension: Mr. Brilioth has the right of twelve months full salary in the event of termination of appointment on the part of the company. Should he himself decide to resign, he must observe six months' notice of termination. Mr. Brilioth also has a pension plan based on Swedish market practice.

Group management

Per Brilioth: Managing Director. See also heading "Board of Directors" above.

Nadja Borisova: Chief Financial Officer. Swedish and Russian Citizen, born 1968. Employed since 2010. Holdings in Vostok Nafta: 1,478 depository receipts and 300,000 call options.

Anders F. Börjesson: General Counsel. Swedish citizen, born 1971. Employed since 2008. Holdings in Vostok Nafta: 10,000 depository receipts and 300,000 call options.

Auditors

PricewaterhouseCoopers AB

Ulrika Ramsvik, born 1973. Authorised public accountant, Auditor in charge. Auditor in the Company since 2012. PricewaterhouseCoopers AB, Gothenburg, Sweden.

Bo Hjalmarsson, born 1960. Authorised public accountant, Co-signing auditor. Auditor in the Company since 2014. PricewaterhouseCoopers AB, Stockholm, Sweden.

Board, management and auditors

Administration report

The Board of Directors and the Managing Director of Vostok Nafta Investment Ltd, corporate identity number 39861, hereby present the annual report for the financial year January 1, 2014–December 31, 2014.

Group Result

During the year, the result from financial assets at fair value through profit or loss amounted to USD –124.54 (389.61) mln, mainly coming from the Tinkoff Bank share price decline. Result from loan receivables was USD 0.00 (0.96) mln. Dividend and coupon income, net of withholding tax expenses, was USD 4.32 (0.60) mln.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD –4.30 (–10.36) mln.

Net financial items were USD –2.88 (0.15) mln.

The net result for the year was USD –127.45 (364.63) mln.

Total shareholders' equity amounted to USD 388.47 mln on December 31, 2014 (December 31, 2013: 633.97).

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 14.05 mln on December 31, 2014 (December 31, 2013: 246.57).

Portfolio performance

During the year January 1, 2014–December 31, 2014, Vostok Nafta's net asset value per share has decreased by 25.65%. During the same period the Russian RTS index decreased by 45.19% in USD terms.

During the year January 1, 2014–December 31, 2014, gross investments in financial assets were USD 145.33 (27.81) mln, and proceeds from sales were USD 67.00 (252.04) mln. As at December 31, 2014, Vostok Nafta's four biggest investments are Avito (59.6%), Delivery Hero (9.0%), Tinkoff Bank (7.4%) and GetTaxi (6.6%).

Major events of the year

During 2014, the Company has repurchased 15,830,049 SDRs. For further information, see section Share data below.

During 2014, the Company has made three new equity investments: Yell.ru (USD 8 mln), Quandoo (EUR 5.5 mln) and GetTaxi (USD 25 mln). The Company also made two significant debt investments: Delivery Hero (EUR 25 mln) and Kite Ventures (EUR 8 mln) – both of which carries a smaller equity component in addition to nominal cash interest. For further information, see sections on each respective investment in this report.

As per December 31, 2014, the Company's largest holding, Avito was revalued as result of a change in valuation method. As the latest transaction-based valuation was deemed no longer valid the Company decided to value Avito using a future-looking model based on peer group-multiples. The change of valuation method resulted in a 4 per cent lower valuation compared with the fair value as per December 31, 2013. For further information, see note 3.

During 2014, the Company's listed holding in Tinkoff Bank saw a significant share price decline due to an unexpected downturn in the consumer credit cycle and a deteriorating Russia sentiment following the sharp decline in oil prices in the last six months of 2014 and the ongoing situation in Ukraine.

In the fourth quarter of 2014, the outstanding USD 5 mln loan to RusForest was fully repaid.

Subsequent events

Since January 1, 2015 the Company has repurchased 591,176 SDRs under an authorization granted by the Board of Directors on May 14, 2014. For further information, see section Share data below.

During the first quarter of 2015, Vostok Nafta sold all of its shares in Quandoo and 85% of the equity component in Delivery Hero.

Portfolio transactions

The main portfolio events of the year were the new investments in Yell.ru, Quandoo, GetTaxi, Delivery Hero and Kite Ventures. During 2014, the Company also made additional investments in listed corporated bonds as part of liquidity management operations.

Share data

Vostok Nafta Investment Ltd was incorporated in Bermuda on April 5, 2007 as a limited liability company with a share capital of USD 1 on April 5, 2007. In July 2007, 46,020,900 new shares were issued in exchange for the same amount of warrants in Vostok Nafta and a cash consideration of SEK 22 per share. All shares carry one vote each. The Vostok Nafta share (depository receipt) is quoted on the Nasdaq Nordic Exchange Stockholm; Mid Cap segment.

As a result, at the end of December 2007, the number of outstanding shares in the company was 46,020,901, with a par value of USD 1 per share.

There were no changes in the share capital of the company during 2008.

During 2009, the Company completed two share issues. 46,020,901 new shares were issued in a rights issue in February 2009, and 8,949,173 shares were issued in an in-kind issue in June 2009. As a result, at the end of December 2009, the number of outstanding shares in the company was 100,990,975, with a par value of USD 1 per share.

There were no changes in the share capital of the company during 2010.

Pursuant to a resolution by the Board of Directors on December 6, 2011, Vostok Nafta repurchased and cancelled 2,520,775 shares during 2011. As a result, at the end of December 2011, the number of outstanding shares in the company as per December 31, 2011 was 98,470,200, with a par value of USD 1 per share.

During 2012, the Company continued to repurchase shares under the 2011 program and adopted new programs on May 9, 2012 and December 3, 2012. The Company repurchased and cancelled a total of 8,750,921 shares during 2012, resulting in a total of 89,719,279 shares as at December 31, 2012, each with a par value of USD 0.50 per share (following the split and mandatory redemption program described below).

During the third quarter of 2012, the Company liquidated the majority of its listed portfolio and subsequently transferred the proceeds in a total amount of approximately USD 246 mln to shareholders by way of a share split and mandatory redemption program. Under the program, each SDR was split into two SDRs, one of which was designated a Redemption SDR. The Redemption SDRs were then redeemed for a consideration of SEK 18.00 per SDR. The proceeds were distributed in October 2012.

During 2013, the company repurchased an additional 1,509,279 SDRs under the Board of Directors' repurchase authorization of December 3, 2012. The underlying shares were cancelled in 2013. In August, 2013, a number of employees exercised options issued in 2010 under the 2010 Incentive Program to purchase a total of 1,693,020 SDRs. (For more information on the 2010 Incentive Program, see note 27 to the Financial Statements below.)

During 2014, the Company repurchased an additional 15,830,049 SDRs under the board of Directors' repurchase authorization of February 13, 2014; April 7, 2014; and May 14, 2014.

Subsequent to the balance date, the Company has repurchased 591,176 SDRs under the Board of Directors' repurchase authorization of May 14, 2014.

Board meetings

The Board of Directors currently comprises four Directors. During the year, the Board has held 14 board meetings, of which 3 in person and 11 by telephone conference, and has passed two resolutions by circulation. The directors represent a number of nationalities. Board meetings are conducted in English. The work and the composition of the Board are described in detail in the Corporate Governance Report.

As per the resolution of the 2014 AGM, a nomination committee has been established to make recommendations to the AGM 2015 regarding:

- Election of Chairman for the AGM
- Election of Directors
- Election of the Chairman of the Board of Directors
- Remuneration to the Directors
- Election of the Company's auditors
- Compensation to the Company's auditors, and
- Principles for appointment of the Nomination Committee for the 2016 AGM.

The Nomination Committee has the following members: Jonathan Green, appointed by Luxor Capital; Leif Törnvall, appointed by Alecta Pension Insurance; Annika Andersson, appointed by Robur Funds; and Lars O Grönstedt, Chairman of the Board of Directors of Vostok Nafta.

Remuneration principles for the senior management

The Board of Directors proposes that the management remuneration principles adopted at the Extra General Meeting held on May 18, 2007, which have remained in force and were last confirmed at the Annual General Meeting of the Company held on May 14, 2014, shall continue to apply. The principles adopted are as follows: The remuneration to the managing director and other members of the senior management shall consist of fixed salary, variable remuneration, other benefits and pension benefits. Except for the managing director, the senior management currently includes two individuals. The total remuneration shall correspond to the prevailing market conditions and be competitive. The fixed and variable remuneration shall correspond to the respective individual's responsibility and authority. The variable component should, in the first instance, be covered within the parameters of the company's option plan and shall, where payable in other instances, be subject to an upper limit in accordance with market terms and specific objectives for the company and/or the individual. The period of notice of termination of employment shall be three to six months in the event of termination by the member of the senior management. In the event of termination by the company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 12 months. Pension benefits shall be either benefit-based or contribution-based or a combination thereof, with individual retirement ages. Benefit-based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. The Board of Directors shall be entitled to deviate from these guidelines in individual cases should special reasons exist.

Corporate governance report

A complete report on Vostok Nafta's application of the Swedish Code of Corporate Governance, together with a Report on the Internal control, is included in this Annual Report.

Personnel

At year-end, Vostok Nafta had four persons employed in Sweden.

Treatment of retained earnings

The group's total retained earnings amount to USD 316,984 thousand.

The Board of Directors and the Managing Director propose that the retained earnings of the parent company USD 149,243 thousand, which include the year's loss of USD 8,696 thousand, be brought forward, and that no dividends be paid for the year.

Declaration

The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with IFRS and give a true and fair view of the Parent Company's financial position and results of operations.

The Administration Report and the other parts of the Annual Report of the Group and the Parent Company provide a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describe material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Statutory Corporate Governance and the other parts of the Annual Report of the Group provides a fair review of the development of the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the companies included in the Group.

