



**At the Extraordinary General Meeting on May 24, 2007, it was decided to spin off Vostok Nafta's non-Gazprom portfolio to a new separate company, Vostok Nafta Holding Investment Ltd. In connection with this restructuring Vostok Nafta Investment Ltd changed its name to Vostok Gas Ltd, while the new company took over the name Vostok Nafta Investment Ltd. This three months report pertains to the new company and is also included in the prospectus regarding the restructuring which will be published on May 25, 2007.**

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Hamilton  
Bermuda

*This interim report has not been subject to review  
by the Company's auditor.*

**Vostok Nafta Investment Ltd<sup>1</sup>  
Three Months Report  
Covering the Period  
January 1, 2007–March 31, 2007**

- **Net profit for the period was USD 3.41 million (57.62 for the corresponding period last year). Earnings per share was USD 0.07 (1.25).**
- **The net asset value of the company was USD 377.89 million on March 31, 2007 (385.38), corresponding to USD 8.21 per share (8.37). Given a SEK/USD exchange rate of 6.98 the corresponding values were SEK 2,638.59 million and SEK 57.33, respectively. The net asset value reported on a monthly basis will reflect the market value of the group's assets less its liabilities.**
- **The group's net asset value per share in USD decreased by 1.91 per cent over the period January 1, 2007–March 31, 2007. During the same period the Credit Suisse First Boston ROS-index decreased by 0.78 per cent in USD terms. The number of shares at the end of March 2007 was 46,020,901.<sup>2</sup>**

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<sup>1</sup> Previously Vostok Nafta Holding Investment Ltd.

<sup>2</sup> Until the utilization of the subscription option and the new share issues, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue has however not been taken into consideration.



## Background

In order to highlight the value of the non-Gazprom-related holdings, offer more direct and transparent exposure to Old Vostok Nafta's portfolio of assets, and meet different investors' risk preferences, the shareholders in Old Vostok Nafta approved the board of directors' proposal for the Restructuring of the Company at an extraordinary General Meeting on May 24, 2007.

This Restructuring entails spinning off the non-Gazprom-related part of Old Vostok Nafta's portfolio into a new company, New Vostok Nafta. As a result of this Restructuring, Old Vostok Nafta changed name on May 24, 2007 to Vostok Gas.

New Vostok Nafta will continue to invest in accordance with previous strategies, with a clear and sustained focus on Russia and its neighbours. However, its mandate will be extended in terms of geographical areas and industrial sectors. The formation of New Vostok Nafta and the capital being injected into the Company in connection with the Restructuring will also provide a better basis for exploiting the investment opportunities to be found in Russia and the other CIS states.

The board of directors is of the opinion that the spin off will highlight the advantages of the non-Gazprom related investments and allow greater flexibility when it comes to the future management of these investments. New Vostok Nafta's advantages include:

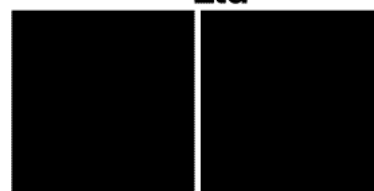
- A proven track record in the region and a variety of sectors
- Opportunity for sharper focus on the portfolio
- Strong business flow as a result of corporate management and Old Vostok Nafta's brand
- More homogeneous risk/return profile

The accounts of the interim report have been prepared as if the division of the Vostok Nafta Investment Ltd Group was carried out on September 30, 2003, and comprises the consolidated accounts of the companies that will be included in the new Vostok Nafta Group; i.e. Vostok Komi (Cyprus) Ltd, Vostok Nafta Sverige AB, RusForest Ltd and RusForest (Cyprus) Ltd. The Restructuring of the Group further implies that items of the income statement and the balance sheet that relate to non-Gazprom assets, which formerly have been recognized in the accounts of other companies of the Old Vostok Nafta Group, are now included in the consolidated accounts of the New Vostok Nafta Group.

