

Chairman's Statement

Key challenges for equity investors during the first half of 2009 were: assessing the further consequences of the financial crisis, the shape of the economic recovery and the changing sentiment in markets. As usual, clear directional signs were hard to come by and did not become visible simultaneously.

Operating in a particularly difficult economic environment in Kazakhstan and surrounding countries, the Company has kept a defensive attitude in public equity markets which has served it well during the severe downturn. Although this has resulted in an opportunity loss over the second half of the period, as some stocks posted extreme gains in the view of our Investment Manager, the Company is focused to benefit from market momentum going forward.

On the private equity side, the investment manager is striving to expand the portfolio, working on new investment propositions which meet our criteria and complement our existing investments, Alem Communications and TenizService.

Philip Lambert
Chairman

Date: 29 September 2009

Investment Manager's Report

After the severe bear market of 2008 in which the Kazakh market declined by 80%, the first six months of 2009 ("the Period") saw volatility in equity markets around the globe. In January and February, global indices fell as economic data disappointed investors. However, in March a considerable rally began in most markets on renewed hopes that the stimulus measures announced and implemented by various governments would unlock the credit markets and finally boost demand. The equity market rally continued into June before there was some profit taking as economic data reduced optimism that the recession has eased. The MSCI Developed Markets index rose by 6.8% and the MSCI Emerging Markets index climbed 36.2% during the Period. However, the more difficult economic conditions in the fringe markets meant that the MSCI Frontier Market index was up 10.8% during the Period, and coupled with the 20% devaluation of the Tenge in January, Kazakhstan was one of the worst affected markets.

Kazakhstan market

The Kazakhstan Stock Exchange ("KASE"), finished the Period down 12.6% in US dollar terms with a huge variation in return between the individual stocks. The best performers included Kazakhmys (+276%) as the stock followed the strong returns of the underlying copper price and a reduction in the risk premium in markets. KazMunaiGas EP rose 18.3% over the Period as rising oil prices made the company's reserves more valuable. The worst performer was BTA Bank, which fell 94% as the bank defaulted on its debt repayments and the Government began to pursue a criminal case against the Bank's former Chairman and Board of Directors. However many stocks were flat or down in US dollar terms during the period. Overall volumes on the KASE continued to be light, with an average daily volume of approximately US\$5.5 million traded during the Period, which is not reflective of the 'real' volume we could access which would include off-market trades of large blocks.

PORTFOLIO

The table below outlines the reported monthly Net Asset Value ("NAV"), net of fees and expenses, and performance of the Company from 1 January 2009 to 30 June 2009:

MONTHLY NET ASSET VALUE (NAV)

	NAV	1 Month performance
31 January 2009	\$0.55	0.86%
29 February 2009	\$0.54	(2.31)%
31 March 2009	\$0.54	(0.07)%
30 April 2009	\$0.57	5.02%
31 May 2009	\$0.58	2.33%
30 June 2009	\$0.57	(1.53)%

Tau's NAV increased by 4.25% over the Period, finishing at \$0.57 per share on 30th June 2009. Performance was limited by the portfolio's defensive positioning with its 29.3% substantial exposure to private equity and the accrued coupon on the private equity investments as included in the balance sheet, net cash exposure of 18.4% with 24.1% held in long gold futures as a hedge against currency weakness. The remainder of the portfolio was held in public equities with a gross average short exposure of 18.6%. As the portfolio had been very defensively structured during the last half of 2008 this served us well in the first half of the Period as the Kazakh market fell sharply and the currency devalued. However it has limited our return in the last three months and consequently the defensive positions were reduced steadily. Gross short positions as at 30th June were 13.2%, down from 24% at beginning of the Period.

Global Markets

The initial rally came as reported first quarter corporate earnings results have been, on average, better than expected. More importantly, the risk premium of the markets has been falling as investors globally believed they had seen the bottom. Hence renewed optimism, coupled with the less negative economic data from the US and signs of the stronger growth in China, have propelled markets higher. As a result, stock market valuations have risen substantially and stock prices are starting to reflect high near-term expectations in their earnings multiples.

Commodity Markets

Most commodities markets rebounded sharply during the first half of 2009, with the Reuters/Jefferies CRB index rising 8.9%. Copper (+61.8%) was the strongest performer finishing at \$4,665/tn as the rebound in global equities spurred optimism about an economic recovery and increased metals demand. It has been suggested that the surge in copper and other industrial metals this year has been driven mainly by investments and stockpiling by China's State Reserve Bureau, which is acquiring the metal in support of the Chinese State's stimulus plan. Oil prices rose 56.7% for the Period, rallying on speculation that the easing global recession will boost demand and that OPEC will keep its production quota unchanged, signalling their view that oil markets are no longer over supplied. Gold posted a return of 5%, finishing at \$930/oz. Gold's performance lagged that of other commodities during the Period as the equity market rally and increased risk appetite continued to reduce investors' demand for the metal as a safe haven investment. However it has performed better than cash and served its purpose in protecting the Fund against currency weakness until we can identify suitable private equity opportunities.

Commodity related stocks also posted strong returns over the Period. Oil and Gas stocks as measured by the Dow Jones Oil and Gas index posted a 7.4% return and mining companies, measured by the Dow Jones Basic Resources index, rose 38.5% for the Period.

The Kazakhstan Economy

Economic activity in Kazakhstan is near to trough levels. GDP contracted by 2.2% in the first quarter of 2009 compared to the previous year driven by shrinking activity in the goods balance, which was only partially offset by growth in services. The industrial components led the way, with decreased electricity production contributing to a decrease in total industrial production. The economy has continued to contract this year due to various factors, including continued weakness in private consumption due to higher unemployment (7.4% year on year in May) and subdued real wage growth (2.8% year on year in April). This was offset by resilient net foreign direct investment especially in the Oil and Gas sector, the impact of the Government's fiscal stimulus efforts, and recovering oil and metals prices.