Stockholm, March 30, 2015

Lars O Grönstedt
Chairman

Josh Blachman
Board member

Keith Richman
Board member

Per Brilioth
Managing Director and Board member

Income statements – Group

(Expressed in USD thousands)	Note	2014	2013
Result from financial assets at fair value through profit or loss [1]	5	–124,540	389,611
Result from investments in associated companies	6,16	–	–16,159
Result from loan receivables [1]	8,17,18	–	958
Dividend and coupon income	7	4,316	627
Other operating income	9,28	–	258
Total operating income		–120,225	375,296
Operating expenses	10,27,28	–4,296	–10,614
Dividend withholding tax expenses/repayments	7	–	–23
Operating result		–124,521	364,659
Financial income and expenses			
Interest income	17,18	2,459	90
Interest expense	22	–3	–29
Currency exchange gains/losses, net		–5,332	87
Net financial items		–2,877	148
Result before tax		–127,398	364,807
Taxation	11	–48	–182
Net result for the year		–127,446	364,626
Earnings per share (in USD)	12	Neg.	4.10
Diluted earnings per share (in USD)	12	Neg.	4.10

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

Statement of comprehensive income

(Expressed in USD thousands)	2014	2013
Net result for the year	–127,446	364,626
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	–132	1
Disposals	–	–
Total other comprehensive income for the year	–132	1
Total comprehensive income for the year	–127,577	364,626

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

Balance sheets – Group

(Expressed in USD thousands)	Note	Dec 31, 2014	Dec 31, 2013
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	13	5	11
Total tangible non-current assets		5	11
Financial non-current assets			
Financial assets at fair value through profit or loss	14,15	337,618	383,828
Loan receivables	14,17,18	37,913	5,000
Total financial non-current assets		375,530	388,828
CURRENT ASSETS			
Cash and cash equivalents	14,20	14,050	246,572
Receivables from related parties		–	1,261
Tax receivables		271	315
Other current receivables	19	103	145
Total current assets		14,424	248,293
TOTAL ASSETS		389,959	637,133
SHAREHOLDERS' EQUITY (including net result for the year)		388,470	633,966
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Tax payables		369	402
Other current liabilities	23	867	1,998
Accrued expenses		253	766
Total current liabilities		1,489	3,166
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		389,959	637,133

Statement of Changes in Equity – Group

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2013	44,860	157,757	88	126,879	329,584
Net result for the year January 1, 2013 to December 31, 2013	–	–	–	364,626	364,626
Other comprehensive income for the year					
Currency translation differences	–	–	1	–	1
Total comprehensive income for the year January 1, 2013 to December 31, 2013	–	–	1	364,626	364,626
Transactions with owners:					
Proceeds from shares issued	593	2,749	–	–	3,342
Redemption program	–13,232	–	–	–47,033	–60,264
Employees share option scheme:					
– value of employee services	–	1,322	–	–	1,322
Buy back of own shares	–755	–3,889	–	–	–4,644
	–755	–3,889	–	–	–4,644
Balance at December 31, 2013	31,466	157,939	89	444,472	633,966
Balance at January 1, 2014	31,466	157,939	89	444,472	633,966
Net result for the year January 1, 2014 to December 31, 2014	–	–	–	–127,446	–127,446
Other comprehensive income for the year					
Currency translation differences	–	–	–132	–	–132
Total comprehensive income for the year January 1, 2014 to December 31, 2014	–	–	–132	–127,446	–127,577
Transactions with owners:					
Proceeds from shares issued	9	61	–	–	70
Buy back of own shares	–5,541	–112,448	–	–	–117,989
	–5,541	–112,448	–	–	–117,989
Balance at December 31, 2014	25,934	45,553	–43	317,027	388,470

Cash flow statements – Group

(Expressed in USD thousands)	2014	2013
OPERATING ACTIVITES		
Result before tax	–127,398	364,807
Adjustment for:		
Interest income	–2,459	–90
Interest expense	3	29
Currency exchange gains/-losses	5,332	–87
Depreciations and write downs	5	15
Result from financial assets at fair value through profit or loss	124,540	–389,611
Result from investments in associated companies	–	16,159
Result from loan receivables	–	–958
Dividend and coupon income	–4,316	–627
Change in current receivables	1,311	175
Change in current liabilities	–1,593	1,442
Net cash used in operating activities	**–4,573**	**–8,746**
Investments in financial assets	–145,330	–27,813
Sales of financial assets	67,000	252,041
Increase/decrease in loan receivables	–35,482	574
Dividend and coupon income	4,316	707
Interest received	1,707	40
Interest paid	–3	–29
Tax paid	–87	–107
Net cash flow used in/from operating activities	**–112,452**	**216,667**
INVESTING ACTIVITIES		
Investments in office equipment	–	–11
Sale of office equipment	–	7
Net cash flow used in investing activities	**–**	**–4**
FINANCING ACTIVITIES		
Redemption program transaction fees	–	–627
Proceeds from shares issued	70	3,342
Buy back of own shares	–117,989	–4,644
Net cash flow used in financing activities	**–117,919**	**–1,929**
Change in cash and cash equivalents	–230,371	214,735
Cash and cash equivalents at the beginning of the year	246,572	31,841
Exchange gains/losses on cash and cash equivalents	–2,152	–4
Cash and cash equivalents at the end of the year	**14,050**	**246,572**

Key financial ratios – Group

(Expressed in USD thousands)	2014	2013
Return on capital employed, % (01)	–24.93	75.68
Equity ratio, % (02)	99.62	99.50
Shareholders' equity/share, USD (03)	5.24	7.05
Earnings/share, USD (04)	Neg.	4.10
Diluted earnings/share, USD (05)	Neg.	4.10
Net asset value/share, USD (06)	5.24	7.05
Weighted average number of shares for the year	78,489,261	88,899,415
Weighted average number of shares for the year (fully diluted)	78,489,261	88,923,775
Number of shares at balance sheet date	74,097,331	89,903,020

01. Return on capital employed is defined as the Group's net 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 year).
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 year divided by the adjusted average weighted number of shares for the year.
05. Diluted earnings/share USD is defined as result for the year divided by the adjusted average weighted number of shares for the year calculated on a fully diluted basis.
06. Net asset value/share USD is defined as shareholders' equity divided by total number of shares.

Income statements – Parent

(Expressed in USD thousands)	Note	2014	2013
Result from financial assets at fair value through profit or loss		–5,052	–225
Result from investments in associated companies		–	–8,753
Operating expenses	10	–4,146	–10,380
Reversal of write down of shares in subsidiaries	26	–	96,463
Dividend and coupon income		1,564	130
Operating result		–7,634	77,236
Financial income and expenses			
Interest income		4,119	1,176
Interest expense		–3	–
Currency exchange gains/losses, net		–5,178	190
Net financial items		–1,062	1,366
Net result for the year		–8,696	78,601

Statement of comprehensive income

(Expressed in USD thousands)	2014	2013
Net result for the year	–8,696	78,601
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	–	–
Total other comprehensive income for the year	–	–
Total comprehensive income for the year	–8,696	78,601

Balance sheets – Parent

(Expressed in USD thousands)	Note	Dec 31, 2014	Dec 31, 2013
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	26	84,389	84,389
Financial assets at fair value through profit or loss	14	30,012	12,450
Loan receivables		37,913	5,000
Receivables from Group companies	26	55,205	110
Total financial non-current assets		207,518	101,949
CURRENT ASSETS			
Cash and cash equivalents		13,965	246,434
Receivables from related parties		–	1,261
Other current receivables		51	126
Total current assets		14,016	247,820
TOTAL ASSETS		221,534	349,769
SHAREHOLDERS' EQUITY (including net result for the year)	21	220,729	347,344
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Liabilities to group companies	26	591	2,314
Other current liabilities	23	36	23
Accrued expenses		177	89
Total current liabilities		805	2,425
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		221,534	349,769

Statement of Changes in Equity – Parent

(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 year January 1, 2013 to December 31, 2013	–	–	78,601	78,601
Other comprehensive income for the year				
Currency translation differences	–	–	–	–
Total comprehensive income for the year January 1, 2013 to December 31, 2013	–	–	78,601	78,601
Transactions with owners:				
Proceeds from shares issued	593	2,749	–	3,342
Redemption program	–13,232	–	–47,033	–60,264
Employees share option scheme:				
– value of employee services	–	1,322	–	1,322
Buy back of own shares	–755	–3,889	–	–4,644
	–755	–3,889	–	–4,644
Balance at December 31, 2013	31,466	157,939	157,939	347,344
Balance at January 1, 2014	31,466	157,939	157,939	347,344
Net result for the year January 1, 2014 to December 31, 2014	–	–	–8,696	–8,696
Other comprehensive income for the year				
Currency translation differences	–	–	–	–
Total comprehensive income for the year January 1, 2014 to December 31, 2014	–	–	–8,696	–8,696
Transactions with owners:				
Proceeds from shares issued	9	61	–	70
Buy back of own shares	–5,541	–112,448	–	–117,989
	–5,541	–112,448	–	–117,989
Balance at December 31, 2014	25,934	45,553	149,243	220,729

Cash flow statements – Parent

(Expressed in USD thousands)	2014	2013
OPERATING ACTIVITES		
Result before tax	–8,696	78,601
Adjustment for:		
Interest income	–4,119	–1,176
Interest expense	3	–
Currency exchange gains/-losses	5,178	–190
Reversal of write downs on shares in subsidiaries	–	–96,463
Result from financial assets at fair value through profit or loss	5,052	8,978
Dividend and coupon income	–1,564	–130
Change in current receivables and liabilities	–164	1,952
Net cash used in operating activities	–4,310	–8,428
Investments in financial assets	–89,614	–23,811
Sales of financial assets	67,000	11,423
Increase/decrease in loan receivables	–35,482	589
Dividend and coupon income	1,564	209
Interest received	1,707	18
Interest paid	–3	–
Net cash flow used in operating activities	–59,137	–20,000
INVESTING ACTIVITIES		
Loan to the companies within the Group	–53,433	35,279
Repayment of shareholder's contribution from subsidiaries	–	232,250
Net cash flow used in/from investing activities	–53,433	267,529
FINANCING ACTIVITIES		
Redemption program transaction fees	–	–627
Proceeds from shares issued	70	3,342
Buy back of own shares	–117,989	–4,644
Net cash flow used in financing activities	–117,919	–1,929
Change in cash and cash equivalents	–230,489	245,601
Cash and cash equivalents at the beginning of the year	246,434	716
Exchange gains/losses on cash and cash equivalents	–1,980	117
Cash and cash equivalents at the end of the year	13,965	246,434

(Expressed in USD thousand unless indicated otherwise)

Note 1
General information

Introduction

Vostok Nafta Investment Ltd ("Vostok Nafta", or "the Company") was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861.

The Vostok Nafta Group was formed in 2007, in connection with the restructuring of the Vostok Gas Group. Vostok Nafta is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with the focus on companies with network effects.

These Group consolidated financial statements were authorised for issue by the Board of Directors on March 30, 2015.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Note 2
Significant accounting policies

Accounting basis

The consolidated and the parent company financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by EU, as at December 31, 2014. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2014:

IFRS 10, 'Consolidated Financial Statements': In accordance with the changes of IFRS 10 Consolidated Financial Statements, imposed on investment companies as from 1 January 2014, the Group values its investments (portfolio companies) at fair value. Vostok Nafta falls within the classification of an investment company as its business concept is to use experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation and obtain a return. IFRS 10 has not had any effect on the Group's accounting.

IFRS 12, 'Disclosures of interests in other entities': includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OC not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Financial period

The financial year comprises the period January 1–December 31.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, that is the Board of Directors. In the internal reporting of the company, there is only one operating segment.

