



Vostok Emerging Finance

Financial Report for the Period ended June 30, 2016 2Q16 and 1H16

Financial Result

- > Net result for the quarter 2Q16 was USD 10.78 million (mln). Earnings per share were USD 0.0163.
- > Net result for the period 1H16 was USD 13.23 mln. Earnings per share were USD 0.0200.
- > The positive net result over the period is primarily driven by the positive share price development in Vostok Emerging Finance's only listed equity holding, Tinkoff Bank.

Net Asset Value

- > The net asset value of Vostok Emerging Finance Ltd ("VEF" or the "Company") was USD 108.8 mln as at June 30, 2016 (December 31, 2015: USD 95.5 mln), or USD 0.16 per share (December 31, 2015: USD 0.14). Given a period end USD/SEK exchange rate of 8.4813, it was SEK 923 mln (December 31, 2015: SEK 798 mln) and SEK 1.40 per share (December 31, 2015: SEK 1.21 per share), respectively.

Key Events during the Second Quarter

- > On June 27, Vostok Emerging Finance announced a USD 3.4 mln investment into TransferGo, a fast growth digital money transfer business.
- > Tinkoff Bank share price recovery continued, +51.3% QoQ to USD 5.10 as at end of June.
- > A dividend of USD 0.17 per Tinkoff Bank GDR distributed on June 6, 2016, netted VEF USD 1.1 mln positive cashflow.

Key Events after the end of the Period

- > As at July 31, 2016 the net asset value was USD 114.4 mln (SEK 985.5 mln at a USD/SEK exchange rate of 8.6173), or USD 0.17 per share (SEK 1.49).
- > On August 2, Vostok Emerging Finance announced that it had agreed to invest USD 1 mln into Finja, a Pakistani fintech venture.

>02 Management report

Dear fellow shareholder, 2Q16 was another positive quarter for Vostok Emerging Finance as we continue to focus and deliver on our mission to build the best fintech investment portfolio in the emerging markets arena. Key highlight from the past few months was seeing our NAV per share reach new highs of SEK 1.40, as at the end of 2Q16 (and higher since), principally off the back of the continued strong performance of TCS Group Holding PLC (Tinkoff Bank). We also made our second and third investments of 2016, moving into the very attractive cross border digital remittance space, with TransferGo and investing into an early stage mobile wallet play in Pakistan called Finja.

While Brexit took some of the shine off global markets and risk appetite towards the end of the quarter, investor sentiment and risk appetite has rebounded since. We are always aware of and follow public market moves, but continue to focus on our mandate of through cycle investing, looking to use any weakness in the public markets to better negotiate terms or invest harder into attractive medium term private opportunities.

As mentioned, over the quarter to June 30, we saw the first significant positive move in our NAV per share since VEF's inception 1 year ago, principally as a result of the gradual continued rise of Tinkoff Bank share price, but also in part due to currency moves. NAV per share ended the quarter at SEK 1.40 (and higher since), while, as important, our share price has started to reflect this trend and push higher. As a team, we need to balance time between portfolio building and portfolio management, with communication to the broader investment community of our achievements, with the clear goal of maintaining as tight a discount to traded NAV as possible.

Just as important for the medium term, we recently made our second and third investments of 2016 into TransferGo and Finja.

TransferGo: We made the move into the cross border payments/remittances space via a USD 3.4 mIn investment into TransferGo. Geographically, today TransferGo is mainly focused on the key corridors of broader Europe, with principal flows channelling from West to East, while its segment of focus is blue-collar workers, which are some of the most consistent and regular remittance customers. Remittances are one of the more attractive markets within global financial services and one that has been ripe for disruption for some time. Totalling c. USD 600 billion of annual peer-to-peer flows globally, pricing and speed of delivery remain too high/slow. TransferGo is one of the industry's fastest growth players and the team has an excellent track record of focus and delivery in the valuable and growing European corridors by delivering a better, quicker, cheaper product than key peers.

Finja: We are very excited to announce our inaugural investment into the Pakistan fintech space. Pakistan is one of the developing markets that topped of our investment focus list when we launched last summer. From a fintech perspective, we have been impressed with the successful product suite role out in neighbouring India and see Pakistan clearly following in its footsteps. In Finja, we are partnering with a strong and experienced founding team, which we believe are in great position to service and benefit from Pakistan's 180 mIn+ under-banked population on the back of Pakistan's rapidly growing 3G/4G enabled smartphone subscribers supported by a progressive regulatory framework. The business will start by rolling out a mobile wallet

but has a number of related products to follow soon after. We announced the investment totalling USD 1 mln after the end of 2Q.

