

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 2011**

TAU CAPITAL PLC

Table of Contents	Page
Company Information	1
Chairman's Statement	2
Investment Manager's Report	3
Independent Review Report	7
Condensed Consolidated Statement of Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	10
Condensed Company Statement of Financial Position	11
Condensed Consolidated Statement of Changes in Equity	12
Condensed Company Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Condensed Company Statement of Cash Flows	15
Condensed Notes to the Financial Statements	16
Additional Information: Schedule of Investments	24

TAU CAPITAL PLC

Company Information

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Philip Lambert* (Chairman)
Robert Brown, III*
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TAU CAPITAL PLC

Chairman's Statement

Tau Capital Plc (the "Company") and its subsidiaries (together the "Group", "Tau", the "Fund") entered the first half of 2011 fully invested following the completion in the third quarter of 2010 of the private equity investments in Stopharm LLP and Lucent Petroleum LLP, with low cash levels and no hedging strategies in place. The improving economic data flow, strong corporate earnings, well-supported commodity prices, evidence of increasing investor risk tolerance as manifested in US Treasury yields rising above 3.5% and continued signs of solid economic growth in China all pointed to improving investor sentiment over the global economic recovery.

The Japanese earthquake, rising European debt concerns and yields, and the clear signs of slowing in the US economy in the first few months of 2011, all acted to cause an increased volatility in global equity markets that affected the listed equities portfolio of Tau. Additionally, the perceptions regarding the investment climate in Kazakhstan deteriorated due to ENRC's high profile corporate governance issues and an employee strike at a KazMunaiGas EP subsidiary, both companies being the two most relevant resource corporations in the country.

All of these issues resulted in the Fund's Net Asset Value ("NAV") declining from US\$0.7418 at the beginning of the year to US\$0.6866 at 30 June 2011 (-7.4%) with an underperformance of the Fund compared to the MSCI Frontier index of 2 percentage points underlining the weak performance of a key position of the Fund at that point, Uranium One Inc, in the wake of the nuclear disaster in Fukushima and adverse sentiment against uranium producers in general.

In contrast with the high volatility in the public equity markets, the private equity investments experienced meaningful advances with Stopharm LLP and Alem Communications Holding LLP significantly exceeding their budgets for the year to date. Additionally, in line with the progress of its drilling program, Tau provided Lucent Petroleum LLP with the remaining two funding tranches in February (US\$6.5M) and July (US\$4M), completing its total US\$15M commitment to the company and increasing the Private Equity exposure of the Fund to 48.8% of NAV, up from 40.5% as at 31 December 2010.

We will be closely monitoring the developments in the markets over the next few months while volatility remains near an all time high and some of the investments in Tau's private equity portfolio are well under way to reaching their maturity stage.

Philip Lambert
Chairman

29 September 2011

TAU CAPITAL PLC

Investment Manager's Report

PUBLIC EQUITY

Performance

During 1H2011, the Fund's NAV per share declined from US\$0.7418 at the beginning of the year to US\$0.6866 (-7.4%) at 30 June 2011. Since inception the Fund's NAV decreased by -31.3% compared to a decline of -52.7% in the KASE (total USD returns).

Performance in Total USD Returns		
	1H2011	Since Inception
Tau Capital Plc	-7.4%	-31.3%
KASE	-7.4%	-52.7%
RENCASIA	-18.7%	-42.6%
MSCI Kazakhstan	0.3%	-19.3%
MSCI Frontier	-5.4%	-26.0%
MSCI World	5.6%	-5.9%

Tau outperformed its major benchmark indices (Rencasia and KASE) both for the first six months of 2011 and since inception. During the first half of the year Tau's performance was 11.3 percentage points higher than the Rencasia index and was equal to the KASE's -7.4% decline.

