TAU CAPITAL PLC
(a company incorporated in the Isle of Man)

CONDENSED HALF-YEARLY REPORT AND
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

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Company Information

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Michael Sauer (resigned 15 June 2012)
Nicholas Paris (appointed 24 July 2012)
Philip Lambert* (Chairman)
Philip Scales*
Richard Horlick
Robert Brown, III*
Terence Mahony (appointed 24 July 2012)

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*See note 16 for further details

Chairman's Statement

During the first half of 2012 the Net Asset Value ("NAV") per share of Tau Capital Plc ("the Company") and its subsidiaries (together the "Group" or the "Fund") decreased by -6.5% from $0.61 to $0.57 as of 30 June 2012. This compared favorably with the most relevant benchmarks – the RENCASIA was down -13.9% and the RENKAZ was down -16.0%. The performance of the Company continued to demonstrate lower volatility.

High volatility in global markets due to continuing sovereign debt issues in Eurozone countries and demonstrable signs of slowing US and Chinese economic activity negatively affected investors' risk appetite. While certain key commodity prices (Gold and Copper) gained modestly, the mining companies in the portfolio struggled to perform. Despite extreme volatility in the Brent oil price, including a peak to trough decline of over 30%, the oil companies in the portfolio performed well.

In Central Asia, the first half of 2012 was characterized by strong economic performances, particularly in Mongolia, despite the difficulties in the global economy. Kazakhstan improved its global standing in terms of both macroeconomic stability and competitiveness. On the other hand, instances of resource nationalism, mild social unrest, and excessive inflation were all evident in the Region as well.

The global sector rotation away from Mining stocks had a negative impact on performance as did certain company-specific developments. For example, Centerra Gold cut its 2012 production forecast by 30% after increased ice movement at its Kumtor mine in Kyrgyzstan, and then a government commission report raised concerns of a potential licence revocation and/or nationalization. On the upside, incumbent telecom services provider Kazakhtelecom distributed most of the proceeds from its sale of its subsidiary GSM Kazakhstan and announced a revised dividend policy of 30% of annual net earnings going forward.

In the Private Equity portfolio the Board announced a 25% mark down in Lucent Petroleum in May following a report from the Investment Manager which showed an extension in the time frame of the drilling activity. However as also announced in May, the Company disposed of its interest in Alem Communications held via a secured senior profit participating loan in DTV Investment Holdings LLP. The proceeds received in US Dollars were slightly below the carrying value but in local currency terms, the investment showed an increase of approximately 17%. The pharmaceutical distributor Stopharm continues to perform satisfactorily and during the period, paid a dividend to the Company of more than $1 million.

The Company implemented a share buyback program during the period and as of 30 June 2012 16,141,538 shares had been repurchased at an average price of $0.4461. The buyback program has continued and as at the date of this report, an additional 4,700,000 shares have been bought back at an average price of $0.4667.

In June the Company received a requisition to convene an Extraordinary General Meeting demanding that a number of resolutions be put to shareholders. Following consultation with certain shareholders, the requisition was withdrawn and a number of resolutions proposed by the Board, aimed at an orderly disposal of the Company's public and private equity investments were included at the Annual General Meeting held on 24 July. At the AGM all the resolutions were passed and as a result, the Company is in the process of implementing a number of changes as follows:

- On 15 June 2012, Michael Sauer resigned as a director. On behalf of the Board I would like to thank Michael for his contribution to the Company.

  We were also pleased to welcome Nick Paris and Terry Mahony to the Board following the conclusion of the AGM. They both are experienced in the emerging markets field and I and my fellow directors look forward to working with them going forward.

- As recently announced and following the AGM, agreement was reached with Compass Asset Management to terminate the existing management agreement. We were pleased to also have reached agreement with Sturgeon Capital to act as manager of the public equity portfolio and Capitalgate Securities to act as manager of the private equity portfolio. We look forward to working with both Sturgeon Capital and Capitalgate Securities to derive maximum value from the portfolio.

Chairman's Statement (continued)

The Board remains committed to realizing value for shareholders in a timely but efficient manner and returning capital to shareholders, and the Board has already announced an intention to return 13 cents per share in cash to shareholders via tender offer to be held shortly. Further announcements on the progress being made will be released when appropriate.

Philip Lambert
Chairman

27 September 2012

Investment Manager's Report

Performance

During the first half of 2012 the NAV per share of TAU Capital PLC ("the Company") and its subsidiaries (together "the Group" or "the Fund") decreased by -6.5% from $0.61 to $0.57 as of 30 June 2012. Since inception, the Fund's annualised performance in NAV per share terms was -10.6% through 30 June 2012, vs. -22.9% for the RENKAZ Index and -15.9% for the RENCASIA Index (total USD returns), the Fund's most relevant benchmarks. In absolute terms, the Fund's performance since inception was -43.3% compared to a decline of -73.8% for the RENKAZ Index and -58.9% for the RENCASIA Index.

	1H2012	Since Inception	Annualised performance*	Volatility 3y annualised
Tau Capital Fund	-6.5%	-43.3%	-10.6%	16.8%
RENCASIA	-13.9%	-58.9%	-15.9%	31.9%
RENKAZ	-16.0%	-73.8%	-22.9%	34.2%
KASE	0.3%	-71.0%	-21.4%	27.5%
MSCI Kazakhstan	19.6%	-36.6%	-8.5%	25.0%
MSCI Frontier	-1.3%	-37.0%	-8.6%	14.5%
MSCI Emerging	4.1%	8.3%	1.6%	22.5%
MSCI World	6.3%	-10.1%	-2.0%	17.5%

*Total return (daily); US$ returns *Since inception*

In 1H2012, the Fund outperformed the RENKAZ and RENCASIA Indices by +9.5 and +7.4 percentage points, respectively. In terms of risk vs. reward, the Fund's 3-year annualised volatility of 16.8% is substantially less than both the RENKAZ and the RENCASIA Indices.

High volatility in global markets due to continuing sovereign debt issues in Eurozone countries and demonstrable signs of slowing US and Chinese economic activity negatively affected investors' risk appetite. While certain key commodity prices (Gold and Copper) gained modestly, the mining companies in the portfolio struggled to perform. Despite extreme volatility in the Brent oil price, including a peak to trough decline of over 30%, the oil companies in the portfolio performed well.

The stock that hurt the Fund's performance the most was Centerra Gold, contributing -4.07 ppts after the company decreased its 2012 production forecast by 30% after increased ice movement at Kumtor. In addition, a Kyrgyz Parliamentary Commission released a report regarding the Kumtor gold project. Kumtor faces a number of allegations including substantial environment damage. Following the announcement, the Kyrgyz Parliament issued a resolution calling for the creation of a state commission that will revise Kumtor's agreement by 1 October 2012. Potential licence revocation and nationalization of the project are key concerns. Centerra was also negatively affected by the global sector rotation away from commodities stocks.

The best performer for the Fund, Kazakhtelecom, contributed +1.72 ppts. In May, the incumbent telecom services provider announced a regular dividend in the amount of 1,329 KZT per common share, representing 30% of 2011 net income, and a special dividend of 18,559 KZT for 1Q2012, which represents almost all of the proceeds from the sale of subsidiary GSM Kazakhstan. Kazakhtelecom also revised its official dividend policy to 30% of annual net earnings going forward.