Regarding current portfolio holdings, we met with all over the quarter including on location visits in both Brazil and Russia, spending quality time with the principals and their teams. The over-riding macro take away from these trips was a stark reminder that in target VEF markets like Russia and Brazil, despite often hitting the headlines for the wrong reasons, the structural and secular growth story for modern financial services companies remains extremely strong.

Specifically, over the quarter, once again Tinkoff Bank was the stand-out performer within the VEF portfolio with a stellar set of 1Q16 results released and the Tinkoff Bank share price rallying (2Q +51% QoQ in USD) to match. RoAE rose back above 30% as Tinkoff Bank has been one of the best positioned and first out of the blocks to take advantage of the stabilisation of the Russian economy and the positive turn in the Russian consumer credit cycle. Coupled with the share price performance, Tinkoff Bank also paid a solid dividend in 2Q, which netted VEF just over USD 1 mln positive cashflow in the quarter. Elsewhere, REVO delivered another solid profitable quarter and a key highlight was the on-boarding of its first online retail partner in Otkonos, accompanying the strong offline retail base it has built up. JUMO continues to progress in delivering its leading mobile money marketplace for Africa and key mobile money markets beyond. We look for positive news flow in the near future regarding on boarding of financial services partners (FSPs), which are key to deepen the marketplace structure from the already integrated mobile network operators.

On the cash front, with a USD 56 mln balance, VEF remains in a major cash position following our 4Q15 cash call and this remains a key strength for our company in many ways in this volatile and very opportune investment environment.

Looking ahead, approximately 1-year post the creation of VEF, the team and I are more excited than ever about the opportunity set and pipeline we see. Fintech in emerging markets is a very real and growing trend and we continue to unearth opportunities across a number of different geographies, segments of fintech and stages of company development on a daily basis, which feeds our optimism. Rereading my quarterly management comments to date in preparation for this one, I realised that they generally have a positive bias, which has been a function of the strong trends in the underlying business to date. To be balanced, what we continue to see and learn by being involved with our portfolio companies on a daily basis is that winning is far from automatic in our (like all) world. Early stage companies have to get up each day and “fight the good fight” to succeed and create value for shareholders. Simple changes such as a key hire, new customer account or line of funding can make all the difference. We clearly believe we have portfolio companies that can win these fights, and are very committed by being on their boards and doing everything in our power to give them an edge to win.

As always, I would like to close off my comments by thanking my supportive board of directors and the deepening team at Vostok Emerging Finance for all their input and efforts over the period. To fellow shareholders, we appreciate your on-going support, and remain committed to delivering shareholder value through a focused approach on increasing

the NAV per share, coupled with healthy level of company transparency and investor communication as we go. I am happy to note that this approach is now starting to pay dividends through the share price performance. We are, however, still at an early stage in our journey.

August 2016,
David Nangle

>04 Background

Vostok Emerging Finance Ltd (VEF) was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298. There were no business activities in the Company between May 28, 2015 and June 9, 2015.

A Special General Meeting of the shareholders of Vostok New Ventures Ltd (VNV) on June 9, 2015 resolved in accordance with the Board of Directors' proposed transfer of the holding in Tinkoff Bank to the shareholders through the formation and spin-off of Vostok Emerging Finance Ltd. On July 16, 2015 Vostok New Ventures' wholly owned subsidiary Vostok Emerging Finance containing the Tinkoff Bank stake (9,079,794 SDRs) was spun-off and distributed to the shareholders of Vostok New Ventures Ltd via a mandatory redemption program.

From July 16, 2015 the Swedish Depository Receipts of Vostok Emerging Finance Ltd are traded on First North, with the ticker VEMF SDB.

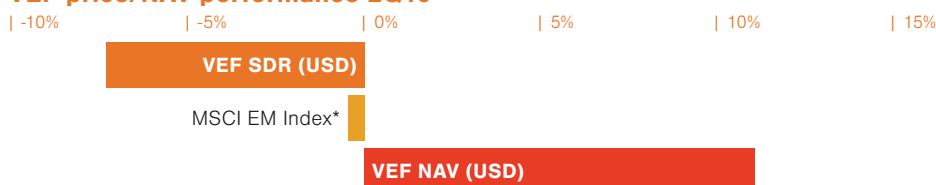
The first financial year comprised the period May 28, 2015–December 31, 2015. Thereafter the financial year is January 1–December 31.