Foreign currency translation

(a) The functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Parent Company and its Cypriot subsidiary is USD, which is also considered to be the presentational currency of the Group.

b) Transactions and balances

Transactions in currencies other than USD are translated into USD at the rate of exchange that was in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the balance sheet date. Realized and unrealized exchange gains/losses on portfolio investments, which include loan receivables, investments in associated companies, and financial assets at fair value through profit or loss are recognized in profit or loss as part of the result from each of the categories of financial assets, which are included in the investment portfolio. Realized and unrealized exchange gains/losses on other assets and liabilities are reported among financial items.

c) Group companies

As at the reporting date, the assets and liabilities of subsidiaries that have not the same functional currency as the Parent Company are translated into the presentation currency of the Group at rates of exchange prevailing at the balance sheet date. Their income statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are recognized as other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation on furniture, fittings and equipment is based on cost on a straight-line basis of estimated useful life of three and five years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group have transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

This category has two subcategories:

– Designated. The first includes any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.

– Held for trading. The second category includes financial assets that are held for trading. All derivatives (except those designated as hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are held for trading.

The Group classifies all its financial assets at fair value through profit or loss in the subcategory designated. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets are securities held in listed and unlisted companies.

Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the income statement. Thereafter they are subsequently 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. Dividend income from financial assets at fair value through profit of loss is recognized in the income statement as "Dividend income" when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments in associated companies

Investments where the Company has the right to exercise significant influence, which is normally the case when the Company holds between 20% and 50%, are accounted for as investments in associated companies by applying fair value. At the application of fair value, the investments are designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss. Changes in the fair value are accounted for in the income statement as "Result from investments in associated companies".

This treatment is permitted by IAS 28 'Investments in associates', which allows investments to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognized in the income statement in the period of change. There are no significant restrictions on the associated companies' ability to transfer funds for loan repayments. On increase/decrease of the investments in associated companies, the Group makes an assessment of fair value for the total investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'Non current loan receivables', 'Current loan receivables', 'Other current receivables', 'Receivables from related parties' and 'Cash and cash equivalents' in the balance sheet.

Investments in loans and receivables are initially recognized at fair value plus transaction costs. Loans and receivables are carried at amortized cost using the effective interest method. 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.

A financial asset or group of assets is impaired, and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. An entity is required to assess at each balance sheet date whether there is any objective evidence of impairment. If any such evidence exists, the entity is required to do a detailed impairment calculation to determine whether an impairment loss should be recognised.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. Impairment losses on portfolio investments are presented in the income statement within 'Result from loan receivables'. Impairment losses on other financial assets are recognized in the income statement as 'Other financial expenses' among financial items.

Cash and cash equivalents

Cash and bank include cash and bank balances and other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity. Share issue costs associated with the issuance of new equity are treated as a direct reduction of the proceeds. Buy back of own shares is, after cancellation of the shares, recorded as a reduction of the share capital with the nominal value of shares bought back, and as a reduction of the additional paid in capital or the retained earnings with the amount paid after reduction of transaction costs for the shares in excess of the nominal value.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The Group currently has no temporary differences and has no deferred income tax recognised.

Employee benefits

Pension obligations

The Group has a defined contribution pension plan which is based on Swedish market practice. The Group has no further obligations once the contributions have been paid. The contributions are reported as a cost recognised as employee benefit pension expense in profit or loss when they are due.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid in capital when the options are exercised.

There was no share-based compensation of this type in 2014 or 2013. See Note 27 for more details.

Revenue recognition

Revenue comprises the fair value of the consideration received in the ordinary course of the Group's activities.

For investments held at both the start and end of year, the change in value consists of the difference in the market value between these dates. For investments acquired during the year, the change in value consists of the difference between cost and the market value at the end of the year. For investments sold during the year, the change in value consists of the difference between the sales price received and the value of investments at the start of the year. All changes in value are reported in the income statement within 'Result from financial assets at fair value through profit or loss', 'Result from associated companies' or 'Result from loan receivables', depending on from what category of assets the changes in value relate.

Dividend income is recognised when the right to receive payment is established. Furthermore, dividend income is accounted for inclusive of withholding taxes. These withholding taxes are shown either as an expense in the income statement, or as a current receivable, depending on whether or not the withholding tax is refundable.

Interest income on non-current loan receivables is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired non-current loan receivables is recognised using the original effective interest rate.

Interest income on current loan receivables and other receivables is recognised taking into account accrued interest on the balance sheet date.

Other consideration received in the ordinary course of the Group's activities is reported as "other income" in the income statement.

Unless otherwise stated, the accounting principles are unchanged compared to previous year.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The Group's leases are exclusively operating leases, and refer mainly to office rents and office machines.

Note 3
Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, price risk and interest rate risk), credit risk, liquidity risk and cash flow interest-rate risk.

Risk management is carried out by management under policies approved by the Board of Directors.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects currency risk, price risks and interest rate risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to the Swedish Krona (SEK), the Russian Ruble (RUB), and Euro (EUR).

At December 31, 2014, if the USD had strengthened by 10.0% against the SEK with all other variables held constant, post-tax profit for the year and equity would have been USD 0.52 mln lower (2013: –27,36), mainly as a result of foreign exchange losses on translation of SEK-denominated investments in financial assets at fair value through profit and loss. Profit is less sensitive to movement in SEK/USD exchange rates in 2014 than 2013 because of the decrease in SEK-denominated financial assets, mainly Avito, which estimates are based in RUB as per December 31, 2014 compared to SEK-denominated valuation as per December 31, 2013. Avito is exposed to the foreign exchange risks arising mainly with respect to RUB, SEK, USD and EUR.

At December 31, 2014, if the USD had strengthened by 10.0% against the EUR with all other variables held constant, post-tax profit for the year and equity would have been USD 4.71 mln lower (2013: –0.09), mainly as a result of foreign exchange losses on translation of EUR-denominated investments in financial assets at fair value through profit and loss, debt investments and tax receivables.

At December 31, 2014, if the USD had strengthened by 10.0% against the RUB with all other variables held constant, post-tax profit for the year and equity would have been USD 25.2 mln lower (2013: 0), mainly as a result of foreign exchange losses on translation of investments in financial assets at fair value through profit and loss, which revenues and cash flows are RUB-based (Avito, Tinkoff Bank, Yell and partly GetTaxi).

Price risk

The Group is exposed to listed equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss.

15% of the shares in the Group's share portfolio are publicly traded. The price risk associated with Vostok Nafta's portfolio may be illustrated by stating that a 20.0% decrease in the price of the quoted shares in the Group's portfolio at December 31, 2014 would have affected post-tax profit and equity by approximately USD 10 mln.

Market interest rate risk

The Group is exposed to a market interest rate risk because of outstanding loan receivables to Delivery Hero Holding GmbH and Kite Ventures which are carried at fixed interest rate. The fair value of the loan receivables is estimated using valuation models based on market rate inputs.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

Within the Group's portfolio investments operations, credit risk arises from non current and current loan receivables. See further Notes 17 and 18. For the investments in loan receivables, there are no formal restrictions with respect to the counterparty's credit rating.

The Group is also exposed to counterparty credit risk on cash and cash equivalents and deposits with banks and financial institutions. The majority of cash is placed in different type of cash securities which are fully protected in the event of a bankruptcy of the custodian institution since securities on account are separate from the custodian's balance sheet and thus never become a part of the custodian's bankruptcy estate.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities.

For the Group, prudent liquidity risk management implies maintaining sufficient cash and marketable securities. As at December 31, 2014 approximately 15% of the Group's investment portfolio comprises liquid assets.

The Group does not have any financial liability as per December 31, 2014 and December 31, 2013.

Cash flow interest rate risk

The majority of the Group's financial assets are non-interest bearing, and the majority of outstanding interest-bearing liabilities carry a fixed interest. As a result, the Group is not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders. Up to 2009, the Group's investments were partly financed through debt but since then the Board has decided on a new financial strategy with zero debt. The Group will therefore continue to work with financial leverage only on a restrictive basis during shorter periods of time.

Operating and sector-related risks

Emerging markets and country-specific risks

The risks associated with Russia and other CIS (Commonwealth of Independent States, i.e., the former Soviet Union) 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 emerging markets.

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 emerging markets 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, could have an adverse impact on investments. None of the emerging markets 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 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 emerging markets than in more mature legal systems.

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 or valued at the balance sheet. 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 emerging markets 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 less broad in terms of publishing information than in more developed markets. 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 takeovers, 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 and other emerging markets 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.

There are inherent difficulties and risks in investing in internet market places and online classifieds including but not limited to the ability to monetize and expand in new verticals, execution risks, internet regulatory and compliance matters, competitors risks, technical platform risks.

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

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.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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 Group's assets that are measured at fair value at December 31, 2014:

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss (investment portfolio)	28,965	39,670	240,055	308,690
Financial assets at fair value through profit or loss (liquidity management)	28,928	–	–	28,928
Total assets	57,893	39,670	240,055	337,618

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 (investment portfolio)	137,254	234,124	–	371,378
Financial assets at fair value through profit or loss (liquidity management)	12,450	–	–	12,450
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. Usually, transaction-based valuations are kept unchanged for a period of 12 months unless there is cause for a significant change in valuation. After 12 months, the Group usually derives fair value for non-traded assets through any of the models described above.

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.

Vostok Nafta follows a structured process in assesing the valuation of its unlisted investments. Vostok Nafta evaluate company specific and external data relating to each specific investment on a monthly data. The data is then assessed at monthly and quarterly valuation meetings by senior management. If internal or external factors are deemed to be significant further assessment is undertaken and the specific is revalued to the best fair value estimate. Revaluations are approved by the Managing Director.

The Group's largest investment, Avito AB is classified as a level 3 investment following a transfer from level 2 in the third quarter of 2014. The Avito investment has been revalued as per December 31, 2014 on the basis of model-generated valuation as the validity of the transaction-based valuation used earlier has eroded over time. The investment in Yell.ru is classified as a level 3 investment due to increased uncertainty and valued based on the latest transaction in the company. The investments in Quandoo and GetTaxi are classified as level 2 as the valuations are based on the price paid in each respective transaction. 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 valuations are adjusted accordingly.

Avito AB (Avito)

The Group's Investment in Avito AB is valued as a level 3 investment as per December 31, 2014.

As per December 31, 2014, Vostok Nafta has revalued Avito using a model based valuation as there has been almost 12 month since the latest transaction in the company. The model applies a future-looking multiple derived from peer group of traded comparable companies on Vostok Nafta's conservative short- to medium-term estimate for Avito's EBITDA. As per December 31, 2014, the model generates a fair value of USD 232 mln for Vostok Nafta's stake in Avito. This valuation reflects Avito's continued strong momentum despite negative external factor such as currency volatility and macro outlook. The model is primarily sensitive to the USD/RUB rate as Vostok Nafta's Avito estimates are based in RUB. The USD/RUB rate of 56.82 as per December 31, 2014 is used in the model. The USD 232 mln valuation is roughly 15% higher than the SEK denominated latest transaction-based valuation.