With the announcement of the restructuring of Alliance Bank's debt in July at very unfavorable terms for creditors (as low as 22.5 cents on the dollar, depending on the option selected) and the accompanying strong rebuke from Central Bank Governor Marchenko to those who believed that the State would guarantee commercial bank debt, the Government of Kazakhstan has made it clear that it will not endanger its reserve position with further substantial banking sector support to appease creditors. Although the two other banks currently in default (BTA and Astana Finance) are still in the midst of their own restructuring discussions, the Government's position is not expected to be any different when their packages are announced. This reduces devaluation pressure on the Tenge, as will further commodity price recovery and continued inward FDI flows, which should more than offset the devaluation pressure arising from the current account deficit.

While consumer prices have benefited from the slowdown in economic activity and the associated consumption weakness, reaching a very manageable 7.6% yoy increase in June, producer prices have reduced significantly, primarily due to the dramatic fall in oil prices from the highs of last year. Projected weakness in the labour market should keep consumption-driven inflation pressures down, while recovering commodity prices are expected to apply upward pressure.

We expect that before the end of the year, there will be signs of positive growth as the impact of the Government's stimulus package is felt and realised prices in the commodities sector improve. Furthermore, the transportation sector should receive a boost from positive momentum building in the mining sector. In the housing market, some initial signs of recovery were noted in May, and the June average residential price in Almaty of US\$1,522 per square metre confirmed this. However, affordability of housing is still an issue in Kazakhstan. Once a full recovery takes hold, the Government can shift its focus away from crisis management and back towards supporting the economic diversification and industrialisation of the economy - two goals to which it has explicitly committed itself. However, a full recovery is still at least half a year away and the optimistic sentiments in our outlook must be tempered by certain realities, such as the continuing contraction in industrial production (-3.8% year on year in May). While this performance was better than expectations and not as bad as the previous three months (-5.50% year on year in April; -7.40% year on year in March; -4.70% year on year in February), it clearly points to continued fundamental weakness in the economy.

Banks

The first half of 2009 was a reminder of the true state and health of the banking sector. As loan asset quality continued to deteriorate and international debt markets remained frozen, it became unavoidable for the Kazakh Government to take direct stakes in largest commercial banks in the country, including a controlling stake in the case of BTA Bank. Following the Government's effective nationalisation of BTA Bank, investors started to question the bank's ability to repay its approximate US\$3 billion of foreign currency dominated liabilities due in 2009. Then, amongst the four large banks, BTA and Alliance both defaulted on their debt obligations.

BTA Bank announced a halt in repaying principal amounts due to several creditors' early repayment requests. The bank is looking to sell foreign assets to recover its investments. Alliance Bank failed to redeem a KZT 7bn bond due on 10th April 2009 and under the regulator's supervision it sought a debt standstill for restructuring and a recapitalisation plan. A new restructured debt plan was recently announced in early June, with three options for restructuring: (1) a cash debt buyback at 20 percentage points with spending limited to no more than US\$500 million; (2) a 50 percentage points haircut from the notional value of initial claims and a rollover for seven years with a lower coupon; (3) a zero haircut and a rollover for 15 years plus an equity component. Alliance Bank also announced in mid June that it is planning to write down a portion of its 'seriously impaired' securities portfolio. Meanwhile, Russia's Sberbank is said to be interested in purchasing a stake in BTA Bank. The State's Samruk-Kazyna (SK) Fund purchased 21.2% of Kazkommertsbank's common shares in a rights issue. Lastly, Astana Finance also defaulted on its debt payments and is now seeking debt restructuring.

The fear of large Non Performing Loans (NPL's) and consequent state capital injections continues to put pressure on the banks' securities. We believe that it is likely that the banks will try to re-negotiate terms of the loans with debt holders rather than pay off the debt or default. There is a risk that the banks' loan portfolios will see further provisions and write-downs. We are reminded that the total outstanding debt of the banking sector is around US\$35-40bn and approximately 35% of this is due for repayment by 2011.

Public Equity Portfolio Activity

During the period we reduced our holding in Centerra Gold as we decided to take some profits following a very strong performance, primary driven by the rise in the gold price and expectations for strong earnings momentum. We also sold our small position in Max Petroleum after the stock had a significant run, rising 200% from its lows on the back of a refinancing program. Our view is that this news will be absorbed by the market and then the focus will return to fundamentals again, which remain difficult as the company is still in early exploration phase.

We exited our position in Kazakhmys as we believed that the company's bleak demand outlook coupled with significant cash constraints from debt repayments would put pressure on the shares. However this proved to be an opportunity loss as the stock rallied strongly during the Period on the back of the rising copper price and its fairly leveraged balance sheet. We also reduced our holding in ENRC during the Period on the grounds that the company's commodities face increasingly challenging months ahead and recent corporate action makes us less confident about minority shareholders' ability to benefit from the company's cash reserves. Unfortunately, ENRC also posted very strong performance during the Period as rising iron ore and ferrous chrome prices and falling risk premiums pushed the shares higher.

We sold our holding in KazakhGold due to our view that the takeover offer by Polyus Gold is unlikely to lead to an 'offer-premium' arbitrage opportunity due to liquidity issues or stock specific risk concerns. As a reminder, Russian gold producer Polyus Gold has made several bid offers for KazakhGold. The final offer to acquire 50.1% of KazakhGold will lead to Polyus Gold paying US\$265m for the 50.1% stake. As a result, KazakhGold shareholders will be left with US\$7.18 in cash and 0.064 Polyus Gold local shares, which is equal to US\$10.13 per KazakhGold share.