The stock that drew the Fund's performance down the most was Uranium One Inc ("UUU") due to negative investor sentiment toward uranium stocks after the March earthquake and tsunami in Japan crippled the Fukushima Daiichi nuclear power plant. UUU, representing 5.83% of Tau's portfolio as at 30 June 2011, declined 42.97% (in USD terms) over the period of January-June 2011.

High volatility in global markets due to the continuing debt issues of European countries and the U.S. negatively affected investors' risk appetite and willingness to invest in risky markets. While some commodities (Brent crude, Gold spot) gained, some of the resource companies in the portfolio struggled to perform.

Ivanhoe Mines' stock performance positively affected Tau's portfolio performance by +0.5 percentage points, as the Fund participated in a successful US\$1.2bn rights offering at a heavy discount of more than 51%, which was completed in January 2011. On a negative note, Zhaikunai LP contributed -1.5 percentage points to the overall performance due to a 17% year over year sales revenue decline in 1Q2011. ENRC, a diversified natural resources group based in Kazakhstan, but also with operations in Africa, Brazil, China, and Russia, was influenced by corporate governance concerns and contributed -0.9 percentage points to the Fund's performance.

The Fund's Private Equity portfolio demonstrated positive performance in the first six months of 2011. In June, Tau received dividends in the amount of US\$1.29 million on its investment in Stopharm LLP, adding a positive +0.6 percentage points to the Fund's performance.

Global Markets

The growth momentum that continued into the first half of 2011 was interrupted by an unexpected natural disaster. On 11 March 2011 Japan suffered from the strongest earthquake in the country's history, which triggered a tsunami. Together, they heavily damaged the production and manufacturing activity of the country which resulted in a significant drop in global equity markets.

Political instability in the Middle East and North Africa added volatility to the world stock and commodities markets. The Libyan conflict between Government loyalists and rebels led to reduced oil supplies which pushed the Brent crude oil price up to US\$128.40 per barrel in April 2011. Given the concerns about the negative impact of the high oil price on global growth and the lack of action by OPEC, the International Energy Agency agreed to release emergency oil stockpiles to compensate for the supply shortages caused by the unrest.

After some signs of a partial recovery for the world economy, the European sovereign debt crisis flared up again and the US debt ceiling and deficit problems shook investor confidence. Despite these facts, global markets have been supported by solid corporate earnings. The S&P 500 increased 6.02% from 31 December 2010 through 30 June 2011, with strong gains in Brent Crude (+16.62%), however Copper declined 2.45%, over the same period.

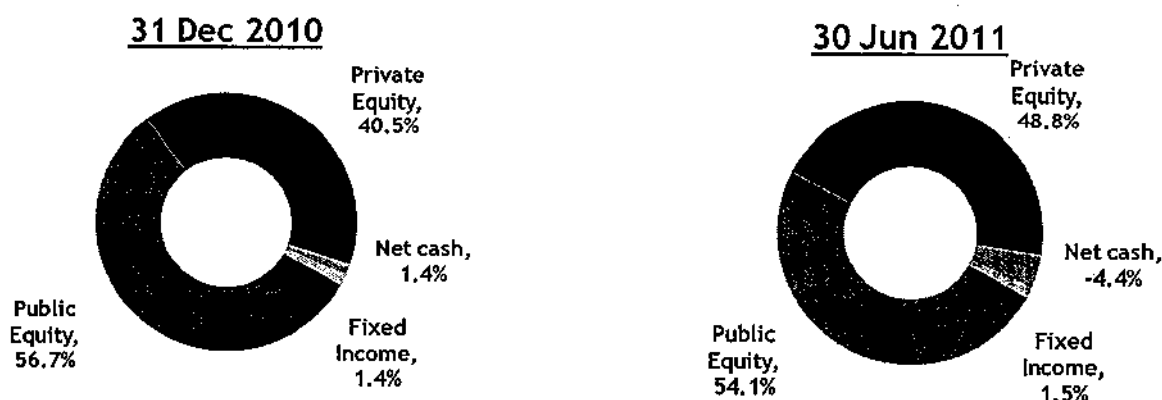
TAU CAPITAL PLC

Investment Manager's Report (continued)