The valuation model is sensitive to input assumptions, especially as the comparable companies used are non-russian and 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. The ruble has seen high volatility in the recent months and moved more than +/– 15% from the exchange rate as per December 31, but we believe the model-based valuation using the FX-rate of December 31, 2014 is the best fair value estimate of Avito.

A 10% lower/higher peer group multiple would result in a decrease/increase by USD 21 mln or 5.9% of the total portfolio. A 10% higher USD/RUB rate would result in a decrease by USD 19 mln or 5.8% of the total portfolio, while a 10% lower USD/RUB rate would result in an increase by USD 24 mln or 6% of the total portfolio. The tables below outline how a 10% and 20% decrease/increase of the USD/RUB rate and peer group multiple would impact the valuation of Vostok Nafta's Avito investment.

	Sensitivity in model-based Avito valuation USD/RUB as per December 31, 2014				
	+20%	+10%	56.82	–10%	–20%
Valuation of Vostok Nafta's Avito investment, USD mln	196	213	232	256	286

	Sensitivity in model-based Avito valuation Peer group multiple as per December 31, 2014				
	–20%	–10%	Multiple	+10%	+20%
Valuation of Vostok Nafta's Avito investment, USD mln	189	211	232	253	275

	Sensitivity in model-based Avito valuation EBITDA estimate as per December 31, 2014				
	–20%	–10%	EBITDA Estimate	+10%	+20%
Valuation of Vostok Nafta's Avito investment, USD mln	189	211	232	253	275

Yell.ru

During the second quarter of 2014, Vostok Nafta 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 December 31, 2014, Yell is classified as a level 3 investment as it is valued on the basis of this transaction which is also equivalent to Vostok Nafta's acquisition cost. In USD terms Yell.ru has been adversely affected by the ruble's depreciation in late 2014 but as the vast majority of new funding Yell received still is held as cash in hard currency it is deemed to have limited impact on Yell.ru's fair value and thus the transaction-based valuation is considered as a valid fair value estimate.

	Sensitivity in transaction-based Yell valuation				
	–20%	–10%		+10%	+20%
Valuation of Vostok Nafta's Yell investment, USD mln	6.4	7.2	8.0	8.8	9.6

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 was converted into equity in December 2014. As per December 31, 2014, the GetTaxi investment is classified as a level 2 investment as it is valued to USD 25.6 mln on the basis of Vostok Nafta's USD 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 December 31, 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 December 31, 2014, the loan receivable is valued with an NPV-model and the shares and warrants which were exercised in December are valued on the basis of a large equity transaction in Delivery Hero in August 2014. As per December 31, 204, the equity component is valued at USD 7.3 mln.

Loan receivables

The fair value estimation of loan receivables relating to Delivery Hero, Kite Ventures and RusForest is outlined in the table below. The RusForest loan has been fully repaid during the fourth quarter 2014.

Fair value estimation of loan receivables	Dec 31, 2014	Dec 31, 2013
Short-term	–	–
Long-term	37,913	5,000
Total loan receivables	37,913	5,000

Carrying value corresponds to fair value of loans receivables.

Critical accounting estimates and assumptions

The management of Vostok Nafta Investment Ltd has to make estimates and judgements when preparing the Financial Statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. The most important estimates and judgements in relation thereto are:

Fair value of unlisted financial assets

The estimates and judgements when assessing the fair value of unlisted investments in associated companies and financial assets at fair value through profit or loss are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For further information on fair value estimation, see above.

Note 4
General

Incorporation and legal structure

Vostok Nafta Investment Ltd (the Company or the Parent Company) is an investment company with its focus on portfolio investments with considerable potential for value appreciation. The Company was incorporated in Bermuda on April 5, 2007, as a tax exempted limited liability company. The Swedish Depository Receipts of Vostok Nafta (SDB) are listed on the Nasdaq Nordic Exchange Stockholm, Mid Cap section. Ticker: VNIL SDB.

As of December 31, 2014, the Vostok Nafta Group consisted of the Bermudian parent company Vostok Nafta Investment Ltd; one wholly-owned Cypriot subsidiary, Vostok Komi (Cyprus) Limited; and one wholly-owned Swedish subsidiary, Vostok Nafta Sverige AB.

The registered office of the Company is in Hamilton, Bermuda (Codan Services Ltd, 2 Church Street, Hamilton, Bermuda). Vostok Nafta Sverige AB's registered office is at Hovslagargatan 5, 111 48 Stockholm, Sweden.

Note 5
Result from financial assets at fair value through profit or loss

	Group 2014	Group 2013
Proceeds from sale of financial assets at fair value through profit or loss	67,000	251,045
Acquisition value of sold financial assets at fair value through profit or loss	–70,686	–95,020
Change in fair value of remaining financial assets at fair value through profit or loss	–120,854	233,586
Result from financial assets at fair value through profit or loss	–124,540	389,611

During 2014 and 2013 result from financial assets at fair value through profit or loss comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss.

Note 6
Result from investments in associated companies

	Group 2014	Group 2013
Proceeds from sale of investments in associated companies	–	997
Acquisition value of sold investments in associated companies	–	–17,515
Change in fair value of remaining investments in associated companies	–	360
Result from investments in associated companies	–	–16,159

During 2014 and 2013 result from associated companies comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss.

Note 7
Dividend and coupon income

	Group 2014	Group 2013
Dividend and coupon income recognized in the income statement	4,316	627
whereof unsettled at balance sheet date	–	–
Tax withheld on dividends	–	–23
Withholding tax returns on prior year dividends	–	–
Net proceeds from dividends and coupons, net of tax, recognized in the income statement during the year	4,316	604

Note 8
Result from loan receivables

	Group 2014	Group 2013
Interest income	–	1,014
Foreign exchange rate gains/losses	–	–56
Total	–	958

Note 9
Other operating income

	Group 2014	Group 2013
Reimbursed expenses (see also Note 28)	–	218
Rental income (see also Note 28)	–	29
Other	–	11
Total	–	258

Note 10
Operating expenses by nature

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Employee benefit expense (Note 27)	1,799	7,419	207	138
Depreciation and write down of property, plant and equipment	5	15	–	–
Operating lease expenses	154	216	–	–
Service agreement between Vostok Nafta Sverige AB and Vostok Nafta Investment Ltd	–	–	2,312	8,001
Other expenses	2,338	2,964	1,627	2,241
Total operating expenses	4,296	10,614	4,146	10,380

Lease rentals amounting to TUSD 154 (2013: 216) relating to rent of office space have been recognized in the income statement.

Note 11
Tax

Corporate income tax – general

The parent company, Vostok Nafta Investment Ltd, is exempted and therefore not liable for tax in Bermuda.

The Group's Cypriot entity is subject to corporation tax on taxable profits at the rate of 12.5% (2013: 12.5%).

Under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 30% as from April 29, 2013 (August 31, 2011–April 28, 2013: 15%).

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 30% (2013: 20%).

Any gains from disposal of qualified securities are not subject to corporate tax in Cyprus.

As from the tax year 2012, brought forward losses of the prior five years may be utilized.

During 2014, the Swedish subsidiary's profits are subject to Swedish income tax at the rate of 22% (2013: 22%).

Income tax expense

	Group 2014	Group 2013
Current tax	–48	–182
Deferred tax	–	–
Taxation	–48	–182

The tax on the Group's result before tax differs from the theoretical amount that would arise using the tax rate of the countries where the Group operates as follows:

	Group 2014	Group 2013
Result before tax	–127,398	364,807
Tax calculated at domestic tax rates applicable to profits in the respective countries	14,822	–47,852
Tax effects of:		
– Income not subject to tax	347	60,478
– Expenses not deductible for tax purposes	–15,214	–12,718
– Adjustment in respect of prior years	–	–96
– Utilisation of previously unrecognised tax losses	–	7
– Tax losses for which no deferred income tax asset was recognised	–2	–
Tax charge	–48	–182

The weighted average applicable tax rate was 12% (2013: 13%). The slight change is caused by a change in the profitability of the Group's subsidiaries in the respective countries.

Deferred tax

Deferred income tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred tax assets of USD 0.002 mln (2013: 0.01) in respect of losses amounting to USD 0.02 mln (2013: 0.05) that can be set off against the profits of the next five years.

Note 12
Earnings per share

Basic earnings per share have been calculated by dividing the net result for the financial year by the weighted average number of shares in issue during the year.

Diluted earnings per share have been calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. Share options are the only category of dilutive potential ordinary shares for the company. For the share options, a calculation is made in order to determine the number of shares that would have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

	2014	2013
Profit attributable to the equity holders of the company	–127,446	364,626
Weighted average number of ordinary shares on issue	78,489,261	88,899,415
Earnings per share, basic	neg.	4.10
Adjustment for dilution effect of incentive options	–	24,360
Weighted average number of ordinary shares for diluted	78,489,261	88,923,775
Earnings per share, diluted	neg.	4.10

Note 13
Property, plant and equipment

Group	
At January 1, 2013	
Cost or valuation	126
Accumulated depreciation	–103
Net book amount	23
Year ended December 31, 2013	
Opening net book amount	23
Additions	11
Disposals	–7
Depreciation charge	–15
Exchange differences	–
Closing net book amount	11
At December 31, 2013	
Cost or valuation	55
Accumulated depreciation	–43
Net book amount	11
Year ended December 31, 2014	
Opening net book amount	11
Additions	–
Disposals	–
Depreciation charge	–5
Exchange differences	–1
Closing net book amount	5
At December 31, 2014	
Cost or valuation	46
Accumulated depreciation	–41
Net book amount	5

Depreciations amounting to net USD –5 thousand (2013: –15) for the Vostok Nafta Group have been recognized among operating expenses in the income statement (see also Note 10).

Note 14
Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

December 31, 2014 – Group

Assets as per balance sheet	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	337,618	337,618
Investments in associates	–	–	–
Loan receivables	37,913	–	37,913
Cash and cash equivalents	14,050	–	14,050
Total	51,963	337,618	389,581

December 31, 2014 – Parent Company

Assets as per balance sheet	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	30,012	30,012
Loan receivables	37,913	–	37,913
Cash and cash equivalents	13,965	–	13,965
Receivables from Group Companies	55,205	–	55,205
Total	107,083	30,012	137,094

December 31, 2013 – Group

Assets as per balance sheet	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	383,828	383,828
Investments in associates	–	–	–
Loan receivables	5,000	–	5,000
Cash and cash equivalents	246,572	–	246,572
Total	251,572	383,828	635,400

December 31, 2013 – Parent Company

Assets as per balance sheet	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	12,450	12,450
Loan receivables	5,000	–	5,000
Cash and cash equivalents	246,434	–	246,434
Receivables from Group Companies	110	–	110
Total	251,544	12,450	263,994

Note 15
Non-current financial assets at fair value through profit or loss

	Group 2014	Group 2013
Beginning of the year	383,828	142,589
Additions	145,330	23,731
Reclassifications	–	78,942
Acquisiton value	–70,686	–95,020
Change in fair value for the year	–120,854	233,586
End of the year	337,618	383,828

The assets specified in the table to the right are investments in financial assets at fair value through profit or loss. The listed assets, Tinkoff Bank and corporate bonds in the liquidity management portfolio, are valued on the basis of the bid price as per the balance sheet date. All other assets are valued on the basis of the latest transaction except Avito, which is valued using a peer group-multiples model.