We held a significant position in Uranium One Inc. and reduced this exposure marginally over the Period, deciding to take some profits following a very strong performance primarily driven by the rise in energy and uranium prices. The stock has suffered a major setback recently as investors sold down the shares after the arrest of the former CEO of KazAtomProm (the Kazakh National Uranium Company) which potentially threatened the right to Uranium One's Kazakh operating assets. However, the company has since made an acquisition of a Russian-owned Kazakh uranium asset, which strengthened their local shareholder base and

international presence. On the back of this news of rising risk appetite, the shares have recovered approximately 85% from their lows.

As mentioned above, we have been steadily reducing our short positions on the Dow Jones Oil and Gas (totally exiting) and Dow Jones Basic Resources indexes (down to 2% exposure) to allow our long commodity exposure to work for us in the market rally. These positions were entered into last year to protect the portfolio against the market exposure of internationally listed stocks and contributed materially to the stability of the NAV during January and February.

In terms of new positions added, we purchased Chimpharm, Kazakhstan's largest generics drug manufacturer with over 5% of the local marketshare. The company is looking to ramp up its product line following recent capital expenditure made in their production facilities. This will allow the firm to grow significantly by expanding its sales volume while producing higher margin products. Our valuation work suggests that the stock is trading at a discount to its international peers.

Lastly, we participated in a recent equity offering by Tethys Petroleum at CAD 0.425 per share. We perceive this as an opportunity to gain exposure at a very attractive price to a unique gas play on the liberalisation of the Kazakhstan gas market and the underexplored Aral oil and gas bearing province. Additionally, the company holds tremendous exploration upside options through its vast acreage of exploration area in the prolific Tajik –Afghan oil basin.

Outlook

We have on the whole been more cautious than the market about an immediate economic recovery in the world, and in Kazakhstan in particular. Although it seems that markets have found the bottom and the panic has abated, we consider underlying fundamentals still not robust enough to believe that we will see a V-shape recovery. Our view is that we are more likely to see a long U-shaped recovery with the potential for further bad news to prevent the markets from making substantial headway from current levels. However, we recognise markets could rise further in the near term as the liquidity injected by central banks continues to find its way into markets.

PRIVATE EQUITY

The Tau investment team continued to work with our existing companies within the portfolio, Digital TV (which merged into Alem Communications during the period) and TenizService, to assist those companies and their shareholders with their growth and development strategies. We have also been actively reviewing a number of potential investment opportunities, all of which required assessment of the investment case, due diligence work, financial analysis and valuation.

Digital TV LLP (“DTV”) & Alem Communications LLP (“Alem”)

In March 2009, it was announced that Tau, along with other shareholders of DTV, a cable TV and internet operator in Kazakhstan, had entered into a joint venture agreement with Midas Telecom LLP to create Alem. As part of this transaction, all DTV shareholders (Tau Capital plc, Compass Asset Management funds and DTV founder Mr. Erjan Tungushbaev) contributed DTV assets to Alem in exchange for a combined 49% equity stake in Alem. Tau's direct economic interest in Alem is equal to 27.1%. Midas Telecom contributed a wireless broadband operator Aksoran LLP and new funds in the amount of US\$31 million. Tau has two Directors on the Board of Alem.

During the period Alem appointed Henry Radzikowsky, a US national and telecom executive with significant telecom experience in Russia and the CIS, as the Chief Executive Officer and Hans-Werner Hatting, a German national and finance executive with significant telecom and finance experience in Kazakhstan and CIS, as the Chief Financial Officer of the company. Together with the newly appointed management team, shareholders of Alem will pursue an organic and acquisitions-based strategy to create a leading alternative network operator in Kazakhstan.

TenizService LLP

TenizService, an operator and developer of oil and gas infrastructure and logistics services on the Caspian seashore, continued the development of its infrastructure facilities in Aktau, Atyrau and Bautino. The company has also finalised a number of contracts and joint ventures with foreign infrastructure and logistics services operators to deliver various services such as a platform for construction offshore drilling structures, waste management services, ship refuelling and other vessel services.

TenizService aims to be one of the main operators to service oil and gas activities related to offshore drilling activities of the Kashagan oilfield (the latter will be in operation from c.2012/2013).

Outlook

We are currently reviewing a number of new investment opportunities in the following sectors: beverage/consumer goods; coal mining; oil and gas; building materials; and agriculture. Any potential opportunity is evaluated on the merits of industry growth outlook, company's strategic positioning within a specific industry, management team track record, business growth outlook, potential valuation and returns and a number of other factors.

Spencer House Compass Capital Limited**September 2009**

Independent Review Report to Tau Capital plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the condensed consolidated income statement, the condensed consolidated and condensed company balance sheets, the condensed consolidated and company statement of changes in equity, the condensed consolidated and company cash flow statements and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the AIM Rules of the London Stock Exchange.

Emphasis of matter – valuation of private equity investments

In arriving at our review conclusion, which is not qualified, we draw attention to the disclosures in note 12 concerning the valuation of investments. The Directors of the Group have estimated the total fair value of the private equity investments at US\$36,162,178 as of 30 June 2009 in accordance with the Group's accounting policy, as disclosed in note 2. This value has been estimated by the Directors following the opinions and advice of the Investment Manager in the absence of readily ascertainable market values. However, because of the inherent uncertainty of the valuations, the estimated value may differ materially from the values that could have been realised had disposals of the investments been made between a willing buyer and seller. It is not possible to quantify the effect of such uncertainty.