PUBLIC EQUITY (continued)

Investment Activity

During the first half of 2011 the Fund added exposure to the Mining and Oil & Gas Sectors through the execution of Ivanhoe Mines rights in January and the exercise of two options in March (KMG EP and Kazakhmys). Tau also partially took profits on UUU in February, just before the earthquake in Japan, which severely hurt sentiment in the sector. In the first six months of 2011 Tau managed to liquidate two illiquid positions that were in the portfolio: Aurum Mining (after the trading of the stock was suspended in December 2010) and Shalkiya Zinc (by accepting the conditions of the tender offer proposed by the company).



In February 2011, Tau provided a US\$6.5 million loan to Lucent Petroleum LLP, a Private Equity investment, fulfilling a commitment made in September 2010. This required more than the cash on hand available for investments. Rather than liquidating any of the public equity exposure, it was decided that borrowed funds from the Prime Broker would be utilized. This decision was based on positive expectations for the stocks in the Fund's portfolio.

Sector Breakdown	
	% of NAV 30-Jun-11
Consumer Products	0.1%
Financial services	5.4%
Healthcare	14.3%
Metals & Mining	18.1%
Uranium	6.4%
Oil & Gas	47.3%
Telecommunication	13.0%
Cash	-4.6%
Total	100.0%

Largest Public Equity Positions	
	% of NAV 30-Jun-11
KazMunaiGas	8.0%
Zhaikmunai	7.4%
Kazakhmys	6.5%
Ivanhoe Mines	6.3%
Uranium One	5.8%
Dragon Oil	5.8%

TAU CAPITAL PLC

Investment Manager's Report (continued)

PUBLIC EQUITY (continued)

Outlook

The sovereign debt crisis in Europe, rising inflation in the BRIC markets, and signs of slowing economic activity in the US in the context of inefficient policy-making associated with the Government's deficit levels are the major issues in 2011. Monetary policy tightening is acting as a drag on emerging market equity returns. While the reaction in the markets of the meltdown in March at the Fukushima Daiichi nuclear power station in Japan was severe, the overall impact on the nuclear energy market is expected to be somewhat muted, with an 8-10% decline in projected global Uranium demand over the next decade.

While the world economy is still growing, the pace has demonstrably slowed, at least in the near-term. However, we believe that macro conditions and emerging market demand, especially from China, are supportive of the continuation of the strength in commodities and equities in the medium term.

PRIVATE EQUITY

During the first half of 2011 no new Private Equity investments were executed. The second tranche of payments to Lucent Petroleum LLP was delivered in February, as per our commitment made in 2010.

Stopharm LLP ("Stopharm")

During the first six months of 2011 Stopharm performed better than expected, based on unaudited management accounts, demonstrating 55.3% higher revenues compared to the same period in 2010 (US\$107.4 million, 6M2011 vs. US\$69.2 million, 6M 2010).

Additionally, the six months revenue of the company in 2011 was 9.8% higher than the US\$97.9 million originally budgeted. According to unaudited management accounts, EBITDA for January – June 2011 is 0.5% higher than that of the same period in 2010 and reached US\$8.9 million, compared to US\$7.9 million in 2010.

Lucent Petroleum LLP ("Lucent")

An initial US\$4.5 million bridge loan (being 1.85% of Lucent) was provided in September 2010. A further US\$6.5 million commitment (equivalent to 2.68% of Lucent) was transferred by Tau on 22 February 2011.

During the first six months of 2011 Lucent Petroleum LLP conducted drilling on its reservoirs. Due to some technical issues the drilling program had to be revised and deadlines were pushed forward. Timeframes have been extended by approximately three months for completion of the whole program, though only 2-4 weeks for the achievement of the first hard milestone. Despite this, the total budget has decreased slightly due to the fact that daily rates for the newly contracted equipment are significantly lower than as per original plan.

