

**Vostok
Nafta
Investment
Ltd**

**Nine Months
Report 2007**

Vostok Nafta Investment Ltd.
Nine Months Report
Covering the Period
January 1, 2007–September 30, 2007

- Net result for the period was USD 103.89 mln (Jan 1, 2006–Sep 30, 2006: 0.40). Earnings per share was USD 2.26 (0.01). Net result for the quarter was USD 64.37 mln (Jul 1, 2006–Sep 30, 2006: –13.57). Earnings per share for the quarter was USD 1.40 (–0.29).
- The net asset value of the company was USD 624.97 mln (Dec 31, 2006: 385.04) on September 30, 2007, corresponding to USD 13.58 (8.37) per share. Given a SEK/USD exchange rate of 6.44 the corresponding values were SEK 4,023.51 mln and SEK 87.43, respectively.
- The group's net asset value per share in USD increased by 62.17% (excluding effect from proceeds from new share issue: +17.61%) over the period January 1, 2007–September 30, 2007. During the same period the RTS-index increased by 7.80% in USD terms. Over the period July 1, 2007–September 30, 2007 the Group's NAV per share increased by 11.96% (RTS-index +9.17%).
- The number of outstanding shares at the end of the period was 46,020,901.
- The net asset value per share of Vostok Nafta as of October 31, 2007 was USD 15.06 (SEK 95.66).

Background

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

The Restructuring entailed 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 its name on May 24, 2007 to Vostok Gas Ltd, and New Vostok Nafta took over the name Vostok Nafta Investment Ltd.

The board of directors that was elected at the General Meeting in Vostok Gas on March 30, 2007, will continue to work in Vostok Nafta. Furthermore, the current corporate management of Vostok Gas continues to manage both Vostok Nafta and Vostok Gas following the Restructuring.

For further information on accounting principles applied in and financial effects from the Restructuring; see notes 1 and 2 on page 19.

Vostok Nafta – legal structure

Vostok Nafta Investment Ltd was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861. A change of name from Vostok Nafta Holding Investment Ltd was made effective in June 2007.

As at September 30, 2007 the Group consists of one Bermudian parent company, one wholly owned Cypriot subsidiary, one wholly owned Russian Subsidiary and one wholly owned Swedish subsidiary. The Swedish Depository Receipts of Vostok Nafta (SDB) are from July 4, 2007, listed on the OMX Nordic Exchange Stockholm (previously the Stockholm Stock Exchange), Mid Cap segment, with the ticker VNIL SDB.

The financial year is January 1–December 31.

Group – results for the period and net asset value

During the period, the result from financial assets at fair value through profit or loss amounted to USD 39.56 (4.70) mln. Result from investments in associated companies was USD 60.50 (–2.17) mln. Dividend income was USD 9.54 (0.79) mln.

Operating costs were USD –3.32 (–2.22) mln. Net financial items were USD –1.66 (–0.58) mln. Net result for the period was USD 103.89 (0.40) mln. Total shareholders' equity amounted to USD 624.97 (385.04) mln on September 30, 2007.

Group – results for the quarter

During the quarter, the result from financial assets at fair value through profit or loss amounted to USD 37.94 (–11.48) mln. Result from investments in associated companies was USD 26.88 (–1.91) mln. Dividend income was USD 1.47 (0.58) mln.

Operating costs were USD –1.73 (–0.65) mln. Net financial items were USD 0.10 (–) mln. Net result for the quarter was USD 64.37 (–13.56) mln.

Parent company

The parent company will finance the Cypriot subsidiary's operations on market terms. The net result for the period April 5, 2007–September 30, 2007 was USD 1.50 mln.

Liquid assets

The liquid assets of the group, defined as cash and bank deposits adjusted for concluded but not yet settled share transactions, amounted to USD 18.04 (11.02) mln on September 30, 2007.

Issue of options to personnel

During the period the Board has decided to issue 710,000 of the authorized 1,000,000 options under the company's incentive program to a group of employees. The call options may be exercised not earlier than two years and not later than three years from the time of the granting. The strike price is set as the average of the last price of the 10 trading days prior to the decision plus 20%, which for the options above results in a strike price of SEK 84.66.

For employees resident outside of Sweden no premium shall be paid for the options.

To employees resident in Sweden the options are offered for a purchase price corresponding to the market value of the options at the time of the offer.

Management's summary

We have during the quarter put the proceeds of the new issue completed on July 4th to work in a combination of shorter and longer term investments. While an extensive private equity deal pipeline is being analysed the longer term investments that have been executed so far are, although with many private equity characteristics, listed small to medium caps. Since many of these listed investments carry with them corporate governance risk it is important to try to achieve a 5% stake in them which will then allow a blocking of a mandatory squeeze out. The risks of being subject to unfair valuation during mandatory squeeze outs have been clearly demonstrated in the past months most notably at the very low valuation set by the majority owners of Eurocement when buying out their minorities. In all our listed small to medium caps investments we seek to achieve a 5% stake.