	Parent Company 2014	Parent Company 2013
Beginning of the year	12,450	–
Additions	89,614	23,731
Reclassifications	–	–
Disposals	–70,686	–11,056
Change in fair value	–1,366	–225
End of the year	30,012	12,450

Security/Company name	Currency	Number of shares held Dec 31, 2014	Fair value (USD), Dec 31, 2014	Ownership share %	Number of shares held Dec 31, 2013	Fair value (USD), Dec 31, 2013	Ownership share %
Group							
Avito AB	SEK	6,166,470	232,054,598	13.7%	5,975,579	234,124,001	13.3%
Tinkoff Bank	USD	9,079,794	28,964,543	4.9%	8,742,294	137,254,016	4.8%
GetTaxi	USD	18,927,570	25,638,889	6.7%	–	–	–
Quandoo	EUR		6,699,598	4.6%	–	–	–
Yell.ru	USD	8,661,609	8,000,000	33.3%	–	–	–
Delivery Hero Holding GmbH, equity component	EUR		7,331,704	0.8%	–	–	–
Liquidity management (corporate bond portfolio)			28,928,347			12,449,789	
Total non current financial assets at fair value through profit or loss			337,617,679			383,827,806	
Parent Company							
Liquidity management (SEK denominated)			5,539,767			9,357,661	
Liquidity management (USD denominated)			23,388,580			3,092,128	
Liquidity management (EUR denominated)			1,083,335			–	
Total non current financial assets at fair value through profit or loss			30,011,682			12,449,789	

Note 16
Investment in associated companies

	Group 2014	Group 2013
Beginning of the year	0	151,204
Additions	–	4,531
Reclassifications	–	–78,942
Proceeds from disposals	–	–997
Redemption at fair value	–	–59,637
Change in fair value for the year	–	–16,159
End of the year	0	0

Note 17
Non-current loan receivables

	Group 2014	Group 2013
Beginning of the year	5,000	–
Additions	40,482	–
Repayments	–1,172	–589
Interest income	1,922	175
Reclassifications	–5,000	5,414
Exchange differences	–3,319	–
Write offs	–	–
End of the year	37,913	5,000

Counterparty	Credit rating Dec 31, 2014	Nominal value Dec 31, 2014	Nominal value Dec 31, 2013	Carrying value Dec 31, 2014	Carrying value Dec 31, 2013	Terms of interest	Maturity
RusForest AB	–	–	5,000	–	5,000	16%/9%/11%/13%	Dec 2014
Delivery Hero Holding GmbH	–	30,453	–	27,809	–	9.5%/10%/10.5%	Aug 2017
Kite Ventures Partners III Ltd	–	10,104	–	10,104	–	13%	Sep 2017
Total		40,557	5,000	37,913	5,000		

In November 2012, RusForest secured bridge financing of USD 5 mln from Vostok Nafta. The bridge loan initially carried a 16 per cent interest rate and would mature on April 30, 2013. On February 8, 2013, the terms of this loan were amended to 9 per cent interest and the maturity term was extended to December 31, 2013. On August 14, 2013, the loan was extended to December 31, 2014. The annual rate was changed to 11 per cent for the first six months of 2014 and to 13 per cent for the last six months of 2014. Interest is due quarterly.

During the financial year, the bridge loan to RusForest of USD 5 mln and accrued interest was reclassified from non-current to current loan receivables.

In August 2014, Vostok Nafta invested EUR 25 mln in senior secured debt of Delivery Hero with 9.5–10.5 per cent annual nominal interest. The loan also includes a smaller equity component in which Vostok Nafta has received a number of shares and warrants in the company. As per December 31, 2014 the warrants had been converted into equity and the total value of the equity component amounted to UASD 7.3 mln. In February 2015, 85 per cent of the equity component was sold for a total purchase price of approximately USD 9.4 mln.

In September 2014, Vostok Nafta invested EUR 8 mln in senior secured debt of Kite Ventures. The debt carries 13 per cent annual nominal interest and has 2-year maturity. The Kite loan features a smaller equity component, which on December 31, 2014 had no value.

Note 18
Current loan receivables

	Group 2014	Group 2013
Beginning of the year	–	5,109
Additions	–	3,943
Repayments	–5,517	–3,942
Reclassifications	5,000	–5,414
Interest income	517	360
Exchange differences	–	–56
End of the year	–	–

In November 2012, RusForest secured bridge financing of USD 5 mln from Vostok Nafta. The bridge loan initially carried a 16 per cent interest rate and would mature on April 30, 2013. On February 8, 2013, the terms of this loan were amended to 9 per cent interest and the maturity term was extended to December 31, 2013. On August 14, 2013, the loan was extended to December 31, 2014. The annual rate was changed to 11 per cent for the first six months of 2014 and to 13 per cent for the last six months of 2014. Interest was due quarterly.

During the financial year, the bridge loan to RusForest of USD 5 mln and accrued interest was reclassified from non-current to current loan receivables. The loan was fully repaid in December 2014.

Note 19
Other current receivables

	Group Dec 31, 2014	Group Dec 31, 2013	Parent Company Dec 31, 2014	Parent Company Dec 31, 2013
Prepayments and accrued income	72	76	48	57
Other receivables	31	69	3	69
Total	103	145	51	126

Note 20
Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group Dec 31, 2014	Group Dec 31, 2013
Cash and cash equivalents	14,050	246,572
of which short-term investments equivalent to cash	10,000	241,700
Total	14,050	246,572

Note 21
Share capital and additional paid in capital

Group and Parent Company	Number of shares held	Share capital	Additional paid in capital
At January 1, 2013	89,719,279	44,860	157,757
New shares issued	1,693,020	593	2,749
Redemption program	–	–13,232	–
Repurchase of own shares, December 2013	–1,509,279	–755	–3,889
Employees share option scheme: – value of employee services	–	–	1,322
At December 31, 2013	89,903,020	31,466	157,939
New shares issued	–	–	–
Repurchase of own shares, 2014	–15,830,049	–5,541	–112,448
Employees share option scheme: – value of employee services	24,360	9	61
At December 31, 2014	74,097,331	25,934	45,553

On February 12, 2014, Vostok Nafta's Board of Directors, acting under Bermudan law and the Company's bye-laws, mandated the management of Vostok Nafta to repurchase Swedish Depository Receipts (SDRs) of the Company. The mandate from the Board of Directors was valid until the next AGM of Vostok Nafta and stipulated that a maximum of 10 percent of the SDRs that are outstanding at the time of the resolution could be bought back. The SDRs that were bought back under the mandate and the underlying shares were to be cancelled.

On April 7, 2014, as the repurchase of February 12, 2014 has been fulfilled, the Board of Directors has resolved to mandate the management of Vostok Nafta to repurchase additional SDRs. The new mandate stipulates that a maximum of an additional 10 percent of the SDRs that are outstanding at the time of the resolution can be bought back.

On May 14, 2014, Vostok Nafta's Board of Directors, acting under Bermudan law and the Company's bye-laws, mandated the management of Vostok Nafta to repurchase Swedish Depository Receipts (SDRs) of the Company. The renewed mandate is valid until the next AGM of Vostok Nafta and stipulates that a maximum of an additional 10 percent of the SDRs that are outstanding at the time of the resolution can be bought back.

During 2014, Vostok Nafta repurchased 15,830,049 (2013: 1,509,279) SDRs.

There are currently 1,160,000 (2013: 1,184,360) ordinary shares available under the employee share option scheme. Each option entitles the holder to one new share (SDR) in Vostok Nafta Investment Ltd. For more information on the options, see Note 27.

Note 22
Borrowings

The Company has not used any credit facilities under 2014 or 2013.

Note 23
Other current liabilities

	Group Dec 31, 2014	Group Dec 31, 2013	Parent Company Dec 31, 2014	Parent Company Dec 31, 2013
Other current liabilities	84	1,215	36	23
Accrued VAT liability	783	783	–	–
Total	867	1,998	36	23

Note 24
Financial guarantees

There are no financial guarantee contracts as at December 31, 2014.

Note 25
Pledged assets and contingent liabilities

Neither the Group nor the Company had any contingent liabilities as per December 31, 2014 or as per December 31, 2013.

Note 26
Shares in subsidiaries

Parent Company	Country	Number of shares	Share of capital and votes, %	Book value Dec 31, 2014 USD thousand	Book value Dec 31, 2013 USD thousand
Vostok Komi (Cyprus) Limited	Cyprus	150,000	100	84,389	84,389
Other subsidiaries of the Group					
Vostok Nafta Sverige AB	Sweden	1,000	100		
Total				84,389	84,389

All the companies are included in the consolidated financial statements from the time of acquisition.

Note 27
Employee benefit expense

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Wages and salaries	1,187	5,457	182	147
Social security costs	385	1,694	24	–9
Pensions costs	225	265	–	–
Other employee benefit expenses	3	4	–	–
Total employee benefit expense	1,799	7,419	207	138

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Salaries and other remunerations to the management and the Board of Directors of the parent and its subsidiaries	1,330	5,040	182	147
Salaries and other remunerations to other employees	85	686	–	–
Total salaries	1,415	5,726	182	147

Decisions regarding remuneration to managers are made by the Board of Directors. The Managing Director has the right to 12 months' salary in the event of the termination of appointment on part of the company. He must himself observe 6 months' notice of termination. The rest of the management has a notice period of three months, which also applies to the company in the event of termination on part of the company. No notice period applies to the Board of Directors. The average number of persons employed by the group during the year, excluding members of the Board of Directors, was 4 (6), of which 3 (3) were men. The average number of persons in the management was 3 (3).

Group, 2014	Base salaries/ board fee	Variable compensations	Other benefits	Pension expenses	Shares based compensations	Other remunerations	Total
Lars O Grönstedt	112	–	–	–	–	–	112
Josh Blachman	35	–	–	–	–	–	35
Keith Richman	35	–	–	–	–	–	35
Per Brilioth	540	–	–	117	–	–	657
Other management and board members of subsidiaries	392	–	–	98	–	–	490
Total	1,115	–	–	215	–	–	1,330

Group, 2013	Base salaries/ board fee	Variable compensations[1]	Other benefits	Pension expenses	Shares based compensations	Other remunerations	Total
Lukas H. Lundin	13	–	–	–	–	–	13
Josh Blachman	14	–	–	–	–	–	14
Al Breach	14	–	–	–	–	–	14
Lars O Grönstedt	62	–	–	–	–	–	62
Ashley Heppenstall	9	–	–	–	–	–	9
Paul Leander-Engström	6	–	–	–	–	–	6
William A. Rand	8	–	–	–	–	–	8
Keith Richman	14	–	–	–	–	–	14
Robert J. Sali	6	–	–	–	–	–	6
Per Brilioth	552	2,307	–	122	–	–	2,981
Other management and board members of subsidiaries	400	1,411	–	100	–	–	1,911
Total	1,100	3,718	–	222	–	–	5,040

1. Bonuses were paid out during 2013 on four occasions: (i) in connection with the successful distribution of listed holdings in June 2013, (ii) in connection with the expiry of call options under the 2010 Incentive Program (see below), (iii) following the successful IPO of TCS Holding PLC in October 2013, and (iv) in connection with the issue of further call options under the 2010 Incentive Program.