Alem Communications Holding LLP ("Alem")

In line with what we witnessed in 2010, Alem's operations continued to improve in January – May 2011 with year over year revenue increasing by 44.4% (5M 2011 revenue was US\$9.60 million), according to the company's unaudited management financial statements. Gross Profit Margin stayed at 40%, in line with the company's budget, while the EBITDA margin for May of 13.2% is nearly five percentage points higher than the budgeted amount as per original business plan.

This unanticipated EBITDA level has been achieved mainly through completion of the restructuring, integration, and optimization of operations and also the economies of scale due to subscriber uptake in the mobile broadband segment, the highest average monthly revenue per unit ("ARPU") segment of all services that Alem provides, all in the context of insignificant marketing expenditures.

The total number of subscribers among all business lines reached 246,697 revenue generating units ("RGUs") by the end of May, representing a 12.8% increase since 2010 year end.

During the first five months of 2011 household coverage and subscriber growth continued to increase, with blended ARPU rising by 11% through the end of May 2011. The new organizational structure of the company was finally implemented in April and five new regional offices were opened in January – April, with the total number of offices reaching 20 in 15 cities.

TAU CAPITAL PLC

Investment Manager's Report (continued)

PRIVATE EQUITY (continued)

Alem Communications Holding LLP ("Alem") (continued)

During the first half of 2011 shareholder capital of Alem was increased by its current major shareholder. The minority shareholder through which Tau invests into Alem (see note 14) did not participate in any of the cash injections made to the capital of Alem during this period. The valuation of the Fund's investment into Alem was not modified as a result of these injections made, as this was performed at par with the initial investment.

TenizService LLP ("Teniz")

The Fund's investment in Teniz was structured as a US\$19.5 million convertible loan that accrued interest at an 18% p.a. rate, with the option to convert the accrued interest into equity of Waterford International Holding Limited ("Waterford") on maturity (September 2011).

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 Tau received the full loan amount of US\$19.5 million plus US\$10.53 million of accrued interest from Contour Caspian Ventures Limited on 6 September 2011 (see notes 14 and 17).

Compass Asset Management Ltd

September 2011

TAU CAPITAL PLC

Independent Review Report to Tau Capital Plc

We have been engaged by Tau Capital plc to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 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 and company statements of cash flows and related notes 1 to 17. 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 2011 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.

TAU CAPITAL PLC

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 draw attention to the disclosures in notes 2 and 14 concerning the valuation of investments. The directors of the Company have estimated the total fair value of the private investments in Stopharm LLP, Lucent Petroleum LLP and Alem Communications Holding LLP as US\$50,738,034 as of 30 June 2011 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 the effect of such uncertainties.

Deloitte LLP
Chartered Accountants
Douglas, Isle of Man

30 September 2011

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the Isle of Man governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

TAU CAPITAL PLC

Condensed Consolidated Statement of Comprehensive Income

		For the six months ended 30 June 2011	For the year ended 31 December 2010	For the six months ended 30 June 2010
	Note	(Unaudited) US\$	(Audited) US\$	(Unaudited) US\$
Investment income				
Interest income		1,835,866	2,850,265	2,327,437
Dividend income		2,539,773	5,375,901	465,480
Less: withholding tax		(332,903)	(1,181,216)	(68)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	3	(14,737,745)	13,371,407	(16,239,608)
Total operating (loss)/income		(10,695,009)	20,416,357	(13,446,759)
Expenses				
Operating expenses	7	(2,473,867)	(4,815,156)	(2,256,444)
(Loss)/profit for the period/year		(13,168,876)	15,601,201	(15,703,203)
Other comprehensive income		-	-	-
Total comprehensive (loss)/income for the period/year		(13,168,876)	15,601,201	(15,703,203)
Total comprehensive (loss)/income attributable to:				
Owners of the parent		(13,168,876)	15,601,201	(15,703,203)
Non-controlling interests		-	-	-
		(13,168,876)	15,601,201	(15,703,203)
(Loss) / earnings per share	13	(\$0.06)	\$0.07	(\$0.07)

All results derive from continuing operations.

