VOSTOK NEW VENTURES

ANNUAL REPORT 2016

Annual Report 2016

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Managing Director's introduction

I will remember 2016 as a good year for Vostok.

Avito grew 75% while increasing its EBITDA margins. This result was executed despite increasing marketing pressures from the competition out there. New products, like subscriptions are being launched which will help contribute to further growth in 2017 and the further into the future. Notably the company has started to pay dividends.

We built a material new position in BlaBlaCar. As we have discussed at length in our quarterly reports, the network effects and liquidity of this business model is very reminiscent of Avito and well-run online classified models. We are impressed by the growth in users to over 40 million, which has seen the company add 1.5 mln users per month. Russia has gone from 0 to 10+ mln users in around two years. Brazil shows sign that are very similar to Russia in its early days. Like online classifieds, building liquidity to enjoy potential network effects around an increasing user base is key.

We have continued to add to OneTwoTrip, now owning some 15% of the company. OneTwoTrip has been able to deliver both growth and earnings during a very rough patch in the Russian economy, all whilst competition has been deteriorating. As the economy and the rouble stabilizes we expect the travel space to return to growth and OneTwoTrip to be the key beneficiary of this environment.

Also in Russia, I think it is now fair to state that Yell has managed to pivot itself into a Russian restaurant booking platform under the name of EatOut. This has been a very fragmented space up until now with lot of players competing in a difficult and immature environment. I stand behind the view that Russia will be no different from the average developed market and that a strong table booking platform will emerge. EatOut has good potential to capture this space.

A new investment was made into Hemnet, our first pure non-emerging market deal. Hemnet is the leading real estate vertical in Sweden. The investment case rests on the fact that it monetizes at roughly USD 2.3 (2015) per internet user in the country, compared to other market leading players around the world at USD 10–20. Whilst one should not expect a sudden change in the economic model of the company, long-term, there is ample opportunity to run the company in line with international benchmarks, in turn providing very good upside for shareholders. We are well acquainted with the business model from our experience in Avito, Domofond, Propertyfinder and Zameen.

We have made our first investment into a marketplace for health: Vezeeta is the leading doctors booking platform in Egypt and having created a solid position in the local market for private clinics, its ambitions include the Gulf region which is not only a very interesting macro but also founded on the logic that the region is populated with Egyptian doctors.

The health space is one that we find very interesting and we see ourselves increasingly active in; a very very large global market, ripe for disruption, with very interesting pockets that have the potential of strong network effects.

Another theme in 2016 has been our increasing activities in the Middle East. As per year end we have five portfolio companies active in the MENA region and to give you shareholders a little more insight into our particular focus areas in this part of the world we have for this Annual Report interviewed Dany Farha of BECO Capital. BECO is one of the region's leading local VCs and also a co-investor in both Propertyfinder and Vezeeta. Hope it will get you as excited about the potential in region as we have come to be.

All in all we expect 2017 to be exciting. I am very enthusiastic about our portfolio, both the larger consituents and the smaller ones. We have some really good deal flow in the pipeline that I hope to deliver on. Onwards and upwards!

Per Brilioth
Managing Director

A conversation with Dany Farha

Dany Farha is co-founder and Managing Director of BECO Capital, based in Dubai. BECO is our co-investor in two of Vostok New Ventures portfolio companies, Propertyfinder and Vezeeta.

Tell us about BECO Capital – when was it launched?
Sure, this is actually our fifth year running BECO. So back in 2012, myself and my cousin who is one of the other founders of the firm, started looking at the technology ecosystem in the region, with an initial focus on Dubai. We started looking through out 2012 and 2013 and it was still very, very nascent. In the beginning we made very few investments in our own capacity on a deal by deal basis with a very small set of family and friends investing alongside us as lead investors.

Later on in 2014, when we realized that the ecosystem was growing explosively and accelerators were popping up all over the region along with regional tech events which never existed prior to 2012 suddenly there was a lot of activity and we knew that we were heading in the right direction and the time to really commit was now.

Propertyfinder was one of those eye openers, which both of us know very well by now. When we met Michael the first time in mid-2012, early 2013 and saw that his, then very small, company was making USD 100k in revenue and growing exponentially we invested and saw the company really taking off.

As soon as we started seeing the need from these successful companies that required larger tickets we realized it was time to institutionalize and raise a larger amount of money which we did in the form of a holding company in the second half of 2014 and pretty much closed that fundraising by March 2015. So now we have had two years of deploying that capital in a series of 15 companies, in addition to following on in our winners.

Before we go into your interesting companies and the macro, tell us a little about you background before BECO.
So my background is that my father is Lebanese and my mother is German. They came to Dubai back in 1969 and have been entrepreneurs investors in this country for I guess almost 50 years now. When I came back from London where I went to school and university, I basically started a few businesses with my brother. One of them was a large catering company and the largest commercial laundry in the UAE. So, back then, we basically did different business support services, helping hotels and businesses with their catering and laundry requirements. We sold that in 2010 and 2012.

In the year 2000, I financed and got together with a friend to co-found Bayt.com, which is the region's largest job site with ten offices from Casablanca to Karachi and everything in-between. In 2010 I stepped out of my management role as COO and took a year and half off figuring out what to do next, which ended up being BECO together with my cousin.

Lets continue with the macro. What do you see and how is the VC world developing in the region?
Sure, I'll paint you a picture that I love painting! When we started Bayt.com, the internet penetration across the region was at 2.5% and that was on dial-up! So essentially, nobody was online. We still managed to build a very profitable business and very positive cash flow, which was pretty cool. And then we raised capital, we really only raised growth capital to accelerate and go into other markets. By that time there was only one VC in the region, in Amman, Jordan and it wasn't really a VC but a more of a broad investor.

Today, most investors sort of understand our world so you can imagine 15, 16 years ago. It was just very, very difficult. So we're really lucky that we were able to self-finance it ourselves as founders, and then we very lucky that we finally found somebody to believe in us. And we derisked it for investors quite substantially as we were already generating revenues and around about cash flow. We already had six offices across the region. It's very difficult to get people to move across all these borders so you need the internet as a facilitator when you're recruiting because people can't just come from country to country.

To put things into and frame them into the context from a micro perspective, I mean, I look at what is happening in the region right now, 12–24 months ago we didn't really get too much attention to the tech ecosystem from the government and I guess there's a variety of different reasons for that. Primarily it was because that we have the oil and gas sector which was such a huge contributor to most people's coffers, even if you're not an oil-producing nation, you've got your fair share of investments that were coming from petro dollars. So you know, it benefited the region. I think there's a silver lining in having a low oil price. In fact, I don't think it should go much higher than $65 to keep us hungry for economic prosperity from innovation.

One important ongoing change is in legislation, hopefully soon we will have visas similar to the O1 visa in the U.S. which allows immigrants to come into these markets. These "entrepreneurship visas" have been announced and will be lauched soon. That's essential because entrepreneurs and investors know the importance of diversity and the impact of being able to attract talent from abroad. Another important legislative issue is that we haven't had a proper bankruptcy law, meaning you can practically become liable and go to jail if you fail. We need a proper mechanism that allows for people to fail, because a lot of them will, you know, in the early stages, without destroying the entrepreneurs' future.

Another positive note is that most governments in the region have started allocating capital to the tech sector. They are sending the right signal to all investors, family offices, and institutional investors saying this is a proper asset class.

What about the demand side of things, the consumers getting online and a growing middle class?

So first of all, as an investor, when there is a scarcity of capital, you automatically know that there's an opportunity. So that really is what's at play here. In MENA – and I'll define our MENA in a moment – there is a massive scarcity of capital. Let me tell you what I mean by that. If you take the greater MENA region, we're investing under a dollar, 90 cents per capita, per annum in venture capital – under a dollar(!)

India is about six dollars. China is 19 dollars per capita. And then you've got the U.S., at 150 bucks per capita. It just shows you that we're so under invested. Part of MENA is the GCC, and that is six countries and the two biggest are UAE and Saudi followed by Kuwait, Amman, Bahrain and Qatar. The rest are smaller but they add up.

Then we have Egypt, which is massive – it's a hundred million people – and you have a massive middle class of about 35 million consumers who are connected and have the ability to buy goods and services rigidly. And then Lebanon and Jordan, which are smaller, which are probably five million each. That's a total of 160 million people, just in those markets. They are all growing a strong tech scene. Egypt for example has 40,000 very qualified computer and data scientists. It's the strongest ecosystem in the tech sector compared to the more developed ecosystems in Dubai and Jordan.

If you take those 160 million people of with majority are very young, all with similar language and culture, 85 million of them are connected, and about 45 million are digitized consumers, which means they're above 18 and are in the income bracket to buy goods and services. Why is that number so important? Because it turns out, from a lot of analysis and research that 50 million people seems to be the tipping point beyond which you can start building really big billion dollar businesses. That has applied to Latin America, Southeast Asia and other markets around the world. So we're excited that we are probably getting to the 50 million-number this year. 2017 will be our tipping point.

Previously you said something like "technology is the new oil for the region". Can you elaborate on that?

Sure. Look, we never thought in our wildest dreams that we would have the big institutional investors of the region talking to us about investing in MENA tech. You know, they primarily get their money from oil and gas and then some of them have different mandates. Some of them have to diversify and invest outside the region, which I understand. Now they're all looking at this space globally and within MENA.

So I guess that for me one of the biggest indicators that the region is maturing is that all of them (governments) are talking about how technology innovation can be a driver of employment showing that they have realized that governments cannot continue to be the sole job creators of the region.

Even if you're just a financial investor, you can also make a significant social impact and make the region a better place and therefore more peaceful.

And in your current portfolio, you have of course Propertyfinder, which is super-exciting, but you also invested in Careem, the taxi-hailing app of the region; right?

Yes; correct. We invested in a bit of a later stage in Careem compared to Propertyfinder unfortunately, but still quite early on and it has been a fantastic story so far. Other companies in our portfolio are SellAnyCar.com, Vezeeta, JADOPADO, Fetchr, Bayzat, Ajar online and Bayzat to name a few.

What about local entrepreneurs and local talent – are they hard to find?

In 2013, 4 years ago we probably saw around 200 deals. Last year, we were just short of a thousand. We saw 950. So the growth has really been exponential and there are no signs of slowing down. It continues to grow which is great news. And it's great news for us as venture capitalists; we invest in less than one percent of what we see. And so when we see thousands, we can really be selective.

Now where does this deal flow come from? The deal flow only five years ago came from two countries. Jordan and UAE. Now, if you look at the geographic mix of where all these deals are coming from, where entrepreneurs are waking up saying okay, I'm going to go build something. It's a nice spread across the region, Saudi and Egypt, you know, being right behind the UAE.

To summarize, what's happening is that we are seeing a lot more innovation, we have a couple of investments at the really early stages of the seed funding that we made in complete frontier tech. The point is that these young entrepreneurs are feeling more inspired and that they can actually build something in their bedroom and say, wow, this is cool. There is still a lot of work to be done on the education side – but we are getting there. Curriculums are getting more and more digital and technical components. Egypt is probably the country in the region where you see most strong tech talent coming from.

Could you tell us a bit of the major success stories you've seen coming out of the region?

Careem is one. They've raised hundreds of millions of dollars now and valued at more than 1 billion dollars. In the latest round, investors like Rakuten came in, which is fantastic, a $20 billion property traded company and putting $200 million in MENA and Careem is a great sign. And again, this is great for the sovereign wealth funds of the region to see. Rakuten investing in Careem. You investing in Propertyfinder etc.

Souq, the e-commerce player is another valued around billion according to most reports. And we'll see if the reports and rumors of Souq being acquired will become a reality or not.[1] Would be a great signal if and when it happens, especially for Amazon to enter our region via acquisition, it will not only set the record for the largest exit but it will show how difficult it is to build a strong, scalable business across the region, but when you do, and we at BECO are very good at helping companies scale across the region, it makes for a very attractive exit opportunity.

And then of course Propertyfinder which is developing very well. Not a billion dollar company yet, but might very well become one over time.

In the decade 2000–2010, we estimate about 50 million dollars went into the technology scene MENA, 50. That's five million bucks a year. It's peanuts. Almost a joke; right. Now, in the last 4 years from 2013 to 2016, we've had over a billion dollars going into the ecosystem. Okay, about 440 million went to only two companies, Careem and Souq. But that's okay, it's still another a half a billion plus in the rest of the ecosystem. Half a billion in four years versus 50 in ten years. You know, it's 10x in half the amount of time.

And what's your vision for Propertyfinder, can it become the next Careem or Souq in terms of market cap?

Propertyfinder certainly has the legs to become a billion dollar company. We just have to make sure that they execute in Saudi and executing in Egypt, the two biggest markets, they are going after. It is very different executing in those two compared to the UAE, and it will take time to learn the nuances and to learn what the consumers want in the different markets. There is no dominant property portal out there yet. So these markets are still up for grabs. It's a matter of time to figure out how to most efficiently acquire the content and create the liquidity so that you can then start really monetizing. And when that happens, I mean, listen iProperty was bought by REA; right, News Corp REA, exactly a year ago, Q1 of last year for 700 million dollar total valuation. They took it off the exchange.

It was doing 30 million dollars of revenue at the time. What clinched this, what made it go from a $450 mln market cap on the stock exchange to $700 mln and take it off the market was that the company started showing meaningful revenues in two other large markets other than Malaysia.

Same logic will apply with Propertyfinder. Right now, we are leading by far in the UAE and a number of the smaller markets, and we are learning a lot about the bigger prizes. Egypt and Saudi will be the next key markets for Propertyfinder and we are happy having Vostok on board on that journey.

1. On March 28, 2017, after the interview with Dany Farha, Amazon announced that it had reached an agreement to acquire Souq.com.

Investment portfolio

Portfolio Structure – Net Asset Value

The investment portfolio stated at market value as at December 31, 2016 is shown below.

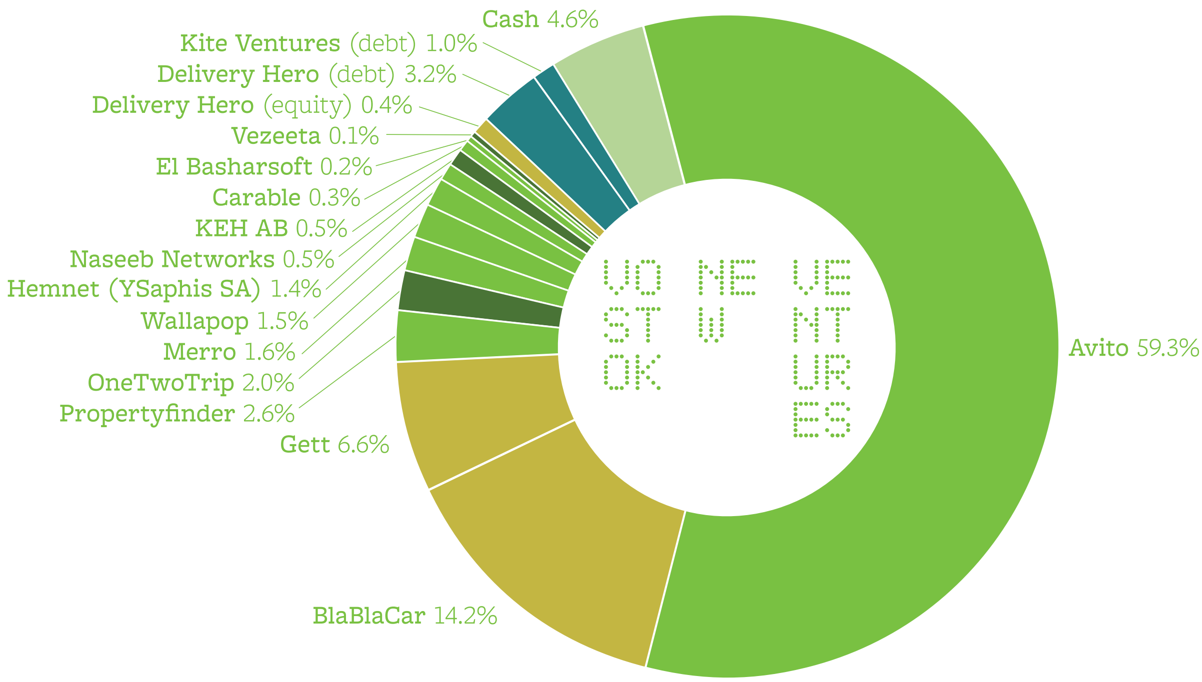
Company	Fair value, USD Dec 31, 2016	Percentage weight	Fair value, USD Dec 31, 2015	Valuation change per share, USD 2016	
Avito[2]	449,281,016	59.3%	338,481,743	33%	[1]
BlaBlaCar[2]	107,738,524	14.2%	33,181,762	-4%	[1,3]
Gett[2]	50,358,980	6.6%	34,516,317	52%	[1]
Propertyfinder[2]	19,999,199	2.6%	19,999,199	–	[1]
OneTwoTrip[2]	14,958,960	2.0%	4,000,000	22%	[1]
Merro[2]	12,384,907	1.6%	7,513,333	41%	[1]
Wallapop[2]	11,520,768	1.5%	10,302,197	12%	[1]
Hemnet (YSaphis SA)[2]	10,252,714	1.4%	–	–	[1]
Naseeb Networks (Rozee and Mihnati)[2]	4,034,693	0.5%	4,500,000	-10%	[1]
KEH AB (Yell.ru and EatOut.ru)[2]	3,515,204	0.5%	5,662,418	-38%	[1]
Carable (Garantibil)[2]	2,198,526	0.3%	–	77%	[1,4]
El Basharsoft (Wuzzuf and Forasna)[2]	1,158,956	0.2%	968,000	14%	[1]
Vezeeta (DrBridge)[2]	894,724	0.1%	–	-40%	[1,4]
Delivery Hero Holding GmbH, equity component[2]	3,284,645	0.4%	2,412,857	-11%	[1,3]
Total financial assets at fair value through profit and loss	**691,581,816**	**91.2%**	**463,537,826**		
Delivery Hero Holding GmbH, debt	24,074,461	3.2%	23,449,753		
Kite Ventures, debt	7,698,611	1.0%	9,071,642		
Cash	34,780,024	4.6%	43,660,119		
Total investment portfolio	**758,134,913**	**100.0%**	**539,719,340**		
Borrowings	-32,399,831		-20,224,498		
Other net liabilities	-219,172		-16,059,377		
Total NAV	**725,515,910**		**503,435,465**		

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.
2. Private equity investment.
3. Valuation change due to USD/EUR exchange rate movement.
4. Valuation change compared to the originally invested amount.