Deloitte & Touche

Chartered Accountants
Isle of Man

Condensed Consolidated Income Statement

		For the six months ended	For the year ended	For the six months ended
		30 June 2009	31 December 2008	30 June 2008
	Note	US\$	US\$	US\$
Investment income				
Interest income		2,077,881	3,922,395	1,549,042
Dividend income		190,756	968,898	1,071,243
Less: withholding tax		(7,471)	(27,218)	(155,931)
Net changes in fair value of financial assets and liabilities through profit or loss		6,044,156	(98,868,991)	(7,686,891)
Total operating income/(loss)		8,305,322	(94,004,916)	(5,222,537)
Expenses				
Operating expenses		(2,852,524)	(7,434,747)	(3,050,133)
Profit/(loss) for the period/year		5,452,798	(101,439,663)	(8,272,670)
Earnings/(loss) per share	11	\$0.02	(\$0.42)	(\$0.03)

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Condensed Consolidated Balance Sheet

	As at 30 June 2009	As at 31 December 2008	As at 30 June 2008
Note	US\$	US\$	US\$
Assets			
Cash and cash equivalents	283,387	3,500,033	31,644,041
Amounts due from brokers	56,597,879	48,715,121	20,050,555
Financial assets at fair value through profit or loss	85,001,905	83,571,717	189,379,524
Interest receivable	3,042,059	1,219,538	259,276
Dividends receivable	-	8,303	758,173
Other receivables	1,596,069	68,349	652,847
Total assets	146,521,299	137,083,061	242,744,416
Liabilities			
Financial liabilities at fair value through profit or loss	(12,318,175)	(8,322,018)	(20,770,429)
Accounts payable and accrued expenses	(198,316)	(209,033)	(254,984)
Total liabilities	(12,516,491)	(8,531,051)	(21,025,413)
Total net assets	134,004,808	128,552,010	221,719,003
Shareholders' equity			
Share capital	4,752,070	4,752,070	4,752,070
Capital redemption reserve	250,109	250,109	250,109
Distributable reserves	129,002,629	123,549,831	216,716,824
Total shareholders' equity	134,004,808	128,552,010	221,719,003
Net Asset Value per share	10	\$0.56	\$0.54
		\$0.54	\$0.93

Director

Director

Date: 29 September 2009

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Condensed Company Balance Sheet

		As at 30 June 2009 US\$	As at 31 December 2008 US\$	As at 30 June 2008 US\$
	Note			
Assets				
Investment in subsidiaries	13	134,004,808	128,552,010	221,719,003
Total assets		134,004,808	128,552,010	221,719,003
Total net assets		134,004,808	128,552,010	221,719,003
Shareholders' equity				
Share capital		4,752,070	4,752,070	4,752,070
Capital redemption reserve		250,109	250,109	250,109
Distributable reserves		129,002,629	123,549,831	216,716,824
Total shareholders' equity		134,004,808	128,552,010	221,719,003
Net Asset Value per share	10	\$0.56	\$0.54	\$0.93

Director

Director

Date: 29 September 2009

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2009

	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Distributable reserves US\$	Total US\$
Balance at 31 December 2008	4,752,070	-	250,109	123,549,831	128,552,010
Profit for the period	-	-	-	5,452,798	5,452,798
Balance at 30 June 2009	4,752,070	-	250,109	129,002,629	134,004,808

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2008

	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Distributable reserves US\$	Total US\$
Balance at 31 December 2007	5,002,179	235,006,374	-	(416,130)	239,592,423
Transfer to distributable reserves	-	(235,006,374)	-	235,006,374	-
Purchase of ordinary shares	(250,109)	-	-	(9,350,641)	(9,600,750)
Transfer to capital redemption reserve	-	-	250,109	(250,109)	-
Loss for the year	-	-	-	(101,439,663)	(101,439,663)
Balance at 31 December 2008	4,752,070	-	250,109	123,549,831	128,552,010

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2008

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Transfer to capital redemption reserve	-	-	250,109	(250,109)	-
Loss for the period	-	-	-	(8,272,670)	(8,272,670)
Balance at 30 June 2008	4,752,070	-	250,109	216,716,824	221,719,003

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Condensed Company Statement of Changes in Equity for the period ended 30 June 2009

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Balance at 31 December 2008	4,752,070	-	250,109	123,549,831	128,552,010
Profit for the period	-	-	-	5,452,798	5,452,798
Balance at 30 June 2009	4,752,070	-	250,109	129,002,629	134,004,808

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Purchase of ordinary shares	(250,109)	-	-	(9,350,641)	(9,600,750)
Transfer to capital redemption reserve	-	-	250,109	(250,109)	-
Loss for the year	-	-	-	(101,439,663)	(101,439,663)
Balance at 31 December 2008	4,752,070	-	250,109	123,549,831	128,552,010

Condensed Company Statement of Changes in Equity for the period ended 30 June 2008

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Purchase of ordinary shares	(250,109)	-	-	(9,350,641)	(9,600,750)
Transfer to capital redemption reserve	-	-	250,109	(250,109)	-
Loss for the period	-	-	-	(8,272,670)	(8,272,670)
Balance at 30 June 2008	4,752,070	-	250,109	216,716,824	221,719,003

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Condensed Consolidated Cash Flow Statement