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Consolidated Statement of Financial Position

		As at 30 June 2011 (Unaudited) US\$	As at 31 December 2010 (Audited) US\$	As at 30 June 2010 (Unaudited) US\$
	Note			
Assets				
Cash and cash equivalents		156,003	15,368	94,839
Amounts due from brokers		-	4,221,569	36,350,143
Financial assets at fair value through profit or loss	3	161,290,347	166,388,925	101,353,941
Dividends receivable		99,141	-	407,010
Other receivables		102,096	58,046	91,740
Interest receivable	14 (iv)	9,910,787	8,112,260	7,637,186
Total assets		171,558,374	178,796,168	145,934,859
Liabilities				
Financial liabilities at fair value through profit or loss	3	-	(26,380)	(100,485)
Amounts due to brokers	4	(7,568,821)	-	-
Accounts payable and accrued expenses		(266,928)	(1,878,287)	(247,277)
Total liabilities		(7,835,749)	(1,904,667)	(347,762)
Total net assets		163,722,625	176,891,501	145,587,097
Shareholders' equity				
Share capital	5	4,752,070	4,752,070	4,752,070
Capital redemption reserve		250,109	250,109	250,109
Distributable reserves		158,720,446	171,889,322	140,584,918
Total shareholders' equity		163,722,625	176,891,501	145,587,097
Net Asset Value per share	12	\$0.69	\$0.74	\$0.61

Approved on behalf of the Board of Directors

Director

Director

29 September 2011

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Company Statement of Financial Position

	Note	As at 30 June 2011 (Unaudited) US\$	As at 31 December 2010 (Audited) US\$	As at 30 June 2010 (Unaudited) US\$
Assets				
Investments in subsidiaries	15	163,722,625	176,891,501	145,587,097
Total assets		163,722,625	176,891,501	145,587,097
Total net assets				
		163,722,625	176,891,501	145,587,097
Shareholders' equity				
Share capital	5	4,752,070	4,752,070	4,752,070
Capital redemption reserve		250,109	250,109	250,109
Distributable reserves		158,720,446	171,889,322	140,584,918
Total shareholders' equity		163,722,625	176,891,501	145,587,097
Net Asset Value per share	12	\$0.69	\$0.74	\$0.61

Approved on behalf of the Board of Directors

Director

Director

29 September 2011

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

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

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2010

	Share capital (Audited) US\$	Capital redemption reserve (Audited) US\$	Distributable reserves (Audited) US\$	Total (Audited) US\$
Balance at 31 December 2009	4,752,070	250,109	156,288,121	161,290,300
Total comprehensive income for the year	-	-	15,601,201	15,601,201
Balance at 31 December 2010	4,752,070	250,109	171,889,322	176,891,501

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2010

	Share capital (Unaudited) US\$	Capital redemption reserve (Unaudited) US\$	Distributable reserves (Unaudited) US\$	Total (Unaudited) US\$
Balance at 31 December 2009	4,752,070	250,109	156,288,121	161,290,300
Total comprehensive (loss) for the period	-	-	(15,703,203)	(15,703,203)
Balance at 30 June 2010	4,752,070	250,109	140,584,918	145,587,097

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

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

Condensed Company Statement of Changes in Equity for the year ended 31 December 2010

	Share capital (Audited) US\$	Capital redemption reserve (Audited) US\$	Distributable reserves (Audited) US\$	Total (Audited) US\$
Balance at 31 December 2009	4,752,070	250,109	156,288,121	161,290,300
Total comprehensive income for the year	-	-	15,601,201	15,601,201
Balance at 31 December 2010	4,752,070	250,109	171,889,322	176,891,501