Portfolio development

Vostok Emerging Finance's net asset value (NAV) per share increased by 11.1% in USD over the second quarter 2016. During the same period the MSCI Emerging Markets index

decreased by 0.3% in USD terms. Vostok Emerging Finance's SDR price decreased by 7.3% in USD over the second quarter 2016.

VEF price/NAV performance 2Q16



VEF price/NAV performance 1H16



Last price paid on relevant stock exchange.

* The MSCI Emerging Markets Index is a free float weighted equity index that consists of indices in 26 emerging economies.

Portfolio structure

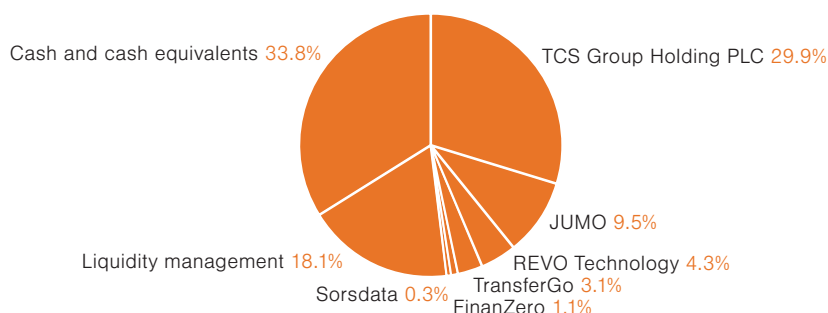
The investment portfolio stated at market value as at June 30, 2016 is shown below.

Number of shares	Company	Fair value, USD June 30, 2016	Percentage weight	Value per share, USD June 30, 2016
6,379,794	TCS Group Holding PLC (Tinkoff Bank) ²	32,536,949	29.9%	5.1 ¹
1,748	JUMO ³	10,309,704	9.5%	5,898.0 ¹
3,584	REVO Technology ³	4,700,000	4.3%	1,311.4 ¹
601,202	TransferGo ³	3,330,898	3.1%	5.5 ¹
13,600	FinanZero ³	1,179,058	1.1%	86.7 ¹
882	Sorsdata ³	300,000	0.3%	340.1 ¹
	Liquidity management ^{1,2}	19,725,443	18.1%	
	Cash and cash equivalents	36,747,949	33.8%	
	Total	108,830,001	100.0%	

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.

2. Level 1 of financial asset at fair value through profit or loss

3. Level 2 of financial asset at fair value through profit or loss





Tinkoff Bank

TCS Group Holding PLC

Vostok Emerging Finance's number of shares as at June 30, 2016	6,379,794
Total Value as at June 30, 2016 (USD)	32,536,949
Share of total portfolio	29.9%
Share of total shares outstanding	3.5%
Value development January 1–June 30, 2016 (in USD)	73.5%

Website: tinkoff.ru/eng/

Key financial highlights 1Q16*

- > Net interest income was RUB 8.3 billion (1Q15: RUB 6.4 billion)
- > Profit before tax amounted to RUB 2.5 billion (1Q15: RUB -0.3 billion)
- > Net income amounted to RUB 1.9 billion (1Q15: RUB -0.2 billion)
- > Net interest margin at 28.8% (1Q15: 28.2%)
- > Total assets increased by 28.6% to RUB 146.8 billion (1Q15: RUB 114.1 billion)
- > Share of non-performing loans (NPLs) down at 11.3% (1Q15: 14.4%)
- > Customer accounts increased by 73.4% to RUB 96.0 billion (1Q15: RUB 55.2 billion)
- > Solid capitalization with CBR N1 capital adequacy ratio at 12.1% at the end of 1Q16

* Source: 1Q16 report of TCS Group Holding PLC

Tinkoff Bank is an innovative provider of online retail financial services operating in Russia through a high-tech branchless platform. Since its launch in 2007 by Mr Oleg Tinkov, a renowned Russian entrepreneur with a long track record of creating successful businesses, Tinkoff Bank has grown into a leader in the Russian credit card market as well as being at the forefront of innovation in delivery of online consumer financial services. The low-cost, innovation driven business model is flexible with a proven ability to rapidly grow and contract given the cyclicity of the Russian marketplace. Tinkoff Bank's senior management consists of a team of experienced professionals formerly employed by Visa, McKinsey and several top Russian banks, widely regarded to be the foremost management team in the Russian financial services space today.