	For the period ended 30 June 2009 US\$	For the year ended 31 December 2008 US\$	For the period ended 30 June 2008 US\$
Cash flows from operating activities			
Profit/(loss) for the period/year	5,452,798	(101,439,663)	(8,272,670)
Adjustments to reconcile profit/(loss) for the period/year to net cash (used in)/provided by operating activities			
Purchase of financial assets and settlement of financial liabilities	(76,423,269)	(185,870,867)	(114,584,063)
Sale of financial assets and settlement of financial liabilities	89,160,292	180,705,393	136,084,679
Realised loss/(gain) on investments	41,767,953	(4,679,656)	(4,610,958)
Net change in unrealised (gain)/loss on investments	(51,852,755)	131,901,323	11,807,139
Net change in amortisation of debt instruments	(86,252)	-	-
(Increase)/decrease in amounts due from broker	(7,882,758)	(19,450,529)	9,214,037
(Increase)/decrease in interest receivable	(1,822,521)	(893,873)	66,389
Decrease/(increase) in dividends receivable	8,303	(1,179)	(751,049)
Decrease in prepaid insurance	-	99,427	99,427
(Increase) in other receivables	(1,527,720)	(68,349)	(652,847)
(Decrease) in accounts payable and accrued expenses	(10,717)	(413,674)	(367,723)
Net cash (used in)/provided by operating activities	(3,216,646)	(111,647)	28,032,361
Cash flows from financing activities			
Payments for purchase of ordinary shares	-	(9,600,750)	(9,600,750)
Net cash used in financing activities	-	(9,600,750)	(9,600,750)
Net (decrease)/increase in cash and cash equivalents	(3,216,646)	(9,712,397)	18,431,611
Cash and cash equivalents at beginning of period/year	3,500,033	13,212,430	13,212,430
Cash and cash equivalents at end of period/year	283,387	3,500,033	31,644,041
Supplementary disclosure of cash flow information			
Dividends received	199,059	940,501	320,194
Interest received	255,360	3,028,522	1,615,431

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Condensed Company Cash Flow Statement

	For the period ended 30 June 2009 US\$	For the year ended 31 December 2008 US\$	For the period ended 30 June 2008 US\$
Cash flows from operating activities			
Profit/(loss) for the period/year	5,452,798	(101,439,663)	(8,272,670)
Adjustments to reconcile profit/(loss) for the period/year to net cash used in operating activities			
Net change in unrealised (gain)/loss on investments	(5,452,798)	101,439,663	8,272,670
Net cash used in operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Redemption of shares in subsidiary undertakings	-	9,600,750	9,600,750
Net cash provided by investing activities	<u>-</u>	<u>9,600,750</u>	<u>9,600,750</u>
Cash flows from financing activities			
Payment for purchase of ordinary shares	-	(9,600,750)	(9,600,750)
Net cash used in financing activities	<u>-</u>	<u>(9,600,750)</u>	<u>(9,600,750)</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of period/year	-	-	-
Cash and cash equivalents at end of period/year	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes on pages 22 to 26 are an integral part of these financial statements.

Investment Policy of Tau Capital plc

Investment strategy

The Company through the Fund aims to:

- invest in public equities of companies with assets in Kazakhstan or the Investment Countries (or whose business has exposure to Kazakhstan or in the Investment Countries), who have securities listed on the KASE or any other stock exchange or are otherwise traded on over-the-counter markets in Kazakhstan, the Investment Countries or internationally; and
- provide equity and equity-related investment capital to private companies operating in or with business exposure to Kazakhstan and further in the Investment Countries (or whose business is located within Kazakhstan or an Investment Country) who are seeking capital for growth and development, consolidation or acquisition, or as a pre-IPO round of financing. Investments may also be made in special situations if the Investment Manager considers the investment to be of a type in keeping with the aims of the Fund.

These investments may be in combination with additional debt or equity-related financings, and potentially in collaboration with other value-added financial and/or strategic investors.

The Company is authorised to gear the portfolio up to 50% and the Company may obtain facilities to borrow funds in the future to do so. The aim of such gearing would be to enhance returns and to ensure that the Company is able to take advantage of opportunities to invest without being forced to liquidate existing positions. In addition, companies in which investments are made may themselves be geared.

The Company intends to invest not less than 50% of its NAV in Kazakhstan or entities which have their primary business interests in Kazakhstan while allowing for potentially up to 50% of its NAV being invested in the Investment Countries. The Company's investment approach is intended to deliver investors a full range of investment opportunities. Once fully invested, the Fund will have a minimum of 50% of its asset allocation in public equities and up to 50% in private companies and special situations, although the initial investments made by the Fund will nearly all be made in public equities.

The Directors shall target a broad range of sectors including oil and gas exploration and production, metals and mining, transport and logistics, consumer-related, telecommunications, financial services and business services as they believe that these sectors in each of Kazakhstan and the Investment Countries' economies provide capital appreciation opportunities for investors.

Public equities

When investing in public equities, the Company will seek to invest a majority of its funds in a core portfolio of approximately 10 investments which, in the opinion of the Manager, provide the best medium term (one to three years) value creation potential. These core positions will typically be between 5% and 15% of the NAV of the Fund. The Manager will seek to select "national champions" within Kazakhstan or the Investment Countries or companies with strong positions or strong growth potential in their respective sectors. The Company will seek to deploy the balance of the funds in shorter-term (less than one year) tactical holdings, typically each up to 5% of the Fund's NAV. All public equities are actively traded and there are no cross holdings in the portfolio.

Private Companies and Special Situations

The Company intends generally to take minority equity stakes of greater than 10% in each private company and may seek to secure board representation where it considers that the Company and/or an investee company would benefit from such an appointment. The Company may take controlling positions in investee companies from time to time.

It is anticipated that each equity investment will typically be between 5% and 15% of the NAV of the Fund which may be supplemented by co-investment with third party investors, which is expected to give a portfolio of six to eight individual investments being managed at any given time. The Company intends to provide investee companies with the necessary capital and assist, if required, in strengthening the management teams with financial, marketing and other skills.

Special situations may be presented to the Fund from time to time. These investments cannot be described as either public equity investments or private company investments but are of a type which the Investment Advisers would consider to be of a suitable nature for the Fund. They would typically include bridge equity financing and recapitalisations and could require changes to the management teams of the investee companies to effectively take the business forward. The Company intends to invest between 5% and 15% of the NAV of the Fund in each special situation.