Portfolio weight by asset class (December 31, 2016)

Type	Fair value, USD mln	Percentage weight
Equity investments	691.58	91.2%
Debt investments	31.77	4.2%
Cash	34.78	4.6%
Total investment portfolio	**758.13**	**100.0%**
Borrowings (Bond 2016/2019)	-32.40	
Other net liabilities	-0.22	
Net asset value	**725.52**	

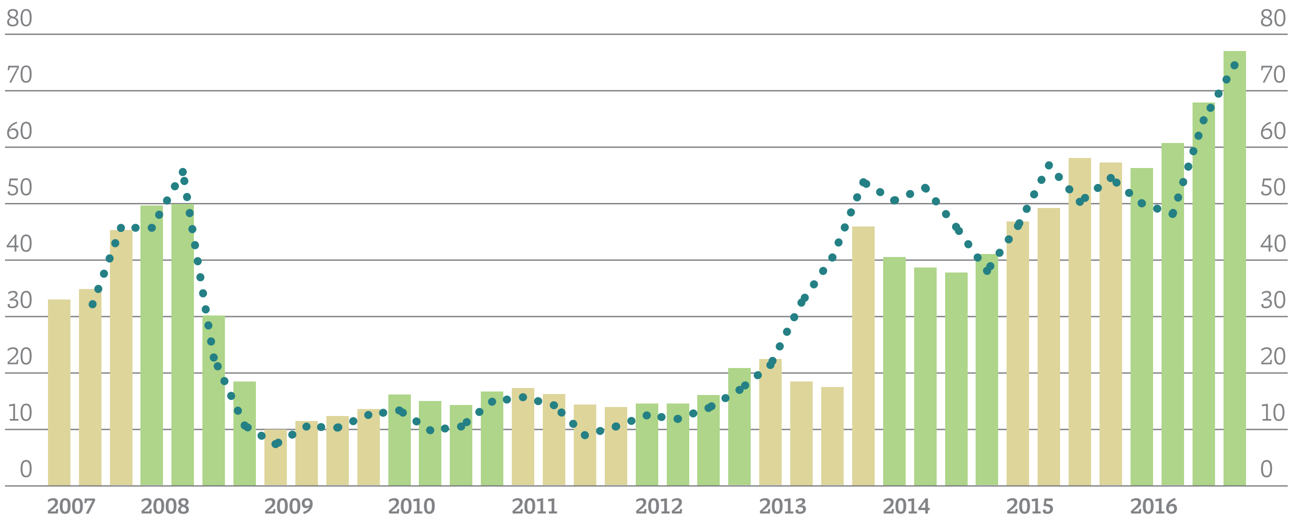
The Vostok New Ventures investment portfolio as per December 31, 2016



Portfolio overview by category (December 31, 2016)

Category	Company		Percentage weight	Investment year(s)
Classifieds	Avito	Avito	59.3%	2007
	propertyfinder.ae	Propertyfinder	2.6%	2015/2016
	MERRO	Merro	1.6%	2015/2016
	wallapop	Wallapop	1.5%	2015
	hemnet	Hemnet	1.4%	2016
	rozee	Naseeb Networks (*Rozee and Mihnati*)	0.5%	2015
	Garantibil	Carable (*Garantibil*)	0.3%	2016
	WUZZUF	El Basharsoft (*Wuzzuf and Forasna*)	0.2%	2015
Instant online services	Bla Bla Car	BlaBlaCar	14.2%	2015/2016
	Gett	Gett	6.6%	2014
	Delivery Hero	Delivery Hero	0.4%	2014
Search/ bookings	ONE TWO TRIP!	OneTwoTrip	2.0%	2015/2016
	YELL RU Настоящие отзывы / EatOut BY YELL	KEH AB (*Yell.ru and EatOut.ru*)	0.5%	2014
	Vezeeta.com	Vezeeta	0.1%	2016
Debt	Delivery Hero	Delivery Hero	3.2%	2014
	Kite Ventures	Kite Ventures	1.0%	2014

Quarterly NAV (columns) and SDR (dotted line) price development, May 2007–December 2016 (SEK/SDR)



The Group's net asset value as at December 31, 2016, was USD 725.52 mln, corresponding to USD 8.47 per share. Given a SEK/USD exchange rate of 9.0971 the values were SEK 6,600.09 mln and SEK 77.02 respectively.

The group's net asset value per share in USD increased by 23.6% over the period January 1, 2016–December 31, 2016. During the same period the RTS index increased by 52.2% and the MSCI Emerging Markets index increased by 8.6% in USD terms.

During the period January 1, 2015–December 31, 2016, the investment portfolio, which represents the largest part of the Group's net asset value, has increased by USD 218.42 mln. Movements of the investment portfolio are (USD mln):

Opening balance	**539.72**
Additions	102.03
Disposals	-3.04
Net change in loan receivables	-4.20
Interest income	4.75
Exchange differences	-1.30
Change in fair value and result from disposals	129.05
Change in cash	-8.88
Closing balance	**758.13**

Major portfolio events during 2016 were follow-on investments in three existing portfolio companies: BlaBlaCar (USD 79.6 mln), OneTwoTrip (USD 8.3 mln) and Merro (USD 1.2 mln), and equity investments in three new portfolio companies: Hemnet (USD 10.1 mln), Vezeeta (USD 1.5 mln) and Carable (USD 1.2 mln).

During 2016, Vostok New Ventures sold all its shares in Zameen (USD 4.7 mln) and sold a smaller part of its shares in Gett (USD 2.1 mln). During 2016, the Company also refinanced its USD 25 mln credit facility by issuing a SEK 300 mln senior secured bond listed on Nasdaq Stockholm.

At the end of December, 2016 the four biggest investments were Avito (59.3%), BlaBlaCar (14.2%), Gett (6.6%) and Delivery Hero (3.6%).

Avito

Vostok New Ventures' number of shares as at December 31, 2016	6,166,470
Total Value (USD)	449,281,016
Share of total portfolio	59.3%
Share of total shares outstanding	13.3%
Value development Jan 1–Dec 31, 2016 (in USD)	33%

Website: avito.ru

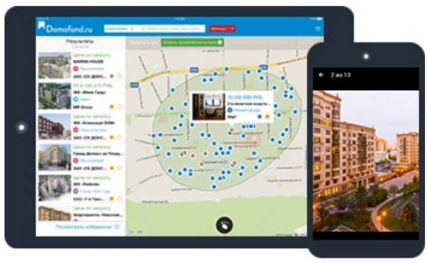
Avito is the largest and most liquid online classifieds platform in Russia, and the clear market leader in terms of visitors and ads. During 2016, the company has continued to deliver strong growth. Avito's firm market-leading position has proven to be a key factor in terms of the potential to reach high profitability similar to that of peers in other countries. Avito is the leading brand and with strong brand awareness throughout Russia. Compared to western countries, Russia still lags behind in terms of low proportion of internet users in relation to the total population. According to International Communication Union (ITU) Russia now has just over 100 mln internet users. The market for internet-related services continues to grow in correlation with an increased internet penetration. The Russian e-commerce market is also expected to grow with the increasing internet penetration and consumers and businesses migrating online. According to LiveInternet.ru, Avito had 66 mln unique visitors in March 2017 measured by unique cookies.

Verticals

During 2016, Avito has continued to strengthen its position in the key verticals, Auto, Real Estate and Jobs and Services with an increasing product offering for professional sellers. During 2016, Domofond.ru, the designated real estate portal for the Russian market, launched in 2014 has continued to grow very well and is now the largest property portal after Avito in the Russian market.

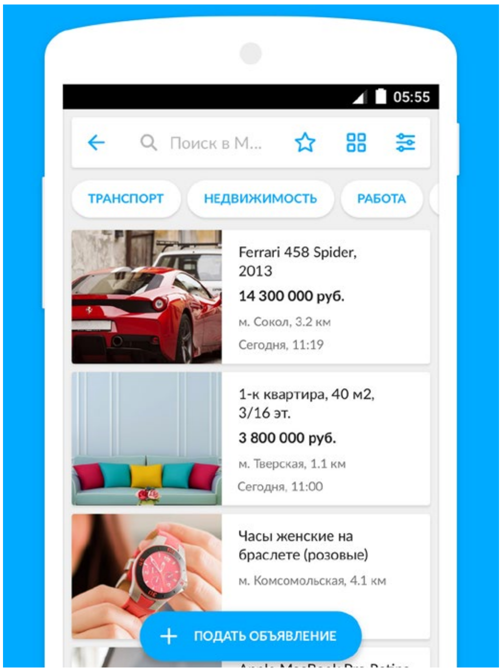
Domofond.ru is a designated property vertical servicing real estate agencies and developers in the growing Russian real estate market. Domofond aims to be the leading property vertical in Russia and will help Avito create a stronger brand and improve monetization in the real estate segment. Domofond is still in a development phase and does not generate any significant revenues. During 2015 and 2016, Avito has invested material amounts in Domofond for marketing purposes, and the vertical has launched TV campaigns in Moscow, St. Petersburg and many of the most populous cities in Russia.

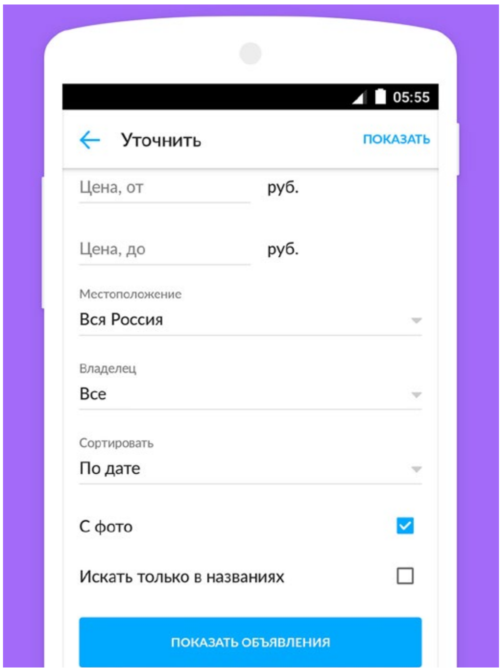
Since launch, Domofond has had strong, although from a low base, monthly growth in visitors. In January 2017, Domofond had 9.4 mln visits according to Similarweb. The Russian real estate market is underdeveloped and holds great promise for the future. Some of the most profitable and highest valued international classifieds sites are real estate portals, including the likes of Rightmove, Zillow, REA Group and SeLoger.



Avito Quarterly Key Performance Indicators

	FY 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	**FY 2016**	FY y-o-y change, %
Revenue, RUB mln	6,674	2,249	2,927	3,203	3,299	**11,678**	75%
EBITDA, RUB mln	3,286	1,067	1,747	1,911	1,536	**6,261**	91%
EBITDA margin	49%	47%	60%	60%	47%	**54%**	
Page views, bln	104	33	30	29	31	**123**	18%





Valuation

As per December 31, 2016, Vostok New Ventures values its stake in Avito to USD 449.3 mln (USD 3.4 bln for the entire company) on the basis of a EV/EBITDA peer multiples valuation model. This represents a 37% increase in valuation compared with the latest transaction (October 2015) in the company. The main drivers of the revaluation are a continued strong growth, a stronger ruble and higher peer multiples.

As per December 31, 2016, Vostok New Ventures owns a 13.3% stake in the company on a fully diluted basis.

Other remaining minority shareholders following the transaction are Baring Vostok and the two founders.

In January 2017, Vostok New Ventures received USD 6.8 mln in dividends from Avito. The dividend payment was resolved at an Avito SGM in December 2016, and thus accounted for on Vostok New Ventures' balance sheet as per December 31, 2016.

Key performance indicators fourth quarter 2016[1]

- Revenues of RUB 3,299 mln (USD 54.4 mln[2]), up 54% compared with the fourth quarter 2015 (RUB 2,145 mln).
- Adjusted EBITDA margin of 47% or RUB 1,536 mln (USD 25.3 mln[2]), compared with the fourth quarter 2015 (Adjusted EBITDA margin of 42% or RUB 908 mln).
- Page views amounted to 31 bln (mobile views: 59%) compared with 29 bln (mobile views: 50%) for the same period previous year.

Key performance indicators 2016[1]

- Revenues of RUB 11,678 mln (USD 192.5 mln[2]), up 75% compared with 2015 (RUB 6,674 mln).
- Adjusted EBITDA margin of 54% or RUB 6,261 mln (USD 103.2 mln[2]), compared with 2015 (Adjusted EBITDA margin of 49% or RUB 3,286 mln).
- Page views amounted to 123 bln (mobile views: 56%) compared with 104 bln (mobile views: 46%) for the previous year.

1. Unaudited figures from Avito.
2. Translated with FX rate of 60.6569 as of December 31, 2016.

BlaBlaCar

Bla Bla Car
Trusted Carpooling

Vostok New Ventures' number of shares as at December 31, 2016	12,238,079
Total Value (USD)	107,738,524
Share of total portfolio	14.2%
Share of total shares outstanding	8.0%
Value development Jan 1–Dec 31, 2016 (in USD)	-4%*

* Attributable to currency exchange differences.

Website: blablacar.com

BlaBlaCar connects people looking to travel long distances with drivers already going the same way, so that both can save money by sharing the cost of their journey. This model has made BlaBlaCar a leader of the global sharing economy with over 40 million members in 22 countries, and is helping to make road travel more efficient and affordable.

BlaBlaCar was founded in 2006 by Frédéric Mazzella, CEO, Francis Nappez, CTO, and Nicolas Brusson, COO and has raised more than USD 300 mln in funding to date. Currently, BlaBlaCar operates in Benelux, Croatia, France, Germany, Hungary, India, Italy, Mexico, Poland, Portugal, Romania, Russia, Serbia, Spain, Turkey, Ukraine and the United Kingdom.

BlaBlaCar's founders (from left): Frédéric Mazzella (CEO), Francis Nappez (CTO) and Nicolas Brusson (COO).

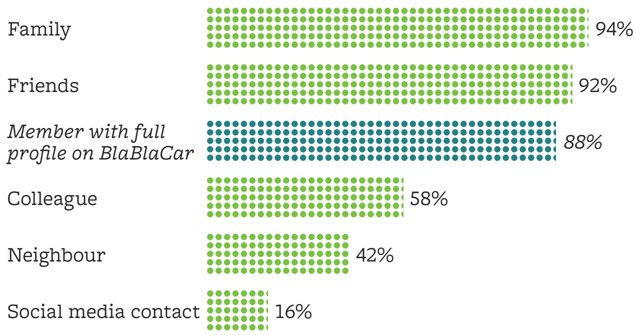
During 2016, BlaBlaCar has increased its efforts in emerging markets including Russia and India, and has also launched the service in a number of South American markets including Brazil. Also in 2016, BlaBlaCar launched in two other new markets, the Czech Republic and Slovakia.

Vostok New Ventures invested EUR 30 mln into BlaBlaCar in connection with a larger funding round of USD 200 mln, which was led by Insight Ventures and Lead Edge Capital in September 2015. The investment comprised both primary and secondary shares. During 2016, Vostok New Ventures has invested an additional EUR 72 mln in to BlaBlaCar in two separate transactions by buying secondary shares from two other BlaBlaCar shareholders, Luxor Capital and Lead Edge Capital. These transactions were approved by two Special General Meetings of Vostok New Ventueres shareholders on August 5, 2016 and November 18, 2016 respectively as the consideration for the BlaBlaCar shares was paid in the form of newly issued Vostok New Ventures shares. Both these transactions were made at the same valuation as in Vostok's first investment into the company.

As per December 31, 2016, Vostok New Ventures owns approximately 8.0% of BlaBlaCar on a fully diluted basis and the investment is valued on the basis of the price paid per share in this latest transaction in the company.

BlaBlaCar has done some very interesting work together with NYU Stern professor and sharing economy specialist Arun Sundararajan on the sense of trust between online peers. The research focused the mechanics of online trust, and the resulting level of trust created by online communities. A Europe-wide survey of BlaBlaCar members generated responses from 18,289 members across 11 countries. Below is a graph showing one of the many interesting results of the survey. The level of trust BlaBlaCar members had towards other members came behind family in friends, but before colleagues, neighbors and other social media contacts. The full report 'Entering the trust age' is available here: www.blablacar.com/trust.

Percentage of respondents who ranked 4 or 5 out of 5 their level of trust in...



Study based on 18,289 respondents in 11 countries.

Source: BlaBlaCar and NYU Stern, Entering the Trust Age (2016).

Gett

Vostok New Ventures' number of shares as at December 31, 2016	18,171,609
Total Value (USD)	50,358,980
Share of total portfolio	6.6%
Share of total shares outstanding	4.2%
Value development Jan 1–Dec 31, 2016 (in USD)	52%

Website: gett.com

Gett is an on-demand mobility company changing how people move around and get items delivered.

A leading provider in Europe, Gett is currently active in four countries and across 60+ cities, including Moscow, London, and NYC. Gett's technology enables consumers to instantly book on-demand transportation, delivery and logistics. The addressable market for the company within its existing markets is worth some USD 30 bln. Of this Gett's revenues are typically some 15–30% depending on whether it is servicing a private or business client. In total, Gett has raised over USD 640 million in venture funding.

In contrast to Uber – its most well-known competitor, Gett is equally successful in both B2C and B2B markets, serving more than 5,000 corporations today, using its "Gett for Business" product. The corporate market offers higher profitability and also immense growth opportunities, as competition is lower. Also in contrast to Uber, Gett deals solely with licensed drivers, making it safe and valid option within European and NYC regulatory framework.

In the first quarter of 2016 Gett announced its acquisition of Radio Taxi in UK, focusing on large corporate market of London. This acquisition will bring the total of licensed black cabs to Gett's platform to 11,500, equivalent to half of all the licensed black cabs in London. Gett acquired Radio Taxi's parent company Mountview House Group which also operates One Transport, the global transport solutions platform which provides corporate clients with access to vehicles in almost every country around the world.

During the second quarter of 2016, Gett announced it had received further funding and entered into a strategic partnership with the Volkswagen Group. The transaction values Gett at over USD 1 bln.

During the third quarter of 2016, Gett and Volkswagen Group launched their first joint initiative by offering Gett drivers in Moscow preferential terms on Volkswagen and Škoda cars.

During the fourth quarter of 2016, Gett announced it had secured a seven-year USD 100 mln debt facility with Sberbank Investments LLC. As part of the deal, Sberbank also owns options linked to Gett equity.

Vostok New Ventures invested USD 25 mln in Gett in mid 2014 in the form of a convertible loan that was converted into equity in December 2014.

As per December 31, 2016, the Gett investment is valued at USD 50.4 mln, up 52% from Vostok New Ventures' valuation as per December 31 2015, on the basis of the recently completed Volkswagen transaction. As part of the Volkswagen transaction, Vostok New Ventures sold a minor part of its shareholding in Gett.

Dave Waiser, Founder and CEO of Gett (left); Matthias Müller, CEO of Volkswagen AG (right).

Propertyfinder

Vostok New Ventures' number of shares as at December 31, 2016	137,916
Total Value (USD)	19,999,199
Share of total portfolio	2.6%
Share of total shares outstanding	10.0%
Value development Jan 1–Dec 31, 2016 (in USD)	–

Website: propertyfinder.ae

Propertyfinder Group was founded 10 years ago by Michael Lahyani and operates real estate classifieds platforms in seven countries across the MENA region (Middle East/North Africa). Propertyfinder is the clear market leader in UAE and Qatar and in at the top together with a few competitors in its other markets. Propertyfinder is headquartered in Dubai, employs more than 150 people and is profitable in its core markets as well as on group level in terms of EBITDA. During the second quarter of 2016, Propertyfinder announced that it had acquired a small competitor in Morocco. Vostok New Ventures invested USD 20 mln for 10% in primary equity of the company during the fourth quarter 2015. In December 2015, the first USD 5 mln was disbursed to the company and the remaining USD 15 mln was disbursed during the first quarter of 2016. As per December 31, 2016, Propertyfinder is valued on the basis of this transaction.