As of April 30, 2016 Tinkoff Bank is the number 2 credit card issuer in Russia with 9.0% market share. In addition to a market-leading credit card offering, Tinkoff Bank has developed a successful online retail deposits programme. Tinkoff Bank's other innovative lines of business include Tinkoff Online Insurance, which enables Tinkoff Bank to underwrite and sell its own innovative online insurance products, and in October 2015, Tinkoff Bank announced the launch of brokerage services for its customers based on BCS Broker solution. The new offering will enable Tinkoff Bank's customers to open brokerage accounts and purchase securities online. More recently, the company announced the launch of Tinkoff.ru, a consumer financial services marketplace where Russians will have the ability to obtain a number of different financial products from different financial services companies (including Tinkoff Bank), from the one online marketplace.

Tinkoff Bank was listed on the main list of London Stock Exchange on October 25, 2013.

Vostok Emerging Finance owns 3.5% of Tinkoff Bank (TCS Group Holding PLC).

In the first quarter 2016, Tinkoff Bank continued its upward quarterly earnings trajectory from a 1Q15 low. 1Q16 RoAE was 32.3% (4Q15 16.7%), with the recovery primarily driven by improved asset quality. The ongoing and continued improvement in financial performance is all the more impressive given the challenging macro backdrop in which they are operating.

On March 1, 2016, the bank adopted a new dividend policy taking effect from March 2, 2016. Under the new policy Tinkoff Bank can now declare and pay dividends provided that the banks current and projected N1 capital adequacy ratio remains at or above 10.5%.

During the second quarter, in early June 2016, VEF received USD 1.1 mln in an interim dividend payment from Tinkoff Bank.

Tinkoff Bank expects net income for FY2016 to amount to RUB 7–8 billion and a cautious cost of risk at 10–12% for 2016. Tinkoff Bank will release its 2Q16 results on September 6, 2016.

>06 JUMO



JUMO World Limited

Vostok Emerging Finance's number of shares as at June 30, 2016	1,748
Total Value as at June 30, 2016 (USD)	10,309,704
Share of total portfolio	9.5%
Share of total shares outstanding	7.2%
Value development January 1–June 30, 2016 (in USD)	–

Website: jumo.world

JUMO World Limited is a mobile money marketplace for people, small businesses and mobile network operators operating across Africa but headquartered out of Cape Town. Through partnerships with mobile network operators, JUMO offers mobile wallet users access to a growing suite of financial products. The mobile money ecosystem consists of consumers, agents (where consumers deposit and withdraw their money) and merchants who accept mobile money payment. JUMO has found that all three of these constituents have limited access to financial choices so they built their first product, Access, which solves short-term working capital requirements. JUMO issued approx. 6 mln individual loans in 2015 and continues to grow monthly through 2016. Savings solutions plan to be rolled out in 2016.

JUMO has grown in 2015 from a team of 7 to 100+, rolling out their products across Kenya, Tanzania and Zambia, with Uganda, Ghana and Rwanda all in process. Key mobile network operator (MNO) partners include Airtel, Tigo, Vodacom and MTN, with more in the pipeline for 2016. A big focus of the business and team through 2016 is to bring Financial Services partners (FSPs) into the marketplace to complement the MNO integrations.

Vostok Emerging Finance has invested a total of USD 10 mln during the fourth quarter of 2015. An initial investment of USD 4 mln in October and an additional USD 6 mln in December 2015. Both investments were for newly issued shares. As per June 30, 2016 JUMO is valued on the basis of the latest funding round in December 2015 with a valuation of USD 10.3 mln for VEF's 7.2% ownership in the company.

REVO Technology and Sorsdata



REVO and Sorsdata were founded in December 2012. REVO was formed to address unmet needs of leading Russian merchants in purchase financing leveraging newest available mobile and cloud technologies. Sorsdata, REVO's sister company, is a data analytics and consumer marketing/loyalty company, which collaborates with REVO.