The transactions by which New Vostok Nafta Group acquires the companies mentioned above and the non-Gazprom related assets, which have been recognized in companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The transferred income statement items, which were previously reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related realised and unrealised gains and losses from financial assets valued at fair value in the income statement, results from investments in associated companies, income from dividends with associated coupon tax, and administrative costs related to non-Gazprom related operations.

The transferred balance sheet items which were previously been reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-



Gazprom related long-term and short-term financial assets valued at fair value in the income statement, investments in associated companies, unpaid share transactions and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of a owners' contribution. For further information – See Note 1.

The financial year is January 1–December 31.

### **Group – results and net asset value**

During the period, the result from financial assets at fair value through profit or loss amounted to USD -2.74 million (58.99). Result from investments in associated companies was USD 1.99 million (–0.26). Dividend income was USD 5.95 million (0.22).

Operating costs were USD 0.90 million (0.71).

Net financial items were USD 0.00 million (–0.59).

Net profit for the period was USD 3.41 million (57.62).

Total shareholders' equity amounted to USD 377.89 million (385.38) on March 31, 2007, which also corresponds to the net asset value at the same point in time.

### **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 6.92 million (–2.53) on March 31, 2007.

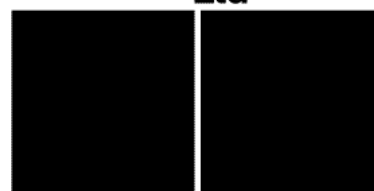
### **Management report**

The main event for our company during the past months has been the preparation of the separation of our Gazprom position into a separate company, Vostok Gas (although technically “Old” Vostok Nafta changes its name to Vostok Gas and spins off “New” Vostok Nafta to the shareholders).

The reason for the spin-off is to provide an opportunity for increased exposure to the part of the portfolio that is not related to shares in Gazprom. Gazprom's dominant role has meant that developments in the rest of the portfolio have not had a notable impact on our share price, which has not been ideal as we consider these investments to have great potential.

However we are convinced that it is not in our shareholders' interests to sell Gazprom in the short term – quite the opposite. During the autumn, two remaining factors behind Gazprom's continued major revaluation potential were clarified

- 1) the deregulation of Russian gas prices, and
- 2) the development of the company's enormous reserve base



The absence of fundamental analysis of Gazprom has meant that the revaluation in which the progress made in the autumn should normally have resulted in has not materialised. However, we expect this to be corrected over the next 12 to 24 months. This is a sufficiently long horizon for the remainder of the portfolio to be operated on a stand alone basis. The remainder of the portfolio has a risk and return profile that differs from the Gazprom holding, and in many cases has a longer time horizon and perhaps even greater potential. The Gazprom holding's dominance in the portfolio currently constitutes a barrier to the realisation of this potential.

New Vostok Nafta's business concept will be unchanged: to invest principally in Russia and neighbouring countries with emphasis on absolute return. The geographical mandate, like the sector mandate, is entirely open, but with a continued focus on natural resources and on Russia and its neighbours. We will invest wherever we can use our experience and capacity to manage risk and so create value for shareholders.

Four sectors make up the bulk of the new portfolio in terms of size: oil, agriculture, coal and mining & metal. The bulk of the capital being injected into New Vostok Nafta through the restructuring will be invested in these sectors, in both new and current investments. As before, we will also be opportunistic in sectors outside our traditional areas. As things stand, the portfolio includes investments in the sectors of forestry, media and cement.

Management will be unchanged and will be shared by the two companies. Work at New Vostok Nafta will continue to focus on analysing the existing portfolio and new investments, and then executing purchases and sales. Vostok Gas will consist exclusively of the Gazprom holding, which naturally means that analytical work will be limited to one company.

Please note that at [www.vostoknafta.com](http://www.vostoknafta.com) an information memorandum covering the spin off is available. From May 25, a prospectus covering the listing of the new company will also be available there.