Condensed Company Statement of Changes in Equity for the period ended 30 June 2010

	Share capital (Unaudited) US\$	Capital redemption reserve (Unaudited) US\$	Distributable reserves (Unaudited) US\$	Total (Unaudited) US\$
Balance at 31 December 2009	4,752,070	250,109	156,288,121	161,290,300
Total comprehensive (loss) for the period	-	-	(15,703,203)	(15,703,203)
Balance at 30 June 2010	4,752,070	250,109	140,584,918	145,587,097

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June 2011 (Unaudited) US\$	For the year ended 31 December 2010 (Audited) US\$	For the six months ended 30 June 2010 (Unaudited) US\$
Cash flows from operating activities			
(Loss)/profit for the period/year	(13,168,876)	15,601,201	(15,703,203)
Adjustments to reconcile (loss)/profit for the period/year to net cash provided by/(used in) operating activities			
Purchase of financial assets and settlement of financial liabilities	(26,926,796)	(90,621,558)	(41,573,313)
Sale of financial assets and settlement of financial liabilities	17,251,047	65,592,374	51,068,020
Realised loss on investments	1,423,559	33,791,175	18,874,708
Net change in unrealised loss/(gain) on investments	13,324,388	(47,953,866)	(2,452,201)
Net change in amortisation of debt instruments	-	213,484	213,484
Decrease/(increase) in amounts due from brokers	4,221,569	24,617,153	(7,511,421)
(Increase) in dividends receivable	(99,141)	-	(407,010)
(Increase)/decrease in other receivables	(44,050)	2,321	(31,373)
(Increase) in interest receivable	(1,798,527)	(2,980,737)	(2,505,663)
Increase in amounts due to brokers	7,568,821	-	-
(Decrease)/increase in accounts payable and accrued expenses	(1,611,359)	1,699,554	68,544
Net cash provided by/(used in) operating activities	140,635	(38,899)	40,572
Net increase/(decrease) in cash and cash equivalents	140,635	(38,899)	40,572
Cash and cash equivalents at the beginning of period/year	15,368	54,267	54,267
Cash and cash equivalents at the end of period/year	156,003	15,368	94,839
Supplementary disclosure of cash flow information			
Dividends received	2,440,632	5,375,901	58,470
Net interest received/(paid)	37,339	(130,472)	(178,226)

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Company Statement of Cash Flows

	For the six months ended 30 June 2011 (Unaudited) US\$	For the year ended 31 December 2010 (Audited) US\$	For the six months ended 30 June 2010 (Unaudited) US\$
Cash flows from operating activities			
(Loss)/profit for the period/year	(13,168,876)	15,601,201	(15,703,203)
Adjustments to reconcile profit for the period/year to net cash flow from operating activities			
Net change in unrealised loss/(gain) on investments	13,168,876	(15,601,201)	15,703,203
Net cash flow from operating activities	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes on pages 16 to 23 are an integral part of these condensed financial statements.

TAU CAPITAL PLC

Condensed Notes to the Financial Statements

1. General

Tau Capital plc 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 three private investments. The other private investment is held by Tau SPV 1 Cooperatief. Hereinafter, Tau (Cayman) L.P., Tau SPV 1 Cooperatief W.A, Tau Cayman Limited and Tau Capital plc will be referred to as the "Group" (see note 15).

The Group invests 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 Tau Compass Investment 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 2011 are consistent with those adopted by the Group for the annual financial statements for the year ended 31 December 2010.

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 and as such, no additional disclosures are required in accordance with IFRS 8.

Going concern

After making enquiries, including consideration of events after the date of the statement of financial position (see note 17), the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed half-yearly report and unaudited consolidated financial statements.