Parent, 2014	Base salaries/ board fee	Variable compensations	Other benefits	Pension expenses	Shares based compensations	Other remunerations	Total
Lars O Grönstedt	112	–	–	–	–	–	112
Josh Blachman	35	–	–	–	–	–	35
Keith Richman	35	–	–	–	–	–	35
Per Brilioth	–	–	–	–	–	–	–
Other management and						–	
board members of subsidiaries	–	–	–	–	–	–	–
Total	182	–	–	–	–	–	182

Parent, 2013	Base salaries/ board fee	Variable compensations	Other benefits	Pension expenses	Shares based compensations	Other remunerations	Total
Lukas H. Lundin	13	–	–	–	–	–	13
Josh Blachman	14	–	–	–	–	–	14
Al Breach	14	–	–	–	–	–	14
Lars O Grönstedt	62	–	–	–	–	–	62
Ashley Heppenstall	9	–	–	–	–	–	9
Paul Leander-Engström	6	–	–	–	–	–	6
William A. Rand	8	–	–	–	–	–	8
Keith Richman	14	–	–	–	–	–	14
Robert J. Sali	6	–	–	–	–	–	6
Per Brilioth	–	–	–	–	–	–	–
Other management and							
board members of subsidiaries	–	–	–	–	–	–	–
Total	147	–	–	–	–	–	147

The managing director has a defined contribution pension plan, according to the Group's pension policy which is based on Swedish ITP-standards. The Group has no further obligations once the contributions have been paid. The contributions are recognized as employee benefit pension expense in profit or loss when they are due. The pension is not tied to the managing director's employment and is based on the managing director's base salary.

The 2010 Incentive Program

The Annual General Meeting held on May 5, 2010 decided in accordance with the proposal from the Board of Directors to adopt an incentive program (the "2010 Incentive Program") entitling present and future employees to be allocated call options to acquire shares represented by Swedish Depositary Receipts in Vostok Nafta Investment Ltd. The terms of the 2010 Incentive Program were subsequently adjusted to reflect the results of the Share Split and Mandatory Redemption Programs concluded in October 2012 and June 2013. Adjusted figures are shown below, with original terms in parentheses.

The 2010 Incentive Program is governed by the following terms and conditions:

Principal Conditions and Guidelines

– The exercise price for the Options shall correspond to 120 percent of the market value of the Swedish Depositary Receipts at the time of the granting of the Options.
– The Options may be exercised during an exercise period of one month starting three years from the time of the granting.
– For employees resident outside of Sweden, no premium shall be paid for the Options and the Options may only be exercised if the holder is still employed within the Group at the time of exercise.
– For employees resident in Sweden, the employees may elect either of the following alternatives:
  a) No premium shall be paid for the Options and the Options may only be exercised if the holder is still employed within the Group at the time of exercise (same as for employees resident outside of Sweden); or
  b) The Options shall be offered to the employee at a purchase price corresponding to the market value of the Options at the time of the offer. The Options shall be fully transferable and will thereby be considered as securities. This also means that Options granted under this option (b) are not contingent upon employment and will not lapse should the employee leave his or her position within the Group.
– Options may be issued by the Company or by other Group companies.

Preparation and Administration

The Board of Directors, or a designated committee appointed by the Board of Directors, shall be authorized to determine the detailed terms and conditions for the Options in accordance with the principal conditions and guidelines set forth above. The Board of Directors may make necessary adjustments to satisfy certain regulations or market conditions abroad. The Board of Directors shall also be authorized to resolve on other adjustments in conjunction with material changes affecting the Group or its business environment, which would mean that the described conditions for the incentive scheme would no longer be appropriate.

Allocation

The incentive scheme is proposed to include granting of not more than 4,872,000 (originally 2,000,000) options. Allocation of Options to the Managing Director shall not exceed 2,436,000 (originally 1,000,000) Options and allocation to each member of the executive management or to other key employees shall not exceed 974,400 (originally 400,000) Options.

The allocation of Options shall be decided by the Board of Directors (or by the Compensation Committee), taking into consideration, among other things, the performance of the employee and his or her importance to the Group. Specific criteria to be considered include the employee's ability to manage and develop the existing portfolio and to identify new investment opportunities and evaluate conditions of new investments as well as return on capital or estimated return on capital in investment targets. The employees will not initially be offered the maximum allocation of Options and a performance-related allocation system will be maintained since allocation of additional Options within the mandate given by the General Meeting will require fulfilment of stipulated requirements and targets. The Compensation Committee shall be responsible for the evaluation of the performance of the employees. The outcome of stipulated targets shall, if possible, be reported afterwards.

Directors who are not employed by the Group shall not be able to participate in the scheme.

Bonus for employees resident in Sweden under option (b)

In order to stimulate the participation in the scheme by employees resident in Sweden electing option (b) above, the Company intends to subsidize participation by way of a bonus payment which after tax corresponds to the Option premium. Half of the bonus will be paid in connection with the purchase of the Options and the remaining half at exercise of the Options, or, if the Options are not exercised, at maturity. In order to emulate the vesting mechanism offered by the employment requirement under option (a) above, the second bonus payment is subject to the requirement that the holder is still an employee of the Group at the time of exercise or maturity, as the case may be. Thus, for employees in Sweden who choose option (b), the participation in the scheme includes an element of risk.

Dilution and costs

Originally, 2,000,000 options were authorized under the 2010 Option Program. A total of 1,160,000 options are currently issued and outstanding. If all options are fully exercised, the holders will acquire shares represented by Swedish Depositary Receipts corresponding to a maximum of approximately 1.6 percent of the share capital as at December 31, 2014. The proposed number of Options was chosen to meet allocation requirements for the next couple of years, also taking into account possible future recruitment needs.

The total negative cash flow impact for the bonus payments described above is estimated to approximately SEK 20,000,000 over the life of the incentive scheme, provided that all Options are offered to employees resident in Sweden, that all such employees choose to purchase the Options under option (b) above, and that all Option holders are still employed by the Company at the time of maturity of the Options.

Other costs for the incentive scheme, including fees to external advisors and administrative costs for the scheme are estimated to amount to approximately SEK 250 thousand for the duration of the Options. Social security contributions in respect of Options granted to employees resident outside of Sweden are deemed to be insignificant.

Purpose

The purpose of the incentive scheme is to create conditions that will enable the Company to retain and recruit competent employees to the Group as well as to promote long-term interests of the Company by offering its employees the opportunity to participate in any favourable developments in the value of the Company. The Board of Directors is of the opinion that the adoption of an incentive scheme is particularly justified given the absence of any variable bonus scheme for the employees in the Company.

Current Status of the 2010 Incentive Program

A total of 1,717,380 (originally 705,000) out of the 4,872,000 options authorized under the 2010 Incentive Program were issued to employees in 2010 and 2011. Of these, a total of 1,495,500 options, entitling to the purchase of 1,693,020 SDRs with a strike price of SEK 12.83 (originally 31.41) matured and were exercised in August 2013, and the remaining 21,000, entitling to the purchase of 24,360 at a strike price of SEK 19.18 (originally 46.94) matured and were exercised in June, 2014. A total of 1,160,000 out of the remaining 3,154,620 call options available for issue under the same program were issued to employees in 2013 (of which 500,000 to the Managing Director). These have a strike price of SEK 60.35 and mature in January 2017. All employees chose to purchase options at fair market value, under option (b) above.

Options Outstanding under the 2010 Incentive Program

	Issued 2014	Total Dec 31, 2014
Management and board		
members of subsidiaries		
Per Brilioth	500,000	500,000
Nadja Borisova	300,000	300,000
Anders F. Börjesson	300,000	300,000
Other	60,000	60,000
Total	1,160,000	1,160,000
Strike price, SEK (1)	60.35	
Market value per option		
at the time of issue, SEK (2)	7.46	
Option life	Dec 10, 2013–	
	Jan 31, 2017	
Exercise period	Dec 1, 2016	
	Jan 31, 2017	

1. The strike price for the options has been calculated as 120% of the average last paid price of the ten trading days leading up to the day of issue in line with the rules of the 2010 Incentive Program.
2. The market value at the time of issue was calculated with the help of the Black & Scholes options valuation model. The significant inputs into the model were share price at the grant date, exercise price, standard deviation of expected share price returns based on an analysis of historical share prices, option life; and the Swedish market interest rate at the grant date. The original value as calculated on the date of grant and based on original number of options was SEK 7.46. The significant inputs into the model were a share price of SEK 50.29, a volatility of 29 per cent, a dividend yield of 0 per cent, an expected option life of three years and an annual risk-free interest rate of 1.12 per cent.

Movements in the number of share options outstanding and their weighted average prices are as follows:

	Average exercise price in SEK/share	Options Dec 31, 2014	Options Dec 31, 2013
At opening balance day	59.50	1,184,360	1,480,500
Modified	–	–	236,880
Forfeited	–	–	–
Exercised	19.18	–24,360	–1,693,020
Granted	–	–	1,160,000
At closing balance day	60.35	1,160,000	1,184,360

Out of the 1,160,000 options (2013: 1,184,360) 0 options (2013: 24,360) were exercisable.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Exercise price, SEK	Options 2014	Options 2013
June 30, 2014	19.18	–	24,360 (1)
January 31, 2017	60.35	1,160,000	1,160,000
At the end of the financial year		1,160,000	1,184,360

1. Originally, 10,000 options were issued in 2011. The Board has subsequently adjusted the terms for the options twice, following the share split and redemption program in the third quarter of 2012 and in the second quarter of 2013, respectively, as required under the terms of the 2010 Incentive Program. Under the revised terms, each option issued 2011 (maturing in June 2014) entitled the holder to subscribe for 2.436 (1.16x2.10) SDRs at a strike price of SEK 19.18 (originally 46.94).

Note 28
Related-party transactions

The Group has identified the following related parties:
Key Management and Board of Directors, including members of the Board and Management, and members of the Board of subsidiaries.

During the period, the Group has recognized the following related party transactions:

	Operating expenses 2014	Operating expenses 2013	Current liabilities 2014	Current liabilities 2013
Key management and Board of Directors (1)	–1,115	–4,818	–104	–41

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

Note 29
Business combinations

No business combination transactions have taken place during 2014.

