



**Vostok Gas Ltd.
Twelve Months Report
Covering the Period
January 1, 2009–December 31, 2009**

- Net result for the period was USD -39.27 mln (USD -3,496.58 mln for the corresponding period last year). Earnings per share was USD -0.91 (-81.05).
- The net asset value of the company was USD 0.55 mln on December 31, 2009 (Dec 31, 2008: 397.62), corresponding to USD 0.01 per share (9.23). Given a SEK/USD exchange rate of 7.1568, the corresponding values were SEK 3.97 mln and SEK 0.9 respectively.
- The number of shares at the end of the period was 43,080,087.

Background

Vostok Gas Ltd (the "Company" or "VGAS") was incorporated in Bermuda on October 25, 1996, as an exempted private limited liability company with corporate identity number 22531. It was quoted on the Stockholm Stock Exchange on April 14, 1998.

As at December 31, 2009, the Vostok Gas Ltd Group consisted of one Bermudian parent company, one wholly owned Bermudian subsidiary, one wholly owned Cypriot subsidiary and one wholly owned Swedish subsidiary.

The financial year is January 1–December 31.

Group – results for the period January 1, 2009–December 31, 2009, and NAV at December 31, 2009

During the period, the result from financial assets at fair value through profit or loss amounted to USD -36.61 mln (-3,447.29). Dividend income was USD 0.01 mln (27.85).

Operating costs were USD -1.90 mln (-3.34). Operating result was -38.46 mln (-3,427.52).

Net financial items were USD 0.20 mln (-69.06). Net result for the period was USD -39.27 mln (-3,496.58). Total shareholders' equity amounted to USD 0.55 mln (397.62) on December 31, 2009.

Parent company

During the period, the Company has received a dividend from Vostok Energo Investment Ltd in the amount of USD 1,476.71 mln (-). Write downs on shares in subsidiaries have



been carried out in the net amount of USD 39.64 mln. Write downs on loan receivables from subsidiaries have been carried out in the amount of USD 1,234.86 mln.

Net result for the period was USD 299.48 mln (-10.02).

Events of the financial period and status report regarding the liquidation of the Group

Vostok Gas Ltd. was established as an investment company for the Russian gas industry. At the beginning of 2009 the Company held a block of approximately 0.5 per cent of the shares in OAO Gazprom, the world's largest gas company with more than 16 per cent of the world's known gas reserves ("Gazprom"), mainly in the form of American Depositary Receipts ("Gazprom ADRs"). The global financial turmoil, which started in 2008 and continued into 2009 made it practically impossible to apply leverage to a position such as the Company's holding of Gazprom ADRs. Long term credit was not available at practically any price and extreme volatility made short term debt very unattractive. Also the size of the holding was reduced due to deleveraging during 2008. In summary, it was no longer in the best interests of the shareholders for the Company to maintain its holding in Gazprom through the vehicle of the Company.

By reason of the above, the Board of Directors resolved to initiate the closing down of the Company by first redeeming the remaining outstanding loan notes issued to Deutsche Bank and then distributing all Gazprom ADRs held by the Company to its shareholders.

At an Extraordinary General Meeting held on 23 December 2008, it was resolved to carry out the distribution by way of a share split and a compulsory redemption programme.

Through the share split, one existing share of the Company was divided into two shares. One of these shares was a so-called redemption share. With regard to shares that were represented by Swedish depositary receipts listed on NASDAQ OMX Nordic ("SDRs"), each existing SDR was divided into one SDR and one so-called redemption depositary receipt ("Redemption SDRs") Trading in the Redemption SDRs took place on NASDAQ OMX Nordic in the period from 12 January 2009 up to and including 30 January 2009.

The issued share capital of the Company was then be reduced by USD 10,770,021.75 through the redemption of 43,080,087 shares with consideration in form of 27,980,517 Gazprom ADRs. Hence, each Redemption SDR entitled the holder to receive 0.6495 Gazprom ADRs. The total amount of equity reduced through the redemption was 357.87 mln USD.

An Annual General Meeting in the Company was held on Wednesday, 17 June 2009, at 09:00 a.m. at NASDAQ OMX, Tullvaktsvägen 15 in Stockholm, Sweden.

At the meeting, the shareholders considered a number of items, some of which were the following.

- The profit and loss account and the balance sheet as well as the consolidated profit and loss account and the consolidated balance sheet were adopted. The directors' proposal that no dividends be paid, was approved.



- Three directors were re-elected, namely Lukas H. Lundin, Per Brilioth and Torun Litzén. Lukas H. Lundin was appointed Chairman of the Board.
- PricewaterhouseCoopers AB were re-elected as the Company's auditors.