Investment Manager's Report (continued)

Performance (continued)

The Fund's Private Equity portfolio delivered a negative contribution to performance during the first six months of 2012. In May, the Board decided to mark-down the Lucent Petroleum LLP investment by 25% due to an extension of the time frame of the drilling program. This resulted in a negative contribution to the Fund's performance in the amount of -3.08 ppts. The investment in Alem communications Holding LLP also negatively contributed to the Fund's performance. The difference between the actual net amount of proceeds for the sale of the Fund's stake in Alem Communications Holding LLP and the previous carrying value accounted for -1.24 ppts contribution to the Fund's performance. As a subsequent event, the investment was exited for net proceeds of $18.7 mln, with additional possible future residual cash proceeds after expenses of approximately $260,000. However, these negative contributions were partially offset by a +0.94 ppt contribution to the Fund's performance from Stopharm LLP. In June, the Fund received dividends in the amount of $1.14 million on its investment in Stopharm.

Global Markets

The year began on a positive note, with all major equity indices posting strong gains. Investor sentiment remained bullish as: (1) favourable global manufacturing data, (2) solid US employment generation, (3) accommodative comments from the Federal Reserve, and (4) evidence that the Chinese economy slowed only mildly while monetary easing was implemented as the disinflationary trend continued, all supported demand for risky assets. In Europe, the European Central Bank's (ECB) intervention also contributed to a marked improvement in market sentiment. The ECB launched long-term repo operations in December and February providing European banks with cheap liquidity. Greek structural reforms paved the way for a second bailout package.

This positive environment deteriorated gradually during the spring as a sector rotation away from higher beta mining and energy stocks set in. Sentiment then turned outright negative. Greek and French elections indicated that political momentum against austerity and conditionality was increasing, economic conditions continued to deteriorate in Spain, where real estate prices fell further and banks suffered credit rating downgrades across the sector, and concerns regarding the health of the European Banking Sector as a whole were renewed. Benchmark bond yields in Spain and Italy breached 7.1% and 6.2%, respectively. In the US, real GDP growth slowed, total job creation again fell to below the level required to achieve a sustained decline in the unemployment rate, long-term unemployment rose, fiscal stimulus measures injected during the crisis were phased out, and core retail spending was contracting by the end of the Period. In China, growth in electricity consumption and rail cargo volumes decreased, while FDI continued to fall.

As a result, since the beginning of May, Emerging Equity Markets (as measured by the MSCI EM Index) dropped 7.7% (total returns) reversing most of the 12.8% gain of the first four months of the year. Net outflows from Emerging Market equity funds began in mid-April and totaled $7.2bn through June.

After rising above $125/bbl, the Brent crude oil price declined significantly through the remainder of 1H2012, falling -30% from peak-to-trough due to a substantial increase in Saudi output, global growth concerns and the associated risk-off trade, rising US crude inventories (+20% from the December through the June peak), and the reduction of tensions between Iran and Israel. Gold, silver, and copper all fluctuated significantly as the dollar fell and then rose through the period, but ended 1H2012 roughly flat. Uranium and ferrochrome prices did not materially change. Iron ore prices fell as Chinese steel producers decreased output and dealt with compressed operating margins while the average Chinese selling price for Mongolian coal rose over 30% in 1H YoY.

Central Asia

The first half of 2012 was characterized by strong economic performances in the region, particularly in Mongolia, despite the difficulties in the global economy. On the other hand, instances of resource nationalism, mild social unrest, and excessive inflation were all evident as well.

Kazakhstan achieved positive economic growth in 1H2012 (+5.6% YoY; preliminary) despite the global slowdown. While it is not possible to draw too many conclusions from the preliminary data which include sparse details, oil exports were a key driver of growth and some contribution was made by the large-scale Program of Industrialization implemented by the Government.

Investment Manager's Report (continued)

Central Asia (continued)

The Kazakhstan banking sector demonstrates further evidence of stabilization. Sector's NPL (ex. BTA & Alliance) declined -0.4% MoM to 24.2% (as of 1 July 2012) and Sector Loans Overdue above 90 days (ex. BTA & Alliance) decreased -2.2% MoM to 18.8% (as of 1 July 2012). Decline in NPLs shows asset quality stabilization in the banking sector. In general, banking sector results indicate slight improvements in lending as total sector loans increased (+4.9% YTD).

Government budget revenues rose to 2.7 trillion Tenge (over $18 billion), representing an increase of 26%. Prices rose +5.0% YoY through June compared to +8.4% during the same period last year. This disinflationary trend is a key indication of the macroeconomic stability in the country. Foreign trade turnover increased by 22% in January-April compared to the same period of 2011. The export of goods increased by 18%, while imports rose by 30%. Taking into consideration the assets of the National Fund, the international reserves of the country in June increased by $10.7 billion YTD totaling $83.7 billion.

Economic growth had a positive impact on the income of the population. The real incomes of the population increased by 12.8% while the real salaries by 11.5% since the beginning of the year. The most recently published unemployment rate was 5.3%.

According to the World Economic Forum's "Global Competitiveness Report 2011-2012", Kazakhstan improved its position from 26th to 18th place in terms of macroeconomic stability and leads the Central Asian region. Moreover, Kazakhstan climbed up four positions in the IMD World Competitiveness Yearbook (WCY) rating and took 32nd place among 59 world countries.

In contrast to these positive economic results, the social unrest that flared up in December 2011 continued to simmer in the Western Kazakhstan oil city of Zhenoazen. As certain individuals were brought before the courts as alleged instigators, family members protested and the United Nations criticized Kazakh authorities for not investigating the violence in December in a comprehensive and transparent manner. Additional security/military forces were deployed to the city after the period ended.

In the run-up to Mongolian parliamentary elections that were held on the 28th of June, resource nationalism rhetoric increased. For example, after CHALCO announced its intention to acquire up to 60% of Mongolian coal producer SouthGobi Resources, including Ivanhoe Mines' (now Turquoise Hill Resources) 58% stake, the Mongolian Government announced new possible foreign investment regulations and threatened to suspend SouthGobi's mining license. Subsequent to the period end, SouthGobi's CEO stated that his expectation was that the takeover would not proceed. Regarding the election, the winning Democratic Party (DP) proposed a coalition with the resource-nationalist Mongolian People's Revolutionary Party (MPRP) ("the Justice Coalition"), led by former President Nambaryn Enkhabayar, who shortly after the election was jailed by a Mongolian court for four years. These actions may scupper the DP-MPRP coalition, which might mean that the DP will need to partner up (again) with the more moderate Mongolian People's Party (MPP). This would be good for foreign investment because the MPP are less nationalistic than the MPRP.

GDP growth in Mongolia was over 25% YoY in 1H2012, driven by major foreign investments, particularly the massive Oyu Tolgoi Copper-Gold mine. While the Mongolian Tugrik only appreciated +3.7% during the half, the possibility of a Dutch Disease effect in the future remains a risk. A troubling dynamic to the rapid growth is rising inflation, which is currently running in the mid-double digits. The Mongolians need to show that they are serious about keeping inflation at manageable levels.

Resource nationalism was also observed in Kyrgyzstan when a Parliamentary Commission released a report regarding the Kumtor Gold Project, Centerra Gold's main asset. Despite the fact that Kyrgyz government controls more than 30% of Centerra Gold, the Kumtor project faces a number of allegations including substantial environment damage. Following the announcement, the Kyrgyz Parliament issued a resolution calling for the creation of a state commission that will revise Kumtor's agreement by 1 October 2012, thus reneging on its previous commitments. Potential license revocation and nationalization of the project are key concerns.