## Investments

Net investment in tangible non current assets during the period was USD 0.12 mIn (-). Net investment in financial assets at fair value through profit or loss was USD -15.72 mIn (19.43).

*Major changes in the portfolio during the last quarter were:*

### *Purchases (shares)*

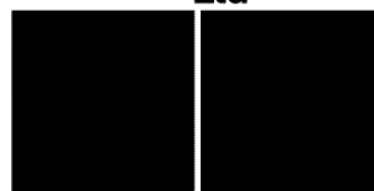
+	11,378	Transneft Pref
+	152,000	Sibcement
+	452,407	Uchalinsky GOK

### *Sales (shares)*

-	3,415,583	Rosneft Oil Co
-	431,900	Mechel Steel
-	160,652,377	Alchevsk Steel

## Portfolio structure

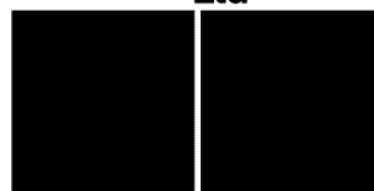
The investment portfolio stated at market value as at March 31, 2007 is shown on next page. New Vostok Nafta's biggest investment is TNK-BP Pref constituting 22.87 per cent of the portfolio. Other major holdings are Black Earth Farming Ltd (18.58 per cent) and Belon (8.97 per cent).



**Portfolio holdings as at March 31, 2007**

	Holding (number of shares)	Price March 31, 2007, USD	Market value March 31, 2007, USD	Share of portfolio
<b>Oil</b>				
EMPS Corp	233,250	3.60	839,700	0.2%
Kherson Oil Refinery	5,156,903	0.20	1,021,067	0.3%
Orsk Refinery	2,025	30.00	60,750	0.0%
Orsk Refinery Pref	538	24.00	12,912	0.0%
TNK-BP Holding Ord	326,448	2.21	721,450	0.2%
TNK-BP Holding Pref	38,712,416	2.19	84,780,191	22.9%
Transneft Pref	11,378	2050.00	23,324,900	6.3%
<b>Total oil</b>			<b>110,760,970</b>	<b>29.9%</b>
<b>Gas</b>				
Yakutgazprom	100,000	0.26	26,000	0.01%
<b>Total Gas</b>			<b>26,000</b>	<b>0.01%</b>
<b>Energy</b>				
Kyrgyzenergo	2,618,241	0.06	168,688	0.05%
<b>Total Energy</b>			<b>168,688</b>	<b>0.05%</b>
<b>Coal</b>				
Belon	929,700	35.75	33,236,775	9.0%
Kuzbassrazrezugol	71,005,000	0.43	30,354,638	8.2%
Mechel ADR	61,800	32.27	1,994,286	0.5%
Raspadskaya	8,710,000	2.23	19,423,300	5.2%
Yushny Kuzbass	271,312	24.60	6,674,275	1.8%
<b>Total Coal</b>			<b>91,683,274</b>	<b>24.7%</b>
<b>Metals and Mining</b>				
Gaisky	31,274	485.00	15,167,890	4.1%
Poltavksy GOK GDR	1,516,055	10.43	15,812,454	4.3%
UGOK	849,724	12.70	10,791,495	2.9%
<b>Total Metals and Mining</b>			<b>41,771,839</b>	<b>11.3%</b>
<b>Cement</b>				
Gornozavodsk Cement	39,000	350.00	13,650,000	3.7%
Sibcement	152,000	52.70	8,010,400	2.2%
<b>Total Cement</b>			<b>21,660,400</b>	<b>5.8%</b>
<b>Other</b>				
Black Earth Farming	23,460,000	2.94	68,876,477	18.6% <sup>1)</sup>
Kamkabel	800,000	2.30	1,840,000	0.5%
Kontakt East	2,940,000	4.96	14,572,632	3.9% <sup>1)</sup>
Luganskteplovovoz	10,578,336	0.48	5,077,601	1.4%
Rusforest			10,923,813	2.9% <sup>1)</sup>
Systemseparation	5,926,991	0.57	3,352,899	0.9%
<b>Total Other</b>			<b>104,643,422</b>	<b>28.2%</b>
<b>Total Portfolio</b>			<b>370,714,593</b>	<b>100.0%</b>