Vostok Emerging Finance owns 25% of both companies, following exercising its option in December 2015 to acquire an additional 12.5% of each company at the same terms as in VEF's initial investment in late September 2015.

REVO's business model applies proven mobile and cloud solutions, alongside a well-established credit approval infrastructure and collection operations in Russia to offer customers staggered-payment solutions at the time of purchase. The strategy is to capture and analyse consumer data to drive growth and profitability of merchants. The company is focused on lower ticket retail categories with over USD 100 billion in annual turnover, including apparel, toys, footwear, sporting goods, housewares, cosmetics, medical services and others. REVO is the first mover in the Russian market to deliver small ticket instalment plans for consumers in a paperless way at merchant's cash registers. This model is deeply entrenched in other key emerging markets like Turkey and Brazil, while its online format is very similar to what Affirm in the US.

Sorsdata, focuses on customer data analytics gathered partly through the REVO machine and provides targeted marketing services for merchants to drive repeat purchases and loyalty. This model is similar in many ways to that of Aimia in Canada.

Through 2015 and into 1H16, REVO's business experienced another strong year of growth as it continues to sign up new merchants, both at a regional and federal level, increase store rollout within existent merchant partners and improve store penetration within existing merchant agreements, all while building its consumer customer base with rising repeat rates and decreasing default payments. Online merchant acquisition has started to show early traction. The business has been in profit since 4Q15. Sorsdata is at an earlier stage of product roll out with a number of pilot projects currently in progress at partner retail chains.

REVO Technology

Vostok Emerging Finance's number of shares as at June 30, 2016	3,584
Total Value as at June 30, 2016 (USD)	4,700,000
Share of total portfolio	4.3%
Share of total shares outstanding	25.0%
Value development January 1–June 30, 2016 (in USD)	–

Sorsdata

Vostok Emerging Finance's number of shares as at June 30, 2016	882
Total Value as at June 30, 2016 (USD)	300,000
Share of total portfolio	0.3%
Share of total shares outstanding	25.0%
Value development January 1–June 30, 2016 (in USD)	–

Website: revoplus.ru

REVO Operational Development*

	Dec 2013	Dec 2014	Dec 2015	June 2016
No. of active stores	67	572	1,623	1,833
No. of instalments granted (monthly)	6,402	9,969	41,217	39,220
Avg. instalment plan (Rub)	2,442	3,852	4,103	4,087
Avg. duration of instalment plan (months)	4.5	4.9	4.6	4.8
Avg. APR of instalment plans	64.2%	83.8%	95.9%	92.0%

* Source: Company data received from REVO Technology

>08 TransferGo



TransferGo

Vostok Emerging Finance's number of shares as at June 30, 2016	601,202
Total Value as at June 30, 2016 (USD)	3,330,898
Share of total portfolio	3.1%
Share of total shares outstanding	9.8%
Value development January 1–June 30, 2016 (in USD)	–

Website: transfergo.com

TransferGo is a fast growth digital money transfer business, focused primarily on individuals who regularly send money to their home markets. Geographically, today TransferGo is mainly focused on the key corridors of broader Europe, with principal flows channelling from West to East, while its segment of focus is blue-collar works, who are some of the most consistent and regular remittance customers. TransferGo is based in the UK and Lithuania and is regulated by the UK Financial Conduct Authority (FCA) as an authorised payment institution.

Remittances is one of the more attractive markets within global financial services and one that has been ripe for disruption for some time. Totalling c. USD 600 bn of annual peer-to-peer flows globally, pricing and speed of delivery remain too high/slow. Remittances is a business that is won on the balance and interaction between trust, speed and price and the majority of the industry has been failing customers for years on these metrics.

Vostok Emerging Finance has invested a total of EUR 3 mln (USD 3.4 mln) in TransferGo during the second quarter of 2016. As per June 30, 2016 TransferGo is valued on the basis of this transaction.