The Company proposes to limit the concentration of funds in any one investment as follows:

To invest in the following sectors (each a “Sector”) or component parts thereof (each a “Sub-Sector”):

1. Oil & Gas
2. Metals and mining
 - a) Precious metals and mining
 - b) Diversified metals and mining
 - c) Uranium
3. Basic materials (other)
4. Transport & logistics
5. Consumer discretionary and staples
6. Telecommunications
7. Financial services
8. Industrials
9. Utilities
10. Information technology
11. Healthcare,

provided that the investment restrictions on the Fund in Kazakhstan and/or the Investment Countries shall continue as follows:

- the Fund shall not invest more than 15% of the NAV of the Fund in a single company or single affiliated group of companies; and
- the Fund shall not invest more than 40% of the NAV of the Fund in any one Sector; and
- the Fund shall not invest more than 15% of the NAV of the Fund in any one Sub-Sector,

excluding, in each case, any investments in wholly owned subsidiaries of the Fund used to invest in the Portfolio Companies, and provided further that the terms “Fund”, “Investment Countries”, “NAV” and “Portfolio Companies” shall have the respective meanings given to them in the Admission Document dated 3 May 2007.

Schedule of Investments as at 30 June 2009

Shares	Investment name	Fair value - US\$	% of net assets
Financial assets at fair value through profit or loss			
<i>Equities - public</i>			
	Canada		
	Gold mining	5,446,838	4.06%
	Metals diversified	4,148,144	3.10%
	Oil exploration	1,304,323	0.97%
		<hr/>	
		10,899,305	8.13%
	Ireland		
	Oil exploration	11,519,729	8.60%
		<hr/>	
		11,519,729	8.60%
	Kazakhstan		
	Commercial banks (non US)	5,440,288	4.06%
	Gold mining	280,000	0.21%
	Oil exploration	5,465,331	4.08%
	Paper & related products	366,400	0.27%
	Pharmaceuticals	1,525,213	1.14%
	Telecom services	2,093,455	1.56%
		<hr/>	
		15,170,687	11.32%
	United Kingdom		
	Financial	741,750	0.55%
	Metals diversified	2,449,845	1.83%
	Oil exploration	1,207,800	0.90%
		<hr/>	
		4,399,395	3.28%
	United States of America		
	Oil exploration	3,835,435	2.86%
		<hr/>	
		3,835,435	2.86%
<i>Equities - private</i>			
	Kazakhstan		
	Oil services & infrastructure	19,500,000	14.55%
	Telecom services	16,662,178	12.43%
		<hr/>	
		36,162,178	26.98%
Total equities		<hr/>	
		81,986,729	61.17%

Schedule of Investments as at 30 June 2009 (continued)

Investment name	Fair value - US\$	% of net assets
Financial assets at fair value through profit or loss (continued)		
<i>Debt instruments</i>		
Uzbekistan		
Gold mining	2,126,826	1.59%
	2,126,826	1.59%
United States of America		
Financial	476,530	0.36%
	476,530	0.36%
<i>Total debt instruments</i>	2,603,356	1.95%
<i>Money market instrument</i>		
Kazakhstan		
Financial	395,556	0.30%
	395,556	0.30%
<i>Total money market instrument</i>	395,556	0.30%
<i>Option</i>		
United Kingdom		
Metals diversified	16,264	0.01%
	16,264	0.01%
<i>Total option</i>	16,264	0.01%
Total financial assets at fair value through profit or loss	85,001,905	63.43%
Financial liabilities at fair value through profit or loss		
<i>Equities - public</i>		
United Kingdom		
Metals diversified	(3,623,803)	(2.70%)
	(3,623,803)	(2.70%)
United States of America		
Financial	(5,494,240)	(4.10%)
	(5,494,240)	(4.10%)
<i>Total equities</i>	(9,118,043)	(6.80%)

Schedule of Investments as at 30 June 2009 (continued)

Investment name	Fair value - US\$	% of net assets
Financial liabilities at fair value through profit or loss (continued)		
<i>Contracts for difference</i>		
United Kingdom		
Financial	(681,224)	(0.51%)
	<u>(681,224)</u>	<u>(0.51%)</u>
United States of America		
Financial	(1,052,728)	(0.79%)
	<u>(1,052,728)</u>	<u>(0.79%)</u>
<i>Total contracts for difference</i>	<u>(1,733,952)</u>	<u>(1.30%)</u>
<i>Future</i>		
United States		
Financial	(1,421,040)	(1.06%)
	<u>(1,421,040)</u>	<u>(1.06%)</u>
<i>Total future</i>	<u>(1,421,040)</u>	<u>(1.06%)</u>
<i>Option</i>		
United Kingdom		
Metals diversified	(45,140)	(0.03%)
	<u>(45,140)</u>	<u>(0.03%)</u>
<i>Total option</i>	<u>(45,140)</u>	<u>(0.03%)</u>
Total financial liabilities at fair value through profit or loss	<u>(12,318,175)</u>	<u>(9.19%)</u>
Financial assets and liabilities at fair value through profit or loss	72,683,730	54.24%
Cash and cash equivalents	283,387	0.21%
Other assets in excess of liabilities	61,037,691	45.56%
Total net assets	<u>134,004,808</u>	<u>100.01%</u>

Condensed Notes to the Financial Statements

1. General

Tau Capital plc (the “Company”) is a closed-end investment fund incorporated and domiciled in the Isle of Man on 3 April 2007 and registered with number 119384C. The Company was established to allow investors the opportunity to realise returns through investing in both public and private businesses that are established in, operating in or have exposure to Kazakhstan. Although Kazakhstan focused, the Company will also seek investment opportunities in the Kyrgyz Republic, Uzbekistan, Turkmenistan, Tajikistan and Russia (the “Investment Countries”).