A Board of Directors meeting held on June 2, 2009 resolved that it is in the Company's best commercial interests to approve the liquidation of its subsidiaries; Vostok Energo Investments Limited, Austro (Cyprus) Limited and Vostok Gas Sverige AB.

The liquidation of Vostok Gas Sverige AB was initiated on September 18, 2009 and is expected to be finalized in 2010. Preparations for initiating the liquidation of Austro (Cyprus) Limited are being carried out and a liquidation process is expected to be initiated during 2010. Vostok Energo Investments Limited is expected to be liquidated on parallel with the liquidation of Vostok Gas Limited.

Treatment of retained earnings

The group's total retained earnings amount to USD -10,215,627.

The board of directors and the managing director propose that the retained earnings of the parent company USD -10,297 thousand, whereof the year's profit is USD 299.48 thousand, be brought forward, and that no dividends be paid for the year.

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IAS 34 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 statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, June 15, 2010

Lukas H. Lundin, *Chairman*

Per Brilioth, *Director*

Torun Litzén, *Director*



Income statements – Group

(Expressed in USD thousands)	Jan 1, 2009- Dec 31, 2009	Jan 1, 2008- Dec 31, 2008
Result from financial assets at fair value through profit or loss	-36,608	-3,447,288
Dividend income	10	27,845
Total operating income	-36,598	-3,419,443
Operating expenses	-1,880	-3,341
Russian dividend withholding tax expenses	0	-3,968
Other operating expenses	15	-765
Operating result	-38,463	-3,427,517
Financial income and expenses		
Interest income	99	1,612
Interest expense	-81	-44,941
Fair value losses	-	-18,404
Currency exchange gains/losses, net	126	-156
Other financial expenses	52	-7,171
Net financial items	196	-69,060
Result before tax	-38,267	-3,496,577
Taxation	-1,007	-95
Net result for the financial period	-39,275	-3,496,672
Earnings per share (in USD)	-0.91	-81.05
Diluted earnings per share (in USD)	-0.91	-81.05

Statement of comprehensive income

Net result for the financial period	-39,275	-3,496,672
Other comprehensive income for the period		
Currency translation differences	81	-
Total other comprehensive income for the period	81	-
Total comprehensive income for the period	-39,193	-3,496,672

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



Balance sheets – Group

(Expressed in USD thousands)

	Dec 31, 2009	Dec 31, 2008
NON CURRENT ASSETS		
<i>Tangible non current assets</i>		
Office equipment	-	5
Total tangible non current assets	-	5
<i>Financial non current assets</i>		
Financial assets at fair value through profit or loss	-	396,382
Total financial non current assets	-	396,382
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	1,450	5,190
Restricted cash	-	4,430
Receivables from related parties	200	-
Tax receivables	6	32
Other current receivables	11	24,101
Total current assets	1,667	33,753
TOTAL ASSETS	1,667	430,140
SHAREHOLDERS' EQUITY		
(including net result for the financial period)	554	397,619
NON CURRENT LIABILITIES		
Borrowings	-	29,698
Deferred tax liabilities	-	2
Pension obligation	-	1,152
Total non current liabilities	-	30,852
CURRENT LIABILITIES		
<i>Non-interest bearing current liabilities</i>		
Liabilities to related parties	-	60
Current income tax liabilities	900	114
Other current liabilities	22	606
Accrued expenses	191	889
Total current liabilities	1,113	1,669
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,667	430,140
Pledged assets	-	400,812
Contingent liabilities	-	-



Statement of Changes in Equity – Group

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings including net result for the period	Total
Balance at January 1, 2008	21,830	-	3,913,321	3,935,151
Net result for the period January 1, 2008 to December 31, 2008	-	-	-3,496,672	-3,496,672
Total comprehensive income for the financial year January 1, 2008 to December 31, 2008	-	-	-3,496,672	-3,496,672
Employees share option scheme:				
- value of employee services	-	514	-	514
- proceeds from shares issued	5	958	-	963
Purchase of own shares	-295	-1,472	-40,570	-42,337
	-290	-	-40,570	-40,860
Balance at December 31, 2008	21,540	-	396,079	397,619
Net result for the period January 1, 2009 to December 31, 2009	-	-	-39,275	-39,275
<i>Other comprehensive income for the period</i>				
Currency translation differences	-	-	81	81
Total comprehensive income for the financial year January 1, 2008 to December 31, 2009	-	-	-39,193	-39,193
Split 1:2 and redemption of shares	-10,770	-	-347,101	-357,871
	-10,770	-	-347,101	-357,871
Balance at December 31, 2009	10,770	-	-10,215	554