Note 30
Events after the balance sheet date

Since January 1, 2015 the Company has repurchased 591,176 SDRs.

During the first quarter of 2015, Vostok Nafta sold all of its shares in Quandoo and 85% of the equity component in Delivery Hero.

Note 31
Adoption of annual report

The annual report has been submitted by the Board of Directors on March 30, 2015, see page 23. The balance sheet and profit and loss accounts are to be adopted by the company's shareholders at the annual general meeting on May 20, 2015.

Independent Auditors' Report

We have audited the accompanying consolidated and parent company financial statements of Vostok Nafta Investment Ltd, appearing on pages 21 to 43, which comprise balance sheets as at December 31, 2014, and income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of Vostok Nafta Investment Ltd as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Stockholm, March 30, 2015

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised public accountant
Auditor in charge

Bo Hjalmarsson
Authorised public accountant

The current Swedish Code of Corporate Governance (the "Code") came into force on February 1, 2010. The rules of the Code are a supplement to the main provisions of the Swedish Companies Act (2005:551) regarding a company's organization, but also to the relatively extensive self-regulation that exists for corporate governance. The Code is based on the principle of "comply or explain". According to this principle a company may choose whether it wants to follow a clause in the Code, or explain why it has chosen not to.

CORPORATE GOVERNANCE CODE APPLICATION

Vostok Nafta Investment Ltd (the "Company") is a limited liability company registered in Bermuda. Since the Company's depository receipts are listed on a Swedish regulated market, it applies the Code. The Company will apply the Code in full to the extent it is compliant with the Bermudian Companies Act, or, where applicable, explain deviations from it. At present, the Company deviates from the Code in that it does not have an Internal Audit function and that the Board of Directors does not have a designated Audit Committee, as further explained below. The main principles of corporate governance in the Company are described below.

Shareholders' meetings

The Annual General Meeting ("AGM") is the highest decision-making body of the Company, in which all shareholders are entitled to attend in person or by proxy. The AGM of the Company is held in Stockholm, Sweden, in the Swedish language, once per year, no later than six months after the end of the financial year. The task of the AGM is to report on the financial results and take decisions on corporate matters, including payment of dividend and amendments to the Articles of Association. The AGM also appoints members of the Board of Directors and auditors, and establishes the remuneration of the Board of Directors and the auditors.

Major Shareholders

Luxor Capital – which holds a total of 27,098,265 shares in the Company, representing a total of 36.57 percent of the outstanding shares – is the only shareholder directly or indirectly controlling 10 percent or more of the votes in the Company. The shares are held through various legal entities controlled by Luxor Capital.

Nomination Committee

Shareholders in the Company have the right to nominate members of the Board of Directors, and auditors, to the AGM.

At the Company's AGM on May 14, 2014 it was resolved to establish a Nomination Committee consisting of representatives of the three largest shareholders of the Company, as at the last banking day of August 2014. The Nomination Committee for the 2015 Annual General Meeting consists of the following members: Jonathan Green, appointed by Luxor Capital, Leif Törnvall, appointed by Alecta and Annika Andersson, appointed by Robur Funds. At the Nomination Committee's first meeting Leif Törnvall was elected Chairman of the Committee. The Nomination Committee's task is to prepare proposals for the following resolutions at the 2015 AGM: (i) election of the chairman of the AGM, (ii) the election of Board members, (iii) the election of the Chairman of the Board, (iv) the remuneration of the directors, (v) election of auditors and remuneration of the Company's auditors, and (vi) proposals on the nomination process for the AGM 2016.

Appointment and Remuneration of the Board of Directors and the Auditors

Rules on appointment and removal of Directors are contained in clauses 4.1.1 through 4.1.3 of the Company's Bye-Laws, which are available on the Company's website. Under the Bye-Laws, the Board shall consist of not less than 3 and not more than 15 directors with no alternate directors. The Board is appointed annually at the AGM for the period until the closing of the next AGM. The term of office of a director may be terminated prematurely at the director's own request to the Board or by the general meeting. In addition, the office of a director may be terminated prematurely by the Board upon the occurrence of any of the following events: (i) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health; (ii) if he becomes bankrupt or compounds with his creditors; or (iii) if he is prohibited by law from being a director. Where a director's term of office is terminated prematurely, then the other directors shall take steps to have a new director appointed by the general meeting, for the remaining term of the office. However, such new appointment may be postponed until the next AGM at which an election of directors shall take place, provided that the remaining directors form a quorum and that the remaining number of directors is not less than the prescribed minimum number of directors.

Auditors are elected by the AGM for a term of one year at a time.

The 2014 Board of Directors

The Annual General Meeting held on May 14, 2014 resolved, in accordance with the Nomination Committee's proposal, to re-elect Josh Blachman, Per Brilioth, Lars O Grönstedt and Keith Richman to the Board of Directors, with Lars O Grönstedt as

Corporate Governance Report

Chairman. All Directors are independent vis-à-vis the Company and its management, with the exception of Per Brilioth, who is Managing Director of the Company, and all Directors are independent of the Company's major shareholders.

For a detailed presentation of the current Board, see "Board of Directors, group management and auditors" in the 2014 Annual Report.

Board meetings

The Board of Directors meets at least twice per year in person, and more frequently when necessary. In addition, meetings are conducted by telephone if considered necessary, and, on occasion, resolutions may be passed by circulation. The Managing Director is in regular contact with the Chairman of the Board of Directors as well as with the other members of the Board of Directors.

Work and Responsibilities

The Board of Directors adopts decisions on overall issues affecting the Group. However, the Board of Directors' primary duties are the organization of the Company and the management of the Company's operations including:

- Decisions regarding the focus of the business and adoption of Company policies;
- Supply of capital;
- Appointment and regular evaluation of the work of the Managing Director and Company management;
- Approval of the reporting instructions for the Company management;
- Ensuring that the Company's external communications are open, objective and appropriate for target audiences;
- Ensuring that there is an effective system for follow-up and control of the Company's operations and financial position vis-à-vis the established goals; and
- Follow-up and monitoring that the operations are carried out within established limits in compliance with laws, regulations, stock exchange rules, and customary practice on the securities market.
- As there is no Audit Committee appointed, the Board in its entirety is responsible for reviewing the financial reports issued by the company, including the four quarterly reports as well as the annual report, and for addressing any critical accounting issues, including:
  - matters of internal control and application of relevant accounting principles and laws.
  - any uncertainties in presented values, changes in estimates and appraisals.
  - significant events after the reporting period.
  - proposals for addressing established irregularities.
  - discussing any other issues that might affect the quality of the company's reporting.
- The Board shall on a continuous basis (at least once a year) meet with the company's auditors to stay informed of the direction and extent of the audit. The Board and the auditors shall also discuss the coordination between internal control and external audit and the auditors' views on potential risks to the company's quality of reporting.
- The Board shall on an annual basis in connection with the end of the financial year, evaluate the performance by the company's auditors. They shall inform the nomination committee of the result of the valuation, to be considered when they nominate auditors for the Annual General Meeting ("AGM").
- The Board shall further assist the nomination committee in the process of nominating auditors and proposing the remuneration for the auditors.

Sub-committees of the Board

The Board of Directors does not have any sub-committees.

Composition of the Board of Directors, elected on May 14, 2014, including meeting attendance

Name	Elected to the board	Position	Connection to the company	Attended board meetings	Annual board fee, SEK
Lars O Grönstedt	2010	Chairman	Independent	100%	800,000
Josh Blachman	2013	Member	Independent	93%	250,000
Per Brilioth	2007	Member	Management	100%	0
Keith Richman	2013	Member	Independent	93%	250,000
Number of meetings				14	1,300,000

Management

The Managing Director, who is a member of both the Board of Directors as well as of group management, manages the Company's day-to-day activities and prepares investment recommendations in co-operation with the other members of the Investment Committee. For a detailed presentation of the management, see the section "Board of Directors, group management and auditors".

Group Management in 2014
Per Brilioth: Managing Director.
Nadja Borisova: Chief Financial Officer.
Anders F. Börjesson: General Counsel.

Investor Relations
The Investor Relations function of the Company is handled in-house by Björn von Sivers, analyst.

Remuneration of the Board of Directors and group management

Remuneration of the Company's Board of Directors
At the AGM on May 14, 2014, it was resolved that the remuneration of the Board of Directors be set at a total of SEK 1,300 thousand, with SEK 800 thousand to the Chairman and SEK 250 thousand to each of the other Directors who were not employed by the Company.

Remuneration of the senior management
The Company's AGM held on May 14, 2014 resolved on the following guidelines for the remuneration of the group management: The remuneration to the Managing Director and other members of the senior management shall consist of fixed salary, variable remuneration, other benefits and pension benefits. Except for the Managing Director, the senior management currently includes two individuals. The total remuneration shall correspond to the prevailing market conditions and be competitive. The fixed and variable remuneration shall correspond to the respective individual's responsibility and authority. The variable component should, in the first instance, be covered within the parameters of the Company's option plan and shall, where payable in other instances, be subject to an upper limit in accordance with market terms and specific objectives for the Company and/or the individual. The period of notice of termination of employment shall be three to six months in the event of termination by the member of the senior management. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 12 months. Pension benefits shall be either benefit-based or contribution based or a combination thereof, with individual retirement ages. Benefit based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. The Board of Directors shall be entitled to deviate from these guidelines in individual cases should special reasons exist.

In 2014, the Managing Director received a fixed annual salary of approximately USD 540 thousand. The Managing Director has a pension plan based on Swedish market practice, which is accounted for as a defined contribution plan in accordance with IAS 19. The premium is calculated on the basis of the Managing Director's base salary. No other payments have been made to the Managing Director during 2014. The Managing Director is entitled to 12 months' full salary in the event of termination by the Company. Should he himself choose to resign the notice period is six months.

The combined fixed annual salary to the other senior executives amounted to a total of approximately USD 392 thousand. The other senior executives have a pension plan based on Swedish market practice, which is accounted for as a defined contribution plan in accordance with IAS 19. The premium is calculated on the basis of base salary. The employment agreements of the other members of the group management have a mutual notice period of three months.

No bonuses were paid out during 2014.

Share repurchase authorization

While share repurchases in Swedish companies require authorization by the General Meeting, neither Bermudan company law nor the Company's Bye-Laws contains any restriction against repurchasing own shares. On February 13, 2014, Vostok Nafta disclosed that he Company's Board of Directors had resolved to mandate the management of Vostok Nafta to repurchase Swedish Depository Receipts (SDRs) of the Company. The mandate from the Board of Directors stipulates that a maximum of 10 per cent of the SDRs that are outstanding at the time of the resolution could be bought back. On April 7, 2014, Vostok Nafta disclosed that the initial mandate had been fulfilled and that the Company's Board of Directors had resolved to renew the buy-back mandate with an additional 10 percent of the SDRs that were outstanding at the time of the resolution. On May 14, 2014, Vostok Nafta disclosed that the Company's Board of Directors had resolved to renew the buy-back mandate with an additional 10 percent of the SDRs that were outstanding of the time of the resolution. During 2014, Vostok Nafta repurchased a total of15,830,049 SDRs. All repurchased SDRs and their underlying shares were subsequently canceled.