The Company is listed on the Alternative Investment Market of the London Stock Exchange. The Company has no employees.

The Company’s investments are held by an intermediate investment holding company, Tau Cayman LP. Hereinafter, Tau Cayman LP and Tau Capital plc will be referred to as the “Group”.

The Group intends to invest in public companies with substantial operating assets in Kazakhstan or in the Investment Countries who have securities listed on the KASE or other stock exchanges or over-the-counter-markets. These investments may be in combination with additional debt or equity-related financings, and potentially in collaboration with other financial and/or strategic investors.

In addition, the Group aims to provide equity and equity-related investment capital to private companies operating in, or with business exposure to Kazakhstan and further in the Investment Countries who are seeking capital for growth and development, consolidation or acquisition, or as a pre-initial public offering round of financing. Investments may also be made in special situations if Spencer House Compass Capital Ltd (the “Investment Manager”) considers the investment to be of a type in keeping with the aims of the Group.

The statutory accounts of the Company for the year ended 31 December 2008 have been filed with the Registrar of Companies and contain an unqualified audit report which includes an emphasis of matter reference for the valuation of the private equity investments. Copies are available on the Company’s website at www.taucapitalplc.com.

2. Accounting Policies

The significant accounting policies and estimation techniques adopted by the Group for the period ended 30 June 2009 are consistent with those adopted by the Group for the annual financial statements for the year ended 31 December 2008.

Statement of compliance

The annual financial statements of Tau Capital plc are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The condensed set of financial statements in this half-yearly financial report have been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting”, as adopted by the European Union.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The investment strategy of the Group is focused on entities that operate in or have an exposure to Kazakhstan. Accordingly, the Directors are of the opinion that the Group is engaged in a single segment of business being investment business in one geographical area being Kazakhstan.

Condensed Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Unlisted investments

Unlisted investments are valued at the Directors' estimate of their fair value in accordance with the requirements of IAS 39 and guidelines issued by the International Private Equity and Venture Capital Association based on the opinions and advice of the Investment Manager. Valuation techniques include the use of mathematical models utilising market observable inputs where possible, but where this is not feasible, a degree of judgement is required in determining fair values. Further details concerning the uncertainties surrounding the valuation of private equity investments can be found in note 12.

3. Share Capital and Share Premium

The authorised share capital of the Group is £3,502,000 comprising 350,199,998 ordinary shares of £0.01 each and 2 founder shares of £0.01 each. The founder shares carry identical rights and privileges to the ordinary shares of the Group. The share capital of the Group has been allocated, called up and fully paid. The shares issued during the period/year were as follows:

	For the period ended 30 June 2009 Shares	For the year ended 31 December 2008 Shares	For the period ended 30 June 2008 Shares
Balance at the beginning of the period	238,450,002	251,000,002	251,000,002
Issue of ordinary shares	-	-	-
Purchase of ordinary shares	-	(12,550,000)	(12,550,000)
Balance at the end of the period	238,450,002	238,450,002	238,450,002

The share premium which arose on the placing of shares in 2007 was cancelled and reclassified as a distributable reserve with permission from the High Court on 26 March 2008.

On 19 June 2008, Tau Capital plc acquired 12,550,000 of its own ordinary shares of 1p each at a price of US\$0.765 per share, representing 5% of its issued share capital. Following the purchase 238,450,002 ordinary shares were in issue.

4. Related Party Transactions

Richard Horlick, a Director of the Group as listed on page 2, is a Fund Manager at Spencer House Capital Management, LLP.

Michael Sauer, a Director of the Group as listed on page 2, is the chairman of Compass Asset Management Ltd and CEO of Visor Holding LLP.

Almas Chukin resigned as a Director of the Group on 16 March 2009.

Philip Scales, a Director of the Group as listed on page 2, is the managing director of IOMA Fund and Investment Management Ltd.

Details of Directors' remuneration can be found in Note 5.

Condensed Notes to the Financial Statements (continued)

4. Related Party Transactions (continued)

As at 30 June 2009, 31 December 2008 and 30 June 2008 Philip Lambert and Robert Brown, III each held 500,000 ordinary shares. These shares were granted in consideration for the provision of services pursuant to their letters of appointment as Non-executive Directors.

As at 30 June 2009, Richard Horlick held 22,600,000 ordinary shares (31 December 2008: 5,000,000 ordinary shares; 30 June 2008: 5,000,000 ordinary shares).

As at 30 June 2009, 31 December 2008 and 30 June 2008, both Spencer House Capital Management, LLP and Compass Asset Management Ltd held one founder share each.

5. Fees & Expenses

Director's remuneration for the period ended 30 June 2009 amounted to US\$67,287 (31 December 2008: US\$272,423; 30 June 2008: US\$113,730).

The investment management fee for the period ended 30 June 2009 amounted to US\$1,297,686 (31 December 2008: US\$4,675,895; 30 June 2008: US\$2,415,069) and is calculated at 2% per annum of the net asset value of the Group.

No performance fees were earned for the period ended 30 June 2009 (31 December 2008: US\$Nil; 30 June 2008: US\$Nil). The investment manager is entitled to a performance fee if the net asset value of the Group as at 31 December, in the relevant period, is greater than or equal to the Group's high water mark.