Investment Manager's Report (continued)

Central Asia (continued)

As of June 30, 2012, 51% of the Fund Portfolio was invested in Kazakhstan, while 27% was invested in Kyrgyzstan, Mongolia, Turkmenistan and Uzbekistan, and Russian companies with a strategic operating presence in Central Asia.

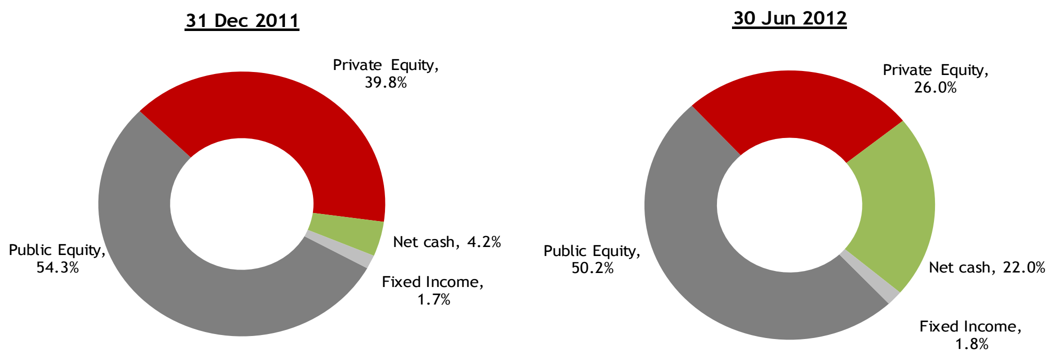
Investment Activities

The Fund entered 2012 almost fully invested with a low cash position after significantly increasing exposure at the end of 2011. During the first quarter the Fund reduced market exposure. The Fund sold into strength on signs of a temporary run-up among equities. In particular, Oil & Gas Sector exposure was reduced significantly. Throughout the first half of the year trading calls were made on volatile, cyclical miners, and in the latter part of the period the Fund increased its Public Equity exposure to take advantage of attractive valuations in this sector.

By the end of the first half of 2012 the Fund received Ivanhoe Mines rights, and exercised them as a subsequent event. Tau also liquidated three illiquid positions that were in the portfolio: Max Petroleum, Caspian Services and Victoria Oil & Gas.

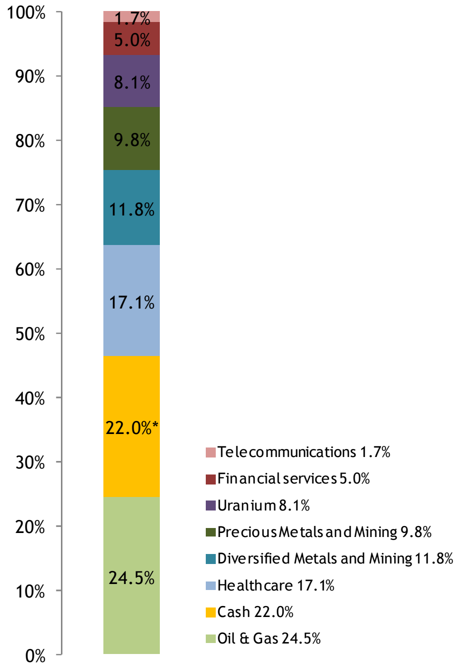
On the Private Equity side, in January 2012, the Fund converted into equity the Bridge Loan provided to Lucent Petroleum LLP. The post-conversion stake of the Fund in Lucent Petroleum LLP is 6.18%.
In May 2012, DTV Investment Holding LLP ("DTVI"), the holding company through which the Fund invested in Alem Communications Holding ("Alem") entered into an irrevocable Sale-Purchase Agreement for the full sale of its interest in Alem. Proceeds were received as a subsequent event. Please see the Private Equity Section below.

Exposure by Asset Class

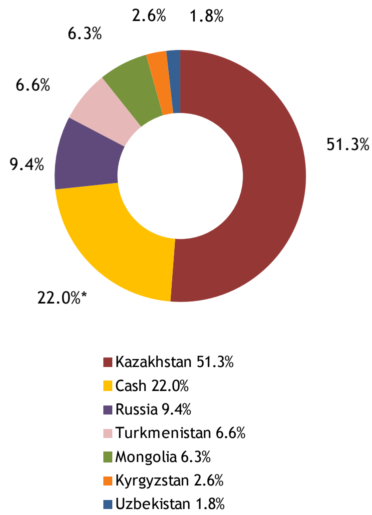


Investment Manager's Report (continued)

Exposure by Sector
30 Jun 2012



Exposure by Country
30 Jun 2012



*Including SWAP collateral (-4.13% of NAV)

Outlook

After a volatile first half, we entered 2H2012 with a sense of cautious optimism. We anticipate that global equity markets in general, and Emerging/Frontier Markets in particular, are likely to perform relatively well as an asset class through the end of 2012, and the shares of companies operating in the Central Asian Region will be no exception. As outlined below, there are several reasons for this view and while there are key threats to this anticipated performance, we view the balance of risks being to the upside.

Valuations are very attractive. Many of the larger, more liquid stocks in our Central Asian universe are trading at blended forward earnings multiples that are approximately 1 to 2 standard deviations below their historical means. The credibility of these metrics is bolstered by the fact that the recent cycle of earnings forecast downgrades appears to have run its course. Share price performances of raw materials producers have also greatly underperformed compared to their underlying commodity prices, suggesting that either: (a) commodity prices are likely to correct or (b) the shares are undervalued. We believe the latter is more likely true because, as discussed below, we believe commodity prices are likely, in general, to hold up through 2H2012.

One of the most important sources of investor concern and drivers of volatility over the last two years, the Eurozone sovereign debt crisis, appears to have entered a new stage. The European Central Bank (ECB) declared that high yields in periphery bond markets represent a hindrance to the efficacy of monetary policy transmission channels. This indicates that the ECB views the reduction of said yields through action (i.e. substantial bond purchases) as clearly within its mandate. We believe that this represents the beginning of a somewhat lengthy process that will ultimately conclude with a major intervention. There are several hurdles to overcome to achieve a consensus that will allow for such action, particularly given indications of German reticence, but we anticipate clear momentum in this direction in the near-term. To the extent that such accommodation demands and achieves further material structural reforms from governments across the Eurozone and is executed concurrently with effective measures to stimulate growth, it may also be a harbinger of longer-term structural economic recovery in Europe. We anticipate that the timing of the ECB action will likely coincide somewhat with another round of bond purchases by the US Federal Reserve, as well as continued easing/supportive actions by the PBOC and the Central Government in China.

Investment Manager's Report (continued)

Outlook (continued)

Given its leading contribution to global aggregate demand growth, China's economic slowdown has unsurprisingly also been a major theme that has been negatively affecting global equity markets. This is of particular importance to companies in our universe given China's demand for the raw materials that are produced by companies in Central Asia, and its influence on global commodity prices. This narrative was one of the drivers behind the sector rotation away from the Mining Sector in 1H2012, which affected key miners in our universe.

However, we see Chinese economic activity and aggregate demand in 2H2012 likely being better than generally expected despite no further additional fiscal stimulus spending beyond what has already been announced. Although the slowdown is partially the result of global dynamics, the primary driver has been actions taken by the Chinese Government to cool inflation that peaked at 6.5% in July 2011, and although the recent (official) data has been weak, they still point to a soft landing. Furthermore, the full impact of the policy change to monetary easing is still to be felt after the expected lag.