An introduction to some of the new investments is made later in this report.

Macro

There is a lot of heat and emotions in the Russian media related to the upcoming elections to the State Duma on December 2nd. The population in general however seems to be more sanguine, and probably for one reason. One does not need to be a very skilled political analyst to understand one simple thing.

President Putin enjoys enormous genuine popularity among ordinary Russians. His de-facto position as the leader of a party that is bound to get the majority of seats in the parliament almost certainly removes the issue of succession of power. In a country where for decades the leader of the ruling party was the top man in the hierarchy, reintroduction of a similar concept may not be very difficult. In other words, Putin stays on – and that's the message that the ordinary citizen seems to get.

One can argue a lot about positives and negatives of such a scenarios from different points of view. For the economy, the main implication probably is stability. As we indicated in the previous comment, Russia needs a track record of stability, and provided that the commodity prices do not collapse, the economy should take care of itself. In addition to that, if the recent steps to fight corruption continue, this will be a positive factor for small and medium sized businesses that still have enormous potential for growth in Russia.

Another major factor is that Russia is trying to learning the Chinese experience of investment in infrastructure and is starting to follow that path. It is no coincidence that at the well attended Sochi economic forum in autumn the largest foreign delegation was from China, headed by Ma Kai, the chairman of the National Development and Reform Commission. Mr. Ma Kai made a comprehensive presentation of the Chinese experience of infrastruc-

ture development related to the Olympic Games in 2008. His presentation came right after the speech of Sergei Ivanov, the first deputy prime minister, who gave an overview of Russia's projects and plans, in particular those to upgrade transport infrastructure – roads, railroads, ports and airports.

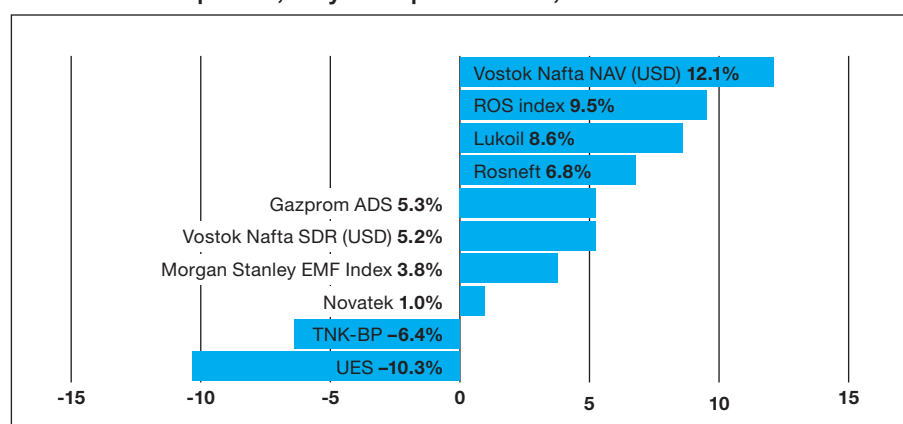
Finally, the ongoing global credit crunch is of course going to have its influence on Russia but Russia looks considerably less vulnerable compared to other economies. With commodity prices remaining well above historical averages, incomes and jobs do not look under threat. Correspondingly, massive defaults on consumer loans and mortgages are not on the agenda, especially given that these are still below per capital levels compared to other markets.

On balance, despite the global headwinds and the local elections fever, Russia still seems to be on track for growth and the direct impact of political stability and multiplier effect of investment in infrastructure may be greater than current expectations.

Vostok Nafta's portfolio development

Vostok Nafta's net asset value/share increased by 11.96% during July 1, 2007 and September 30, 2007 compared to the ROS index increase of 9.52% in USD terms and the RTS index increase of 9.17%.

Percent development, July 1–September 30, 2007



Ukraine: Political instability continues

It looks like Ukrainians are getting used to regular election campaigns – or the country itself cannot get out of the political instability as the succession of elections in the last three years was unable to produce a stable and decisive power at the helm of the country. In the last day of September, the pre-term parliamentary elections, called by president Yuschenko which caused so much controversy and political wrangling during the summer months, were held quietly and relatively orderly (at least, without too much follow-up complaints). The official results of the new elections still show that the power stays divided between the Orange parties (BYT and OU-PSD) and the party

of the ex-president runner-up Yanukovich (PoR) and the power struggle is still very much in balance. The official results of the elections were as follows:

Party/Block	Total vote	Change to previous (percentage points)	Seats in Rada
Party of Regions (PoR)	34.4%	+2.2	175
Yulia Tymoshenko's block (BYT)	30.7%	+8.4	156
Our Ukraine – People's Self-Defence (OU-PSD)	14.2%	0	72
Communists	5.4%	-1.2	27
Lytvyn Block	4.0%	na	20
	88.7%		450

Note: The Socialists, represented in the previous parliament, did not surpass the 3% entry barrier.