TransferGo Metrics (EOP)*

	Sep 2015	Dec 2015	Mar 2016	June 2016
No. of active users (transacted over last 90 days)	22,300	27,800	32,522	37,645
Money flow (GBP mln)	6.3	7.1	9.8	15.3
Avg. ticket size (GBP)	270	240	269	370

* Source: Company data received from TransferGo

FinanZero



FinanZero

Vostok Emerging Finance's number of shares as at June 30, 2016	13,600
Total Value as at June 30, 2016 (USD)	1,179,058
Share of total portfolio	1.1%
Share of total shares outstanding	20%
Value development January 1–June 30, 2016 (in USD)	-3.9*

* Value development due to forex exchange movements

Website: finanzero.com.br

FinanZero is a pioneer marketplace for consumer loans in Brazil. The business is an independent broker for loans, negotiating the customer's loan with several banks and credit institutions, to find the loan with the best interest rate and terms for the consumer. FinanZero handles the lending process from start to finish, with the customer and the bank fully integrated into FinanZero's system. The business combines aspects of comparison,

lead generation and consumer loan brokerage. This is an early stage investment for VEF and reflects our belief in the market and segment opportunity coupled with the strength and experience of the team behind this venture.

Vostok Emerging Finance has invested a total of USD 1.2 mln in FinanZero during the first quarter of 2016. As per June 30, 2016 FinanZero is valued on the basis of this transaction.

Investments

During the six months period of 2016, gross investments in financial assets were USD 24.58 mln, of which USD 3.4 mln concern a new investment in TransferGo and USD 21.18 concern liquidity placements. During the quarter, gross investments in financial assets were USD 3.4 mln. Investments concern new investments in TransferGo (USD 3.4 mln) during the quarter and liquidity placements.

Company – results for the period 1H16 and net asset value

During 1H16, the result from financial assets at fair value through profit or loss amounted to USD 12.74 mln, mainly due to the share price appreciation in Tinkoff Bank.

Net operating expenses amounted to USD -0.83 mln.

Net financial items were USD -0.03 mln.

Net result for the period was USD 13.23 mln.

Total shareholders' equity amounted to USD 108.77 mln on June 30, 2016.

Company – results for the quarter 2Q16 and net asset value

During 2Q16, the result from financial assets at fair value through profit or loss amounted to USD 10.21 mln, mainly coming from share price appreciation in Tinkoff Bank.

Net operating expenses amounted to USD -0.46 mln.

Net financial items were USD -0.26 mln.

Net result for the quarter was USD 10.78 mln.

Total shareholders' equity amounted to USD 108.77 mln on June 30, 2016.

Liquid assets

The liquid assets of the Company, defined as cash and bank deposits, amounted to USD 36.75 mln on June 30, 2016.

Financial and Operating risks

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2015.

>10 Statement of profit or loss

(Expressed in USD thousand)	January 1, 2016– June 30, 2016	April 1, 2016– June 30, 2016	May 28, 2015– June 30, 2015
Result from financial assets at fair value through profit or loss ¹	12,735	10,211	-510
Dividend and coupon income	1,353	1,279	–
Total operating income	14,088	11,490	-510
Operating expenses	-831	-458	–
Operating result	13,257	11,032	–
Financial income and expenses			
Interest income	1	–	–
Currency exchange gains/losses, net	-31	-255	–
Net financial items	-30	-255	–
Result before tax	13,227	10,777	-510
Taxation	–	–	–
Profit for the period	13,227	10,777	-510
Profit for the period attributable to owners of the Company			
Earnings per share (in USD)	0.0200	0.0163	-0.0069
Diluted earnings per share (in USD)	0.0200	0.0163	-0.0069

1. Financial assets at fair value through profit or loss are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise.

Statement of comprehensive income

(Expressed in USD thousand)	January 1, 2016– June 30, 2016	April 1, 2016– June 30, 2016	May 28, 2015– June 30, 2015
Profit for the period	13,227	10,777	-510
Total other comprehensive income for the period	–	–	–
Total comprehensive income for the period	13,227	10,777	-510

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

Statement of financial position

>11

<i>(Expressed in USD thousand)</i>	June 30, 2016	June 30, 2015	December 31, 2015
Non-current assets			
<i>Financial non-current assets</i>			
Financial assets at fair value through profit or loss	72,082	18,501	34,768
Total financial non-current assets	72,082	18,501	34,768
Current assets			
Cash and cash equivalents	36,748	8,046	62,302
Other current receivables	27	–	25
Total current assets	36,775	8,046	62,327
TOTAL ASSETS	108,857	26,547	97,095
Equity			
<i>– Attributable to owners of the company</i>			
Share capital	6,615	735	6,615
Additional paid in capital	87,876	26,322	87,880
Retained earnings	14,279	-510	1,053
Total equity	108,770	26,547	95,548
Current liabilities			
<i>Non-interest bearing current liabilities</i>			
Trade payables	11	–	1,491
Other current liabilities	40	–	21
Accrued expenses	36	–	34
Total current liabilities	87	–	1,547
TOTAL EQUITY AND LIABILITIES	108,857	26,547	97,095