While pockets of weakness for the key commodity markets in our universe are expected in 2H2012, overall, we expected pricing to be roughly stable overall, despite near-term weakness for Uranium and Copper. Spot uranium prices have been slowly weakening on news that the US Department of Energy has raised its ceiling on annual inventory sales to 15% of US reactor consumption from 10%. This trend is expected to continue in early 2H2012, but we remain of the opinion that the demand/supply fundamentals will drive spot prices materially higher, especially as the cessation of the Russian-US HEU program at the end of 2013 draws near. With its sensitivity to macroeconomic newsflow, especially from China, Copper will undoubtedly experience some near-term weakness. But even with the Chinese slowdown, Industrial Production growth remains over 9% and manufacturing continues to expand. In the context of the Government's initiatives to expedite infrastructure project development, the continued rapid growth of domestic copper refining and smelting capacity, and the work-through of relatively high Shanghai copper stocks that is clearly underway, Chinese demand for Copper should remain well supported. The iron ore market is perhaps suffering the most from the Chinese situation, having fallen 14% to $125/t (63.5% fines) YTD through July 2012. Shrinking margins and shuttered output at Chinese steel mills have taken a toll, but stimulus measures and the seasonal 4Q inventory build (before the ports freeze) are likely to support a price recovery in the fourth quarter. In the absence of a material escalation of tensions in the Middle East, (a tail risk would be Iranian retaliation against Sunni oil producers who support a foreign invasion force against Syria), Brent oil spot is unlikely to continue its rapid rise. Most likely, Brent will return to the pattern of range-bound volatility between $105 and $120 per barrel observed through most of 2011. In summary, commodity prices are expected to support higher valuations through 2H2012.

While we expect, on balance, relatively positive equity market movements in 2H2012, the downside risks are material. Deterioration in the growth of US economic activity is unlikely to abate soon, although weak 2Q sales and earnings results likely represent the bottom of the cycle and the housing market may be transitioning to stabilization from recovery. The weak employment generation results through the spring acted as a stark reminder of the fragility of the economic recovery. The November elections, the impending debt ceiling deadline, and the "fiscal cliff" amounting to $550 billion (3.5% of US GDP) of supportive government spending and tax cuts represent significant uncertainty in the world's largest economy. The UK's dire economic straits will continue to deteriorate and its AAA credit rating is potentially in jeopardy, although HM Treasury will continue to be able to access debt capital markets cheaply given the country's fiscal credibility among creditors. The severity of the expected recession in Continental Europe remains to be seen, but the clear loss of momentum in Germany is a disconcerting development. Chinese authorities may continue to allow the yuan to weaken in order to support exporters. While this would support Chinese growth, it would do so in a manner that would be less beneficial for the global economy than continued efforts to stimulate domestic consumption, which would directly support global aggregate demand growth.

Thus, we believe that Global and Emerging/Frontier equity markets in 2012 are likely to repeat the same pattern of 2010 and 2011: first advance, then a sharp correction followed by a strong recovery. Investors' overly bearish positioning in cyclicals, as manifested in very cheap valuations for stocks in our universe, suggests a strong rally ahead.

Our view remains that the strong fundamental story for investing in Central Asia is very much intact. The official Kazakhstan Government forecast for 2012 real GDP growth is +7% (IMF: 6%), while inflation is expected to remain modest, although in Mongolia we will be wary of continued increases in the inflation rate.

Investment Manager's Report (continued)

PRIVATE EQUITY

During the first half of 2012, no new Private Equity investments were executed.

Stopharm LLP ("Stopharm")

During first six months of 2012 Stopharm's revenues rose compared to the same period in 2011 by 32% reaching $140.4 million. Financial accounts were affected by the agreed delay of a sizable shipment to SK Pharma from 31 December 2011 to 15 January 2012, which resulted in lower revenues in 2011 and higher revenues in 1H2012. The company's EBITDA margin reached 9.3% vs. 15.3% in 1H2011.

In June the Fund received dividends from Stopharm in the amount of $1.14 million.

Lucent Petroleum LLP ("Lucent")

In January 2012 the Convertible Bridge Loan, provided by the Fund, was converted into equity of Lucent. The Fund's stake in Lucent Oil & Gas (Cyprus) Limited (99%-holder of Lucent) is thus 6.18%. In May 2012, the Board of the Fund announced its decision to mark-down the investment by 25% due to the extension of the time frame of the drilling program.

During 1H2012 testing results of South Prorva reservoir showed no hydrocarbons while the upper horizons at the Lebyazhye deposit are under evaluation. Lucent is in the process of a seismic acquisition program which, once analyzed, will form the basis for negotiating farming agreements with some of the major global oil companies.

The Company remains fully funded as a third-party investor, Pikorino Consulting Limited, provided a cash draw-down in the amount of US$30 million in the form of a Convertible Bridge Loan on equal terms to those on which the Fund invested.

Alem Communications Holding LLP ("Alem")

In May a Sale-Purchase Agreement for the sale of the Fund's interest in Alem held by DTV Investment Holding LLP ("DTVI"), the holding company through which TAU invested in Alem was signed. Proceeds of $18.69 million were received by Tau from DTVI on 16 July 2012. Depending on final liquidation expenses of DVTI, a modest additional distribution is anticipated.

Compass Asset Management Ltd

27 September 2012

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 2012 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated and company statements of financial position, the condensed consolidated and company statements of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 16. 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 (UK and Ireland) 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 it 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 as issued by the International Accounting Standards Board ('IASB'). 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," as issued by the IASB.

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 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB and the AIM Rules of the London Stock Exchange.

Independent Review Report to Tau Capital Plc (continued)

Emphasis of matter – valuation of private investments

In arriving at our review conclusion, which is not modified, we have considered the adequacy of the disclosures in notes 2 and 13 concerning the valuation of private investments. The Directors of the Company have estimated the total fair value of certain private investments as $32,750,000 as of 30 June 2012 in accordance with the Group's accounting policy, as disclosed in note 2. The 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 values may differ materially from the values that would have been realised had disposals of the investments been made between a willing buyer and seller. It is not possible to quantify such uncertainties.

Deloitte LLP
Chartered Accountants
Douglas, Isle of Man

27 September 2012

Condensed Consolidated Statement of Comprehensive Income

	Note	For the six months ended 30 June 2012 (Unaudited) US$	For the year ended 31 December 2011 (Audited) US$	For the six months ended 30 June 2011 (Unaudited) US$
Investment income				
Interest income		55,730	2,498,219	1,835,866
Dividend income		4,959,981	2,771,720	2,539,773
Less: withholding tax		(88,587)	(402,901)	(332,903)
Net (loss) on financial assets and liabilities at fair value through profit or loss	3	(14,151,188)	(32,895,195)	(14,737,745)
Total operating (loss)		**(9,224,064)**	**(28,028,157)**	**(10,695,009)**
Expenses				
Operating expenses	6	(2,111,646)	(4,763,970)	(2,473,867)
(Loss) for the period/year attributable to:				
Owners of the parent		**(11,335,710)**	**(32,792,127)**	**(13,168,876)**
Non-controlling interests		-	-	-
Other comprehensive income		-	-	-
Total comprehensive (loss) for the period/year		**(11,335,710)**	**(32,792,127)**	**(13,168,876)**
Total comprehensive (loss) attributable to:				
Owners of the parent		(11,335,710)	(32,792,127)	(13,168,876)
Non-controlling interests		-	-	-
		(11,335,710)	**(32,792,127)**	**(13,168,876)**
Basic and diluted (loss) per share	12	**($0.05)**	**($0.14)**	**($0.06)**

All results derive from continuing operations.