Incentive program

Incentive program for the Company

A share-based incentive program was adopted at the Annual General Meeting held on May 5, 2010. The program is described in detail in note 27 to the 2014 financial statements. A total of 21,000 options granted in 2011, entitling their holder to purchase a total of 24,360 Company SDRs, were exercised during 2014, while another 1,160,000 options granted in 2013 (of which 500,000 to the Managing Director), entitling their holders to purchase a total of 1,160,000 SDRs, remain outstanding.

Incentive program for the Company's portfolio companies

At an Extra General Meeting held on August 29, 2007, an incentive scheme was adopted under which the Company may issue and transfer call options to members of the executive management and other employees related to investments in non-listed portfolio companies to create opportunities for employees to take part in any future increase in value. By enabling the Company's employees to subscribe for call options of shares in portfolio companies, opportunities are created for employees to take part in any future increase in value, in a similar mode as for individuals that are working within so-called private equity companies. The options shall entitle the holder to acquire shares in the portfolio company from Group companies at a certain exercise price corresponding to 110–150 percent of the market value of the shares in the portfolio company at the time of the transfer of the options. The term of the options shall be no longer than five years. The Company shall be entitled to repurchase the options at market value if the holder ceases to be an employee of the Group. The number of options issued can correspond to no more than 10 percent of the underlying shares in a portfolio company owned by Vostok Nafta. The Directors of the Board who are not employed by the Company shall not be entitled to participate in the program. As of yet no call options have been transferred to any employees within the Group.

Other matters related to remuneration

There are no agreements on severance payment or pensions for the Board of Directors with the exception for the Managing Director in his capacity as Managing Director, see "Remuneration to the Managing Director and other senior executives" above. Except as otherwise stated there are no reserved or accrued amounts in the Company for pensions or other post-employment remunerations or post-assignment for members of the Board of Directors or the senior executives.

Auditors

At the Company's AGM held on May 14, 2014, the audit firm PricewaterhouseCoopers AB, Sweden, was appointed as auditor for the period up to the next AGM.

Ulrika Ramsvik, born 1973. Authorized Public Accountant, Auditor in charge. Auditor in the Company since 2012. PricewaterhouseCoopers AB, Gothenburg, Sweden.

Bo Hjalmarsson, born 1960. Authorised Public Accountant, Co-signing auditor. Auditor in the Company since 2014. PricewaterhouseCoopers AB, Stockholm, Sweden.

During the year the auditing firm has not had any other significant assignments from Vostok Nafta in addition to auditing work specified in the section "Independent Auditors' Report" on page 44.

Internal control

The Board of Directors is responsible for the Company's organization and administration of the Company's activities, which includes internal control. Internal control in this context regards those measures taken by the Company's Board of Directors, management and other personnel, to ensure that bookkeeping, asset management and the Company's financial condition in general are controlled in a reliable fashion and in compliance with relevant legislation, applicable accounting standards and other requirements for listed companies. This control is exercised by the Board in its entirety. This report on internal control is made in accordance with section 7.4 of the Code, which governs internal control over the financial reporting, and in accordance with guidance provided by FAR, the institute for the accounting profession in Sweden, and by the Confederation of Swedish Enterprise.

Vostok Nafta is an investment company whose main activity is the management of financial transactions. As such, the Company's internal control over financial reporting is focused primarily on ensuring an efficient and reliable process for managing and reporting on purchases and sales of securities and holdings of securities. According to the Swedish Code of Corporate Governance, the board shall ensure that the company has an adequate internal control and shall continuously evaluate the company's internal control system. Since Vostok Nafta is a relatively small organization, the Board has decided that an internal audit function is not needed, since the internal control can be maintained through the work methods described above. The system of internal control is normally described in terms of five different areas that are a part of the internationally recognized framework which was introduced in 1992 by The Committee of Sponsoring Organizations in the Treadway Commission (COSO). These areas, described below, are control environment, risk assessment, control activities, information and communication and monitoring.

Management continuously monitors the Company's operations in accordance with the guidelines set out below. Monthly reports are produced for internal use, which later form the basis for a quarterly review by the Board of Directors.

Control environment

The control environment, which forms the basis of internal control over financial reporting, to a large extent exists of the core values which the Board of Directors communicate and themselves act upon. Vostok Nafta's ambition is that values such as precision, professionalism and integrity should permeate the organization. Another important part of the control environment is to make sure that such matters as the organizational structure, chain of command and authority are well defined and clearly communicated. This is achieved through written instructions and formal routines for division of labour between the Board of Directors on the one hand, and management and other personnel on the other. The Board of Directors establishes the general guidelines for Vostok Nafta's core business, which are purchases and sales of securities and holdings of securities. To ensure a reliable and easily foreseeable procedure for purchases and sales of securities the Company has established a sequential process for its investment activities. The Board of Directors as a whole is responsible for identifying and reviewing potential investments or divestments. After review, a majority is needed to issue a recommendation for sale or purchase, upon which investment decisions are formally made by the board of directors of Vostok Komi (Cyprus) Limited, and an execution order is issued. As for the investment process, as for all other company activities they are governed by internal guidelines and instructions. Vostok Nafta has a close and flat organizational structure. The limited number of staff members and the close cooperation among them contribute to high transparency within the organization, which complements fixed formal control routines. Vostok Nafta's Chief Financial Officer is responsible for the control and reporting of the Company's consolidated economic situation to management and Board of Directors.

Risk assessment

The Board of Directors of Vostok Nafta is responsible for the identification and management of significant risks for errors in the financial reporting. The risk assessment specifically focuses on risks for irregularities, unlawful benefit of external parties at Vostok Nafta's expense and risks of loss or embezzlement of assets. It is the ambition of Vostok Nafta to minimize the risk of errors in the financial reporting by continuously identifying the safest and most effective reporting routines. An internal control report is prepared by management and reviewed by the Board of Directors on a quarterly basis. The Company's flat organizational structure and open internal communication facilitate the work to identify potential shortcomings in the financial reporting, and also simplify implementation of new, safer routines. The Board of Directors puts most effort into ensuring the reliability of those processes that are deemed to hold the greatest risk for error or where potential errors would have the most significant negative effect. Among other things this includes establishing clearly stated requirements for the classification and description of income statement and balance sheet items according to generally accepted accounting principles and applicable legislation. Another example is the routine of a sequential procedure for investment recommendations and approvals of the same.

Control activities

To verify compliance with the requirements and routines established in response to the risk assessment made, a number of concrete control activities need to be put in place. The purpose of the control activities is to prevent, detect and rectify any weaknesses and deviations in the financial reporting. For Vostok Nafta's part such control activities include the establishment of verifiable written decisions at every instance in the investment procedure. In addition, after every completed transaction, purchase or sale, the whole process is examined to verify the validity of the transaction, from recommendation to approval, execution and entry of the transaction into the Company's books. Bank and custody reconciliations are also performed and compared to reported financial statement items. Control activities also include permanent routines for the presentation and reporting of company accounts, for example monthly reconciliations of Vostok Nafta's assets and liabilities, as well as portfolio changes. Special focus is also put on making sure that the requirements and routines for the accounting procedure, including consolidation of accounts and creation of interim and full year reports comply with pertinent legislation as well as generally accepted accounting principles and other requirements for publicly listed companies. Controls have also been carried out to ensure that the IT-/computer systems involved in the reporting process have a sufficiently high dependability.

Information and communication

Vostok Nafta has tried to ensure an efficient and accurate provision of information internally and externally. For this purpose the Company has established fixed routines and invested in reliable technical applications to guarantee a fast and reliable way of sharing information throughout the organization. Internal policies and general guidelines for financial reporting are communicated between the Board of Directors, management and other personnel through regular meetings and e-mails. Vostok Nafta's flat organizational structure and limited number of staff members further contributes to the efficient sharing of accurate information internally. To ensure the quality of the external reporting, which is an extension of the internal reporting, there is a written communication policy which sets out what information shall be communicated and how it shall be communicated.

Monitoring

The Board of Directors receives monthly NAV reports and detailed quarterly reports on Vostok Nafta's financial position and changes in its holdings. The Company's financial situation and strategy are discussed at every board meeting, as well as any problems in the business and financial reporting since the last board meeting. Potential reported shortcomings are followed up via management. The Company prepares interim reports four times annually which are reviewed by the board. Meetings with the Company's auditors are also held in connection with every quarterly reporting. A review of the Company's accounts is also performed at least once a year in addition to the comprehensive audit in connection with the Annual Report.

Vostok Nafta is in full compliance with the NOREX member rules for issuers, which are rules and regulations for members and trading in the SAXESS system for each exchange in the NOREX-alliance, i.e. Nasdaq Nordic Exchanges in Copenhagen, Helsinki, Iceland and Stockholm, and Oslo Börs. There has not been any infringement to fair practices on the Swedish stock market.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders in Vostok Nafta Investment Ltd, corporate identity number 39861.

It is the Board of Directors who is responsible for the Corporate Governance Report for the year 2014 on pages 45–50 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 30, 2015

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised Public Accountant
Auditor in charge

Bo Hjalmarsson
Authorised Public Accountant

Glossary of terms and acronyms used in the annual report

bln Billion

CBR The Central Bank of the Russian Federation

CIS Commonwealth of Independent States (former Soviet Union)

E Estimate

EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization

EV Enterprise Value, i.e. stock exchange value + net liability

EUR Euro

F Forecast

FX Foreign exchange rate

GDP Gross Domestic Product

GDR Global Depository receipt

IPO Intital Public Offering

IRR Internal Rate of Return

k Thousand

mln or mm Million

N1 Capital adequacy ratio The bank equity capital adequacy ratio (N1) is established as the ratio of the bank's equity capital to the overall risk-weighted assets minus the sum of the reserves created for depreciation of securities and possible losses on Risk Groups 3–5 loans

n/a Not available

NPL Non performing loans: defined as loans over-due over 90 days

pa Per annum

P/B Price-to-Book, i.e. the relationship between the stock exchange value and book value

P/BV Relationship between stock exchange value and entered equity capital

P/E Price/Earnings, i.e. the relationship between the stock exchange value and net profit

P/EBIT The relationship between the stock exchange value and the operating profit

P/S Price/Sales, i.e. the relationship between the stock exchange value and sales

ROE Return on Equity

RTS Russian Trading System, the leading trading place for Russian shares

RUB Ruble

SDR Swedish Depository Receipt

SEC Securities and Exchange Commission

SEK Swedish kronor

T Thousand

UMV Unique Monthly Visitor

USD United States dollar

Y-o-Y Year-on-Year

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