Group KPI development 2016

- Total page views are up 80% year on year
- Total sessions are up 75% year on year
- Total leads generated are up 48% year on year
- Total unique users are up 76% year on year

OneTwoTrip

Vostok New Ventures' number of shares as at December 31, 2016	96,228
Total Value (USD)	14,958,960
Share of total portfolio	2.0%
Share of total shares outstanding	14.6%
Value development Jan 1–Dec 31, 2016 (in USD)	22%

Website: onetwotrip.com

OneTwoTrip (OTT) is serving the underpenetrated USD 63 bln Russian travel market characterized by lack of focused local/foreign competition, and with inherent scalability via fully virtual inventory. It is the number one player in a leading e-commerce segment with the best overall product proposition, nimble and bottom-line focused executive team and rapidly growing mobile channel. Opportunity to participate in the ongoing growth in online penetration of travel products, coupled with diversification of revenue streams, including major upside opportunities in

(1) hotel cross-sell,
(2) dynamic packaging (tickets + lodging combo), and
(3) geographic expansion.

Despite a tough Russian travel-macro in late 2015 and most of 2016, with a weak ruble and unfortunate external factors in popular Russian tourist destinations such as Egypt and Turkey, OneTwoTrip has managed to continue to show good developments and is well positioned for what seems to be an improving Russian travel macro.

In December 2016, Vostok New Ventures agreed to invest an additional USD 5.8 mln in OTT through a purchase of secondary shares from an existing investor in the Company. The additional investment was disbursed in January 2017. Following the transaction, Vostok New Ventures owns 14.6% of the company on a fully diluted basis.

Vostok New Ventures has invested a total of USD 12.2 mln in OTT during 2015 and 2016. As per December 31, 2016 the company is valued based on price paid in the latest transaction in the company on fair market terms, which closed in August 2016.

Merro

MERRO

Vostok New Ventures' number of shares as at December 31, 2016	10,900
Total Value (USD)	12,384,907
Share of total portfolio	1.6%
Share of total shares outstanding	21.6%
Value development Jan 1–Dec 31, 2016 (in USD)	41%

Website: merro.co

Merro is an investment holding company that focuses on online marketplace businesses with network effects in developing markets. Merro was founded in 2014 by Henrik Persson, Michael Lahyani and Pierre Siri having each a third of the company. Henrik Persson was formerly Head of Investments at Kinnevik and is our partner from many ventures, most notably Avito. Michael Lahyani is the founder and CEO of Propertyfinder, the largest real estate property portal in the MENA region. Pierre Siri has a long background within online classifieds, which includes the role as CEO and investor in Blocket.se, the Swedish online classifieds asset that is today owned by Schibsted and in many ways the benchmark asset for online classifieds players globally.

Merro's portfolio includes a number of investments, most of which are online classifieds companies in the MENA region. These are Opensooq, the leading online classifieds operator in the MENA region, Propertyfinder, the leading property vertical in the MENA region, Dubicars, an early stage car classifieds site in the UAE and six other smaller investments.

- Opensooq represents the largest value in Merro's portfolio and in November 2016 Opensooq generated approximately 1.4 bln monthly page views. Opensooq is on a clear path in becoming the "Avito" of the MENA-region.
- Propertyfinder represents the second largest value in Merro's portfolio. Over the past ten years, Propertyfinder has quickly become the leading real estate classified website in the UAE, Qatar, Bahrain and Lebanon and is growing in popularity in the Kingdom of Saudi Arabia, Egypt and Morocco.
- Dubicars generates more than a million weekly page views and has more than 400 active car dealers from across the UAE.
- CloudSight (formerly Camfind) is a technology company that simplifies the creation of classifieds listings dramatically through its API (application programming interface).
- Yta.se (formerly Objektia), a company that simplifies the process of finding commercial real estate to lease or purchase. By relaying relevant information about the property and its surroundings in a classic marketplace setting, Yta.se aims to be the Trulia of the commercial real estate industry.
- TipTapp, a mobile marketplace in Sweden which operates "reverse classifieds" whereby consumers can post listings with products they will pay to get rid of, most often bulky trash that would otherwise have to be transported to a recycling center or similar.
- QuintoAndar is an end-to-end real estate rentals service in Brazil that connects landlords and tenants. There are significant pain points within rentals in the country due to bureaucratic legislation that effectively requires a co-signer to guarantee rent obligations. QuintoAndar removes this friction by baking in a free insurance product to the end users' contract as well as improving the general processes of searching for properties, arranging viewings and contracts signing.

As per December 31, 2016, Merro is valued on basis of the latest transaction in the Company that was finalized in the second quarter of 2016. Vostok New Ventures invested an additional USD 1.3 mln in to the company alongside a number of other new investors. The new transaction was made at a valuation approximately 48% higher than Vostok's initial investment into the company.

Wallapop

Vostok New Ventures' number of shares as at December 31, 2016	21,872*
Total Value (USD)	11,520,786
Share of total portfolio	1.5%
Share of total shares outstanding	2.9%
Value development Jan 1–Dec 31, 2016 (in USD)	12%

* Shares held indirectly through a limited partnership.

Website: wallapop.com

Wallapop is an online marketplace that enables users to buy and sell goods in categories such as fashion, decoration, motorcycles, electronics, and more. The company was founded by Agustin Gomez, Gerard Olivé and Miguel Vicente in January 2013.

Wallapop has over a short space of time taken great strides in terms of market share in online classifieds in Spain and are also making good inroads to France. Wallapop is also active in the UK and has recently launched in the US. During the fall of 2015, Wallapop increased its marketing efforts in the US, taking on competitors such as Craigslist and Ebay. In the second quarter of 2016 Wallapop announced it would merge it US business with Naspers' owned Letgo. As part of this merger the new US company raised further funding from its existing shareholders.

During the third quarter of 2016, Wallapop started monetizing in Spain letting users pay to highlight their listings for 24 hours. The price of the highlight varies slightly by type of product and region, but it is EUR 1.99 in Wallapop's main urban markets such as Barcelona, Madrid and London.

Vostok New Ventures has in total invested approximately USD 9 mln in three separate transactions during 2015. As per December 31, 2016, Vostok New Ventures indirectly owns approximately 2.9% of the company and values its indirect stake in company on the basis of the latest primary transaction in the company's shares which closed in the second quarter of 2016.

Hemnet

Vostok New Ventures' number of shares as at December 31, 2016	n/a
Total Value (USD)	10,252,714
Share of total portfolio	1.4%
Share of total shares outstanding	7.0%*
Value development Jan 1–Dec 31, 2016 (in USD)	–

* Indirect exposure to Hemnet on a fully diluted basis immediately after closing.

Website: hemnet.se

Hemnet is Sweden's largest online property portal, founded in 1998, with two million unique visitors each week to its mobile and desktop products. In 2015, 220,000 real estate listings were published on Hemnet. Hemnet's mobile app has over 1.5 mln downloads on iOS and 630k on Android. During 2015, the company generated revenue of SEK 182 mln and EBIT of SEK 46.5 mln. Hemnet has a strong position in the Swedish market with substantial network effects through its relationships with real estate brokers and home sellers alike, and is in an excellent position to continue to grow its business. For more information, please visit www.hemnet.se.

The investment in Hemnet is made through the co-investment vehicle YSaphis S.A., together with a consortium led by Henrik Persson and Pierre Siri, which alongside majority investor General Atlantic acquired Hemnet in December 2016.

In December 2016, Vostok New Ventures invested SEK 93.3 mln (USD 10.3 mln) in YSaphis S.A., which translates into an equity exposure of approximately 7.0% in Hemnet on a fully diluted basis immediately after closing. The transaction was closed in early January 2017. As per December 31, 2016, Vostok New Ventures values its investment on the basis of this transaction.

Hemnet key performance indicators 2016

- 186,500 total listings
- SEK 456 bln in aggregated property value (asking price)
- 800 mln clicks
- 49,300 houses listed
- 92,400 apartments listed

Naseeb Networks

(Rozee and Mihnati)

Vostok New Ventures' number of shares as at December 31, 2016	11,481,176
Total Value (USD)	4,034,693
Share of total portfolio	0.5%
Share of total shares outstanding	23.7%
Value development Jan 1–Dec 31, 2016 (in USD)	-10%

Website: naseebnetworks.com

Naseeb Networks operates leading employment marketplaces in Pakistan (Rozee) and Saudi Arabia (Mihnati) focused on facilitating the matching between jobseekers and employment opportunities. Its complete range of end-to-end employment solutions are used by over 10,000 companies and 5 million job seekers, processing over 1.5 million job applications every month.

Back in 2013, Naseeb Networks completed its acquisition of Mihnati.com, Saudi Arabia's largest indigenous recruiting solutions provider. After its initial market dominance in Pakistan, Naseeb Networks has grown Mihnati's profitability and visits by leveraging its advanced cloud based recruitment product portfolio, back office operations and business expertise in employment marketplaces.

Vostok New Ventures invested USD 4.5 mln in Naseeb during 2015 in connection with a total funding round that amounted to USD 6.5 mln and included participation from Piton Capital. As per December 31, 2016, Vostok New Ventures values Naseeb on the basis of a peer multiples valuation model as the latest transaction is more than 12 months old. The model, based on EV/Sales multiples of listed international peers in the recruitment and online classifieds space generates a valuation of USD 4.0 mln for Vostok New Ventures' stake in the company. This is 10% lower than Vostok New Ventures' previous valuation, and mainly driven by Naseeb revenue figures coming in slightly below plan.

KEH AB

(Yell.ru and EatOut.ru)

Vostok New Ventures' number of shares as at December 31, 2016	8,808,426
Total Value (USD)	3,515,204
Share of total portfolio	0.5%
Share of total shares outstanding	33.9%
Value development Jan 1–Dec 31, 2016 (in USD)	-38%

Website: yell.ru

Yell.ru is an online local search utility with user reviews about local companies and services in Russia. Reviews help consumers make better-informed decisions when purchasing services or goods. Yell has several listed comparable peers in other markets, which focus on local search and reviews, most notably Yelp.com in the US.

Vostok New Ventures invested USD 8 mln in the context of a total raise of USD 11 mln in 2014 that included participation from KEH's current principal investor, Investment AB Kinnevik. Vostok New Ventures values the company partly on the basis of a valuation model based on revenue multiples of comparable listed peers, and partly based on an ongoing fundraising in the company's subsidiary EatOut.ru. Vostok New Ventures owns 33.9% of KEH AB as per December 31, 2016.

In December 2016, Yell.ru had 3.2 mln sessions and 9 million page views, according to liveinternet.ru. So far, Yell has received more than 1.5 million user-generated reviews. Roughly 30% of Yell's traffic is currently coming from mobile channels.

During the second quarter of 2016, Yell launched a new product, its new table reservation app for restaurant goers, which shows promising traction at an early stage. During the third and fourth quarter, Yell's resto product was rebranded to EatOut.ru and continues to grow traction with strong growth in number of bookings handled on the platform each month. During 2017, continued management focus is expected to be on EatOut.ru

Yell.ru and EatOut.ru is headed by Swedish internet entrepreneur Mathias Eklöf, who runs the company from Moscow.

Carable

(Garantibil)

Vostok New Ventures' number of shares as at December 31, 2016	18,332
Total Value (USD)	2,198,526
Share of total portfolio	0.3%
Share of total shares outstanding	7.68%
Value development Jan 1–Dec 31, 2016 (in USD)	77%

Website: garantibil.se

Carable's mission is to create the first global fully automated peer-to-peer marketplace for used cars. It is democratizing the transaction of a used car by removing the conflict between the buyer and the seller through an auction process to price it, a streamlined process of physical inspection through partnerships, and post auction aid including warranty and insurance.

They are proving up the model in Sweden but the ambition is to go global.

During 2016, Carable has hired a number of new key employees, including Peter Alvarsson as CTO who previously was CTO of Swedish company Storytel and Maria Björkander as COO, previously at Schibsted Classified Media.

Vostok New Ventures invested SEK 10 mln into Carable during the second quarter of 2016 and as per December 31, 2016, Vostok New Ventures values its investment on the basis of a new fundraising at the company that closed in December 2016.

El Basharsoft

(Wuzzuf and Forasna)

Vostok New Ventures' number of shares as at December 31, 2016	295
Total Value (USD)	1,158,956
Share of total portfolio	0.2%
Share of total shares outstanding	14.8%
Value development Jan 1–Dec 31, 2016 (in USD)	14%

Wuzzuf is one of the leading jobs verticals in Egypt. Its main competitor is Bayt, a regional jobs vertical centered around UAE. Wuzzuf focuses on white collar workers with English CVs. In terms of monthly jobs postings within this area it leads versus Bayt and is quickly catching up also in terms of traffic. It has as much as 27% of the market for new graduates looking for jobs in its focus area.

Interestingly also it has a second brand, Forasna, which focuses on the enormous and virtually untapped blue collar market in Egypt. Although a younger venture compared to Wuzzuf, a successful product in this area is something that has a potential far beyond the borders of Egypt and with very little competition.

Wuzzuf was founded in 2009 by Ameer Sherif, an Egyptian national, who we believe is very driven. His ability to bootstrap the company, particularly through the political events of 2011, and turn it to profitability in 2014 is a testament to his dedication. The company is also backed by the company 500 Startups.

As per December 31, 2016, Vostok New Ventures values its investment into el Basharsoft on the basis of a peer multiples valuation model as the latest transaction is more than 12 months old. The model, based on EV/Sales multiples of listed international peers in the recruitment and online classifieds space generates a valuation of USD 1.2 mln for Vostok New Ventures' stake in the company. This is 14% higher than Vostok New Ventures' previous valuation as per year-end 2015.

Vezeeta

(DrBridge)

Vostok New Ventures' number of shares as at December 31, 2016	292,965
Total Value (USD)	894,724
Share of total portfolio	0.1%
Share of total shares outstanding	7.8%
Value development Jan 1–Dec 31, 2016 (in USD)	-40%

Website: vezeeta.com

Vezeeta is the MENA leader in Healthcare IT platforms. The company is pioneering the shift to automate the booking world of doctors creating a healthcare ecosystem by connecting various healthcare providers using our other digital cloud based solutions.

Vezeeta is solving major problems faced by patients when trying to reach doctors. Vezeeta is offering a free user friendly online search engine and app where one can search for doctors by speciality, area, and fees. More than 20,000 patients' reviews and rating are available to help patients decide on the doctor with the best medical service and the least waiting time.

During the third quarter of 2016, Vostok New Ventures invested USD 1.5 mln into Vezeeta in the context of a larger funding round. As per December 31, 2016, the investment into Vezeeta is valued on the basis of this recent transaction adjusted for a material devaluation of the Egyptian currency during the fourth quarter of 2016.

Debt investments

Delivery Hero

Delivery Hero (DHH) is a worldwide network of online food ordering sites with over 300,000 restaurants connected to its service. The company operates in 33 countries across five continents, including Germany, Sweden, UK, Korea, China and India. Delivery Hero's restaurant partners generate more than one billion USD in annual sales via online orders or mobile applications and deliver more than 14 million meals every month. Delivery Hero has more than 3,000 employees around the world.

Vostok New Ventures invested EUR 25 mln into senior secured debt of Delivery Hero in the summer of 2014. In August 2015, the loan was restructured which resulted in new terms including an additional equity component and an amended nominal interest rate. The new nominal interest rate is 7.25–10.25% and the loan matures in August 2018.

As per December 31, 2016, the equity component of the Delivery Hero investment is valued at USD 3.3 mln on the basis of the most recent primary equity transaction in the company. The loan receivable is valued at USD 24.1 mln based on amortized cost using an NPV-model.

Kite Ventures

Kite Ventures

Kite Ventures is a global venture investment company specializing in marketplace and transactional network investments. The firm seeks to invest in companies in Europe and New York. Kite Ventures was founded in 2009 and has invested over USD 250 mln across 20 portfolio companies.

As per December 31, 2016 Vostok New Ventures' outstanding loan balance to Kite was USD 7.7 mln in senior secured debt of Kite Ventures following a partial loan repayment of EUR 2 mln in October 2016. In January 2017, Kite Ventures repaid the remainder of the loan. Vostok New Ventures also owns an equity component linked to Kite Ventures' underlying portfolio, which as per December 31, 2016 is valued at zero.

The Vostok New Ventures share

Share information

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

Dividends

No dividend has been proposed for the year.

Buy-back of own shares

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

On May 16, 2016, Vostok New Ventures informed that the Company's Board of Directors had resolved to mandate the management of Vostok New Ventures to repurchase Swedish Depository Receipts (SDRs) of the Company. The mandate from the Board of Directors is valid until the AGM 2017 and stipulates that a maximum of 10 percent of the SDRs that are outstanding at the time of the resolution can be bought back. During 2016, Vostok New Ventures repurchased 50,507 SDRs (2015: 597,776). The SDRs that were bought back under the mandate and the underlying shares have been canceled.

New shares issued

During 2016, a total of 12,239,261 new SDRs were issued: in August (6,866,766 SDRs) and November (4,154,495 SDRs) as payment for the acquisition of secondary shares in Comuto SA (BlaBlaCar), and in December (1,218,000 SDRs) in connection with the exercise of options issued under Vostok New Ventures' 2010 incentive program.

The market

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

Share turnover

The average daily turnover during the period January 1, 2016 to December 31, 2016, was 100,000 shares (2015: 67,000 shares). Trading has been conducted 100 percent of the time.

Codes Assigned to Vostok New Ventures' Share

Recent and historic quotes for Vostok New Ventures' share are easily accessible on a number of business portals as well as via professional financial and real-time market data providers. Below are some of the symbols and codes under which the Vostok New Ventures share can be found.

ISIN Code: SE0007278965
Nasdaq Stockholm short name (ticker): VNV SDB
Reuters: VNVsdb.ST
Yahoo Finance: VNV-SDB.ST
Google Finance: STO:VNV-SDB
Bloomberg: VNVSDB:SS

Largest shareholders as per December 31, 2016

The shareholder list below as per December 31, 2016, shows the ten largest owners at that time. The number of shareholders in Vostok New Ventures on December 31, 2016 amounted to around 8,700 (2015: 8,800).

	Owner	Holding, SDRs	Holding, percent
01	Luxor Capital Group L.P.*	20,395,624	23.8%
02	Ruane, Cunnif & Goldfarb Inc.*	9,581,710	11.2%
03	Swedbank Robur Funds	8,526,322	10.0%
04	Alecta Pension Insurance	7,650,000	8.9%
05	Fidelity Funds*	4,349,396	5.1%
06	Second Swedish National Pension Fund	4,073,308	4.8%
07	T Rowe Price*	2,764,050	3.2%
08	Carnegie Funds	1,330,000	1.6%
09	Avanza Pension Insurance	855,411	1.0%
10	Svenska Handelsbanken Funds	366,261	0.4%
	10 largest owners	59,892,082	69.9%
	Other	25,796,227	30.1%
	Total shares	**85,688,309**	**100.0%**

* As per latest notification to the Company or latest regulatory filing.