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Consolidated Statement of Financial Position

	Note	As at 30 June 2012 (Unaudited) US$	As at 31 December 2011 (Audited) US$	As at 30 June 2011 (Unaudited) US$
Assets				
Cash and cash equivalents		869,087	119,997	156,003
Amounts due from brokers		9,818,044	6,178,013	-
Financial assets at fair value through profit or loss	3	113,500,402	137,970,808	161,290,347
Securities sold receivable		2,799,538	-	-
Dividends receivable		192,552	-	99,141
Other receivables		78,868	133,262	102,096
Interest receivable		53,860	51,118	9,910,787
Total assets		**127,312,351**	**144,453,198**	**171,558,374**
Liabilities				
Financial liabilities at fair value through profit or loss	3	(1,131,229)	-	-
Amounts due to brokers		-	-	(7,568,821)
Accounts payable and accrued expenses		(325,175)	(353,824)	(266,928)
Total liabilities		**(1,456,404)**	**(353,824)**	**(7,835,749)**
Total net assets		**125,855,947**	**144,099,374**	**163,722,625**
Shareholders' equity				
Share capital	4	4,497,861	4,752,070	4,752,070
Capital redemption reserve	4	504,318	250,109	250,109
Distributable reserves		120,853,768	139,097,195	158,720,446
Total shareholders' equity		**125,855,947**	**144,099,374**	**163,722,625**
Net Asset Value per share	11	**$0.57**	**$0.60**	**$0.69**

Approved on behalf of the Board of Directors

Director Director

27 September 2012

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Company Statement of Financial Position

	Note	As at 30 June 2012 (Unaudited) US$	As at 31 December 2011 (Audited) US$	As at 30 June 2011 (Unaudited) US$
Assets				
Investments in subsidiaries	14	132,763,664	144,099,374	163,722,625
Total assets		**132,763,664**	**144,099,374**	**163,722,625**
Liabilities				
Loan from subsidiary	4	(6,907,717)	-	-
Total liabilities		(6,907,717)	-	-
Total net assets		**125,855,947**	**144,099,374**	**163,722,625**
Shareholders' equity				
Share capital	4	4,497,861	4,752,070	4,752,070
Capital redemption reserve	4	504,318	250,109	250,109
Distributable reserves		120,853,768	139,097,195	158,720,446
Total shareholders' equity		**125,855,947**	**144,099,374**	**163,722,625**
Net Asset Value per share	11	**$0.57**	**$0.60**	**$0.69**

Approved on behalf of the Board of Directors

Director

Director

27 September 2012

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2012

	Share capital (Unaudited) US$	Capital redemption reserve (Unaudited) US$	Distributable reserves (Unaudited) US$	Total (Unaudited) US$
Balance at 31 December 2011	4,752,070	250,109	139,097,195	144,099,374
Own shares acquired	(254,209)	-	(6,653,508)	(6,907,717)
Transfer to capital redemption reserve		254,209	(254,209)	-
Total comprehensive (loss) for the period	-	-	(11,335,710)	(11,335,710)
Balance at 30 June 2012	**4,497,861**	**504,318**	**120,853,768**	**125,855,947**

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2011

	Share capital (Audited) US$	Capital redemption reserve (Audited) US$	Distributable reserves (Audited) US$	Total (Audited) US$
Balance at 31 December 2010	4,752,070	250,109	171,889,322	176,891,501
Total comprehensive (loss) for the year	-	-	(32,792,127)	(32,792,127)
Balance at 31 December 2011	**4,752,070**	**250,109**	**139,097,195**	**144,099,374**

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2011

	Share capital (Unaudited) US$	Capital redemption reserve (Unaudited) US$	Distributable reserves (Unaudited) US$	Total (Unaudited) US$
Balance at 31 December 2010	4,752,070	250,109	171,889,322	176,891,501
Total comprehensive (loss) for the period	-	-	(13,168,876)	(13,168,876)
Balance at 30 June 2011	**4,752,070**	**250,109**	**158,720,446**	**163,722,625**

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Company Statement of Changes in Equity for the period ended 30 June 2012

	Share capital (Unaudited) US$	Capital redemption reserve (Unaudited) US$	Distributable reserves (Unaudited) US$	Total (Unaudited) US$
Balance at 31 December 2011	4,752,070	250,109	139,097,195	144,099,374
Own shares acquired	(254,209)	-	(6,653,508)	(6,907,717)
Transfer to capital redemption reserve		254,209	(254,209)	-
Total comprehensive (loss) for the period	-	-	(11,335,710)	(11,335,710)
Balance at 30 June 2012	**4,497,861**	**504,318**	**120,853,768**	**125,855,947**

Condensed Company Statement of Changes in Equity for the year ended 31 December 2011

	Share capital (Audited) US$	Capital redemption reserve (Audited) US$	Distributable reserves (Audited) US$	Total (Audited) US$
Balance at 31 December 2010	4,752,070	250,109	171,889,322	176,891,501
Total comprehensive (loss) for the year	-	-	(32,792,127)	(32,792,127)
Balance at 31 December 2011	**4,752,070**	**250,109**	**139,097,195**	**144,099,374**

Condensed Company Statement of Changes in Equity for the period ended 30 June 2011

	Share capital (Unaudited) US$	Capital redemption reserve (Unaudited) US$	Distributable reserves (Unaudited) US$	Total (Unaudited) US$
Balance at 31 December 2010	4,752,070	250,109	171,889,322	176,891,501
Total comprehensive (loss) for the period	-	-	(13,168,876)	(13,168,876)
Balance at 30 June 2011	**4,752,070**	**250,109**	**158,720,446**	**163,722,625**

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June 2012 (Unaudited) US$	For the year ended 31 December 2011 (Audited) US$	For the six months ended 30 June 2011 (Unaudited) US$
Cash flows from operating activities			
(Loss) for the period/year	(11,335,710)	(32,792,127)	(13,168,876)
Adjustments to reconcile (loss) for the period/year to net cash provided by operating activities			
Purchase of financial assets and settlement of financial liabilities	(18,150,354)	(60,350,697)	(26,926,796)
Sale of financial assets and settlement of financial liabilities	29,589,098	55,891,582	17,251,047
Realised loss on investments	12,704,959	12,536,993	1,423,559
Net change in unrealised loss on investments	1,457,931	20,313,859	13,324,388
(Increase)/decrease in amounts due from brokers	(3,640,031)	(1,956,444)	4,221,569
(Increase) in securities sold receivable	(2,799,538)	-	-
(Increase) in dividends receivable	(192,552)	-	(99,141)
Decrease/(increase) in other receivables	54,394	(75,216)	(44,050)
(Increase)/decrease in interest receivable	(2,742)	8,061,142	(1,798,527)
Increase in amounts due to brokers	-	-	7,568,821
(Decrease) in accounts payable and accrued expenses	(28,649)	(1,524,463)	(1,611,359)
Net cash provided by operating activities	**7,656,807**	**104,629**	**140,635**
Cash flows from financing activities			
Payment for purchase of ordinary shares	(6,907,717)	-	-
Net cash used in financing activities	**(6,907,717)**	-	-
Net increase in cash and cash equivalents	**749,090**	**104,629**	**140,635**
Cash and cash equivalents at the beginning of period/year	119,997	15,368	15,368
Cash and cash equivalents at the end of period/year	**869,087**	**119,997**	**156,003**
Supplementary disclosure of cash flow information			
Dividends received	4,767,429	2,771,720	2,440,632
Net interest received	52,988	10,559,361	37,339

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Company Statement of Cash Flows

	For the six months ended 30 June 2012 (Unaudited) US$	For the year ended 31 December 2011 (Audited) US$	For the six months ended 30 June 2011 (Unaudited) US$
Cash flows from operating activities			
(Loss) for the period/year	(11,335,710)	(32,792,127)	(13,168,876)
Adjustments to reconcile (loss) for the period/year to net cash flow from operating activities			
Net change in unrealised gain on investments	11,335,710	32,792,127	13,168,876
Net cash flow from operating activities	-	-	-
Cash flows from financing activities			
Loan from subsidiary company	6,907,717	-	-
Payment for purchase of ordinary shares	(6,907,717)	-	-
Net cash flow used in financing activities	-	-	-
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents at the beginning of period/year	-	-	-
Cash and cash equivalents at the end of period/year	**-**	**-**	**-**

The accompanying notes on pages 20 to 28 are an integral part of these condensed financial statements.