As the news about solid results of the pro-presidential parties (especially BYT) started to arrive, the old Orange revolution allies commenced negotiations to create a ruling coalition. The key points of the coalition deal (to be signed after the newly elected parliament opens its session) are as follows:

- BYT will nominate the Prime Minister (Yulia Tymoshenko is the only candidate), 2 Vice PMs and 9 ministers from the economic block (including the minister of economy, minister of finance, minister of transport and communications), the heads to the State Property Fund and the two state-owned banks (Ukreximbank and Oshadbank)
- OU-PSD will nominate the speaker of parliament, 2 Vice PMs and 10 ministers (including the force and humanitarian block as well as foreign affairs), the chairman to the National Bank of Ukraine (the central bank).

This development has a taste of déjà vu: following the parliamentary elections last year pro-presidential OU and BYT also made an attempt to create a coalition, but as Yulia Tymoshenko insisted on becoming the Prime Minister, despite a poor showing the year before (in particular, the mistakes of her premiership in 2005 created a background for the acute conflict with Gazprom in January 2006, which dented images of both Gazprom and Ukraine as a transit route for Russian gas), president Yuschenko suddenly traded horses and created a ruling coalition with PoR (with Yanukovich as prime minister), which also did not work properly and lead to the disbanding of the Rada.

Currently, the new Orange coalition looks more in the charts (as both Yuschenko and Tymoshenko had enough time to assess old mistakes), but it is likely to be a weak coalition. First, filling only 228 seats (just 2 above the required minimum) makes quite a fragile majority. Second, PoR could initiate a new parliamentary crisis if at least 151 of its 175 MPs submit resignation letters leading to the dissolution of the Rada and new parliamentary elections.

To resolve the first weakness, perhaps the opportunities of a broader coalition involving Lytvyn Block could be tested. Alternatively, president Yuschenko could still be tempted to seek a stronger coalition with PoR, as he did in the previous Rada, however with a rather disappointing outcome,

as he was sidelined by the Prime Minister Yanukovich and MPs elected on a pro-presidential party list started to desert him. Yet, both these options (without creating a broad tripartite coalition of PoR, BYT and OU-PSD, which looks unlikely) cannot resolve the second weakness, as even BYT alone has enough seats to trigger the new parliamentary elections.

The deputies now have 30 days from October 27 to complete the registration process and open the first session of the new Rada. Should the Rada fail to open on November 27, the President has the right to call for new elections, which is unlikely. The new government (on the base of the majority coalition) should be formed no later than 60 days after the results are announced (October 27), which means that by December 26 Ukraine should have a new government.

It is interesting to see that with the political turmoil continuing in the country for the last three years, the Ukrainian economy shows signs of robust growth (7.3% YoY real GDP growth in 10m2007). One may get an impression of a causality link between the two developments: local business is growing as the politicians are too much involved in political struggle and are not interfering with economical and business matters. In any case, it is encouraging to see growth even in our recent investments in the country's equities.

Dakor (OJSC Dubnovantazhavtotrans) – A sugar producer

Dakor is a sugar producer from Western Ukraine, which uniquely balances agriculture (sugar beet production) with sugar mills capacity. The company this year leased 128,000 ha of land at a total leasing fee of USD 3 mln (ie, USD ~25/ha, while the average leasing cost in Ukraine is moving up to USD 40/ha). Dakor's plan is to increase its agricultural portfolio to 150,000 ha in 2008. Currently, Dakor operates 4 sugar mills, with total capacity of 20,000 tpd (5% of the Ukrainian sugar market). The company plans to increase leased land and sugar mills capacity (with perhaps refrigerated storage to conserve sugar beets) to get over 10% of the sugar market by 2010.

Dakor's planned 2008 capex of USD 30 mln will be spent at the following proportion: 30% on sugar mills, 10% on elevators, 20% on agro machinery, and 10% on fertilizer plant. The company currently seeds/harvests the following:

	2007 '000 ha	2008 '000 ha	Yield tn/ha	Price USD/ton
Sugar beet	21.0	28.0–30.0	41–43	35
Rapeseed	2.5	7.5	2.5	400–420
Winter wheat	15.5	20.0–30.0	4.0	240
Barley	0	20.0–30.0		
Corn	6.0	12.0		

Note: barley volumes for 2008 only if the agreement with Slavutich brewery, currently under discussion, is signed.

TKS Management (Waymore Holdings Ltd)
– a developer from Western Ukraine

During October, TKS had added two more projects (one in Lvov and another in Truskavets) thus enlarging its overall portfolio to 16 projects with total area of 225,000 m² (up 44%). The Lvov project involves construction of a shopping centre (a mall with a supermarket, area of 32,000 m²) and an office centre (30,000 m²) by 2Q2009. The project is located close to a big residential area and has access to an important traffic route, which makes it easily accessible to private vehicles and public transportation. The Truskavets Ambassador project involves construction of a five-storied three-star serviced apartment complex with 60 bedrooms (currently 60% completed), which will have a developed infrastructure (including a restaurant and a spa) and is located close to the main health centers of the resort.