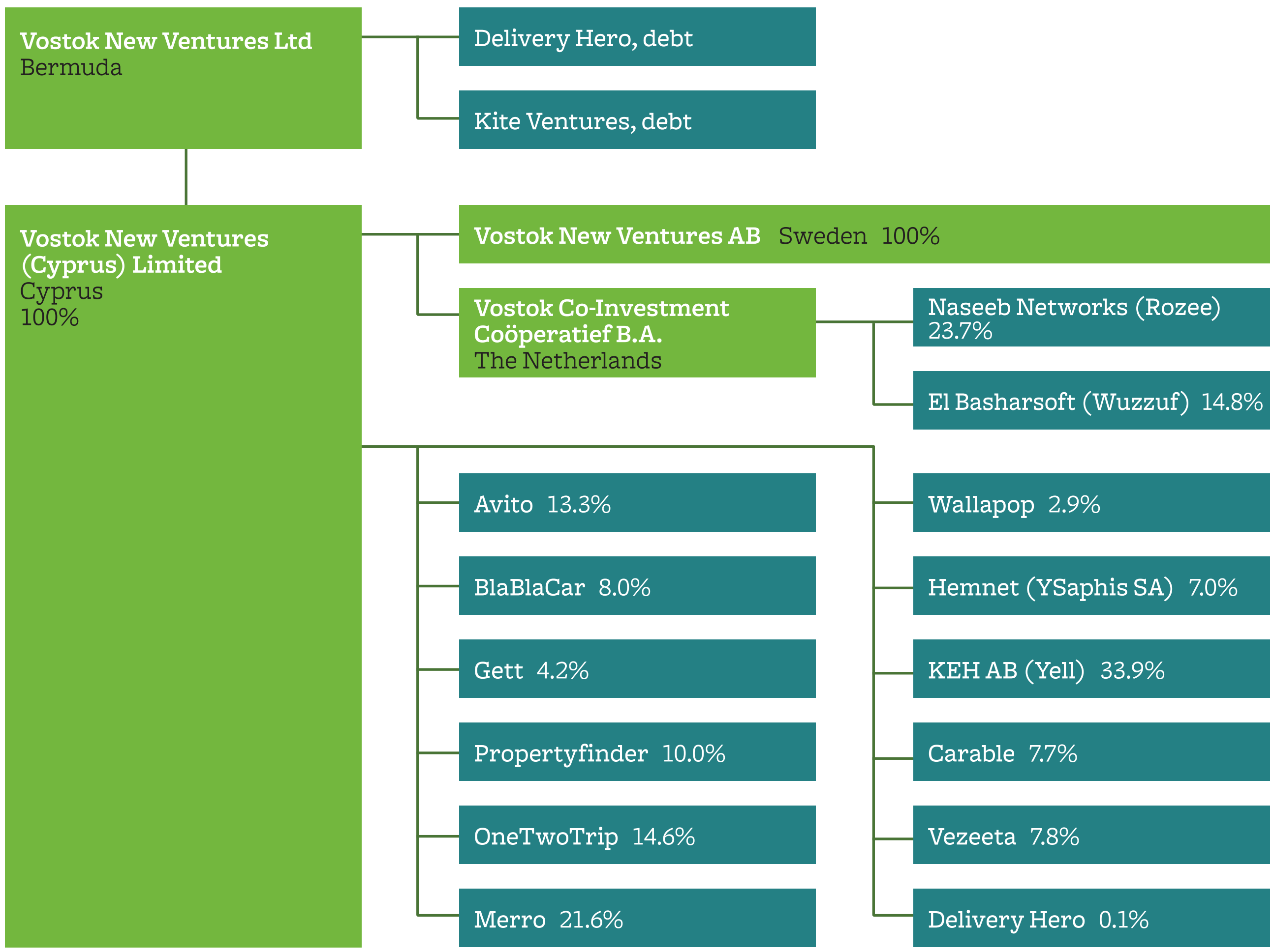
Source: Euroclear Sweden AB and holdings known to Vostok New Ventures. Excluding foreign nominees.

Vostok New Ventures share price development 2015–2016

Sources: Nasdaq Sweden, Moscow Exchange, MSCI, the Riksbank

Company information

Vostok New Ventures Group organization structure as at December 31, 2016



Background

Vostok New Ventures Ltd (“Vostok New Ventures”, the “Company”) was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861. Swedish Depository Receipts (SDRs) representing the Vostok New Ventures shares are listed on the Nasdaq Nordic Exchange Stockholm, Mid Cap segment with the ticker: VNV SDB. There were approximately 8,700 shareholders as at the end of December 2016.

Group structure

As of December 31, 2016, the Vostok New Ventures Ltd Group consisted of the Bermudian parent company Vostok New Ventures Ltd; one wholly-owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited; one controlled Dutch cooperative, Vostok Co-Investment Coöperatief B.A.; and one wholly-owned Swedish subsidiary, Vostok New Ventures AB.

The parent company’s business is to act as the holding company of the Group and therefore own, manage and finance the holding in its wholly owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited. Vostok New Ventures (Cyprus) Limited is responsible for the Group’s portfolio (in some cases via Vostok Co-Investment Coöperatief B.A). Vostok New Ventures AB provides information and analysis services to the parent company.

Operating policy

Business concept

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

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

Strategy

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

Organisation of activities

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

The Managing Director prepares and issues investment recommendations in cooperation with the other members of the Board of Directors.

Recommendations on investments are made by the Board of Directors of the parent company to the Board of the Cypriot subsidiary. Investment decisions are then taken by the Board of Directors of Vostok New Ventures (Cyprus) Limited.

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

Financial summary

Income statement in brief

(Expressed in USD thousands)	2016	2015	2014	2013	2012
Result from financial assets	133,840	120,812	-124,540	374,411	107,782
Dividend/coupon and other operating income	6,760	31,544	4,316	885	11,682
Total operating income	**140,600**	**152,356**	**-120,225**	**375,296**	**119,464**
Operating expenses	-6,666	-5,196	-4,296	-10,614	-5,202
Dividend withholding tax expenses/repayments	–	–	–	-23	3,228
Other operating expenses	–	–	–	–	-1,289
Operating result	**133,934**	**147,160**	**-124,521**	**364,659**	**116,202**
Net financial items	1,630	-1,911	-2,877	148	3,599
Result before tax	**135,563**	**145,250**	**-127,398**	**364,807**	**119,801**
Tax	-89	-68	-48	-182	-59
Net result for the year	**135,474**	**145,182**	**-127,446**	**364,626**	**119,742**

Balance sheet in brief

(Expressed in USD thousands)	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Non-current fixed assets	48	–	5	11	23
Non-current financial assets	715,656	486,988	375,530	388,828	293,793
Current financial assets	7,699	9,072	–	1,261	5,109
Cash and cash equivalents	34,780	43,660	14,050	246,572	31,841
Tax receivables and other current receivables	7,147	392	374	460	442
Total assets	**765,330**	**540,111**	**389,959**	**637,133**	**331,207**
Equity	725,516	503,435	388,470	633,966	329,584
Long-term debts	32,400	–	–	–	–
Current tax liability	412	393	369	402	288
Other current liabilities	7,002	36,282	1,120	2,764	1,336
Total equity and liabilities	**765,330**	**540,111**	**389,959**	**637,133**	**331,207**

Cash flow in brief

(Expressed in USD thousands)	2016	2015	2014	2013	2012
Cash flow from operating activities	-25,926	12,411	–112,452	216,667	274,110
Cash flow from investing activities	-52	–	–	-4	-17
Cash flow from financing activities	20,715	16,883	-117,919	-1,929	-282,380
Cash flow for the year	**-5,263**	**29,294**	**-230,371**	**214,735**	**-8,287**
Exchange rate differences in cash and cash equivalents	-3,618	315	-2,152	-4	2,462
Cash and cash equivalents at the beginning of the year	43,660	14,050	246,572	31,841	37,665
Cash and cash equivalents at the end of the year	**34,780**	**43,660**	**14,050**	**246,572**	**31,841**

Key ratios

	2016	2015	2014	2013	2012
Equity ratio, percent	94.80	93.21	99.62	99.50	99.51
Return on equity, percent	21.18	32.56	-24.93	75.68	29.15
Return on capital employed, percent	21.18	32.56	-24.93	75.68	29.15
Debt/equity ratio, multiple	0.04	–	–	–	–
Interest coverage ratio, multiple	72.68	–	–	–	–
Net asset value, MUSD	726	503	388	634[1]	330[2]
Exchange rate at balance sheet date,SEK/USD	9.0971	8.3524	7.8117	6.5084	6.5156
Net asset value, MSEK	6,600	4,205	3,035	4,126[1]	2,147[2]
RTS Index	1,152	757	791	1,443	1,527
Development RTS Index, percent	52	-4	-45	-6	10
Dividends	–	–	–	–	–
Share data					
Earnings per share, USD	1.77	1.97	-1.62	4.10	1.29
Diluted earnings per share, USD	1.77	1.97	-1.62	4.10	1.29
Net asset value per share, USD	8.47	6.85	5.24	7.05[1]	3.67[2]
Net asset value per share, SEK	77.02	57.21	40.95	45.89[1]	23.94[2]
Net asset value development per share in USD, percent	24	31	-39	110[3]	31[3]
Net asset value development per share in USD including the effect of the redemption programs, percent	24	31	-39	92	-25
Number of shares outstanding at year-end	85,688,309	73,499,555	74,097,331	89,903,020	89,719,279
Weighted average number of shares outstanding	76,544,877	73,573,384	78,489,261	88,899,415	92,918,593
– diluted	76,544,877	73,573,384	78,489,261	88,923,775	92,918,593
Employees					
Average number of employees during the period	6	4	4	6	7

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

Definitions of the key ratios

Equity ratio, percent
Equity ratio is defined as Shareholders' equity in relation to total assets.

Return on equity, percent
Return on equity is defined as net result for the year divided by average equity.

Return on capital employed, percent
Return on capital employed is defined as net result plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the year).

Debt/equity ratio, multiple
Debt/equity ratio, multiple is defined as interest-bearing liabilities in relation to Shareholders' equity.

Interest coverage ratio
Interest coverage ratio is defined as net result plus interest and taxes divided by interest expenses.

RTS Index
A Russian stock market index consisting of Russia's 50 most liquid and capitalized shares. The RTS Index is denominated in USD.

Development of RTS index
Change in index compared to previous accounting year.

Net asset value
Net asset value is defined as shareholders' equity.

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

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

Net asset value per share, USD
Shareholders' capital divided by the number of shares outstanding at year-end.

Net asset value development per share in USD, percent
Change in net asset value per share in USD compared with previous accounting year, in percent.

Board, management and auditors

Board of Directors

Lars O Grönstedt

Chairman

Swedish citizen, born 1954. Chairman and member of the board since 2010. Lars O Grönstedt holds a BA in languages and literature from Stockholm University, and an MBA from Stockholm School of Economics. Mr. Grönstedt spent most of his professional life at Handelsbanken. He was CEO of the bank 2001–2006, and Chairman 2006–2008. Today he is, among other things, senior advisor to Nord Stream, chairman of Scypho, East Capital Explorer and Vostok Emerging Finance Ltd, deputy chairman of the Swedish National Debt Office, speaker of the elected body of representatives of Trygg-Stiftelsen, and sits on the boards of the IT company Pro4U, and the Institute of International Economics at Stockholm University. Holdings in Vostok New Ventures: 4,400 SDRs. Remuneration: USD 114 thousand. No agreement regarding severance pay or pension.

Josh Blachman

Board member

US citizen, born 1974. Member of the board since 2013. Josh Blachman is a Founder and Managing Director of Atlas Peak Capital, an investment firm focused on private technology companies. Prior to co-founding Atlas Peak Capital, Josh Blachman was a Vice President at Saints Capital where he completed a variety of investments in private technology companies. Previously, Josh Blachman worked in the Corporate Development groups at Microsoft and Oracle where he evaluated and executed both acquisitions and investments. Josh Blachman holds Bachelor and Master of Science degrees in Industrial Engineering from Stanford University and an MBA from the Stanford Graduate School of Business. Holdings in Vostok New Ventures: none. Remuneration: USD 43 thousand. No agreement regarding severance pay or pension.

Victoria Grace

Board member

US citizen, born 1975. Member of the board since 2015. Victoria Grace is Founding Partner of Colle Capital Partners, LP, an opportunistic, early stage technology venture fund. Previously, Ms Grace has been a partner at Wall Street Technology Partners LP, a mid-stage technology fund, and a Director at Dresdner Kleinwort Wasserstein Private Equity Group. Ms Grace has also worked for a Los Angeles-based venture capital/incubator firm and in investment banking at Salomon Brothers, and has extensive experience in originating, structuring and monitoring venture capital transactions. Ms Grace holds a B.A. in Economics and Biochemistry from Washington University in St. Louis. Holdings in Vostok New Ventures: 2,500 through closely related person. Remuneration: USD 43 thousand. No agreement regarding severance pay or pension.

Ylva Lindquist

Board member

Swedish citizen, born 1961. Member of the board since 2015. Ylva Lindquist is Vice President & General Counsel, EMEIA, at Xylem Inc., supporting all Xylem entities in Europe, Middle East, India and Africa. Xylem is a leading global water technology company with operations in more than 150 countries with annual revenue of approx. USD 4 billion and 12,500 employees. Xylem Inc. is listed on the New York Stock Exchange. Prior to joining Xylem, Ylva Lindquist was Partner at Hammarskiöld & Co and prior to that an associate at Lagerlöf & Leman Advokatbyrå. She has also been a law clerk at Stockholm City Court. Ylva Lindquist holds a Master of Laws from Stockholm University. Holdings in Vostok New Ventures: none. Remuneration: USD 43 thousand. No agreement regarding severance pay or pension.

Keith Richman

Board member

US citizen, born 1973. Member of the board since 2013. Professional and educational background: Keith Richman is Founder and President of Defy Media, an Internet entertainment community for men. Prior to co-founding Defy Media, Keith Richman was the Co-Founder and Vice-President of OnePage (acquired by Sybase 2002) and Co-Founder and Director of Business Development for Billpoint Inc. (acquired by eBay in 1999). Previous posts include Director of Corporate Planning at the Walt Disney Company, where he focused on consumer products, cable and emerging media. Keith Richman holds Bachelor and Master of Arts degrees in International Policy Studies from Stanford University. Holdings in Vostok New Ventures: 10,057 SDRs. Remuneration: USD 43 thousand. No agreement regarding severance pay or pension.

Per Brilioth

Managing Director and Board member

Swedish citizen, born 1969. Member of the board and Managing Director since 2007. Between 1994 and 2000, Per Brilioth was head of the Emerging Markets section at Hagströmer & Qviberg and he has worked close to the Russian stock market for a number of years. Per Brilioth is a graduate of Stockholm University and holds a Master of Finance from the London Business School. Other significant board assignments: Chairman of the board of Pomegranate Investment AB, member of the boards of Vostok Emerging Finance Ltd, Tethys Oil AB and LeoVegas AB. Per Brilioth purchased Vostok New Ventures Ltd senior secured bond 2016/2019 during the second quarter of 2016 for USD 0.60 mln (SEK 5 mln) and he owns USD 0.48 mln (SEK 5 mln) per December 31, 2016. Holdings in Vostok New Ventures: 215,000 SDRs, of which 25,000 constitute Saving DRs under LTIP 2016 (including holdings through an endowment insurance). Salary and variable remuneration: USD 1,429 thousand. Agreement regarding severance pay and pension: Per Brilioth has the right of twelve months' full salary in the event of termination of appointment on the part of the company. Should he himself decide to resign, he must observe six months' notice of termination. Per Brilioth also has a pension plan based on Swedish market practice.

Group management

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

Nadja Borisova: *Chief Financial Officer*. Swedish and Russian Citizen, born 1968. Employed since 2010. Holdings in Vostok New Ventures: 19,000 SDRs, of which 8,000 constitute Saving DRs under LTIP 2016.

Anders F. Börjesson: *General Counsel*. Swedish citizen, born 1971. Employed since 2008. Holdings in Vostok New Ventures: 28,000 SDRs, of which 8,000 constitute Saving DRs under LTIP 2016.

Auditors

PricewaterhouseCoopers AB

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

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

Administration report

The Board of Directors and the Managing Director of Vostok New Ventures Ltd, corporate identity number 39861, hereby present the annual report for the financial year January 1, 2016–December 31, 2016.

Group Result

During the year, the result from financial assets at fair value through profit or loss amounted to USD 133.84 mln (2015: 120.81), mainly coming from the revaluation of Avito, Gett, Wallapop and Merro. Dividend and coupon income from Avito was USD 6.76 mln (2015: 31.54).

Net operating expenses amounted to USD -6.67 mln (2015: -5.20), which includes variable compensation paid to the employees of the Company in the amount of USD 2.65 mln (including social fees USD 0.63 mln).

Net financial items were USD 1.63 mln (2015: -1.91).

Net result for the year was USD 135.47 mln (2015: 145.18).

Total shareholders' equity amounted to USD 725.52 mln on December 31, 2016 (December 31, 2015: 503.44).

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 34.80 mln on December 31, 2016 (December 31, 2015: 43.66).

Portfolio performance

During the year January 1, 2016–December 31, 2016, Vostok New Ventures' net asset value per share has increased by 23.6%. During the same period the Russian RTS index increased by 52.2% in USD terms.

During the year January 1, 2015–December 31, 2015, gross cash investments in financial assets were USD 31.66 mln (2015: 78.81), and proceeds from sales were USD 7.83 mln (2015: 61.64). As at December 31, 2016, Vostok New Ventures' four biggest investments were Avito (59.3%), BlaBlaCar (14.2%), Gett (6.6%) and Delivery Hero (3.6%).

Major events of the year

During 2016 the Company made follow-on investments in three existing portfolio companies: BlaBlaCar (USD 79.6 mln), OneTwoTrip (USD 8.3 mln) and Merro (USD 1.2 mln), and equity investments in three new portfolio companies: Hemnet (USD 10.1 mln), Vezeeta (USD 1.5 mln) and Carable (USD 1.2 mln). During 2016, Vostok New Ventures sold all its shares in Zameen (USD 4.7 mln) and sold a smaller part of its shares in Gett (USD 2.1 mln). During 2016, the Company also refinanced its USD 25 mln credit facility by issuing a SEK 300 mln senior secured bond listed on Nasdaq Stockholm.

During 2016, Vostok New Ventures has invested an additional EUR 72 mln in to BlaBlaCar in two separate transactions by buying secondary shares from two other BlaBlaCar shareholders, Luxor Capital and Lead Edge Capital. These transactions were approved by two Special General Meetings of Vostok New Ventures shareholders on August 5, 2016 and November 18, 2016 respectively, as the consideration for the BlaBlaCar shares was paid in the form of newly issued Vostok New Ventures shares.

During 2016, the largest revaluations of financial assets were Avito (USD 110.9 mln) and Gett (USD 17.9 mln).

During 2016, the Company has repurchased 50,507 SDRs. For further information, see section Share data below.