Condensed Notes to the Financial Statements

1. General

Tau Capital plc (the "Company") is a closed-ended 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 also seeks investment opportunities in the Kyrgyz Republic, Uzbekistan, Turkmenistan, Tajikistan, Mongolia 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 public investments are held by a subsidiary, Tau Cayman L.P. Tau Cayman L.P. also holds two (31 December 2011: two; 30 June 2011: three) private investments. The other private investment is held by Tau SPV 1 Cooperatief (31 December 2011: one; 30 June 2011: one). Tau Cayman LP, Tau SPV 1 Cooperatief, Tau Cayman Limited and Tau Capital plc are referred to as the "Group".

The Group invests in public companies with substantial operating assets in Kazakhstan or in the Investment Countries who have securities listed on the Kazakhstan Stock Exchange ("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 Compass Management Ltd (the "Investment Manager") considers the investment to be of a type in keeping with the aims of the Group.

2. Accounting Policies

The significant accounting policies and estimation techniques adopted by the Group for the period ended 30 June 2012 are consistent with those adopted by the Group for the annual financial statements for the year ended 31 December 2011.

Statement of compliance
The annual financial statements of Tau Capital plc are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The condensed set of financial statements in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as issued by the IASB.

Segment reporting
IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance.

The investment strategy of the Group is focused on entities that operate in or have an exposure to Kazakhstan and the Investment Countries, which represent one geographical segment. 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 and the Investment Countries.

Taxation
The Company is resident for tax purposes in the Isle of Man and its profits are subject to Isle of Man Corporate Income tax at the current rate of 0%.

Condensed Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the resolutions passed at the AGM in relation to an orderly disposal of investments, and after consideration are of the opinion that given the time scales pertaining to the disposal of investments (see note 16) which require disposal of the private investments within 24 months and the fact that no final decision has been made by the board in relation to the future trading activities of the Company and the Group, the Company is still a going concern. Accordingly they continue to adopt the going concern basis in preparing the condensed half-yearly report and unaudited consolidated financial statements.

Private 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 ("IPEVCA") August 2010. In estimating fair value for an investment, the Directors will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations. An appropriate methodology will incorporate available information about all factors that are likely to materially affect the fair value of the investment. Valuation methodologies will be applied consistently from period to period, except where a change would result in a more accurate estimate of the fair value of the investment, which may be up or down.

3. Financial Instruments at Fair Value Through Profit or Loss

	As at 30 June 2012 US$	As at 31 December 2011 US$	As at 30 June 2011 US$
Held for trading:			
Public equities	58,979,874	78,193,903	88,621,996
Debt instruments	2,210,677	2,210,677	2,430,317
	61,190,551	80,404,580	91,052,313
Designated at fair value through profit or loss:			
Private investments	52,309,851	57,566,228	70,238,034
Total financial assets at fair value through profit or loss	**113,500,402**	**137,970,808**	**161,290,347**
Held for trading:			
Derivatives: contracts for difference	(1,131,229)	-	-
Total financial liabilities at fair value through profit or loss	**(1,131,229)**	**-**	**-**
Net (loss) on financial assets and liabilities at fair value through profit or loss			
Net realised (loss) on investments and foreign exchange	(12,704,568)	(12,565,621)	(1,414,528)
Net unrealised (loss) on investments and foreign exchange	(1,446,620)	(20,329,574)	(13,323,217)
Total net (loss)	**(14,151,188)**	**(32,895,195)**	**(14,737,745)**

Condensed Notes to the Financial Statements (continued)

4. 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 which includes a right to receive all dividends and other distributions declared, made or paid. The share capital of the Group has been allocated, called up and fully paid. The shares in issue as at 30 June 2012, 31 December 2011 and 30 June 2011 were as follows:

	Ordinary Shares in issue	Founder Shares in issue
As at 30 June 2012	222,308,462	2
As at 31 December 2011	238,450,000	2
As at 30 June 2011	238,450,000	2

During the period ended 30 June 2012, the following acquisitions of own shares took place:

	Shares	Price per Share US$	Amount Paid US$
22 February 2012	11,491,538	0.42	4,797,717
06 March 2012	500,000	0.43	215,000
19 March 2012	1,000,000	0.45	450,000
26 March 2012	500,000	0.45	225,000
30 March 2012	150,000	0.45	67,500
04 April 2012	500,000	0.47	232,500
18 April 2012	2,000,000	0.46	920,000
	16,141,538		6,907,717

In order to finance the share buy back, a subsidiary company, Tau Cayman LP, sold certain public investments and loaned the proceeds to the Company. The loan is interest free and repayable on demand. As required under Isle of Man company law, the amount by which the Company's issued share capital has diminished has been transferred to the capital redemption reserve.

5. Related Party Items

Michael Sauer, a former Director of the Company as listed on page 1, is the CEO of Visor Holding LLP, the parent group of Compass Asset Management JSC, and also the Chairman of Compass Asset Management JSC. Compass Asset Management JSC is the single shareholder of Compass Asset Management Ltd. Compass Asset Management Ltd is the investment manager for Tau Capital Plc.

Michael Sauer also holds a stake in Visor Investment Services Limited.

The investment in Lucent Petroleum LLP, initially made through a convertible bridging loan to Lucent Oil and Gas (Cyprus) Limited, and subsequently converted into an equity interest in January 2012, a wholly owned subsidiary of Visor Investment Services Limited, is a related party transaction (see note 13).

The investment in Teniz Service LLP ("Teniz") completed in September 2008, was made through a mezzanine loan to Contour Caspian Ventures Ltd ("Contour"), a wholly owned subsidiary of Visor Investment Services Limited. The Guarantor of this loan is Visor Holding LLP. Visor Holding LLP is 100% shareholder of the investment advisor of the fund (Compass Asset Management JSC). Contour is a 35% shareholder of Waterford International Holding Ltd ("Waterford"), a consortium owning a 51% controlling equity stake in Teniz. Therefore this transaction is a related party transaction (see note 13). As detailed in note 13 this loan was repaid in September 2011.

Condensed Notes to the Financial Statements (continued)

5. Related Party Items (continued)

Philip Scales, a Director of the Company as listed on page 1, is the managing director of IOMA Fund and Investment Management Ltd, the administrator.

Fee arrangements with related parties and details of Director's remuneration can be found in note 6.