Previously TKS used partnership with grocery chains Auchan (France) and Furshet (Ukraine, with participation of Auchan) to lease out the space in the operated supermarkets. In October, the company signed preliminary lease agreements with Russian retailer Vester and thus secured 8–53% higher rental rates in its four projects in regional cities of Truskavets, Drogo-bych, Boryslav and Novovolynsk. This, combined with the portfolio additions, helped to increase TKS net asset value.

Black Earth Farming

Black Earth Farming Limited (BEF) was among the first foreign financed companies to make substantial investments in Russian agricultural land assets. BEF has thanks to its early establishment now gained a strong market position in the Kursk, Tambov, Lipetsk, Samara, Voronezh, Kaluga and Ryazan areas of Russia. BEF currently controls approximately 277,000 hectares of the richly endowed farmland in the Black Earth region, an increase of approximately 157,000 hectares since the beginning of the year. BEF intends to continue its acquisitions in order to benefit from the clear economies of scale within the industry. However, BEF has now moved into a new, more refined, land acquisition stage, whereby new acquisitions are primarily targeted by their proximity to existing assets. This proximity is important in order to create logistics efficiencies and other synergies. Extensive capital investments in modern machinery and equipment are also in progress, coupled with other operation enhancing measures such as thorough soil analysis and the education of the local workforce in modern farming techniques.

BEF conducted its first harvest of approximately 5,900 hectares in 2006. This year BEF harvested more than 50,000 hectares of crops, predominately wheat. The increase y-o-y of the harvest clearly shows the result of BEF's efforts to continuously, and quickly, make their existing farmland efficiently harvestable after years of under development.

In September BEF announced its intention to become listed on the First North list in Stockholm before the end of 2007. The listing will be sought by way of an offering of depository receipts, and is the first step towards BEF's intended listing on the OMX Nordic Exchange Stockholm. BEF will at the same time also list its bonds on the exchange.

The IPO will provide investors with the opportunity to hold a unique commodity in an attractive sector, while simultaneously providing BEF with the additional capital needed to continue acquiring farmland and developing its farming operations.

Kontakt East Holding

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

The basis of KEH's business is the ability to create "marketplaces" – where buyers and sellers can make contact and do business. KEH's first investment was made through the acquisition of Rus-M and Rus-S, which together formed Yellow Pages Russia (YPR), from Eniro AB in January 2006. On August 14, 2007, KEH acquired YPI Yellow Pages Limited (Yell.ru). Yell.ru has a leading market position within guidance media in and around the St. Petersburg and Perm regions of Russia. Yell.ru offers, in likeness with YPR, both online and offline directories within the areas where the company is active and the acquisition therefore further strengthened KEH's position as the market leader in Russia. The integration process, which has already begun, of Yell.ru into KEH's current operations should result in considerable synergy effects visible in KEH's future financials.

In October KEH launched its first consumer e-commerce offering through the subsidiary KEH eCommerce and the website Avito.ru. The site provides an easy and accessible platform for companies and consumers who, through classifieds, wish to buy and sell goods and services over the Internet. Avito.ru has been well received, and the site listed around 60,000 items only a month after the launch.

KEH recently announced plans for a new share issue of maximum SEK 102 million to finance its continued growth. KEH has been the leading player within guidance media services in Russia for quite some time now, and intends to continue to take a leading role in the consolidation of the market during 2008. In order to do this, further acquisitions of companies operating in major Russian cities may be of interest. Additionally, KEH is planning to launch at least one more platform within the consumer e-commerce business area. As one of the two main shareholders, Vostok Nafta Investment Ltd is positive to the new share issue and sees great potential in both KEH's existing operations along with the Russian search and guidance media market in general. A new share issue is a natural step for KEH in order to facilitate its growth and better able investments in product development and marketing.

RusHydro

We have during the quarter invested into a series of hydro power plants – Dagestan Genco, Volshkaya GES, Zeiskaya GES and Sayana Sushenskaya GES. These will during the first quarter of 2008 consolidate through a swap into RusHydro which will upon this gain the largest capitalisation of the Russian power sector (around USS 10 bln based on the prices of the constituents). In terms of generating capacity it will with its 23,700 MW become the largest in Russia and the second largest in the world after Quebec Hydro. With a conservatively estimated EBITDA of around USD 3 bln in 2010 the valuation has rooms to improve. We believe the successful consolidation into a liquid large cap like RusHydro will serve as a clear trigger for a first step towards full valuation.

Tuymazy Concrete Mixers

Tuymazy (TUZA) is the largest producer of concrete mixers and pumps in Russia accounting for 40% of the market for mixers and nearly 100% of domestically produced concrete pumps. The company also is launching production of auto cranes with the help of the German company Liebherr next year. Due to capacity constraints at its main competitor – TUZA expects to reach 50% market share in 2009.

Construction volumes in Russia are up 25% this year and double digit growth rates are expected to continue over the next five years. In addition to overall growth there is also a big structural change in the construction sector that requires much bigger use of concrete mixers and pumps – the country is transforming from the old technology of building houses from concrete panels to the new “monolith” technology where concrete is pumped into the walls on the construction site.