>12 Statement of changes in equity

(Expressed in USD thousand)	Attributable to owners of the parent			Total
	Share Capital	Additional paid in capital	Retained earnings	
Balance at May 28, 2015	-	-	-	-
Issuance of share capital	735	26,322	-	27,057
Profit for the period May 28, 2015 to December 31, 2015	-	-	1,053	1,053
Total comprehensive income for the period May 28, 2015 to December 31, 2015	-	-	1,053	1,053
<i>Transactions with owners</i>				
Proceeds from rights issue	5,880	63,198	-	69,078
Transaction costs	-	-1,648	-	-1,648
Share based compensation	-	7	-	7
Balance at December 31, 2015	6,615	87,880	1,053	95,548
Balance at January 1, 2016	6,615	87,880	1,053	95,548
Profit for the period January 1, 2016 to June 30, 2016	-	-	13,227	13,227
Total comprehensive income for the period January 1, 2016 to June 30, 2016	-	-	13,227	13,227
<i>Transactions with owners</i>				
Proceeds from rights issue	-	-	-	-
Transaction costs	-	-42	-	-42
Share based compensation	-	38	-	38
Balance at June 30, 2016	6,615	87,876	14,280	108,770

Statement of cash flows

>13

	January 1, 2016– June 30, 2016
<i>(Expressed in USD thousand)</i>	
Operating activities	
Result before tax	13,227
<i>Adjustment for non-cash items:</i>	
Interest income and expense, net	-1
Currency exchange gains/-losses	31
Result from financial assets at fair value through profit or loss	-12,735
Other non-cash items affecting profit and loss	-1,047
Change in current receivables	-2
Change in current liabilities	-1,701
Net cash used in operating activities	-2,228
Investments in financial assets	-24,579
Sales of financial assets	1,085
Interest received	1
Net cash flow from/used in operating activities	-25,721
Financing activities	
Proceeds from rights issue, net of transaction costs	-42
Net cash flow from financing activities	-42
Change in cash and cash equivalents	-25,764
Cash and cash equivalents at beginning of the period	62,302
Exchange gains/losses on cash and cash equivalents	210
Cash and cash equivalents at end of period	36,748

>14 Alternative Performance Measures

As of July 3, 2016 new guidelines on APMs (Alternative Performance Measures) are issued by ESMA (the European Securities and Markets Authority). APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

Vostok Emerging Finance regularly uses alternative performance measures to enhance comparability from period to period and to give deeper information and provide meaningful supplemental information to analysts, investors and other parties.

It is important to know that not all companies calculate alternative performance measures identically, therefore these measurements have limitations and should not be used as a substitute for measures of performance in accordance with IFRS.

Below you find our presentation of the APMs and how we calculate these measures.

	January 1, 2016– June 30, 2016
Return on capital employed, % ¹	12.8%
Equity ratio, % ²	99.9%
Shareholders' equity/share, USD ³	0.16
Earnings/share, USD ⁴	0.02
Diluted earnings/share, USD ⁵	0.02
Net asset value/share, USD ⁶	0.16
Net asset value/share, SEK ⁶	1.40
Net asset value, SEK	922,513,951
Weighted average number of shares for the financial period	661,495,995
Weighted average number of shares for the financial period (fully diluted)	661,495,995
Number of shares at balance sheet date	661,495,995

1. Return on capital employed is defined as the Company's result for the period 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). Return on capital employed is not annualised.

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

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

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

5. Diluted earnings/share 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 is defined as shareholders' equity divided by total number of shares.

Note 1 Accounting principles

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the accounts for the Company 2015.

The Company's 2015 annual report is available at the Company's website: <http://www.vostokemergingfinance.com/en/investor-relations/financial-reports/>

The interim financial information on pages 10–16 are an integral part of this financial report.

Note 2 Related party transactions

During the period Vostok Emerging Finance has recognized the following related party transactions:

USD thousand	Operating expenses	Current liabilities
Key management and Board of Directors*	328	15

* Compensation paid or payable includes salary and consulting fees to the management and remuneration to the Board members.