As at 30 June 2012, 31 December 2011 and 30 June 2011 Philip Lambert and Robert Brown, III each held 500,000 ordinary shares in the Company. 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 2012, 31 December 2011 and 30 June 2011, Richard Horlick held 22,600,000 ordinary shares.

As at 30 June 2012, 31 December 2011 and 30 June 2011, both Spencer House Capital Management, LLP and Compass Asset Management Ltd held one founder share each.

6. Fees & Expenses

Directors' remuneration for the period ended 30 June 2012 amounted to US$76,995 (31 December 2011: US$151,584; 30 June 2011: US$75,375).

The investment management fee for the period ended 30 June 2012 amounted to US$1,438,383 (31 December 2011: US$3,391,434; 30 June 2011: US$1,778,260) and is calculated at 2% per annum of the net asset value of the Group.

The administration fee for the period ended 30 June 2012 amounted to US$98,207 (31 December 2011: US$208,911; 30 June 2011: US$107,385).

No performance fees were earned for the period ended 30 June 2012 (31 December 2011: US$Nil; 30 June 2011: US$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 year, is greater than or equal to the Group's High Water Mark, as defined in the Company's AIM Admission Document dated 3 May 2007.

7. Exchange Rates

The following exchange rates were used to translate assets and liabilities into US dollars at 30 June 2012, 31 December 2011 and 30 June 2011:

	As at 30 June 2012	**As at 31 December 2011**	**As at 30 June 2011**
Canadian dollar	0.980921	0.982077	1.036162
Euro	1.269052	1.298145	1.449843
Hong Kong dollar	0.128918	0.128756	n/a
Kazakhstan tenge	0.006689	0.006735	0.006854
Pound sterling	1.568455	1.554098	1.605446
Russian rouble	0.030829	0.031130	0.035822

8. Distributions

Subject to the provisions of the Articles, the Company 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 Company. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to dividend arises.

Condensed Notes to the Financial Statements (continued)

8. Distributions (continued)

No dividends were declared or paid during the periods/year ended 30 June 2012, 31 December 2011 or 30 June 2011.

9. 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.

10. Commitments and Contingent Liabilities

As at 30 June 2012, the Group has no further commitments to Lucent Oil and Gas (Cyprus) Limited (31 December 2011: US$Nil; 30 June 2011: US$4m).

11. Valuation of the Group

The Net Asset Value ("NAV") of the Group as at 30 June 2012, 31 December 2011 and 30 June 2011, as reported at the time (based on last traded prices of underlying investments), 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 2012 US$	**As at 31 December 2011 US$**	**As at 30 June 2011 US$**
Net Asset Value for management reporting purposes	126,067,997	144,628,638	164,373,797
Adjustment to bid/offer prices	(212,050)	(309,624)	(651,172)
Adjustment to fair value of debt instruments	-	(219,640)	-
Net Asset Value per financial statements	**125,855,947**	**144,099,374**	**163,722,625**
Reported Net Asset Value per share	$0.57	$0.61	$0.69
Net Asset Value per share per financial statements	$0.57	$0.60	$0.69

Condensed Notes to the Financial Statements (continued)

12. (Loss) per Share

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

	For the six months ended 30 June 2012	For the year ended 31 December 2011	For the six months ended 30 June 2011
Net consolidated (loss) attributable to shareholders	($11,335,710)	($32,792,127)	($13,168,876)
Weighted average number of ordinary shares in issue	226,215,387	238,450,002	238,450,002
Basic (loss) per share	($0.05)	($0.14)	($0.06)

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

13. Private Investments Designated at Fair Value Through Profit or Loss and Associated Interest Receivable

At the period end, the Group's private investment portfolio comprised three (31 December 2011: three; 30 June 2011: four) investments as follows:

	Note	As at 30 June 2012 US$	As at 31 December 2011 US$	As at 30 June 2011 US$
Stopharm LLP	(i)	21,500,000	21,500,000	21,500,000
Lucent Petroleum LLP	(ii)	11,250,000	15,000,000	11,000,000
Alem Communications Holding LLP	(iii)	19,559,851	21,066,228	18,238,034
TenizService LLP	(iv)	-	-	19,500,000
Total		**52,309,851**	**57,566,228**	**70,238,034**

Key developments for the period were: conversion of the Convertible Bridge Loan provided to Lucent Petroleum LLP into equity; mark-down of the investment in Lucent Petroleum LLP; agreement regarding Alem Communications Holding LLP exit.

The directors have valued these investments on advice of the Investment Manager and using the guidance laid down in the International Private Equity and Venture Capital Valuation Guidelines (August 2010) ("IPEVCVG").

(i) Stopharm LLP ("Stopharm")
Stopharm is a wholesale pharmaceuticals distributor operating in Kazakhstan. On 1 September 2010 the Group announced the closing of a US$21.5 million investment in Stopharm comprising a 24.00% equity stake in Stopharm acquired for US$12.8 million and a fully secured convertible bridge loan of US$8.7 million provided to one of the shareholders of Stopharm with implied equity on conversion representing an additional 16.35% stake. The conversion into equity of this loan was subject to approval by the Anti Monopoly Committee of the Republic of Kazakhstan which was received on 25 November 2011. The conversion took place on 27 December 2011. As such, the Group holds a 40.35% equity stake in Stopharm LLP.

In June 2012, Tau received dividends from Stopharm LLP in the amount of $1.14 million. The Fund's current stake in the company is 40.35%. As of 30 June 2012, the investment is valued at $21,500,000 based on the price of recent investment in line with IPEVCVG.

Condensed Notes to the Financial Statements (continued)

13. Private Investments Designated at Fair Value Through Profit or Loss and Associated Interest Receivable (continued)

(ii) Lucent Petroleum LLP ("Lucent")
Lucent is a Cyprus based oil and gas exploration company that in turn has a 99% equity stake in a Kazakhstan based subsidiary that owns rights to a block located in the pre Caspian basin, and in close proximity to several major producing oilfields. On 22 September 2010, the Group announced an investment in Lucent with total commitments of US$15 million, with an initial US$4.5 million drawdown on that date. The investment was initially structured as a convertible bridge loan to Lucent Oil & Gas (Cyprus) Limited, an indirect holding company of Lucent.

On completion of the operational milestones established in the Lucent business plan, on 15 July 2011, Tau provided the final tranche of financing in the shape of a convertible loan for a consideration of US$4m. After the final tranche was made, the total investment in Lucent increased to US$15 million. The conversion of US$15 million into the 6.18% stake in Lucent Oil & Gas (Cyprus) Ltd equity was subject to grant of approvals by the Government of the Republic of Kazakhstan. This approval was received on 3 November 2011.

On 23 January 2012, following the receipt by Lucent of the official letter from the Ministry of Oil and Gas of Kazakhstan providing a State Waiver of its right to purchase new shares of the company, and approval for the issuance of an additional 86 shares to Tau, the Convertible Bridge Loan originally provided by Tau to Lucent was converted into a 6.18% equity stake. The current stake of Tau in the company is 6.18%. In May, the Board of Tau decided to mark-down the investment in Lucent, from the previous valuation, which was based on the price of recent investment, by 25% due to the extension of the drilling program. As of 30 June 2012, the investment is valued at $11,250,000.

(iii) Alem Communications Holding LLP ("Alem")
Alem is a telecom holding company operating within the territory of the Republic of Kazakhstan. Tau had an indirect stake in Alem through a secured senior profit participating loan ("SSPPL") in DTV Investment Holding LLP ("DTVI") which has a direct holding in the shares of Alem.