The company has had an historic production compound annual growth rate (CAGR) of 40%+ over the last five years. The management conservatively estimates the production CAGR of 20–25% for the next three years. Moreover, the company is increasing the share of high-margin large capacity mixers and pumps which leads to further growth of revenues per unit.

TUZA is controlled by KAMAZ who holds 51% of shares. KAMAZ views TUZA as a non-core business and does not practice transfer pricing and respects the rights of other shareholders – the government of Bashkiria and financial investors. Free float is nearly 40% and there is an independent director on the board. KAMAZ has the most competitive platform in Russia for car-based mixers, pumps and cranes which has boosted further the competitiveness of TUZA products. KAMAZ has a country-wide network of distribution and service centres through which TUZA products are sold and serviced and no competitor can match it. Finally, KAMAZ has a very good and modern management team, which is influencing TUZA management in a very positive way.

Over the past quarter we have acquired roughly 15% of the outstanding shares with the investment rationale as an attractive way to get exposure to the high growth in Russia’s construction.

Investments

During the period net investments in financial assets (including change in loan receivables and acquisition of subsidiaries) were USD 168.52 (149.82) mln.

**Major changes of listed securities
in the portfolio during the quarter were:***Purchases (shares)*

- + 20,903 442 Volzhskaya GES
- + 1,200,000 Tuymazy Concrete
- + 3,255,404 Black Earth Farming Ltd

Sales (shares)

- 298,162 Yuzhni Kuzbass

Portfolio structure

The investment portfolio stated at market value as at September 30, 2007 is shown on next page. Vostok Nafta's three biggest investments are Black Earth Farming (21.57%), TNK BP Holding Pref (12.17%) and Belon (6.75%).

Vostok Nafta portfolio as at September 30, 2007

Number of shares	Company	Market price	Market value (USD)	Percentage weight
Oil, Russia				
530,000	Gazprom Neft ADR	18.81	9,969,300	1.52%
5,789,903	Kherson Oil Refinery	1.00	5,766,743	0.88%
2,025	Orsk Refinery Ord	33.00	66,825	0.01%
538	Orsk Refinery Pref	22.55	12,132	0.00%
205,500	Tatneft ADR	100.00	20,550,000	3.14%
1,100,000	Tatneft Pref	2.87	3,157,000	0.48%
5,152,587	TNK-BP Holding Ord	2.04	10,511,277	1.61%
45,208,616	TNK-BP Holding Pref	1.76	79,567,164	12.17%
16,378	Transneft Pref	1790.00	29,316,620	4.48%
	Total Oil, Russia		158,917,061	24.30%
Oil, Non Russia				
233,250	Caspian Services Inc.	2.89	674,093	0.10%
	Total Oil, Non Russia		674,093	0.10%
	Total Oil		159,591,154	24.40%
Gas				
100,000	Yakutgazprom	0.15	15,000	0.00%
	Total Gas		15,000	0.00%
Energy				
72,500,000	Dagestan Regional	0.16	11,491,250	1.76%
2,618,241	Kyrgyzenergo	0.06	168,688	0.03%
300,000	Sayano Shushenskaya GES	1.55	465,000	0.07%
20,903,442	Volzhskaya GES	0.80	16,764,560	2.56%
12,570,000	Zeiskaya GES Pref	0.43	5,367,390	0.82%
	Total Energy		34,256,888	5.24%
Others				
190,000	Armada	18.00	3,420,000	0.52%
929,700	Belon	47.50	44,160,750	6.76%
26,715,404	Black Earth Farming Ltd	5.28	141,089,392	21.57% ⁰¹
272,107	Dakor	19.42	5,283,610	0.82%
31,274	Gaisky GOK	490.00	15,324,260	2.34%
39,000	Gornozavodsk Cement	450.00	17,550,000	2.68%
1,600,000	Kamkabel	4.25	6,800,000	1.04%
330,000	Kemerovo Azot	30.00	9,900,000	1.51%
2,940,000	Kontakt East Holding AB	5.13	15,070,146	2.30% ⁰¹
71,005,000	Kuzbassrazrezugol	0.34	24,496,725	3.75%
10,578,336	Luganskteplovoz	1.44	15,275,117	2.34%
1,516,055	Poltavsky GOK GDR	16.24	24,620,733	3.76%
9,000	Priargunsky Industrial Ord	660.00	5,940,000	0.91%
1,200	Priargunsky Industrial Pref	345.00	414,000	0.06%
4,010,000	Raspadskaya	3.84	15,398,400	2.35%
11,004,813	Rusforest Ltd	1.80	19,849,877	3.03% ⁰¹
153,000	Sibcement	89.00	13,617,000	2.08%
57,500	Silvinit	300.00	17,250,000	2.64%
2,000	Sistema	1350.00	2,700,000	0.41%
5,926,991	Systemseparation	0.38	2,227,956	0.34%
1,200,000	Tuymazy Concrete	13.00	15,600,000	2.39%
1,057,245	Uchalinsky GOK	14.60	15,435,777	2.36%
450,000	Waymore Holding (TKS)	21.50	9,675,180	1.48%
	Total Others		441,098,923	67.44%
	Non-listed financial assets at fair value through profit or loss		19,104,000	2.92%
	Total investments in associated companies and financial assets at fair value through profit or loss		654,065,965	100.00%