Note 3 Fair value estimation

The numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report. For more information regarding financial instruments in level 2 and 3 see note 5 in the Company's Annual Report 2015.

The fair value of financial instruments is measured by level of the following fair value measurement hierarchy:

- > Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- > Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- > Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets that are measured at fair value at June 30, 2016.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	52,262	19,820	–	72,082
Total assets	52,262	19,820	–	72,082

The following table presents the Company's assets that are measured at fair value at December 31, 2015.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	19,458	15,310	–	34,768
Total assets	19,458	15,310	–	34,768

As per June 30, 2016 the Company's holding in Tinkoff Bank is classified as a level 1 investment as its GDRs are trading on London Stock Exchange. Vostok Emerging Finance also has liquidity management portfolio of listed corporate bonds that are also classified as level 1 investments. REVO, which is owned through the parent company Souxou, and Sorsdata, which is owned through the parent company Mouxou, the investments in JUMO, TransferGo and FinanZero are all valued as level 2 on the basis of the valuations in their each respective latest transaction which all closed in late 2015 or the first six months of 2016.

JUMO

As per June 30, 2016 VEF owns 1,748 shares or 7.2% fully diluted in JUMO World Limited (formerly known as AFB Mauritius) that owns and operates JUMO. JUMO is valued as per the most recent transaction in the company in December 2015. VEF participated in this round and subscribed for approx. USD 6 mln worth of new shares in JUMO. The transaction values VEF's stake to USD 10.3 mln. As per June 30, 2016 JUMO is valued on the basis of this transaction and is categorized as a level 2 investment.

REVO

As per June 30, 2016 VEF has a 25% ownership REVO and has invested a total of USD 4.7 mln in the company. REVO is valued on the basis of the latest transaction in the company when VEF exercised its option to double its ownership stake to 25%. VEF closed the second tranche of the investment on December 16, 2015. REVO is valued at USD 18.8 mln post-money and VEF's stake is duly valued at USD 4.7 mln as a level 2 investment. VEF owns 3,584 shares in REVO.

Sorsdata

As per June 30, 2016 VEF owns 25% of Sorsdata and has invested a total of USD 300k in the company. Sorsdata is valued on the basis of the latest transaction in the company, when VEF exercised its option to double its holding. VEF closed this (second) tranche of the investment on December 16, 2015. Sorsdata is duly valued at USD 1.2 mln post-money and VEF's stake is valued at USD 300k as level 2 investment. VEF owns 882 shares in Sorsdata.

TransferGo

As per June 30, 2016, VEF owns 9.8% in TransferGo and has invested a total of EUR 3 mln (USD 3.4 mln) in the company. As per June 30, 2016 TransferGo is valued on the basis of this transaction and is categorized as a level 2 investment.

FinanZero

As per June 30, 2016 VEF owns 13,600 shares in FinanZero following an investment in primary capital of approximately USD 1.2 mln. As per June 30, 2016 FinanZero is valued on the basis of this transaction and is categorized as a level 2 investment.

Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2016	Investments/ (disposals), net, USD	FV change	Closing balance June 30, 2016	Percentage weight of total portfolio
Tinkoff Bank	19,458,372	-	13,078,577	32,536,949	29.9%
JUMO	10,309,704	-	-	10,309,704	9.5%
REVO	4,700,000	-	-	4,700,000	4.3%
Sorsdata	300,000	-	-	300,000	0.3%
TransferGo	-	3,403,288	-72,390	3,330,898	3.1%
FinanZero	-	1,227,409	-48,351	1,179,058	1.1%
Total	34,768,076	4,630,697	12,957,836	52,356,609	

Note 4 Events after the reporting period

On August 2, Vostok Emerging Finance announced that it has agreed to invest USD 1 mln into Finja, a Pakistani fintech venture. VEF is leading the funding round and holds a minority position and board representation in the company following the transaction.

Finja is a newly established fintech company in Pakistan with a mission to offer innovative financial services to Pakistan's rapidly growing digitally literate population by displacing cash. Finja was founded by tech- and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

Upcoming Reporting Dates

Vostok Emerging Finance's financial report for the period January 1, 2016–September 30, 2016 will be published on November 30, 2016.

August 31, 2016

David Nangle
Managing Director

The Board of Directors and the CEO certify that the half-year financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group and that it describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, August 31, 2016

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

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