As per a Sales and Purchase Agreement ("SPA") dated 27 April 2012 between DTV Investment Holding ("DTVI"), Tau (Cayman) L.P., Midas Telecom ("Midas") and Mymari Holding B.V. ("Mymari"), Midas and Mymari agree to buy DTVI's 13.0561% stake in Alem for KZT 3,012,841,310 which corresponds to $20,402,528 at a USD:KZT fx rate of 147.67. Based on Tau's interest in DTVI, Tau will receive $19,559,850 in total proceeds before expenses, taxes, and provisions for the liquidation of Special Purpose Vehicles. Given the above, Tau's investment in DTVI has been valued at $19,559,850.

The SSPPL with DTVI continues to be recorded as an investment at 30 June 2012. Proceeds of $18.69 million were received by the Fund on 16 July 2012, with the remaining amount expected to be repaid post liquidation of DTVI.

(iv) TenizService LLP ("Teniz")
Teniz is an oil and gas services company operating in Kazakhstan. On 5 September 2008, the Group provided a loan of US$19.5 million to Contour Caspian Ventures Limited ("Contour" or "the Borrower") which through a back to back loan to Waterford International Holdings Limited ("Waterford") was utilised by Waterford to acquire share capital in Teniz. The interest was accrued at a rate of 18% per annum.

Condensed Notes to the Financial Statements (continued)

13. Private Investments Designated at Fair Value Through Profit or Loss and Associated Interest Receivable (continued)

There was an option to convert the interest receivable to shares in Waterford under the terms of the loan agreement. However, following the Investment Manager's advice, a Board decision was made on 29 June 2011 not to convert interest accrued on the loan into the equity of Waterford on the expiration of the loan on 4 September 2011. As a result the Group received the full loan amount of US$19.5 million plus US$10.57 million of accrued interest from Contour on 6 September 2011.

As stated in note 2, and specifically in relation to the Group's investments in Stopharm LLP and Lucent Petroleum valued at $32.75 million above, where valuation of investments is dependent on non-market observable inputs a degree of judgement is required on estimating fair values. Accordingly the valuation of the private investments is subject to inherent uncertainty.

14. Investments in Subsidiaries

Name	Country of incorporation	Principal investment activity	Proportion of ownership interest
Tau Cayman Ltd.	Cayman Islands	Business administration	100%
Tau (Cayman) L.P.	Cayman Islands	Investment holding	100%
Tau SPV 1 Cooperatief W.A.	The Netherlands	Investment holding	100%

The values of the subsidiaries at 30 June 2012, 31 December 2011 and 30 June 2011 were as follows:

	As at 30 June 2012 US$	As at 31 December 2011 US$	As at 30 June 2011 US$
Tau Cayman Ltd	-	-	-
Tau (Cayman) L.P.	113,203,813	123,033,146	145,484,591
Tau SPV 1 Cooperatief W.A.	19,559,851	21,066,228	18,238,034
	132,763,664	**144,099,374**	**163,722,625**

15. Share-Based Payments

The following share-based payment arrangement was in existence with Numis Securities Limited, the Company's Nominated Adviser and Broker, at 31 December 2011 and 30 June 2011. The share-based payment arrangement expired unexercised on 3 May 2012. 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 up to the expiry date, the intrinsic value was nil as the exercise price was greater than the market price.

Condensed Notes to the Financial Statements (continued)

16. Events After the Date of the Statement of Financial Position

On 24 July 2012, Terence Mahony and Nicholas Paris were appointed as Directors of the Company.

On 25 July 2012, the Company, formerly registered in the Isle of Man under the Companies Acts 1931 – 2004, re-registered as a Company under the Isle of Man Companies Act 2006

During the period from 1 July 2012 to 27 September 2012, the following share buy backs took place:

	Shares	Amount Paid US$
25 July 2012	1,500,000	697,500
02 August 2012	200,000	93,500
28 August 2012	3,000,000	1,402,500

On 16 July 2012, the Company received $18.69m as part of repayment of the SSPPL from DTVI following the disposal by DTVI of its investment in Alem.

On 24 July 2012, the Company resolved to amend the investing policy of the Company as follows:

- no new investments in private equity investments will be made from this date;
- no new investment in public equities will be made by the Investment Manager on behalf of the Fund from this date onwards without the prior approval of the Board of Directors;
- the liquid part of the portfolio of public equities to be sold within a period of three months;
- the remainder of the portfolio of public equities to be sold within a period of three to six months; and
- the portfolio of private equity investments to be sold within a period of 12 to 24 months.

On 5 September, 2012 the Company and the Investment Manager, Compass Asset Management Ltd, entered into a deed of settlement and termination, terminating the management agreement between the parties. Compass Asset Management Ltd will cease to act as Investment Manager on 5 October 2012.

On 21 September, 2012 the Company announced the appointment of two new investment managers in succession to Compass Asset Management. Sturgeon Capital Ltd has been appointed to manage the public equity portfolio and Capitalgate Securities Limited has been appointed to manage the private equity portfolio.

On 21 September, 2012 the Company announced the intention to distribute 13 cents per share in cash via a tender offer to all shareholders.

Additional Information: Schedule of Investments as at 30 June 2012 (unreviewed)

	Country (of stock market listing)/industry sector	Fair value - US$	% of net assets
Financial assets at fair value through profit or loss			
Public Equities			
	Canada		
	Gold mining	3,627,496	2.88%
	Metals diversified	14,043,457	11.16%
		17,670,953	14.04%
	Ireland		
	Oil exploration	8,302,015	6.60%
		8,302,015	6.60%
	Kazakhstan		
	Commercial banks (non US)	1,260,108	1.00%
	Oil exploration	11,289,450	8.97%
	Telecom services	2,122,242	1.69%
		14,671,800	11.66%
	Mongolia		
	Coal mining	3,108,885	2.47%
		3,108,885	2.47%
	Russia		
	Commercial banks (non US)	5,102,325	4.05%
	Precious metals	6,715,168	5.34%
		11,817,493	9.39%
	United Kingdom		
	Metals diversified	3,408,728	2.71%
		3,408,728	2.71%
Total public equities		**58,979,874**	**46.86%**
Debt instruments			
	Uzbekistan		
	Gold mining	2,210,677	1.76%
		2,210,677	1.76%
Total debt instruments		**2,210,677**	**1.76%**

Additional Information: Schedule of Investments as at 30 June 2012 (unreviewed) (continued)

Country (of stock market listing)/industry sector	Fair value - US$	% of net assets
Financial assets at fair value through profit or loss (continued)		
Private investments		
Kazakhstan		
Healthcare	21,500,000	17.08%
Oil & gas services	11,250,000	8.94%
Telecom Services	19,559,851	15.54%
	52,309,851	41.56%
Total private investments	**52,309,851**	**41.56%**
Total financial assets at fair value through profit or loss	**113,500,402**	**90.18%**
Financial liabilities at fair value through profit or loss		
Contracts for difference		
United Kingdom		
Metals diversified	(1,131,229)	(0.90%)
	(1,131,229)	(0.90%)
Total contracts for difference	**(1,131,229)**	**(0.90%)**
Total financial liabilities at fair value through profit or loss	**(1,131,229)**	**(0.90%)**
Financial assets and liabilities at fair value through profit or loss	**112,369,173**	**89.28%**
Cash and cash equivalents	869,087	0.69%
Other assets in excess of liabilities	12,617,687	10.03%
Total net assets	**125,855,947**	**100.00%**