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

Income statements

– Group

(Expressed in USD thousands)	Jan 1, 2007– Note Sep 30, 2007	Jan 1, 2006– Sep 30, 2006	Jul 1, 2007– Sep 30, 2007	Jul 1, 2006– Sep 30, 2006
Result from financial assets at fair value through profit or loss	39,559	4,704	37,944	-11,478
Result from investments in associated companies	60,500	-2,170	26,878	-1,911
Dividend income	9,544	794	1,470	575
Other operating income	3 268	-	-156	-
Total operating income	109,871	3,328	66,136	-12,814
Operating expenses	-3,320	-2,216	-1,732	-654
Russian dividend withholding tax expenses	-1,425	-131	-514	-99
Operating result	105,126	981	63,890	-13,567
Financial income and expenses				
Interest income	809	-	705	-
Interest expense	-2,754	-597	-996	-
Currency exchange gains/losses, net	442	13	451	-
Other financial expenses	-153	-	-62	-
Net financial items	-1,656	-584	97	-
Result before tax	103,470	397	63,987	-13,567
Taxation	421	-	380	-
Net result for the financial period	103,891	397	64,367	-13,567
Earnings per share (in USD)	2.26	0.01	1.40	-0.29
Diluted earnings per share (in USD)	2.26	0.01	1.40	-0.29

**Balance
sheets**
– Group

(Expressed in USD thousands)	Note	Sep 30, 2007	Dec 31, 2006
NON CURRENT ASSETS			
Tangible non current assets			
Office equipment		419	316
Total tangible non current assets		419	316
Financial non current assets			
Financial assets at fair value through profit or loss		478,057	294,808
Investment in associated companies		176,009	92,374
Loan receivables		2,930	–
Total financial non current assets		656,996	387,182
CURRENT ASSETS			
Cash and bank		27,965	5,124
Receivables from related parties		43	340
Receivables from associated companies		17	271
Other current receivables		1,567	358
Total current assets		29,592	6,093
TOTAL ASSETS		687,007	393,591
SHAREHOLDERS' EQUITY (including net result for the financial period)			
		624,973	385,043
NON CURRENT LIABILITIES			
Deferred tax liabilities		681	11
Total non current liabilities		681	11
CURRENT LIABILITIES			
Interest bearing current liabilities			
Borrowings	4	49,875	–
Non-interest bearing current liabilities			
Tax payable		175	585
Unsettled trades		9,925	7,626
Other current liabilities		315	27
Accrued interest		526	–
Accrued expenses		537	299
Total current liabilities		61,353	8,537
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		687,007	393,591
PLEGGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets	4	634,962	–
Contingent liabilities		–	–

**Statement of
Changes in Equity**
– Group

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings	Minority interest	Total
Balance at December 31, 2005	–	–	209,035	156	209,191
Profit for the period	–	–	69,633	–	69,633
Total recognized income for the financial year January 1, 2006 to December 31, 2006	–	–	69,633	–	69,633
Transaction between Vostok Gas and Vostok Nafta	–	–	-11,855	–	-11,855
Non Gazprom related assets and liabilities provided through an issue in kind (note 1)	–	–	118,230	–	118,230
Reversal of minority interest arising on business combinations	–	–	–	-156	-156
Balance at December 31, 2006	–	–	385,043	–	385,043
Profit for the period	–	–	103,891	–	103,891
Total recognized income for the financial year January 1, 2007 to September 30, 2007	–	–	103,891	–	103,891
Employees share option scheme: – value of employee services	–	30	–	–	30
Proceeds from issue of warrants	–	–	476	–	476
Non Gazprom related assets and liabilities provided through an issue in kind (note 1)	–	–	-10,903	–	-10,903
Exercise of issued warrants	46,021	–	-46,021	–	–
Proceeds from new share issue, net of transaction costs (note 2)	–	146,351	–	–	146,351
Currency differences	–	–	85	–	85
Balance at September 30, 2007	46,021	146,381	432,571	–	624,973