Share data

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

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

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

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

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

Share data

Year	Event	Change in number of shares	Number of shares	Par value, USD	Change in share capital, USD	Share capital, USD
April 2007	Incorporation	–	1	0.00	–	–
July 2007	New share issue	46,020,900	46,020,901	1.00	46,020,901	46,020,901
February 2009	Rights issue	46,020,901	92,041,802	1.00	46,020,901	92,041,802
June 2009	In-kind issue	8,949,173	100,990,975	1.00	8,949,173	100,990,975
2011	Repurchase of shares	-2,520,775	98,470,200	1.00	-2,520,775	98,470,200
January–July 2012	Repurchase of shares	-8,516,827	89,953,373	1.00	-8,516,827	89,953,373
September 2012	Split and redemption program	–	89,953,373	-0.50	-44,976,687	44,976,687
December 2012	Repurchase of shares	-234,094	89,719,279	0.50	-117,047	44,859,640
January 2013	Repurchase of shares	-1,509,279	88,210,000	0.50	-754,640	44,105,000
May 2013	Split and redemption program		88,210,000	-0.15	-13,231,500	30,873,500
August 2013	Exercise of employee options	1,693,020	89,903,020	0.35	592,557	31,466,057
June 2014	Exercise of employee options	24,360	89,927,380	0.35	8,526	31,474,583
2014	Repurchase of shares	-15,830,049	74,097,331	0.35	-5,540,517	25,934,066
2015	Repurchase of shares	-597,776	73,499,555	0.35	-209,222	25,724,844
July 2015	Split and redemption program		73,499,555	-0.03	-2,204,987	23,519,858
August 2016	In-kind issue	6,866,766	80,366,321	0.32	2,197,365	25,717,223
August 2016	Cancellation of repurchased shares	-50,507	80,315,814	0.32	-16,162	25,701,061
November 2016	In-kind issue	4,154,495	84,470,309	0.32	1,329,438	27,030,499
December 2016	Exercise of employee options	1,218,000	85,688,309	0.32	389,760	27,420,259
December 31, 2016			85,688,309	0.32		27,420,259

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

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

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

During 2013, the company repurchased an additional 1,509,279 SDRs under the Board of Directors' repurchase authorization of December 3, 2012. The underlying shares were cancelled in 2013. In August, 2013, a number of employees exercised options issued in 2010 under the 2010 Incentive Program to purchase a total of 1,693,020 SDRs. (For more information on the 2010 Incentive Program, see note 24 to the Financial Statements below.)

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

During 2015, the Company has repurchased 597,776 SDRs under the Board of Directors' repurchase authorization of May 14, 2014.

During the third quarter of 2015, the Company distributed all of the shares in its subsidiary Vostok Emerging Finance Ltd to shareholders by way of a share split and mandatory redemption program. Under the program, each SDR was split into two SDRs, one of which was designated a Redemption SDR. Each Redemption SDR was then redeemed in consideration of one share in Vostok Emerging Finance Ltd.

During 2016, the Company repurchased 50,507 SDRs under the Board of Directors' repurchase authorization of May 16, 2016.

During 2016, a total of 12,239,261 new SDRs were issued: in August (6,866,766 SDRs) and November (4,154,495) as payment for the acquisition of secondary shares in Comuto SA (BlaBlaCar), and in December (1,218,000) in connection with the exercise of options issued under Vostok New Ventures' 2010 incentive program.

The number of outstanding shares as at December 31, 2016 was 85,688,309 with a par value of USD 0.32 per share.

Board meetings

The Board of Directors currently comprises six Directors, all of which were re-elected at the Annual General Meeting on May 17, 2016. During the year, the Board has held nine board meetings, of which three in person and six by telephone conference, and has passed five resolutions by circulation. The Directors represent a number of nationalities. Board meetings are conducted in English. The work and the composition of the Board are described in detail in the Corporate Governance Report.

As per the resolution of the 2016 AGM, a nomination committee has been established to make recommendations to the 2017 AGM regarding:

- Election of the Chairman for the AGM
- Election of Directors
- Election of the Chairman of the Board of Directors
- Remuneration to the Directors
- Election of the Company's auditors
- Compensation to the Company's auditors, and
- Proposal for how to conduct the nomination process for the 2018 AGM.

The Nomination Committee has the following members: Jonathan Green, appointed by Luxor Capital; Jake Hennemuth, appointed by Ruane, Cunniff & Goldfarb; Håkan Berg, appointed by Swedbank Robur Funds; and Lars O Grönstedt, Chairman of the Board of Directors of Vostok New Ventures.

Remuneration principles for the senior management

The Board of Directors proposes that the management remuneration principles adopted at the Extra General Meeting held on May 18, 2007, which have remained in force and were last confirmed at the Annual General Meeting of the Company held on May 17, 2016, shall continue to apply. The principles adopted are as follows: The remuneration to the managing director and other members of the senior management shall consist of fixed salary, variable remuneration, other benefits and pension benefits. Except for the managing director, the senior management currently includes two individuals. The total remuneration shall correspond to the prevailing market conditions and be competitive. The fixed and variable remuneration shall correspond to the respective individual's responsibility and authority. The variable component should, in the first instance, be covered within the parameters of the company's option plan and shall, where payable in other instances, be subject to an upper limit in accordance with market terms and specific objectives for the company and/or the individual. The period of notice of termination of employment shall be three to six months in the event of termination by the member of the senior management. In the event of termination by the company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 12 months. Pension benefits shall be either benefit-based or contribution-based or a combination thereof, with individual retirement ages. Benefit-based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. The Board of Directors shall be entitled to deviate from these guidelines in individual cases should special reasons exist.

At the 2016 annual general meeting held on May 17, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from January 1, 2016 through March 31, 2019, and encompasses a maximum of 413,000 shares, corresponding to a dilution of 0.59% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the vesting period August 31, 2016 through December 31, 2018.

Corporate governance report

A complete report on Vostok New Ventures' application of the Swedish Corporate Governance Code is included in this Annual Report.

Personnel

At year-end, Vostok New Ventures had six persons employed in Sweden.

Treatment of retained earnings

The group's total retained earnings amount to USD 572,305 thousand.

The Board of Directors propose that the retained earnings and the additional paid in capital of the parent company USD 249,362 thousand, which include the year's profit of USD 1,571 thousand, be brought forward, and that no dividends be paid for the year.

Income statements – Group

(Expressed in USD thousands)	Note	2016	2015
Result from financial assets at fair value through profit or loss[1]	6	133,840	120,812
Dividend and coupon income	7	6,760	31,544
Total operating income		**140,600**	**152,356**
Operating expenses	8, 24, 25	-6,666	-5,196
Operating result		**133,934**	**147,160**
Financial income and expenses			
Interest income	14, 15	4,748	3,863
Interest expense	14, 19	-1,908	-2,346
Currency exchange gains/losses, net		-1,210	-3,428
Net financial items		**1,630**	**-1,911**
Result before tax		**135,563**	**145,250**
Taxation	9	-89	-68
Net result for the year		**135,474**	**145,182**
Earnings per share (in USD)	10	1.77	1.97
Diluted earnings per share (in USD)	10	1.77	1.97

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

Statement of comprehensive income

(Expressed in USD thousands)	2016	2015
Net result for the year	**135,474**	**145,182**
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-83	-43
Total other comprehensive income for the year	**-83**	**-43**
Total comprehensive income for the year	**135,391**	**145,139**

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

Balance sheets – Group

(Expressed in USD thousands)	Note	Dec 31, 2016	Dec 31, 2015
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	11	48	–
Total tangible non-current assets		**48**	**–**
Financial non-current assets			
Financial assets at fair value through profit or loss	12, 13	691,582	463,538
Loan receivables	12, 14, 15	24,074	23,450
Total financial non-current assets		**715,656**	**486,988**
CURRENT ASSETS			
Cash and cash equivalents	12, 17	34,780	43,660
Loan receivables	12, 14, 15	7,699	9,072
Tax receivables		317	309
Other current receivables	16	6,830	83
Total current assets		**49,626**	**53,123**
TOTAL ASSETS		**765,330**	**540,111**
SHAREHOLDERS' EQUITY (including net result for the financial period)	18	**725,516**	**503,435**
NON-CURRENT LIABILITIES			
Long-term debts	19	32,400	–
Total non-current liabilities		**32,400**	**–**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Tax payables		412	393
Other current liabilities	20	6,732	15,922
Accrued expenses		270	135
Interest bearing current liabilities			
Borrowings	19	–	20,224
Total current liabilities		**7,414**	**36,675**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**765,330**	**540,111**

Statement of Changes in Equity – Group

(Expressed in USD thousands)	Note	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2015		**25,934**	**45,553**	**-43**	**317,027**	**388,470**
Net result for the year January 1, 2015 to December 31, 2015		–	–	–	145,182	145,182
Other comprehensive income for the year						
Currency translation differences		–	–	-43	–	-43
Total comprehensive income for the year January 1, 2015 to December 31, 2015		–	–	-43	145,182	145,139
Transactions with owners:						
Redemption program		-2,205	–	–	-25,204	-27,409
Buy back of own shares		-209	-2,556	–	–	-2,765
Total transactions with owners		-2,414	-2,556	–	-25,204	-30,174
Balance at December 31, 2015		**23,520**	**42,996**	**-85**	**437,005**	**503,435**
Balance at January 1, 2016		**23,520**	**42,996**	**-85**	**437,005**	**503,435**
Net result for the year January 1, 2016 to December 31, 2016		–	–	–	135,474	135,474
Other comprehensive income for the year						
Currency translation differences		–	–	-83	–	-83
Total comprehensive income for the year January 1, 2016 to December 31, 2016		–	–	-83	135,474	135,391
Transactions with owners:						
Proceeds from shares issued		3,917	82,714	–	–	86,631
Redemption program		–	–	–	-6	-6
Value of employee services:						
- Employees share option scheme		–	130	–	–	130
- Share-based long-term incentive program	24	–	231	–	–	231
Buy back of own shares		-16	-280	–	–	-296
Total transactions with owners		3,900	82,795	–	-6	86,690
Balance at December 31, 2016		**27,420**	**127,791**	**-168**	**572,473**	**725,516**

Cash flow statements – Group

(Expressed in USD thousands)	2016	2015
OPERATING ACTIVITES		
Result before tax	135,563	145,250
Adjustment for:		
Interest income	-4,748	-3,863
Interest expense	1,908	2,346
Currency exchange gains/-losses	1,210	3,428
Depreciations and write downs	–	4
Result from financial assets at fair value through profit or loss	-133,840	-120,812
Dividend and coupon income	-6,760	-31,544
Other non-cash adjustments	231	–
Change in current receivables	133	38
Change in current liabilities	136	-38
Net cash used in operating activities	**-6,166**	**-5,189**
Investments in financial assets	-31,661	-78,806
Sales of financial assets	7,830	61,640
Increase in loan receivables	2,205	–
Dividend and coupon income	–	31,544
Interest received	1,997	3,607
Interest paid	–	-300
Tax paid	-131	-85
Net cash flow used in/from operating activities	**-25,926**	**12,411**
INVESTMENT ACTIVITIES		
Investments in office equipment	-52	–
Net cash flow used in investment activities	**-52**	**–**
FINANCING ACTIVITIES		
Change in interest-bearing loans	13,833	20,000
Redemption program transaction fees	-6	-351
Share issue in-kind transaction costs	-512	–
Proceeds from options issued to employees	130	–
Proceeds from shares issued	7,566	–
Buy back of own shares	-296	-2,765
Net cash flow from financing activities	**20,715**	**16,883**
Change in cash and cash equivalents	**-5,263**	**29,294**
Cash and cash equivalents at beginning of the year	**43,660**	**14,050**
Exchange gains/losses on cash and cash equivalents	-3,618	315
Cash and cash equivalents at end of year	**34,780**	**43,660**

Alternative Performance Measures – Group

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 New Ventures 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.

	2016	2015
Return on capital employed, %[1]	21.18	32.56
Equity ratio, %[2]	94.80	93.21
Shareholders' equity/share, USD[3]	8.47	6.85
Earnings/share, USD[4]	1.77	1.97
Diluted earnings/share, USD[5]	1.77	1.97
Net asset value/share, USD[6]	8.47	6.85
Weighted average number of shares for the financial period	76,544,877	73,573,384
Weighted average number of shares for the financial period (fully diluted)	76,544,877	73,573,384
Number of shares at balance sheet date	85,688,309	73,499,555

1. Return on capital employed is defined as the Group'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 year). 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 year divided by average weighted number of shares for the year.
5. Diluted earnings/share is defined as result for the year divided by average weighted number of shares for the year calculated on a fully diluted basis.
6. Net asset value/share is defined as shareholders' equity divided by total number of shares.

Income statement – Parent

(Expressed in USD thousands)	Note	2016	2015
Result from financial assets at fair value through profit or loss		954	831
Operating expenses	8	-6,854	-5,394
Dividend and coupon income		–	971
Operating result		**-5,900**	**-3,592**
Financial income and expenses			
Interest income		10,627	6,921
Interest expense		-1,908	-2,346
Currency exchange gains/losses, net		-1,248	-3,016
Net financial items		**7,471**	**1,559**
Net result for the financial period		**1,571**	**-2,033**

Statement of comprehensive income

(Expressed in USD thousands)	2016	2015
Net result for the year	**1,571**	**-2,033**
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	–	–
Total other comprehensive income for the year	–	–
Total comprehensive income for the year	**1,571**	**-2,033**

Balance sheet – Parent

(Expressed in USD thousands)	Note	Dec 31, 2016	Dec 31, 2015
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	23	84,389	84,389
Financial assets at fair value through profit or loss	12	1,147	1,021
Loan receivables		24,074	23,450
Receivables from Group companies	23, 25	165,237	78,695
Total financial non-current assets		**274,847**	**187,555**
CURRENT ASSETS			
Cash and cash equivalents		27,639	12,964
Loan receivables		7,699	9,072
Other current receivables		45	47
Total current assets		**35,383**	**22,082**
TOTAL ASSETS		**310,230**	**209,637**
SHAREHOLDERS' EQUITY (including net result for the financial period)	18	**276,783**	**188,523**
NON-CURRENT LIABILITIES			
Long-term debts		32,400	–
Total non-current liabilities		**32,400**	**–**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Liabilities to group companies	23	704	727
Other current liabilities	20	114	85
Accrued expenses		229	78
Interest bearing current liabilities			
Borrowings		–	20,224
Total current liabilities		**1,047**	**21,114**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**310,230**	**209,637**

Statement of Changes in Equity – Parent

(Expressed in USD thousands)	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at January 1, 2015		**25,934**	**45,553**	**149,243**	**220,729**
Net result for the year January 1, 2015 to December 31, 2015		–	–	-2,033	-2,033
Other comprehensive income for the year					
Currency translation differences		–	–	–	–
Total comprehensive income for the year January 1, 2015 to December 31, 2015		–	–	-2,033	-2,033
Transactions with owners:					
Redemption program		-2,205	–	-25,204	-27,409
Buy back of own shares		-209	-2,556	–	-2,765
Total transactions with owners		-2,414	-2,556	-25,204	-30,174
Balance at December 31, 2015		**23,520**	**42,996**	**122,006**	**188,523**

(Expressed in USD thousands)	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at January 1, 2016		**23,520**	**42,996**	**122,006**	**188,523**
Net result for the year January 1, 2016 to December 31, 2016		–	–	1,571	1,571
Other comprehensive income for the year					
Currency translation differences		–	–	–	–
Total comprehensive income for the year January 1, 2016 to December 31, 2016		–	–	1,571	1,571
Transactions with owners:					
Proceeds from shares issued		3,917	82,714	–	86,631
Redemption program		–	–	-6	-6
Value of employee services:					
- Employees share option scheme		–	130	–	130
- Share-based long-term incentive program	24	–	231	–	231
Buy back of own shares		-16	-280	–	-296
Total transactions with owners		3,900	82,795	-6	86,690
Balance at December 31, 2016		**27,420**	**125,791**	**123,571**	**276,783**

Cash flow statement – Parent

(Expressed in USD thousands)	2016	2015
OPERATING ACTIVITES		
Result before tax	1,572	-2,033
Adjustment for:		
Interest income	-10,627	-6,921
Interest expense	1,908	2,346
Currency exchange gains/-losses	1,248	3,016
Result from financial assets at fair value through profit or loss	-954	-831
Dividend and coupon income	–	-971
Change in current receivables and liabilities	422	152
Net cash used in operating activities	**-6,433**	**-5,242**
Investments in financial assets	828	-10,010
Sales of financial assets	–	39,832
Decrease in loan receivables	2,205	–
Dividend and coupon income	–	971
Interest received	1,997	3,607
Interest paid	–	-300
Net cash flow used in/from operating activities	**-1,403**	**28,858**
INVESTING ACTIVITIES		
Loan to the companies within the Group	-1,048	-47,489
Net cash flow used in investing activities	**-1,048**	**-47,489**
FINANCING ACTIVITIES		
Change in interest-bearing loans	13,833	20,000
Redemption program transaction fees	-6	-351
Share issue in-kind transactions costs	-512	–
Proceeds from options issued to employees	130	–
Proceeds from shares issued	7,566	–
Buy back of own shares	-296	-2,765
Net cash flow from financing activities	**20,715**	**16,884**
Change in cash and cash equivalents	**18,263**	**-1,747**
Cash and cash equivalents at beginning of the year	**12,964**	**13,965**
Exchange gains/losses on cash and cash equivalents	-3,589	746
Cash and cash equivalents at end of year	**27,639**	**12,964**

Notes to the financial statements

(Expressed in USD thousand unless indicated otherwise)

Note 1
General information

Introduction

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

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

Vostok New Ventures Ltd, formerly Vostok Nafta Investment Ltd, changed its name as resolved by the Annual General Meeting of shareholders on May 20, 2015. It has been registered on June 15, 2015.

These Group consolidated financial statements were authorised for issue by the Board of Directors on March 31, 2017.

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

Note 2
Significant accounting policies

Accounting basis

The consolidated and the parent company financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by EU, as at December 31, 2016. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

There are no new or revised IFRS standards that are effective for the first time for the financial year beginning on or after 1 January 2016 that have had a material impact on the Group.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards.

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

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The new standard will not have any significant impact on the Group's financial statements. The group does not intend to adopt IFRS 15 before its mandatory date.

IFRS 16, 'Leases', affects primarily the accounting by leases and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, thereby increasing the operating result. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The standard is mandatory for financial years commencing on or after January 1, 2019. At this stage, the group does not intend to adopt the standard before its effective date.

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

Financial period

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

Principles of consolidation

Subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

In accordance with IFRS 10 Consolidated Financial Statements the Group values its investments (portfolio companies) at fair value. Vostok New Ventures falls within the classification of an investment company as its business concept is to use experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation and obtain a return.

Investments in associated companies

Associated companies are all entities where the Company has the right to exercise significant influence, which is normally the case when the Company holds between 20% and 50% of the voting rights. As Vostok New Ventures falls within the classification of an investment company, all investments in associates are accounted for by applying fair value. On increase/decrease of the investments in associated companies, the Group makes an assessment of fair value for the total investment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker in the same way as for a Swedish company governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The board of directors of an investment company is by necessity deeply involved in investment decisions and monitoring portfolio companies' performance. The Board has therefore been identified as the chief operating decision maker of the Company for purposes of internal reporting. In the internal reporting of the Company, there is only one operating segment.

Foreign currency translation

(a) The functional and presentational currency

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

b) Transactions and balances

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

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

c) Group companies

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

	Average	Closing
SEK	8.5613	9.0971

Property, plant and equipment

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

Financial Assets

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

Financial assets at fair value through profit or loss

This category has two subcategories:

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

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

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

Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the income statement. Thereafter they are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise. Dividend income from financial assets at fair value through profit of loss is recognized in the income statement as "Dividend income" when the Group's right to receive payments is established.

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

Loans and receivables

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

Investments in loans and receivables are initially recognized at fair value plus transaction costs. Loans and receivables are carried at amortized cost using the effective interest method. Interest on loan receivables which are considered parts of the investment portfolio is presented in the income statement as 'Result from loan receivables' among operating income items. Interest on other loans and receivables is presented in the income statement as 'Interest income' among financial items.