6. Exchange Rates

The following exchange rates were used to translate assets and liabilities into US Dollars at 30 June 2009, 31 December 2008 and 30 June 2008:

	30 June 2009	31 December 2008	30 June 2008
Canadian dollar	1.161350	1.234499	1.014550
Euro	1.402643	1.390047	1.575548
Kazakhstan tenge	0.006648	0.008273	0.008284
Pound sterling	1.646850	1.437753	1.990169

7. Distributions

Subject to the provisions of the Articles, the Group may by ordinary resolution, declare that out of profits available for distribution, in accordance with Isle of Man law, dividends be paid to members according to their respective rights and interests in the profits of the Group. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to dividend arises.

No dividends were paid during the periods ended 30 June 2009, 31 December 2008 or 30 June 2008.

8. Soft Commissions

During the period, the Investment Manager and connected persons have not entered into soft commission arrangements with brokers in respect of which certain goods and services used to support investment decision making were received.

Condensed Notes to the Financial Statements (continued)

9. Commitments and Contingent Liabilities

As at 30 June 2009, 31 December 2008 and 30 June 2008, the Group did not have any significant commitments or contingent liabilities.

10. Valuation of the Group

The Net Asset Value of the Group as at 30 June 2009, 31 December 2008 and 30 June 2008, as reported at the time, differs from the financial statements. In accordance with IAS 39, long positions in the financial statements are valued at bid prices and short positions at offer prices.

	As at 30 June 2009 US\$	As at 31 December 2008 US\$	As at 30 June 2008 US\$
Net Asset Value for reporting purposes	135,754,170	130,206,722	224,740,197
Adjustment to last traded prices	(249,362)	(1,654,712)	(3,021,194)
Adjustment to valuation of private equities	(1,500,000)	-	-
Net Asset Value per financial statements	<u>134,004,808</u>	<u>128,552,010</u>	<u>221,719,003</u>
Reported Net Asset Value per share	\$0.57	\$0.55	\$0.94
Adjusted Net Asset Value per share	\$0.56	\$0.54	\$0.93

11. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	For the period ended 30 June 2009	For the year ended 31 December 2008	For the period ended 30 June 2008
Net profit/(loss) attributable to shareholders	\$5,452,798	(\$101,439,663)	(\$8,272,670)
Weighted average number of ordinary shares in issue	238,450,002	243,679,169	251,000,002
Basic earnings per share	\$0.02	(\$0.42)	(\$0.03)

There is no difference between the fully diluted earnings per share and basic earnings per share.

12. Investments

As at 30 June 2009, the Group has two private equity investments (31 December 2008: two). The most significant development in relation to the private equity investments during the period has been the Digital TV LLP / Alem Communications Holding LLP transaction as described below. Tau Capital plc ("Tau"), alongside other shareholders of Digital TV LLP ("DTV"), entered into a joint venture investment agreement with Midas Telecom LLP, a Kazakh-based investment company during the period. Tau has also signed a sale and purchase agreement with Alem Communications Holding LLP ("Alem Communications") to contribute DTV into Alem Communications in order to jointly manage and develop Alem Communications as part of the investors' strategy to establish an alternative telecom operator in the Republic of Kazakhstan. Upon completion of the transaction on 23 June 2009, the total charter capital of Alem Communications was 9.2 billion KZT (or US\$61 million at prevailing exchange rates). The fair value of the Group's indirect investment in Alem Communications LLP of US\$16,662,178 is based on its share of the total cost of the charter capital

of Alem Communications (at the exchange rate prevailing at the period end between the Kazakhstan tenge and US dollar).

Condensed Notes to the Financial Statements (continued)

12. Investments (continued)

There have been no significant developments during the period in respect of the investment in TenizService LLP and the fair value of the investment as at 30 June 2009 of US\$19,500,000 is equal to its historic cost (31 December 2008: US\$19,500,000).

As stated in note 2, where the valuation of investments is dependent on non-market observable inputs, a degree of judgement is required in establishing fair values. Accordingly, the valuation of the private equity financial assets is subject to inherent uncertainty. Primarily due to the global economic and financial crisis, there have been some major market developments which impact these valuations. These include a devaluation of the Kazakhstan tenge against the US dollar by 20%, the nationalisation of 2 banks in Kazakhstan and a fall on the Kazakh stock exchange ("KASE") of 12.6% in US dollar terms in the first six months of 2009.

13. Investments in Subsidiaries

The subsidiaries of Tau Capital plc are recorded at cost less any impairment in the balance sheet of the Company.

Name	Country of incorporation	Principal investment activity	Proportion of ownership interest
Tau Cayman Limited	Cayman Islands	Business administration	100%
Tau Capital (Public Investments) Limited	Cayman Islands	Investment holding	100%
Tau Cayman LP	Cayman Islands	Investment holding	100%
Tau SPV 1 Cooperatief	The Netherlands	Investment holding	100%
Tau SPV 2 Cooperatief	The Netherlands	Investment holding	100%

14. Share-Based Payments

The following share-based payment arrangement was in existence with Numis Securities Limited, the Company's Nominated Adviser and Broker, at 30 June 2009, 31 December 2008 and 30 June 2008. This arrangement was conditional upon admission of the ordinary share capital of the Company to the Alternative Investment Market operated by the London Stock Exchange

Options	Number	Grant date	Expiry date	Exercise price US\$
Issued 3 May 2007	2,510,000	3 May 2007	3 May 2012	1.00

The Directors have determined that the fair value of the options granted (which were fully vested at the date of grant) could not be reliably measured at the measurement date (the date of grant). Therefore in accordance with IFRS 2: Share Based Payments, the intrinsic value method has been used to determine the value of the share-based payment transaction. As at the measurement date and the current financial period-end, the intrinsic value is nil as the exercise price is greater than the market price.

15. Events After the Balance Sheet Date

There were no material events after the Balance Sheet date, which have a material bearing on the understanding of these financial statements.