Cash flow statements

– Group

(Expressed in USD thousands)	Jan 1, 2007– Note Sep 30, 2007	Jan 1, 2006– Sep 30, 2006	Jan 1, 2006– Dec 31, 2006
Operating activities			
Result before tax	103,470	397	69,721
Adjustment for:			
Interest income	–809	–	–584
Interest expenses	2,755	597	–
Currency exchange gains	–442	–13	–25
Depreciation	54	20	40
Result from financial assets at fair value through profit or loss	–39,559	–4,704	–61,908
Result from investments in associated companies	–60,500	2,170	–
Other non-cash items	105	–156	–
Change in current receivables	–1,884	–2,486	4,795
Change in current liabilities	2,818	10,433	18,887
Net cash from operating activities	6,008	6,258	30,926
Investments in financial assets	–251,122	–316,577	–395,763
Sales of financial assets	91,717	166,756	256,622
Increase of loan receivables	–2,930	–	–
Acquisition of group companies	–6,181	–	–
Interest received	809	–	2
Interest paid	–1,002	–	–
Tax paid	–466	–	–12
Net cash flow used in operating activities	–163,167	–143,563	–108,225
Investing activities			
Investments in machinery and equipment	–157	–248	–264
Net cash flow used in investing activities	–157	–248	–264
Financing activities			
Proceeds from borrowings	4	49,800	–
Proceeds from new share issue		146,350	–
Transactions between Vostok Nafta and Vostok Gas		–	–11,104
Assets and liabilities provided through an owner's contribution	–10,903	152,797	118,230
Proceeds from sale of warrants	476	–	–
Net cash flow from financing activities	185,723	141,693	106,375
Change in cash and bank	22,399	–2,118	–2,114
Cash and bank at beginning of the period	5,124	7,212	7,212
Exchange gains/losses on cash and bank overdrafts	442	14	26
Cash and bank at end of period	27,965	5,108	5,124

Key financial ratios

– Group

	2007	2006
Return on capital employed, %⁰¹	20.50	0.14
Equity ratio, %⁰²	92.30	97.83
Shareholders' equity/share, USD⁰³	13.58	8.37
Earnings/share, USD⁰⁴	2.26	0.01
Diluted earnings/share, USD⁰⁵	2.26	0.01
Net asset value/share, USD⁰⁶	13.58	8.37
Weighted average number of shares for the financial period	46,020,901	46,020,901
Weighted average number of shares for the financial period (fully diluted)	46,020,901	46,020,901
Number of shares at balance sheet date	46,020,901	46,020,901

Until the utilization of the Warrants and the New Share Issue, the Company had only one share issued. The average number of shares used for meaningful key financial ratios is the number of shares outstanding after the conversion of the Warrants to shares.

01.

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).

02.

Equity ratio is defined as shareholders' equity in relation to total assets.

03.

Shareholders' equity/share USD is defined as shareholders' equity divided by total number of shares.

04.

Earnings/share USD is defined as result for the period divided by average weighted number of shares for the period.

05.

Diluted earnings/share USD is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.

06.

Net asset value/share USD is defined as shareholders' equity divided by total number of shares.

Income statement

– Parent

(Expressed in USD thousands)	Apr 5, 2007– Sep 30, 2007	Jul 1, 2007– Sep 30, 2007
Operating expenses	–1,748	–1,570
Operating result	–1,748	–1,570
Financial income and expenses		
Interest income	3,232	3,232
Currency exchange gains/losses, net	13	13
Net financial items	3,245	3,245
Net result for the financial period	1,497	1,675
Earnings per share (in USD)	0.03	0.04
Diluted earnings per share (in USD)	0.03	0.04

Balance sheet

– Parent

(Expressed in USD thousands)	Sep 30, 2007
NON CURRENT ASSETS	
Financial non current assets	
Shares in subsidiaries	377,685
Receivables from Group companies	149,654
Total financial non current assets	527,338
CURRENT ASSETS	
Cash and bank	310
Other current receivables	45
Total current assets	355
TOTAL ASSETS	527,693
SHAREHOLDERS' EQUITY	
(including net result for the financial period)	525,854
CURRENT LIABILITIES	
Non-interest bearing current liabilities	
Liabilities to group companies	1,666
Other liabilities	10
Accrued expenses	163
Total current liabilities	1,839
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	527,693
PLEGGED ASSETS & CONTINGENT LIABILITIES	
Pledged assets	–
Contingent liabilities	–

Statement of Changes in Equity

– Parent

(Expressed in USD thousands)	Share capital	Additional paid in capital	Retained earnings	Total
Profit for the period	–	–	1,497	1,497
Total recognized income for the financial period April 5, 2007 to September 30, 2007	–	–	1,497	1,497
Employees share option scheme:				
– value of employee services	–	30	–	30
Proceeds from issue of options	–	–	476	476
New share issue	0	–	–	0
Exercise of issued warrants	46,021	–	331,479	377,500
Proceeds from new share issue, net of transaction costs	–	146,351	–	146,351
	46,021	146,381	331,955	524,357
Balance at September 30, 2007	46,021	146,381	333,452	525,854

Notes

Note 1 Accounting principles

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

The transactions by which Vostok Nafta acquires subsidiaries and non Gazprom related assets, which have been recognized in other companies of the Vostok Gas 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 items of the income statement that have been recognized in other companies of the Vostok Gas Group than in the completely transferred subsidiaries are non-Gazprom related realized and unrealized profits or losses from financial assets at fair value through profit or loss, results from investments in associated companies, dividend income (including withholding dividend taxes) and operating expenses that relate to non Gazprom assets.