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

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

Financial liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Cash and cash equivalents

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

Share capital

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

Current and deferred income tax

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

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

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

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

Employee benefits

Pension obligations

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

Share-based remuneration

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

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

Long-term incentive program

Through the long-term incentive program, the company will grant shares to the participants at nil consideration. The fair value of deferred shares granted to employees for nil consideration under the long-term incentive program is recognised as an expense over the relevant service period, being the period to which the services are performed and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and in equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

Revenue recognition

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

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

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

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

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

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

Leases

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

Note 3
Financial risk management

Financial risk factors

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

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

Market risk

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

Foreign exchange risk

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

At December 31, 2016, if the USD had strengthened by 10.0% against the SEK with all other variables held constant, post-tax profit for the year and equity would have been USD 0.33 mln lower (2015: 0.02), mainly as a result of foreign exchange losses on translation of SEK-denominated cash balances. Profit is more sensitive to movement in SEK/USD exchange rates in 2016 than 2015 because of the increase in SEK-denominated financial assets.

At December 31, 2016, if the USD had strengthened by 10.0% against the EUR with all other variables held constant, post-tax profit for the year and equity would have been USD 13.79 mln lower (2015: 7.07), mainly as a result of foreign exchange losses on translation of EUR-denominated investments in financial assets at fair value through profit and loss, debt investments and tax receivables. Profit is more sensitive to movement in EUR/USD exchange rates in 2016 than 2015 because of the increase in EUR-denominated financial assets, mainly BlaBlaCar and Wallapop, which estimates are based in EUR as per December 2016.

At December 31, 2016, if the USD had strengthened by 10.0% against the RUB with all other variables held constant, post-tax profit for the year and equity would have been unchanged (2015: 0). Revenues and cash flows of Avito, Yell, OneTwoTrip, BlaBlaCar, Hemnet, Carable and partly Gett are exposed to the foreign exchange risks arising mainly with respect to RUB, SEK and EUR.

Price risk

The Group is not exposed to listed equity securities price risk since all the Company's investment are of private equity nature.

The private equity investments are also exposed to share price risks and classified on the consolidated balance sheet as financial assets at fair value through profit and loss. The Group takes an active role in portfolio companies mainly through Board representation. 10% decrease in the price of the non-quoted shares at December 31, 2016 would have affected post-tax profit and equity by approximately USD 60 mln.

Market interest rate risk

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

Credit risk

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

Within the Group's portfolio investments operations, credit risk arises from non-current and current loan receivables. See further Notes 14 and 15. For the investments in loan receivables, there are no formal restrictions with respect to the counterparty's credit rating.

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

Liquidity risk

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

For the Group, prudent liquidity risk management implies maintaining sufficient cash. As at December 31, 2016 approximately 5% of the Group's Net Assets Value comprises cash balances. Cash balances net of financial liability of USD 32 million represent approximately 1% of the Group's Net Assets Value.

The Group has a financial liability as per December 31, 2016 in the amount of USD 32 mln as compared to USD 20 mln on December 31, 2015. At the same time, the Group has loan receivables in the aggregate nominal amount of USD 32 mln: non-current loan receivables at book value of USD 24.07 mln and current loan receivables at book value of USD 7.70 mln.

Cash flow interest rate risk

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

Capital risk management

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

The current credit facility of USD 33 mln allows the Company to remain flexible and agile around investment activities and its liquidity management operations until loan to Delivery Hero Holding and Kite Ventures matures or is sold.

Operating and sector-related risks

Emerging markets and country-specific risks

The risks associated with Russia and other emerging markets are common to all investments in these territories and are not characteristic of any specific portfolio holding. An investment in Vostok New Ventures will be subject to risks associated with ownership and management of investments and in particular to risks of ownership and management in Russia and other emerging markets.

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

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

Acquisition and disposal risk

Acquisitions and disposals are by definition a natural element in Vostok New Ventures' activities. All acquisitions and disposals are subject to uncertainty. The Company's explicit exit strategy is to sell its holdings to strategic investors or via the market. There are no guarantees that the Company will succeed in selling its participations and portfolio investments at the price the shares are being traded at on the market at the time of the disposal or valued at the balance sheet. Vostok New Ventures 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 New Ventures 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 New Ventures operates in a market that may be subject to competition with regard to investment opportunities. Other investors may thus compete with Vostok New Ventures in the future for the type of investments the Company intends to make. There is no guarantee that Vostok New Ventures 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 New Ventures 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 New Ventures in the future, there is no guarantee that such opportunities for acquisition will ever arise or that the Company, in the event that such opportunities for acquisition arose, would have sufficient resources to complete such acquisitions.

Accounting practice and other information

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

Corporate governance risk

Misuse of corporate governance remains a problem in Russia and other emerging markets. 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 New Ventures in a detrimental manner.

Dependence on key individuals

Vostok New Ventures 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 New Ventures might be seriously affected if any of the senior executives left the Company.

Investments in growth markets

Investments in growth markets such as Russia and other emerging markets entail a number of legal, economic and political risks. Many of these risks cannot be quantified or predicted, neither are they usually associated with investments in developed economies.

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

International capital flows

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

Political instability

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

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

The Russian economy is largely dependent on the production and export of oil and natural gas, which makes it vulnerable to fluctuations in the oil and gas market. A downturn in the oil and gas market may have a significant adverse impact on the Russian economy.

Note 4
Critical accounting estimates and assumptions

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

Fair value of unlisted financial assets

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

Fair value estimation

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

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

The Group's assets that are measured at fair value at December 31, 2016:

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	–	233,592	457,990	691,582
Total assets	–	233,592	457,990	691,582

The Group'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	–	457,876	5,662	463,538
Total assets	–	457,876	5,662	463,538

The following table presents the Group's changes of financial assets in level 3.

	Level 3
Opening balance January 1, 2016	5,662
Transfers from level 2	343,999
Change in fair value	108,329
Closing balance December 31, 2016	457,990

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Investments in assets that are not traded on any market will be held at fair value determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. These different techniques may include discounted cash flow valuation (DCF), exit-multiple valuation also referred to as Leveraged Buyout (LBO) valuation, asset-based valuation as well as forward-looking multiples valuation based on comparable traded companies. Usually, transaction-based valuations are kept unchanged for a period of 12 months unless there is cause for a significant change in valuation. After 12 months, the Group usually derives fair value for non-traded assets through any of the models described above.

The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment's fair value, the valuation are adjusted accordingly. No significant events in the portfolio companies, which have had an impact on the valuations, has occurred since the latest transactions except as described below. The transaction-based valuations are also frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models.

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

Avito

The Group's investment in Avito is valued as a level 3 investment as per December 31, 2016.

As per December 31, 2016, Vostok New Ventures has valued Avito on the basis of a EV/EBITDA multiples valuation model. The latest transaction in the company was announced on October 23, 2015. Naspers Ltd, one of Avito's shareholders, acquired secondary shares from other existing shareholders to increase its stake from 17.4% to 67.9% of the outstanding shares in Avito at an equity valuation of USD 2.7 bln, which included cash in the company of approximately USD 240 mln. The transaction closed in November 2015. Vostok New Ventures has deemed the latest transaction in the company not to be the best fair value estimate of Avito as per December 31, 2016. Avito has performed very well with revenue growth of approximately 75% y-o-y during 2016. Considering the time passed since the last transaction and the company's continued progress in mind, a future looking EV/EBITDA peer multiples model has been deemed to generate the best fair value estimate as per December 31, 2016. The model values Vostok's stake in Avito to USD 449.3 mln, or USD 3.4 bln for the 100% of the company. This is 33% higher compared with the transaction-based enterprise valuation USD 338.5 mln as per January 1, 2016.

The peer group includes 10 listed online classifieds peers including REA Group, RightMove, Autotrader, Scout24 and 58.com. The average multiple of the peer group is 16.5x and the median multiple is 16.6x.

Below tables show the sensitivity in the model generated valuation in relation to USD/RUB and the peer multiple used as per December 31, 2016.

	Sensitivity EBITDA multiple				
	-20%	-10%		+10%	+20%
Valuation of Vostok New Ventures' Avito investment, USD million	359	404	449	494	539

	Sensitivity USD/RUB				
	-20%	-10%	63.44	+10%	+20%
Valuation of Vostok New Ventures' Avito investment, USD million	375	409	449	499	561

BlaBlaCar

As per December 31, 2016, the BlaBlaCar investment is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company completed during the fourth quarter of 2016. Vostok New Ventures acquired an additional EUR 32 mln worth of shares in BlaBlaCar and owns approximately 8.0% of BlaBlaCar on a fully diluted basis following the transaction.

Gett

As per December 31, 2016, the Gett investment is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company. In the second quarter of 2016, a new investor, Volkswagen group, invested USD 300 mln in Gett. Following this transaction Vostok New Ventures has as per December 31, 2016 revalued its stake in the company on the basis of the price per share paid in the Volkswagen transaction. As per December 31, 2016 Vostok New Ventures' holding is valued at USD 50.4 mln, up approx. 92% from Vostok New Ventures' entry level.

Propertyfinder

As per December 31, 2016, the Propertyfinder investment is classified as a level 2 investment as it is valued at USD 20 mln on the basis of the latest transaction in the company. During 2015, Vostok New Ventures disbursed USD 5 mln out of the USD 20 mln investment in total. The remaining USD 15 mln tranche was disbursed during the first quarter of 2016.

OneTwoTrip

As per December 31, 2016, OneTwoTrip is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company priced at market terms which closed in August 2016. Vostok New Ventures invested an additional USD 5.8 mln into the Company in December 2016 and owns as per December 31, 2016 14.6% of the company on a fully diluted basis.

Merro

As per December 31, 2016, Merro is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the second quarter of 2016. Vostok New Ventures invested an additional USD 1.3 mln into the company and the stake is valued at USD 12.4 mln.

Wallapop

As per December 31, 2016, Wallapop is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company which closed in the second quarter of 2016. Vostok New Ventures did not participate in this transaction and its indirect stake in the company is valued at USD 11.5 mln.

Hemnet (through YSaphis SA)

As per December 31, 2016, Hemnet is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in early January 2017. In December 2016, Vostok New Ventures invested a total of SEK 93.3 mln (USD 10.3 mln) in the company through the co-investment vehicle YSaphis S.A.

Naseeb Networks

As per December 31, 2016, Naseeb Networks is classified as a level 3 investment as it is valued on the basis of a future looking EV/revenue peer multiples valuation model. The model values Vostok's stake in Naseeb Networks to USD 4.0 mln compared to USD 4.5 mln in the last transaction in the company which closed in the second quarter of 2015.

The peer group includes 5 online classifieds/jobs portal peers including SEEK, Infoedge, and 51job. The average multiple of the peer group is 6.7x and the median multiple is 5.5x.

	Sensitivity in model-based Naseeb valuation as per December 31, 2016				
	−20%	−10%		+10%	+20%
Valuation of Vostok New Ventures' Naseeb investment, USD thousand	3,228	3,631	4,035	4,438	4,842

KEH AB (Yell.ru and EatOut.ru)

Following the latest transaction in the company which closed in the first quarter of 2015, Vostok New Ventures owns 33.9% of KEH AB fully diluted. As per December 31, 2016, KEH AB is classified as a level 3 investment with Yell.ru valued on the basis of a revenue multiples model and EatOut.ru valued on the basis of an ongoing transaction in EatOut. This model-approach is deemed the best fair value estimate of Yell.ru as per December 31, 2016. The model generates a valuation approximately 38% lower than the transaction based valuation used at year-end 2015.

The peer group for Yell.ru includes 6 listed peers including Yelp.com, Tripadvisor, Mail Ru Group and Yandex. The average multiple of the peer group is 3.8x and the median multiple is 4.5x.

	Sensitivity in transaction-based KEH valuation as per December 31, 2016				
	−20%	−10%		+10%	+20%
Valuation of Vostok New Ventures' KEH AB investment	2,812	3,164	3,515	3,867	4,218

Carable (Garantibil)

As per December 31, 2016, Carable (Garantibil) is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company which closed during the fourth quarter of 2016. Vostok New Ventures did not participate in this transaction and was slightly diluted as a result.

El Basharsoft

As per December 31, 2016, el Basharsoft (Wuzzuf and Forasna) is classified as a level 3 investment as it is valued on the basis of a forward looking EV/revenue peer multiples valuation model. The model values Vostok New Ventures' stake in el Basharsoft to USD 1.2 mln compared to the latest transaction in the company which closed in the end of July 2015 with a valuation of USD 1 mln for Vostok New Ventures' stake. Vostok New Ventures owns 14.8% of el Basharsoft on a fully diluted basis as per December 31, 2016.

The peer group includes 5 listed online classifieds/jobs portal peers including SEEK, Infoedge, and 51job. The average multiple of the peer group is 6.7x and the median multiple is 5.5x.

	Sensitivity in model-based el Basharsoft valuation as per December 31, 2016				
	–20%	–10%		+10%	+20%
Valuation of Vostok New Ventures' el Basharsoft investment	927	1,043	1,159	1,275	1,391

Vezeeta

As per December 31, 2016, Vezeeta (DrBridge) is classified as a level 3 investment as it is valued on the basis of the latest transaction in the company adjusted for a significant currency devaluation of the EGP during the fourth quarter of 2016. Vostok New Ventures values its original USD 1.5 mln investment to USD 895k as per December 31, 2016, following this recent currency devaluation.

Delivery Hero (equity component)

As per December 31, 2016, the equity component is valued at fair value through profit or loss on the basis of the latest material equity transaction in Delivery Hero in the third quarter of 2015 and smaller transactions during 2016 at the same price. The valuation amounts to USD 3.2 mln.

Loan receivables

The fair value estimation of loan receivables relating to Delivery Hero and Kite Ventures is outlined in the table below.

Fair value estimation of loan receivables

	Dec 31, 2016	Dec 31, 2015
Short-term	7,699	9,072
Long-term	24,074	23,450
Total loan receivables	31,773	32,522

As per December 31, 2016, the loan receivables are valued at amortized cost using an NPV-model. Carrying value corresponds to fair value of loans receivables. There is no formal credit rating for the borrowers of the loans but Vostok New Ventures considers it is probable that all amounts due will be collected. Delivery Hero raised approximately USD 400 million during 2015 and additional capital during 2016 to finance the further growth of the business. Delivery Hero pays cash interest payments on a monthly basis. Therefore, Vostok New Ventures does not see any grounds for impairment.

On September 18, 2016, Kite invoked its right under the loan agreement to a six-month grace period, whereby the term of the loan was extended by up to another six months, i.e., until March 17, 2017. A partial loan repayment in the amount of EUR 2 mln was received in October 2016. The Kite loan was fully repaid after the reporting period in January 2017.

Note 5
General

Incorporation and legal structure

Vostok New Ventures Ltd (the Company or the Parent Company) is an investment company with its focus on portfolio investments with considerable potential for value appreciation. The Company was incorporated in Bermuda on April 5, 2007, as an exempted limited liability company under the Bermuda Companies Act 1981. The Swedish Depository Receipts of Vostok New Ventures (SDB) are listed on the Nasdaq Nordic Exchange Stockholm, Mid Cap section. Ticker: VNV SDB.

As of December 31, 2016, the Vostok New Ventures Ltd Group consisted of the Bermudian parent company Vostok New Ventures Ltd; one wholly-owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited; one majority-owned Dutch cooperative, Vostok Co-Investment¬ Coöperatief B.A.; and one wholly-owned Swedish subsidiary, Vostok New Ventures AB.

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

Note 6
Result from financial assets at fair value through profit or loss

	Group 2016	Group 2015
Proceeds from sale of financial assets at fair value through profit or loss	7,830	61,640
Acquisition value of sold financial assets at fair value through profit or loss	-3,040	-55,570
Change in fair value of remaining financial assets at fair value through profit or loss	129,050	114,742
Result from financial assets at fair value through profit or loss	133,840	120,812

During 2016 and 2015 result from financial assets at fair value through profit or loss comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss.

Note 7
Dividend and coupon income

	Group 2016	Group 2015
Dividend and coupon income recognized in the income statement[1]	6,760	31,544
whereof unsettled at balance sheet date	6,760	–
Tax withheld on dividends	–	–
Net proceeds from dividends and coupons, net of tax, recognized in the income statement during the year	–	31,544

1. 2016: USD 6.8 mln (2015: 30.6) coming from the Avito dividend in December 2016.

Note 8
Operating expenses by nature

	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Employee benefit expense (Note 24)	4,807	3,375	287	382
Depreciation and write down of property, plant and equipment	–	5	–	–
Operating lease expenses	120	126	–	–
Service agreement between Vostok New Ventures AB and Vostok New Ventures Ltd	–	–	4,886	3,669
Other expenses	1,739	1,690	1,681	1,343
Total operating expenses	6,666	5,196	6,854	5,394

Lease rentals amounting to TUSD 120 (2015: 126) relating to rent of office space in Stockholm have been recognized in the income statement.

Note 9
Tax

Corporate income tax – general

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

The Group's Cypriot entity is subject to corporation tax on taxable profits at the rate of 12.5% (2015: 12.5%).

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

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 30% (2015: 30%).

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

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

During 2016, the Swedish subsidiary's profits are subject to Swedish income tax at the rate of 22% (2015: 22%).

Income tax expense

	Group 2016	Group 2015
Current tax	-89	-68
Deferred tax	–	–
Taxation	-89	-68

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

	Group 2016	Group 2015
Result before tax	135,563	145,250
Tax calculated at domestic tax rates applicable to profits in the respective countries	-16,782	-18,435
Tax effects of:		
– Income not subject to tax	17,724	19,123
– Expenses not deductible for tax purposes	-1,031	-754
– Adjustment in respect of prior years	–	–
– Utilisation of previously unrecognised tax losses	–	–
– Tax losses for which no deferred income tax asset was recognised	-2	-2
Tax charge	-89	-68

The weighted average applicable tax rate was 13% (2015: 13%).

Deferred tax

Deferred income tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

Note 10
Earnings per share

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

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

The 100,000 options outstanding on December 31, 2016 have not been included in the calculation of diluted earnings per share because they were antidilutive for the year ended December 31, 2016. These options could potentially dilute basic earnings per share in the future.

	2016	2015
Profit attributable to the equity holders of the company	135,474	145,182
Weighted average number of ordinary shares on issue	76,544,877	73,573,384
Earnings per share, basic	1.77	1.97
Adjustment for dilution effect of incentive options	–	–
Weighted average number of ordinary shares for diluted	76,544,877	73,573,384
Earnings per share, diluted	1.77	1.97

Note 11
Property, plant and equipment

Group

At January 1, 2015	
Cost or valuation	5
Accumulated depreciation	–
Net book amount	5
Year ended December 31, 2015	
Opening net book amount	5
Additions	–
Disposals	–
Write downs	–
Depreciation charge	-5
Exchange differences	–
Closing net book amount	–
At December 31, 2015	
Cost or valuation	–
Accumulated depreciation	–
Net book amount	–
Year ended December 31, 2016	
Opening net book amount	–
Additions	48
Disposals	–
Write downs	–
Depreciation charge	–
Exchange differences	–
Closing net book amount	48
At December 31, 2016	
Cost or valuation	48
Accumulated depreciation	–
Net book amount	48

Depreciations amounting to net USD 0 thousand (2015: -5) for the Vostok New Ventures Group have been recognized among operating expenses in the income statement (see also Note 8).