1. These investments are shown in the balance sheet as investments in associated companies.

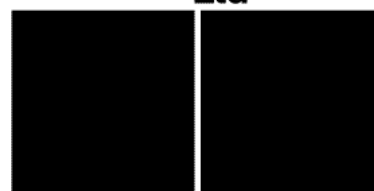


## Income statements

(USD thousands)	Jan 1, 2007- Mar 31, 2007	Jan 1, 2006- Mar 31, 2006
Result from financial assets at fair value through profit or loss	-2,737	58,990
Result from associated companies	1,989	-259
Dividend income	5,949	219
<b>Total operating income</b>	<b>5,201</b>	<b>58,950</b>
Operating expenses	-898	-709
Russian dividend withholding tax expenses	-892	-32
<b>Operating result</b>	<b>3,411</b>	<b>58,209</b>
<b>Financial income and expenses</b>		
Interest expense	-	-597
Currency exchange gains/losses, net	2	3
<b>Net financial items</b>	<b>2</b>	<b>-594</b>
<b>Result before tax</b>	<b>3,413</b>	<b>57,615</b>
Taxation	-8	-
<b>Net profit for the financial period</b>	<b>3,405</b>	<b>57,615</b>
Earnings per share pro forma (in USD)	0.07	1.25
Diluted earnings per share pro forma (in USD)	0.07	1.25

### Share capital data, pro forma

Until the utilization of the subscription option and the new share issue, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue has however not been taken into consideration.



## Balance sheets

(USD thousands)

Mar 31, 2007

Dec 31, 2006

### NON CURRENT ASSETS

#### *Tangible non current assets*

Office equipment

409

316

**Total tangible non current assets**

**409**

**316**

#### *Financial non current assets*

Financial assets at fair value through profit or loss

276,342

294,808

Investment in associates

94,373

92,374

**Total financial non current assets**

**370,715**

**387,182**

### CURRENT ASSETS

Cash and bank

5,131

5,124

Unsettled trades

1,785

-

Receivables from related parties

79

681

Receivables from associated companies

-

271

Other current receivables

472

358

**Total current assets**

**7,467**

**6,434**

**TOTAL ASSETS**

**378,591**

**393,932**

### SHAREHOLDERS' EQUITY

(including net result for the financial period)

**377,886**

**385,384**

### NON CURRENT LIABILITIES

Deferred tax liabilities

11

11

**Total non current liabilities**

**11**

**11**

### CURRENT LIABILITIES

#### *Non-interest bearing current liabilities*

Tax payable

593

585

Unsettled trades

-

7,653

Other current liabilities

27

26

Accrued expenses

74

299

**Total current liabilities**

**694**

**8,537**

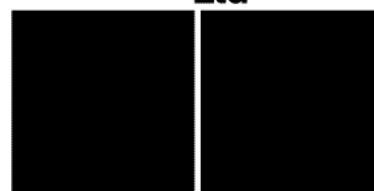
**TOTAL SHAREHOLDERS' EQUITY**

**AND LIABILITIES**

**378,591**

**393,932**

The Group had no pledged assets or contingent liabilities per respective date.