The items of the balance sheet that have been recognized in other companies of the Old Nafta Group than in the completely transferred subsidiaries are non-Gazprom related financial assets at fair value through profit or loss, investments in associated companies, unsettled share trades, and receivables from associated companies. The transfer of the assets has been to shareholders' equity, i.e. as if the spin off of non Gazprom assets was carried out by way of an issue in kind.

Note 2 Restructuring of Vostok Nafta

In connection with the restructuring of Vostok Gas, Vostok Komi (Cyprus) Ltd (a company of the Vostok Nafta Group) acquired assets from Austro (Cyprus) Ltd (a company of the Vostok Gas Group) for a total amount of USD 377.5 million. Acquired assets were:

- non-Gazprom share portfolio worth of USD 370.7 million
- unsettled trades of USD 1.8 million, and
- cash of USD 5.0 million.

Payment for the acquired assets was made by Vostok Komi through an issue of a promissory note to Austro in the amount of to USD 377.5 million. Interest expense from the note, which carried an interest rate of 9 %, amounts to USD 1.2 million. Thereafter, Vostok Nafta sold 46,020,900 Warrants to Vostok Gas for the corresponding amount. Payment for the acquired Warrants was made by way of a promissory note to Vostok Nafta, by which Vostok Nafta thus had a receivable from Vostok Gas in the amount of USD 377.5 million. This receivable was used for the subsequent settlement of Vostok Komi's liability to Austro.

In addition to the acquired assets as specified above, Vostok Nafta has acquired Vostok Komi (Cyprus) Ltd and its subsidiary Vostok Nafta Sverige AB from Vostok Gas for a total consideration of USD 185 thousand.

After share split in Vostok Gas half of the outstanding shares were redeemed, whereby the consideration for the redemption was Warrants entitling the holder to subscribe for new Depository Receipts in Vostok Nafta. One warrant entitled the holder to subscribe for one new share, represented by a Swedish Depository Receipt, of Vostok Nafta to the subscription price of 22 SEK.

On July 4, 2007, the restructuring of old Vostok Nafta was completed through the listing of new Vostok Nafta on Stockholm Stock Exchange. The proceeds from the new share issue, net after new share issue costs, amounted to approximately USD 146 mln (SEK 990 mln).

Note 3 Related party transactions

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

- assets acquired from Vostok Gas, as described in note 2,
- fees for management services provided to Vostok Gas Ltd amounted to USD 268 thousand,
- shared services expenses have been paid by Vostok Gas Sverige AB to Vostok Nafta Sverige AB in the amount of USD 121 thousand,
- rent of Stockholm office space has been paid to Lundin Mining AB in the amount of USD 167 thousand.
- rent of Stockholm office space has been charged to Lundin Mining AB and Kontakt East Holding AB in the amount of USD 97 thousand.

At the end of the period, outstanding loan receivables from Vostok Gas amounted to USD 43 thousand.

Note 4 Borrowings

On May 4, 2007, Vostok Komi (Cyprus) Ltd, a company of the Group, has entered into a debt financing agreement. The loan, which amounts to USD 50 mln, will mature until 4 may 2008 and carries a floating interest rate of 200 basis points over LIBOR.

Assets pledged for the loan are the share portfolio held by Vostok Komi (Cyprus) Ltd. As at September 30, 2007 the fair value of the portfolio amounted to USD 634 mln.

Operating and sector-related risks

Country-specific risks

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

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

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

Foreign-exchange risk

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

Acquisition and disposal risk

Acquisitions and disposals are by definition a natural element in Vostok Nafta's activities. All acquisitions and disposals are subject to uncertainty. The Company's explicit exit strategy is to sell its holdings to strategic investors or via the market. There are no guarantees that the Company will succeed in selling its participations and portfolio investments at the price the shares are being traded at on the market at

the time of the disposal. Vostok Nafta may therefore fail to sell its holdings in a portfolio company or be forced to do so at less than its maximum value or at a loss. If Vostok Nafta disposes of the whole or parts of an investment in a portfolio company, the Company may receive less than the potential value of the participations, and the Company may receive less than the sum invested.

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

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

Accounting practice and other information

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

Corporate governance risk

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

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

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

Dependence on key individuals

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

Investments in growth markets

Investments in growth markets such as Russia entail a number of legal, economic and political risks. Many of these risks cannot be quantified or predicted, neither are they usually associated with investments in developed economies. Prospective investors should also be aware that Russia is undergoing rapid change, which means that the information presented in this Prospectus may become out of date relatively quickly.

International capital flows

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

Political instability

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

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

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

Upcoming Reporting Dates

Vostok Nafta's twelve-month report for the period January 1, 2007–December 31, 2007 will be published on February 13, 2008.

November 21, 2007

Per Brilioth
Managing Director

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of Vostok Nafta Investment Ltd as of September 30, 2007 and the related statements of income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Gothenburg, November 21, 2007

PricewaterhouseCoopers AB

Klas Brand
Authorised Public Accountant
Bo Hjalmarsson
Authorised Public Accountant

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