Note 12
Financial instruments by category

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

December 31, 2016 – Group

Assets as per balance sheet

	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	691,582	691,582
Loan receivables	31,773	–	31,773
Cash and cash equivalents	34,780	–	34,780
Total assets	66,553	691,582	758,135

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	32,400	32,400
Total liabilities	32,400	32,400

December 31, 2015 – Group

Assets as per balance sheet

	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	463,538	463,538
Loan receivables	32,521	–	32,521
Cash and cash equivalents	43,660	–	43,660
Total assets	76,182	463,538	539,719

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	20,224	20,224
Total liabilities	20,224	20,224

December 31, 2016 – Parent Company

Assets as per balance sheet

	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	1,147	1,147
Loan receivables	31,773	–	31,773
Cash and cash equivalents	27,639	–	27,639
Receivables from Group Companies	165,236	–	165,236
Total assets	224,648	1,147	225,795

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	32,400	32,400
Total liabilities	32,400	32,400

December 31, 2015 – Parent Company

Assets as per balance sheet

	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	1,021	1,021
Loan receivables	32,521	–	32,521
Cash and cash equivalents	12,964	–	12,964
Receivables from Group Companies	78,695	–	78,695
Total assets	124,180	1,021	125,201

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	20,224	20,224
Total liabilities	20,224	20,224

Note 13
Non-current financial assets at fair value through profit or loss

	Group 2016	Group 2015
Beginning of the year	463,538	337,618
Additions	102,034	93,806
Transfer of Tinkoff (VEF spin-off)	–	-27,058
Reclassifications	–	–
Disposals	-3,040	-55,570
Change in fair value for the year	129,050	114,742
End of the year	691,582	463,538

The assets specified in the table below are investments in financial assets at fair value through profit or loss.

	Parent Company 2016	Parent Company 2015
Beginning of the year	1,021	30,012
Additions	–	10,906
Transfer of Tinkoff to VNV	–	27,058
VEF spin-off	–	-27,058
Transfer from Vostok New Ventures Ltd to Vostok New Ventures (Cyprus) Limited	-828	–
Disposals	–	-41,787
Change in fair value	954	1,890
End of the year	1,147	1,021

Security/Company name	Currency	Number of shares held Dec 31, 2016	Fair value (USD), Dec 31, 2016	Ownership share, %	Number of shares held Dec 31, 2015	Fair value (USD), Dec 31, 2015	Ownership share, %
Group							
Avito	USD	6,166,470	449,281,016	13.3%	6,166,470	338,481,743	13.3%
BlaBlaCar	EUR	12,238,079	107,738,524	8.0%		33,181,762	2.3%
Gett	USD	18,171,609	50,358,980	4.2%	18,927,570	34,516,317	6.0%
Propertyfinder	USD	137,916	19,999,199	10%	137,916	19,999,199	10%
OneTwoTrip	USD	96,228	14,958,960	14.6%		4,000,000	6.1%
Merro	USD	10,900	12,384,907	21.6%		7,513,333	22.7%
Wallapop	EUR	21,872	11,520,786	2.9%		10,302,197	4.7%
Hemnet	SEK	n/a	10,252,714	7.0%	–	–	–
Naseeb Networks (Rozee and Mihnati)	USD	11,481,176	4,034,693	23.7%		4,500,000	23%
KEH AB (Yell.ru and EatOut.ru)	USD	8,808,426	3,515,204	33.9%	8,808,426	5,662,418	33.9%
Carable	SEK	18,332	2,198,526	7.68%	–	–	–
El Basharsoft (Wuzzuf and Forasna)	USD		1,152,956	14.8%		968,000	14.2%
Vezeeta	USD	292,965	894,724	7.8%	–	–	–
IZH Holding (Zameen and Bayut)	USD		–	–		2,000,000	7.9%
Delivery Hero Holding GmbH, equity component	EUR		3,284,645	0.1%		2,412,857	0.1%
Total non current financial assets at fair value through profit or loss			691,581,816			463,537,827	
Parent Company							
Equity component of Delivery Hero loan			1,147,070			1,020,656	
Total non current financial assets at fair value through profit or loss			1,147,070			1,020,656	

Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2016, USD	Investments/ (disposals), net, USD	FV change, USD	Closing balance Dec 31, 2016, USD	Percentage weight of total portfolio
Avito AB	338,481,743	–	110,799,273	449,281,016	59.3%
BlaBlaCar	33,181,762	79,612,945	-5,056,183	107,738,524	14.2%
Gett	34,516,317	-2,093,836	17,936,499	50,358,980	6.6%
Propertyfinder	19,999,199	–	–	19,999,199	2.6%
OneTwoTrip	4,000,000	8,259,959	2,699,002	14,958,960	2.0%
Merro	7,513,333	1,249,853	3,621,721	12,384,907	1.6%
Wallapop	10,302,197	–	1,218,571	11,520,768	1.5%
Hemnet (YSaphis SA)	–	10,118,113	134,602	10,252,714	1.4%
Naseeb Networks (Rozee and Mihnati)	4,500,000	–	-465,307	4,034,693	0.5%
KEH AB (Yell.ru and EatOut.ru)	5,662,418	–	-2,147,214	3,515,204	0.5%
Carable (Garantibil AB)	–	1,242,693	955,833	2,198,526	0.3%
El Basharsoft (Wuzzuf and Forasna)	968,000	50,700	140,256	1,158,956	0.2%
Vezeeta (DrBridge)	–	1,500,000	-605,276	894,724	0.1%
IZH Holding (Zameen and Bayut)	2,000,000	-4,742,928	2,742,928	–	–
Delivery Hero Holding GmbH, equity component	2,412,857	162	871,626	3,284,645	0.4%
Total	463,537,826			691,581,816	

Note 14
Non-current loan receivables

	Group 2016	Group 2015
Beginning of the year	23,450	37,913
Additions	–	–
Repayments	-1,997	-3,607[1]
Interest income	3,612	3,576
Reclassifications	–	-9,015
Exchange differences	-990	-3,595
Interest expense/Revaluation	–	-1,821
End of the year	24,075	23,450

1. Includes Delivery Hero monthly interest payments and one-time interest payment from Kite Ventures during 2015.

Counterparty	Credit rating Dec 31, 2016	Nominal value Dec 31, 2016	Nominal value Dec 31, 2015	Carrying value Dec 31, 2016	Carrying value Dec 31, 2015	Terms of interest	Maturity
Delivery Hero Holding GmbH	–	26,291	27,342	24,075	23,450	7.25%/8.75%/10.25%	Aug 2018
Kite Ventures Partners III Ltd	–	–	–	–	–	–	–
Total		26,291	27,342	24,075	23,450		

In August 2014, Vostok New Ventures invested EUR 25 mln in senior secured debt of Delivery Hero with 9.5–10.5 per cent annual nominal interest. The loan also includes a smaller equity component in which Vostok New Ventures has received a number of shares and warrants in the company. As per December 31, 2014 the warrants had been converted into equity and the total value of the equity component amounted to USD 7.3 mln. In February 2015, 85 per cent of the equity component was sold for a total purchase price of approximately USD 9.4 mln. In August 2015, the loan was restructured which resulted in new terms including an additional equity component and amended nominal interest rate. The new nominal interest rate is 7.25–10.25% and the loan matures in August 2018.

In September 2014, Vostok New Ventures invested EUR 8 mln in senior secured debt of Kite Ventures. The debt carries 13 per cent annual nominal interest and has 2-year maturity. The Kite loan features a smaller equity component, which on December 31, 2015 had no value. During 2015, the loan to Kite Ventures of EUR 8 mln and accrued interest was reclassified from non-current to current loan receivables.

Note 15
Current loan receivables

	Group 2016	Group 2015
Beginning of the year	9,072	–
Additions	–	1,500
Repayments	-2,205	-1,502
Reclassifications	–	9,015
Interest income	1,136	287
Exchange differences	-304	-228
End of the year	7,699	9,072

Counterparty	Credit rating Dec 31, 2016	Nominal value Dec 31, 2016	Nominal value Dec 31, 2015	Carrying value Dec 31, 2016	Carrying value Dec 31, 2015	Terms of interest	Maturity
Kite Ventures Partners III Ltd	–	7,699	9,072	7,699	9,072	13%	Sep 2016/March 2017
Total		7,699	9,072	7,699	9,072		

In September 2014, Vostok New Ventures invested EUR 8 mln in senior secured debt of Kite Ventures. The debt carries 13 per cent annual nominal interest and has 2-year maturity. During 2015, the loan to Kite Ventures of EUR 8 mln and accrued interest was reclassified from non-current to current loan receivables.

On September 18, 2016, Kite invoked its right under the loan agreement to a six-month grace period, whereby the term of the loan was extended by up to another six months, i.e., until March 17, 2017. A partial loan repayment in the amount of EUR 2 mln was received in October 2016. The Kite loan was fully repaid in January 2017.

The Kite loan features a smaller equity component, which on December 31, 2016 and December 31, 2015 had no value.

Note 16
Other current receivables

	Group Dec 31, 2016	Group Dec 31, 2015	Parent Company Dec 31, 2016	Parent Company Dec 31, 2015
Prepayments and accrued income	6,830	62	45	47
Other receivables	–	21	–	–
Total	6,830	83	45	47

Note 17
Cash and cash equivalents

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

	Group Dec 31, 2016	Group Dec 31, 2015
Cash and cash equivalents	34,780	43,660
of which short-term investments equivalent to cash	–	–
Total	34,780	43,660

Note 18
Share capital and additional paid in capital

Group and Parent Company

	Number of shares held	Share capital	Additional paid in capital
At January 1, 2015	74,097,331	25,934	45,553
New shares issued	–	–	–
Redemption program	–	-2,205	–
Repurchase of own shares	-597,776	-209	-2,556
Employees share option scheme:			
– value of employee services	–	–	–
At December 31, 2015	73,499,555	23,520	42,996
New shares issued	12,239,261	3,917	82,714
Redemption program	–	–	–
Repurchase of own shares	-50,507	-16	-280
Employees share option scheme:			
– Share-based long-term incentive program	–	–	130
– value of employee services	–	–	231
At December 31, 2016	85,688,309	27,420	125,791

On May 14, 2014, Vostok New Ventures' Board of Directors, acting under Bermudan law and the Company's bye-laws, mandated the management of Vostok New Ventures to repurchase up to 10 percent of the Swedish Depository Receipts (SDRs) of the Company then outstanding during the period until the next AGM.

During 2016, Vostok New Ventures repurchased 50,507 (2015: 597,776) SDRs under the 2016 repurchase mandate.

There are currently 100,000 (2015: 2,094,351) ordinary shares available under the employee share option scheme. Each option entitles the holder to one new share (SDR) in Vostok New Ventures Ltd. For more information on the options, see Note 24.

Note 19
Borrowings

	Group Dec 31, 2016	Group Dec 31, 2015	Parent Company Dec 31, 2016	Parent Company Dec 31, 2015
Borrowings	32,400	20,224	32,400	20,224
Total	32,400	20,224	32,400	20,224

In October 2015, the Company has obtained a twelve-month USD 25 mln secured credit facility from Pareto Bank ASA, Pareto Securities AB and Pareto Securities AS. The credit facility was fully repaid by June 30, 2016.

On June 2, 2016, the Company announced that it had successfully placed three-year senior secured bonds in the amount of SEK 300 million. The bonds, maturing in June 2019, bear a fixed coupon of 6.50% with quarterly interest payments. The Company has been approved for listing of the bond loan on Nasdaq Stockholm. The first day of trading was July 8, 2016.

The Bonds are secured by a first priority pledge over shares in the Company's wholly owned subsidiary Vostok New Ventures (Cyprus) Limited and by a charge over the Company's cash and custody account. The book value of the bond are deemed to correspond to the fair value.

Note 20
Other current liabilities

	Group Dec 31, 2016	Group Dec 31, 2015	Parent Company Dec 31, 2016	Parent Company Dec 31, 2015
Liability for unpaid investment in Propertyfinder	–	14,999	–	–
Other current liabilities	5,949	140	114	85
Accrued VAT liability	783	783	–	–
Total	6,732	15,922	114	85

Note 21
Financial guarantees

There were no financial guarantee contracts as at December 31, 2016 or December 31, 2015.

Note 22
Pledged assets and contingent liabilities

Pledged assets

On June 2, 2016, the Company had placed a three-year senior secured bonds in the amount of SEK 300 million. The bonds, maturing in June 2019, bear a fixed coupon of 6.50% with quarterly interest payments.

The Bonds are secured by a first priority pledge over shares in the Company's wholly owned subsidiary Vostok New Ventures (Cyprus) Limited and by a charge over the Company's cash and custody account.

	Group Dec 31, 2016	Group Dec 31, 2015	Parent Company Dec 31, 2016	Parent Company Dec 31, 2015
Pledged assets	532,128	398,481	84,389	84,389
Total	532,128	398,481	84,389	84,389

Contingent liabilities

The Swedish Tax Agency (STA) has audited Vostok New Ventures AB's VAT returns for the period January 2013–December 2014 during 2016. According to the STA's decision, Vostok New Ventures AB is obliged to pay an additional amount of output VAT of SEK 13,767,907 on the services supplied to Vostok New Ventures Ltd in addition to tax penalties in the amount of SEK 2,753,579 (together approximately USD 2 mln). Vostok New Ventures AB has appealed the STA's decision to the administrative court and applied for a deferral of payment, which was approved. Vostok New Ventures AB currently sees no grounds for making provisions for potential additional taxes ensuing from this matter, an assessment which is supported by our legal advisors. However, this is considered to be a contingent liability.

Note 23
Shares in subsidiaries

Parent Company

	Country	Number of shares	Share of capital and votes, %	Book value Dec 31, 2016 USD thousand	Book value Dec 31, 2015 USD thousand
Vostok New Ventures (Cyprus) Limited	Cyprus	150,000	100	84,389	84,389
Other subsidiaries of the Group					
Vostok New Ventures AB	Sweden	1,000	100		
Vostok Co-Investment Coöperatief B.A	The Netherlands	N/A			
Total				84,389	84,389

All the companies are included in the consolidated financial statements, except Vostok Co-Investment Coöperatief B.A. which is a special purpose vehicle to own shares in some portfolio companies.

Note 24
Employee benefit expense

	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Wages and salaries	3,249	2,447	287	347
Social security costs	1,097	742	112	35
Pensions costs	218	185	–	–
Other employee benefit expenses	243	1	231	–
Total employee benefit expense	4,807	3,375	630	382

	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Salaries and other remunerations to the management and the Board of Directors of the parent and its subsidiaries	3,285	2,502	518	347
Salaries and other remunerations to other employees	425	131	–	–
Total salaries	3,710	2,633	518	347

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

Group 2016

	Base salaries/ board fee	Variable compensations	Pension expenses	Shares based compensations	Total
Lars O Grönstedt	114	–	–	–	114
Josh Blachman	43	–	–	–	43
Victoria Grace	43	–	–	–	43
Ylva Lindquist	43	–	–	–	43
Keith Richman	43	–	–	–	43
Per Brilioth	433	996	97	135	1,661
Other management and board members of subsidiaries	363	785	93	96	1,337
Total	1,082	1,781	190	231	3,285

Group 2015

	Base salaries/ board fee	Variable compensations	Pension expenses	Shares based compensations	Total
Lars O Grönstedt	97	50	–	–	147
Josh Blachman	30	50	–	–	80
Victoria Grace	19	–	–	–	19
Ylva Lindquist	19	–	–	–	19
Keith Richman	30	50	–	–	80
Per Brilioth	453	1,000	95	–	1,548
Other management and board members of subsidiaries	328	200	80	–	608
Total	978	1,350	175	–	2,502

Parent 2016

	Base salaries/ board fee	Variable compensations	Pension expenses	Shares based compensations	Total
Lars O Grönstedt	114	–	–	–	114
Josh Blachman	43	–	–	–	43
Victoria Grace	43	–	–	–	43
Ylva Lindquist	43	–	–	–	43
Keith Richman	43	–	–	–	43
Per Brilioth	–	–	–	135	135
Other management and board members of subsidiaries	–	–	–	96	96
Total	286	–	–	231	518

Parent 2015

	Base salaries/ board fee	Variable compensations	Pension expenses	Shares based compensations	Total
Lars O Grönstedt	97	–	–	–	97
Josh Blachman	30	–	–	–	30
Victoria Grace	–	–	–	–	–
Ylva Lindquist	–	–	–	–	–
Keith Richman	30	–	–	–	30
Per Brilioth	–	–	–	–	–
Other management and board members of subsidiaries	–	–	–	–	–
Total	158	–	–	–	158

Bonuses were paid out during 2016 on three occasions: (i) in connection with the successful transaction in Avito in 2015, (ii) in connection with the issue of further call options under the 2010 Incentive Program, and (iii) in connection with the expiry of call options under the 2010 Incentive Program.

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

The 2010 Incentive Program

The Annual General Meeting held on May 5, 2010 decided in accordance with the proposal from the Board of Directors to adopt an incentive program (the "2010 Incentive Program") entitling present and future employees to be allocated call options to acquire shares represented by Swedish Depositary Receipts in Vostok New Ventures Ltd. The terms of the 2010 Incentive Program were subsequently adjusted to reflect the results of the Share Split and Mandatory Redemption Programs concluded in October 2012 and June 2013 and again in July 2015 in connection with the spin-off of Vostok Emerging Finance Ltd. Adjusted figures are shown below, with original terms in parentheses.

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

Principal Conditions and Guidelines

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

Preparation and Administration

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

Allocation

The incentive scheme is proposed to include granting of not more than 5,115,600 (originally 2,000,000) options. Allocation of Options to the Managing Director shall not exceed 2,557,800 (originally 1,000,000) Options and allocation to each member of the executive management or to other key employees shall not exceed 1,023,120 (originally 400,000) Options.

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

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

Bonus for employees resident in Sweden under option (b)

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

Dilution and costs

A total of 5,115,600 (originally 2,000,000) options were authorized under the 2010 Option Program. A total of 100,000 (originally 1,218,000) options are currently outstanding. If all options are fully exercised, the holders will acquire shares represented by Swedish Depositary Receipts corresponding to a maximum of approximately 0.12 percent of the share capital as at December 31, 2016. The proposed number of Options was chosen to meet allocation requirements for the subsequent couple of years, also taking into account possible future recruitment needs.

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

Other costs for the incentive scheme, including fees to external advisors and administrative costs for the scheme are estimated to amount to approximately SEK 250 thousand for the duration of the Options.

Purpose

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

Current Status of the 2010 Incentive Program

A total of 1,717,380 (originally 705,000) out of the 5,115,600 options authorized under the 2010 Incentive Program were issued to employees in 2010 and 2011. Of these, a total of 1,495,500 options, entitling to the purchase of 1,693,020 SDRs with a strike price of SEK 12.83 (originally 31.41) matured and were exercised in August 2013, and the remaining 21,000, entitling to the purchase of 24,360 at a strike price of SEK 19.18 (originally 46.94) matured and were exercised in June, 2014. A total of 1,218,000 (originally 1,160,000) out of the remaining 3,312,351 (originally 3,154,620) call options available for issue under the same program were issued to employees in 2013, of which 525,000 (originally 500,000) to the Managing Director, and exercised in December, 2016.

A total of 100,000 out of the remaining 2,094,351 were issued to employees in 2016. These have a strike price of SEK 58.19 and mature in July 2019. All employees chose to purchase their awarded options at fair market value, under option (b) above.