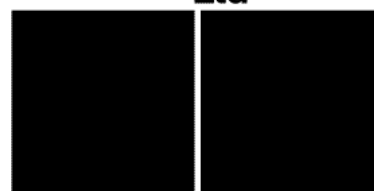


## Statement of Changes in Equity

(USD thousands)	Attributable to Vostok Gas*				Attributable to new Vostok Nafta		
	Share Capital	Additional paid in capital	Retained earnings	Equity old VNI	Retained earnings	Minority interest	Total new VNI
<b>Balance at Dec 31, 2005</b>	<b>47,154</b>	<b>91,171</b>	<b>1,420,168</b>	<b>1,558,493</b>	<b>209,376</b>	<b>156</b>	<b>209,532</b>
Profit for the period	-	-	1,772,685	1,772,685	69,633	-	69,633
Total recognized income for the financial year Jan 1, 2006 to Dec 31, 2006	-	-	1,772,685	1,772,685	69,633	-	69,633
Employees share option scheme:							
- value of employee services	-	421	-	421	-	-	-
- proceeds from shares issued	579	9,819	-	10,398	-	-	-
Purchase of own shares	-1,557	-100,313	-	-101,870	-	-	-
Transactions between Vostok Gas and Vostok Nafta	-	-	11,855	11,855	-11,855	-	-11,855
Assets and liabilities provided through an owners' contribution (note 1)	-	-	-118,230	-118,230	118,230	-	118,230
Purchase from minority in connection with company acquisitions	-	-	-	-	-	-156	-156
	-978	-90,073	-106,375	-197,426	106,375	-156	106,219
<b>Balance at Dec 31, 2006</b>	<b>46,176</b>	<b>1,098</b>	<b>3,086,478</b>	<b>3,133,752</b>	<b>385,384</b>	<b>-</b>	<b>385,384</b>
Profit for the period	-	-	-325,008	-325,008	3,405	-	3,405
Total recognized income for the financial year Jan 1, 2007 to March 31, 2007	-	-	-325,008	-325,008	3,405	-	3,405
Employees share option scheme:							
- value of employee services	-	151	-	151	-	-	-
- proceeds from shares issued	39	221	-	260	-	-	-
Purchase of own shares	-250	-1,470	-14,475	-16,195	-	-	-
Assets and liabilities provided through an owners' contribution (note 1)	-	-	10,903	10,903	-10,903	-	-10,903
Purchase from minority in connection with company acquisitions	-	-	-	-	-	-	-
	-211	-1,098	-3,572	-5,032	-10,903	-	-10,903
<b>Balance at March 31, 2007</b>	<b>45,965</b>	<b>-</b>	<b>2,757,898</b>	<b>2,803,863</b>	<b>377,886</b>	<b>-</b>	<b>377,886</b>

\* Changes in equity attributable to Vostok Gas, is presented to make possible a reconciliation of total equity against the equity previous presented in the published annual reports for Old Vostok Nafta.





## Cash flow statements

(USD thousands)	Jan 1, 2007- Mar 31, 2007	Jan 1, 2006- Mar 31, 2006
<b>OPERATING ACTIVITIES</b>		
Result before tax and before interest income and expenses	3,413	58,212
<i>Adjustment for:</i>		
Currency exchange gains/losses	-3	-3
Depreciation	26	3
Result from financial assets at fair value through profit or loss	2,737	-58,990
Results from associated companies	-1,989	259
<b>Operating cash flow before changes in working capital</b>	<b>4,185</b>	<b>-522</b>
<b>Changes in working capital</b>		
Investments in financial assets	-40,924	-41,159
Sales of financial assets	56,644	21,727
Change in current receivables	-1,629	-7,086
Change in current liabilities	-7,851	144
Change in receivables from related parties	601	10,180
<b>Net cash flow from/used in operating activities</b>	<b>11,026</b>	<b>-16,713</b>
<b>INVESTING ACTIVITIES</b>		
Investments in machinery and equipment	-119	-
<b>Net cash flow used in investing activities</b>	<b>-119</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Internal transfers to group companies	-	-11,855
Assets and liabilities provided through an owners' contribution (note 1)	-10,903	26,447
<b>Net cash flow used in/from financing activities</b>	<b>-10,903</b>	<b>14,592</b>
<b>Change in cash and bank</b>	<b>4</b>	<b>-2,121</b>
Exchange gains on cash and bank	3	3
Cash and bank at beginning of period	5,124	7,212
Cash and bank at end of period	5,131	5,094