Cash flow statements – Group

(Expressed in USD thousands)	Jan 1, 2009- Dec 31, 2009	Jan 1, 2008- Dec 31, 2008
OPERATING ACTIVITIES		
Result before tax	-38,267	-3,496,577
<i>Adjustment for:</i>		
Interest income	-99	-1,612
Interest expenses	81	44,941
Currency exchange gains/losses	126	156
Depreciation	8	3
Result from financial assets at fair value through profit or loss	36,608	3,447,288
Unsettled dividends, net of tax	-	-23,409
Other non-cash items	-	19,070
Change in current receivables	23,888	35,803
Change in current liabilities	-1,263	-54
Change in pension commitments	-1,152	
Cash from operations	19,678	25,610
Investments in financial assets at fair value through profit or loss	-733	-
Sales of financial assets at fair value through profit or loss	2,637	1,100,509
Interest received	99	1,612
Interest paid	-81	-43,615
Tax paid	-198	-30
Net cash flow from operating activities	21,402	1,084,086
FINANCING ACTIVITIES		
Repayment of non current borrowings	-29,698	-988,817
Repayment of current borrowings	-	-22,997
Settlement of derivative financial instrument	-	-24,864
Repurchase of own shares	-	-42,337
Proceeds from new share issue through employees share options exercise	-	963
Net cash flow used in financing activities	-29,698	-1,078,052
Change in cash and cash equivalents	-8,296	6,034
Exchange gains/losses on cash and cash equivalents	126	-154
Cash and cash equivalents at beginning of period	9,621	3,741
Cash and cash equivalents at end of period	1,450	9,621



Income statement – Parent Company

(Expressed in USD thousands)	Jan 1, 2009– Dec 31, 2009	Jan 1, 2008– Dec 31, 2008
Dividends from subsidiaries	1,476,707	-
Operating expenses	-1,735	-3,127
Write-downs	-1,274,492	-8,137
Other operating expenses	-	-765
Operating result	200,480	-12,029
<i>Financial income and expenses</i>		
Interest income	98,863	2,433
Interest expenses	-5	-13
Currency exchange gains/losses, net	193	-410
Other financial expenses	1	-
Net financial items	99,051	2,010
Result before tax	299,530	-10,019
Taxation	-55	-
Net result for the financial period	299,475	-10,019



Balance sheet – Parent Company

(Expressed in USD thousands)

Dec 31, 2009

Dec 31, 2008

NON CURRENT ASSETS

Financial non current assets

Shares in subsidiaries	48,008	87,644
Loan receivables from subsidiaries	-	21,566
Total financial non current assets	48,008	109,210

CURRENT ASSETS

Cash and cash equivalents	13	331
Receivables from related parties	200	-
Tax receivables	-	7
Other current receivables	-	523
Total current assets	213	861

TOTAL ASSETS

48,222 110,071

SHAREHOLDERS' EQUITY

(including net result for the financial period)

473 58,868

NON CURRENT LIABILITIES

Pension obligations	-	1,152
Total non current liabilities	-	1,152

CURRENT LIABILITIES

Interest bearing current liabilities

Loan payables to subsidiaries	47,580	48,848
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Non interest bearing liabilities

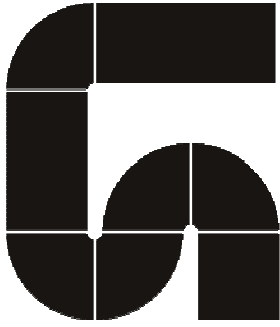
Liabilities to related parties	-	50
Other current liabilities	22	322
Accrued expenses	147	831

Total current liabilities	47,749	50,051
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TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES

48,222 110,071

Pledged assets	-	0
Contingent liabilities	-	-



Statement of Changes in Equity – Parent Company

(Expressed in USD thousands)	Share Capital	Additional paid in capital	Retained earnings including net result for the period	Total
Balance at January 1, 2008	21,830	-	87,917	109,747
Profit for the period	-	-	-10,019	-10,019
Total recognized income for the financial period January 1, 2008 to December 31, 2008	-	-	-10,019	-10,019
Employees share option scheme:				
- value of employee services	-	514	-	
- proceeds from shares issued	5	958	-	
Purchase of own shares	-295	-1,472	-40,570	-42,337
	-290	-	-40,570	-42,337
Balance at December 31, 2008	21,540	-	37,328	58,868
Profit for the period	-	-	299,475	299,475
Total recognized income for the financial period January 1, 2009 to December 31, 2009	-	-	299,475	299,475
Split 1:2 and redemption of shares	-10,770	-	-347,101	-357,871
	-10,770	-	-347,101	-357,871
Balance at December 31, 2009	10,770	-	10,297	473



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 Gas Ltd 2007.



Vostok Gas

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of Vostok Gas Ltd as of December 31, 2009 and the related statements of income, changes in equity and cash flows for the twelve-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, June 15, 2010

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorised Public Accountant