Options Outstanding under the 2010 Incentive Program

	Issued 2016	Total Dec 31, 2016
Management and board members of subsidiaries		
Other	100,000	100,000
Total	100,000	100,000
Strike price, SEK[1]	58.19	
Market value per option at the time of issue, SEK[2]	10.56	
Option life	June 7, 2016–July 31, 2019	
Exercise period	June 1, 2019–July 31, 2019	

1. The strike price for the options was calculated as 120% of the average last paid price of the ten trading days leading up to the day of issue in line with the rules of the 2010 Incentive Program.
2. The market value at the time of issue was calculated with the help of the Black & Scholes options valuation model. The significant inputs into the model were share price at the grant date, exercise price, standard deviation of expected share price returns based on an analysis of historical share prices, option life; and the Swedish market interest rate at the grant date. The original value as calculated on the date of grant and based on original number of options was SEK 7.46. The significant inputs into the model were a share price of SEK 50.75, a volatility of 37.5%, a dividend yield of 0%, an expected option life of three years and an annual risk-free interest rate of -0.38%.

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

	Average exercise price in SEK/share	Options Dec 31, 2016	Options Dec 31, 2015
At opening balance day	57.40	1,218,000	1,160,000
Modified	–	–	58,000
Forfeited	–	–	–
Exercised	–	-1,218,000	–
Granted	58.19	100,000	–
At closing balance day	58.19	100,000	1,218,000

Out of the 100,000 options (2015: 1,218,000) 0 options (2015: 0) were exercisable.

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

	Exercise price, SEK	Options Dec 31, 2016	Options Dec 31,2015
January 31, 2017	57.40 (60.35)		1,218,000
July 2019	58.19	100,000	
At the end of the financial year		100,000	1,218,000

Share-based incentive program (LTIP 2016)

At the 2016 annual general meeting held on May 17, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from January 1, 2016 through March 31, 2019, and encompasses a maximum of 413,000 shares, corresponding to a dilution of 0.59% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the vesting period (August 31, 2016 through December 31, 2018).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) at the end of the program at an exercise price of nil. The participants do not receive any dividends and are not entitled to vote in relation to the rights to receive shares during the vesting period. If a participant ceases to be employed by the group within this period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

The fair value of the rights at grant date was estimated by taking the market price of the company's shares on that date which was SEK 64.75 (USD 7.58) per share without adjustment for any dividends that will not be received by the participants on their rights during the vesting period.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were MUSD 0.23 (2015: -).

Note 25
Related-party transactions

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

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

	Operating expenses		Current liabilities	
	2016	2015	2016	2015
Key management and Board of Directors[1]	-3,084	-2,327	–	–

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

Total variable compensation (excluding social taxes) paid to the management in 2016 amounted to USD 1.78 mln (including USD 1 mln paid to the Managing Director), and to the Board of Directors USD 0.29 mln.

The Managing Director purchased Vostok New Ventures Ltd senior secured bond 2016/2019 during the second quarter of 2016 for USD 0.60 mln (SEK 5 mln) and he owns USD 0.48 mln (SEK 5 mln) per December 31, 2016.

The costs for a new long term incentive program (LTIP 2016) for the management amounted to USD 0.23 mln, excluding social taxes. See details of the LTIP 2016 in Note 24.

In August 2016, Vostok New Ventures acquired shares in BlaBlaCar through an issue in-kind. Luxor Capital, the Group's largest shareholder, was one of the sellers. The transaction was done on market terms at the same valuation as Vostok's initial investment in BlaBlaCar. Vostok New Ventures' Board of Directors obtained a fairness opinion from Pareto Securities AB in support of the transaction.

Subsidiaries

The parent company, Vostok New Ventures Ltd, has related-party transactions with its subsidiaries: the Cypriot subsidiary Vostok New Ventures (Cyprus) Limited; and a Swedish subsidiary, Vostok New Ventures AB. The parent company's business is to act in the holding company of the Group and therefore own, manage and finance the holding in its wholly owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited. The Swedish subsidiary provides information and analysis services to the parent company.

Parent Company

	Dec 31, 2016	Dec 31, 2015
Loan receivables	165,236	78,695
Interest income	5,880	3,059
Current liabilities	-704	-727
Operating expenses	-4,886	-3,669

Note 26
Business combinations

No business combination transactions have taken place during 2016 or 2015.

Note 27
Adoption of annual report

The annual report has been submitted by the Board of Directors on March 31, 2017, see page 59. The balance sheet and profit and loss accounts are to be adopted by the company's shareholders at the annual general meeting on May 16, 2017.

Declaration

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

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

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

Stockholm, March 31, 2017

Lars O Grönstedt
Chairman

Josh Blachman
Board member

Victoria Grace
Board member

Ylva Lindquist
Board member

Keith Richman
Board member

Per Brilioth
Managing Director and Board member

Independent Auditor's Report

To the annual general meeting of Vostok New Ventures Ltd.

Report on the audit of the consolidated financial statements and parent company financial statements

Our opinion

We have audited the consolidated financial statements and the parent company financial statements of Vostok New Ventures Ltd. for the year 2016. The consolidated financial statements and the parent company financial statements are included on pages 33–59 in this document.

In our opinion, Vostok New Ventures Ltd. consolidated financial statements and parent company financial statements present fairly, in all material respects, the consolidated financial position of the Group and the parent company financial position as at December 31, 2016, and of its consolidated financial performance and parent company financial performance and its consolidated cash flows and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Our audit approach

Audit scope

Vostok New Ventures Ltd. is an investment company where the main part of the assets comprise investments in non-quoted private equity companies. The parent company is incorporated in Bermuda with subsidiaries incorporated in Cyprus and Sweden. Audit procedures related to the group and parent financial statements are solely performed by the group audit team in Sweden. Specialists within the PwC-network are involved where appropriate.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements and the parent company financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements and parent company financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements or the parent company financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statemets as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of private equity investments The valuation of private equity investments at fair value is significant to our audit as a major part of the Group's Net Asset Value comprises non-quoted investments in private equity companies. At December 31, 2016, these investments had a carrying value of USD 692 million, representing 90% of total assets. The fair value of non-quoted investments is determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. The choice of valuation technique for each non-quoted investment is based on management's judgement at the reporting date. For transaction based valuations, each transaction has to be evaluated by management to determine if the transaction reflects the fair value on the reporting date. Investments valued by valuation models require significant input of non-observable data and management assumptions. Due to the complexity in the valuations there is a risk of material misstatement for these investments. The selected valuation methods and significant assumptions used for each investment are presented in note 4 to the financial statements.	Our audit procedures included assessing management's valuation process for non-quoted investments and management's selection of valuation method for each investment. Valuation specialists has been involved in the audit of the major investments. Valuations based on recent transactions were evaluated by obtaining and analyzing supporting documents to assess if the transaction may be used as reasonable assessment of fair value by the reporting date, including assessment of transaction parties, size of the transactions and other relevant transaction terms. We have also evaluated management's assessment of events after the transaction date, including both company specific events and macro-economic events, to conclude if these are reflected in the valuations. Valuations based on models have been evaluated by confirming input data from external sources as well as evaluating management's assumptions in the valuation models and performing sensitivity analyzes. Our audit also includes recalculations of the valuations and reconciliation of the final valuation to the financial statements, as well as auditing the overall presentation of the valuations in the notes to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the pages 1–32, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements or the parent company financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements and the parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stockholm, March 31, 2017

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized public accountant
Auditor in charge

Bo Hjalmarsson
Authorized public accountant

Corporate Governance Report

The current Swedish Corporate Governance Code (the "Code") came into force on December 1, 2016. The rules of the Code are a supplement to the main provisions of the Swedish Companies Act (2005:551) regarding a company's organization, but also to the relatively extensive self-regulation that exists for corporate governance. The Code is based on the principle of "comply or explain". According to this principle a company may choose whether it wants to follow a clause in the Code, or explain why it has chosen not to.

CORPORATE GOVERNANCE CODE APPLICATION

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

Shareholders' meetings

The Annual General Meeting ("AGM") is the highest decision-making body of the Company, in which all shareholders are entitled to attend in person or by proxy. The AGM of the Company is held in Stockholm, Sweden, in the Swedish language, once per year, no later than six months after the end of the financial year. The task of the AGM is to report on the financial results and take decisions on corporate matters, including payment of dividends and amendments to the Articles of Association. The AGM also appoints members of the Board of Directors and auditors, and establishes the remuneration of the Board of Directors and the auditors. The 2016 AGM was held on May 17, 2016.

Major Shareholders

Luxor Capital – which holds a total of 20,395,624 shares in the Company, representing a total of 23.8 percent of the outstanding shares – is the largest shareholder of the Company. The shares are held through various legal entities controlled by Luxor Capital. In addition to Luxor Capital, there are two other shareholders with a shareholding of 10 percent or more of the shares and votes in the Company: Ruane, Cunniff & Goldfarb, Inc, with 9,581,710 shares, representing a total of 11.2 percent, and Swedbank Robur Funds, with 8,526,322 shares, representing a total of 10.0 percent.

Nomination Committee

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

At the Company's 2016 AGM it was resolved to establish a Nomination Committee consisting of representatives of the three largest shareholders of the Company, as at the last banking day of August 2016. The Nomination Committee for the 2017 Annual General Meeting consists of the following members: Jonathan Green, appointed by Luxor Capital, Jake Hennemuth, appointed by Ruane, Cunniff & Goldfarb, and Håkan Berg, appointed by Swedbank Robur Funds. At the Nomination Committee's first meeting Håkan Berg was elected Chairman of the Committee. The Nomination Committee's task is to prepare proposals for the following resolutions at the 2017 AGM: (i) election of the chairman of the AGM, (ii) the election of Board members, (iii) the election of the Chairman of the Board, (iv) the remuneration of the directors, (v) election of auditors and remuneration of the Company's auditors, and (vi) proposals on the nomination process for the AGM 2018.

Appointment and Remuneration of the Board of Directors and the Auditors

Rules on appointment and removal of Directors are contained in clauses 4.1.1 through 4.1.3 of the Company's Bye-Laws, which are available on the Company's website. Under the Bye-Laws, the Board shall consist of not less than 3 and not more than 15 directors with no alternate directors. The Board is appointed annually at the AGM for the period until the closing of the next AGM. The term of office of a director may be terminated prematurely at the director's own request to the Board or by the general meeting. In addition, the office of a director may be terminated prematurely by the Board upon the occurrence of any of the following events: (i) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health;

(ii) if he becomes bankrupt or compounds with his creditors; or (iii) if he is prohibited by law from being a director. Where a director's term of office is terminated prematurely, then the other directors shall take steps to have a new director appointed by the general meeting, for the remaining term of the office. However, such new appointment may be postponed until the next AGM at which an election of directors shall take place, provided that the remaining directors form a quorum and that the remaining number of directors is not less than the prescribed minimum number of directors.

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

The 2016 Board of Directors

The Company's 2016 AGM resolved, in accordance with the Nomination Committee's proposal, to re-elect Josh Blachman, Per Brilioth, Victoria Grace, Lars O Grönstedt, Ylva Lindquist and Keith Richman, with Lars O Grönstedt as Chairman. All Directors are independent vis-à-vis the Company and its management, with the exception of Per Brilioth, who is Managing Director of the Company, and all Directors are independent of the Company's major shareholders.

For a detailed presentation of the current Board, see "Board of Directors, group management and auditors" in the 2016 Annual Report.

Board meetings

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

Evaluation of the Board of Directors and Managing Director

The Chairman of the Board annually conducts an evaluation of the Board by distributing self-assessment forms and conducting one-on-one interviews with the other Board members with a view to assessing how well the Board functions and whether there are areas that need improvement or competences that are deemed lacking. The Chairman compiles the results of the self-assessment forms and interviews and presents them to the Nomination Committee along with any issues raised by Board members during the year.

The Board evaluates the work of the Managing Director at one of the two regular in person meetings in the form of a discussion in camera without management present, at which the perfomance of senior management is also discussed.

Work and Responsibilities

The Board of Directors adopts decisions on overall issues affecting the Group which include preparing and issuing investment recommendations to the Board of the subsidiary. The Board of Directors' primary duties are the organization of the Company and the management of the Company's operations including:

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

Sub-committees of the Board

Given the central role that valuation of unlisted holdings plays in the Company's accounts, the Board has taken the view that all Board members need to be informed and involved in the Company's reporting. For this reason, the Board has not formed an audit comittee. The Board of Directors does not have any other sub-committees.

Management

The Managing Director, who is a member of both the Board of Directors as well as of group management, prepares and issues investment recommendations in co-operation with the other members of the Board. For a detailed presentation of the management, see the section "Board of Directors, group management and auditors".

Group Management in 2016

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

A full description of the group management can be found on page 29 of the 2016 Annual Report.

Investor Relations

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

Remuneration of the Board of Directors and group management

Remuneration of the Company's Board of Directors

At the 2016 AGM it was resolved that the remuneration of the Board of Directors be set at a total of USD 342 thousand, with USD 130 thousand to the Chairman and USD 53 thousand to each of the four other Directors who were not employed by the Company.

Remuneration of the senior management

The Company's 2015 AGM resolved on the following guidelines for the remuneration of the group management: The remuneration to the Managing Director and other members of the senior management shall consist of fixed salary, variable remuneration, other benefits and pension benefits. Except for the Managing Director, the senior management currently includes two individuals. The total remuneration shall correspond to the prevailing market conditions and be competitive. The fixed and variable remuneration shall correspond to the respective individual's responsibility and authority. The variable component should, in the first instance, be covered within the parameters of the Company's option plan and shall, where payable in other instances, be subject to an upper limit in accordance with market terms and specific objectives for the Company and/or the individual. The period of notice of termination of employment shall be three to six months in the event of termination by the member of the senior management. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 12 months. Pension benefits shall be either benefit-based or contribution based or a combination thereof, with individual retirement ages. Benefit based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. The Board of Directors shall be entitled to deviate from these guidelines in individual cases should special reasons exist.

In 2016, the Managing Director received a fixed annual salary of approximately USD 433 thousand. In 2016, the Managing Director was also awarded an ex gratie payment in the amount of USD 480 thousand and a residual bonus payment in the amount of USD 520 thousand under the 2010 Incentive Program. The Managing Director has a pension plan based on Swedish market practice, which is accounted for as a defined contribution plan in accordance with IAS 19. The premium is calculated on the basis of the Managing Director's base salary. The Managing Director is entitled to 12 months' full salary in the event of termination by the Company. Should he himself choose to resign the notice period is six months.

The combined fixed annual salary to the other senior executives amounted to a total of approximately USD 363 thousand. In 2016, the senior management was also awarded ex gratie payments in the aggregate amount of

Composition of the Board of Directors, elected on May 17, 2016, including meeting attendance

Name	Elected to the board	Position	Connection to the Company	Attended Board meetings	Annual Board fee, SEK thousand[1]
Lars O Grönstedt	2010	Chairman	Independent	100%	130
Josh Blachman	2013	Member	Independent	100%	53
Per Brilioth	2007	Member	Management	100%	–
Victoria Grace	2015	Member	Independent	91%	53
Ylva Lindquist	2015	Member	Independent	82%	53
Keith Richman	2013	Member	Independent	91%	53
Number of meetings				11	342

1. The table shows the remuneration as resolved at the 2016 Annual General Meeting on May 17, 2016. Prior to that date, the remuneration had been denominated in SEK, with SEK 800 thousand to the Chairman and SEK 250 thousand to ordinary Board members who were not employed by the Company, as resolved at the 2016 AGM.

USD 162 thousand and aggregate residual bonus payments in the amount of USD 623 thousand under the 2010 Incentive Program. The other senior executives have a pension plan based on Swedish market practice, which is accounted for as a defined contribution plan in accordance with IAS 19. The premium is calculated on the basis of base salary. The employment agreements of the other members of the group management have a mutual notice period of three months.

In awarding the ex gratie payments to the Managing Director and senior management despite the absence of specific objectives communicated to the beneficiaries in advance, the Board relied on its right to deviate from the guidelines as set out above. The deviation was motivated by the successful transaction in Avito in 2015.

Share repurchase authorization

While share repurchases in Swedish companies require authorization by the General Meeting, neither Bermudan company law nor the Company's Bye-Laws contains any restriction against repurchasing own shares. On May 16, 2016, Vostok New Ventures disclosed that the Company's Board of Directors had resolved to renew the buyback mandate of up to 10 percent of the SDRs that were outstanding of the time of the resolution. During 2016, Vostok New Ventures repurchased a total of 50,507 SDRs under the 2016 mandate. All repurchased SDRs and their underlying shares were canceled during 2016.

Incentive program

Incentive program for the Company

A share-based incentive program was adopted at the Annual General Meeting held on May 5, 2010. The program is described in detail in note 24 to the 2016 financial statements. A total of 1,218,000 options granted in 2013 (of which 525,000 to the Managing Director), were exercised during 2016.

Incentive program for the Company's portfolio companies

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

Share-based incentive program (LTIP 2016)

At the 2016 annual general meeting held on May 17, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from January 1, 2016 through March 31, 2019, and encompasses a maximum of 413,000 shares, corresponding to a dilution of 0.59% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the vesting period (August 31, 2016 through December 31, 2018).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) at the end of the program at an exercise price of nil. The participants do not receive any dividends and are not entitled to vote in relation to the rights to receive shares during the vesting period. If a participant ceases to be employed by the group within this period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

Other matters related to remuneration

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

Auditors

At the Company's AGM held on May 17, 2016, the audit firm PricewaterhouseCoopers AB, Sweden, was appointed as auditor for the period up to the next AGM.

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

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

During the year, the auditing firm has not had any other significant assignments from Vostok New Ventures in addition to auditing work specified in the section "Independent Auditor's Report" on page 60.

Internal control

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

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

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

Control environment

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

Risk assessment

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

Control activities

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

Information and communication

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

Monitoring

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

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

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Vostok New Ventures Ltd, corporate identity number 39861.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2016 on pages 63–68 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Swedish Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

Stockholm, March 31, 2017

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized Public Accountant
Auditor in charge

Bo Hjalmarsson
Authorized Public Accountant

Glossary

of terms and acronyms used in the annual report

AGM	Annual General Meeting
bln	Billion
CBR	The Central Bank of the Russian Federation
CIS	Commonwealth of Independent States (former Soviet Union)
CRM	Customer Relationship Management
E	Estimate
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EV	Enterprise Value, i.e. stock exchange value + net liability
EUR	Euro
FX	Foreign exchange rate
GDP	Gross Domestic Product
GDR	Global Depository receipt
IPO	Initial Public Offering
IRR	Internal Rate of Return
k	Thousand
MENA	Middle East and North Africa
MICEX	One of the leading Russian stock exchanges
mln or mm	Million
n/a	Not available
NAV	Net Asset Value
pa	Per annum
P/B	Price-to-Book, i.e. the relationship between the stock exchange value and book value
P/BV	Relationship between stock exchange value and entered equity capital
P/E	Price/Earnings, i.e. the relationship between the stock exchange value and net profit
P/EBIT	The relationship between the stock exchange value and the operating profit
P/S	Price/Sales, i.e. the relationship between the stock exchange value and sales
ROE	Return on Equity
RTS	Russian Trading System, the leading trading place for Russian shares
RUB	Russian Rubles
SDR	Swedish Depository Receipt
SEC	Securities and Exchange Commission
SEK	Swedish Kronor
T	Thousand
UMV	Unique Monthly Visitor
USD	United States Dollars
VEF	Vostok Emerging Finance Ltd
Y-o-Y	Year-on-Year

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