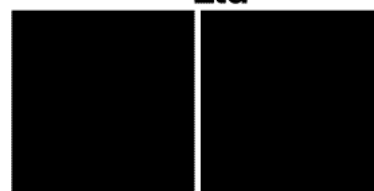
## Key financial ratios – Group

	3 months to Mar 31, 2007	3 months to Mar 31, 2006
Return on capital employed, % <sup>1</sup>	0.90	23.94
Equity ratio, % <sup>2</sup>	99.81	99.76
<b>Share capital data, pro forma</b>		
Shareholders' equity/share, USD <sup>3</sup>	8.21	6.12
Earnings/share, USD <sup>4</sup>	0.07	1.25
Diluted earnings/share, USD <sup>5</sup>	0.07	1.25
Net asset value/share, USD <sup>6</sup>	8.21	6.12
Weighted average number of shares for the financial period	46,020,901	46,020,901
Weighted average number of shares for the financial period (fully diluted)	46,020,901	46,020,901
Number of shares at financial period end	46,020,901	46,020,901

### Share capital data, pro forma

Until the utilization of the subscription option and the new share issues, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue how however not been taken into consideration.

1. Return on capital employed is defined as the Group's result plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the period).
2. Equity ratio is defined as shareholders' equity in relation to total assets.
3. Shareholders' equity/share USD is defined as shareholders' equity divided by total number of shares.
4. Earnings/share USD is defined as result for the period divided by average weighted number of shares for the period.
5. Diluted earnings/share USD is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.
6. Net asset value/share USD is defined as shareholders' equity adjusted for market value of the share portfolio and with a deduction for deferred tax divided by total number of shares.



## Notes

This consolidated interim account is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the consolidated accounts for New Vostok Nafta 2006.

### Note 1 Owners' contribution provided through assets and liabilities

The transactions by which New Vostok Nafta acquires the companies mentioned above and the non-Gazprom related assets, which have been recognized in other companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The transferred income statement items, which were previously reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related realised and unrealised gains and losses from financial assets valued at fair value in the income statement, results from investments in associated companies, income from dividends with associated coupon tax, and administrative costs related to non-Gazprom related operations.

The transferred balance sheet items which were previously been reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related long-term and short-term financial assets valued at fair value in the income statement, investments in associated companies, unpaid share transactions and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of an owners' contribution.

In other words, the item "Assets and liabilities provided through an owners' contribution" includes the net amount of the assets transferred to New Vostok Nafta which had not been reported in New Vostok Nafta's income statement and which is primarily comprised of net investments in financial assets, recognized but not received dividends (net after coupon tax), changes in unpaid share transactions and unpaid administration expenses.

	<b>Jan 1,2007 - Mar 31, 2007</b>	<b>Jan 1, 2006 - Dec 31, 2006</b>
Net investments in financial assets	-15,720	139,141
Recognized but not received dividend income	-5,057	-10,644
Changes in unsettled trades	9,411	-12,933
Recognized but not paid operating expenses	733	3,435
Other	-271	-769
<b>Assets and liabilities provided through an owners' contribution, total</b>	<b>-10,903</b>	<b>118,230</b>



## **Note 2 Events after the balance sheet date**

### *New borrowings*

On May 10, 2007, Vostok Komi (Cyprus) Ltd, a company of the Group, has entered into a debt financing agreement. The loan, which amounts to USD 50 million, will mature in May, 2008 and carries a floating interest rate of 200 basis points over LIBOR.

Assets pledged for the loan will be the non-Gazprom share portfolio.

## **Upcoming Reporting Dates**

Vostok Nafta's 6 months report for the period January 1, 2007–June 30, 2007 will be published on August 22, 2007.

May 24, 2007

Per Brilioth  
*Managing Director*

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