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

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 2011 US\$	As at 31 December 2010 US\$	As at 30 June 2010 US\$
Held for trading:			
Public equities	88,621,996	100,348,515	58,486,322
Debt instruments	2,430,317	2,457,615	2,952,615
Derivatives: forward contracts	-	-	280,899
Derivatives: futures contracts	-	-	653,400
Derivatives: options	-	24,900	2,459,103
	<u>91,052,313</u>	<u>102,831,030</u>	<u>64,832,339</u>
Designated at fair value through profit or loss:			
Private investments	70,238,034	63,557,895	36,521,602
	<u>161,290,347</u>	<u>166,388,925</u>	<u>101,353,941</u>
Held for trading:			
Derivatives: options	-	(26,380)	(100,485)
	<u>-</u>	<u>(26,380)</u>	<u>(100,485)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss			
Net realised (loss) on investments and foreign exchange	(1,414,528)	(34,579,741)	(19,143,647)
Net unrealised (loss)/gain on investments and foreign exchange	(13,323,217)	47,951,148	2,904,039
Total net (losses)/gains	<u>(14,737,745)</u>	<u>13,371,407</u>	<u>(16,239,608)</u>

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

4. Amounts due to Broker

Morgan Stanley & Co International Plc provides the leverage facility for the Group, which fluctuates according to the liquidity of the financial instruments in the Group's portfolio at the valuation date. The limits of leverage can change due to portfolio structure changes, changes in market value of securities and in the portfolio's liquidity. The Group pays the margin debit interest at the beginning of each month at a rate of LIBOR plus 65bps based on the settlement debit balances at the end of the previous month. The leverage facility provided is repayable on demand.

5. Share Capital and Share Premium

The authorised share capital of the Company 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 Company. The share capital of the Company has been allocated, called up and fully paid. No shares were issued during the periods/year ended 30 June 2011, 31 December 2010 and 30 June 2010. The table below shows the shares in issue at the period/year end:

	Shares in issue
As at 30 June 2011	238,450,002
As at 31 December 2010	238,450,002
As at 30 June 2010	238,450,002

6. Related Party Transactions

Michael Sauer, a 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.

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 7.

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 sub-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 14).

The investment in Lucent Petroleum LLP, made through a convertible bridging loan to Lucent Oil and Gas (Cyprus) Limited, a wholly owned subsidiary of Visor Investment Services Limited, is a related party transaction (see note 14).

As at 30 June 2011, 31 December 2010 and 30 June 2010 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 2011, 31 December 2010 and 30 June 2010, Richard Horlick held 22,600,000 ordinary shares.

As at 30 June 2011, 31 December 2010 and 30 June 2010, both Spencer House Capital Management, LLP and Compass Asset Management Ltd held one founder share each.

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

7. Fees & Expenses

Directors' remuneration for the period ended 30 June 2011 amounted to US\$75,375 (31 December 2010: US\$152,000; 30 June 2010: US\$75,375).

The investment management fee for the period ended 30 June 2011 amounted to US\$1,778,260 (31 December 2010: US\$3,076,295; 30 June 2010: US\$1,603,578) 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 2011 (31 December 2010: US\$Nil; 30 June 2010: 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.

8. Exchange Rates

The following exchange rates were used to translate assets and liabilities into US dollars at 30 June 2011, 31 December 2010 and 30 June 2010:

	As at 30 June 2011	As at 31 December 2010	As at 30 June 2010
Canadian dollar	1.036162	1.006391	0.941044
Euro	1.449843	1.341544	1.224905
Kazakhstan tenge	0.006854	0.006786	0.006786
Pound sterling	1.605446	1.565656	1.496110
Russian rouble	0.035822	0.032758	n/a

9. 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.

No dividends were declared or paid during the periods/year ended 30 June 2011, 31 December 2010 or 30 June 2010.

10. 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.

11. Commitments and Contingent Liabilities

As at 30 June 2011, the Group had further commitments to Lucent Oil and Gas (Cyprus) Limited for a consideration of US\$4m (31 December 2010: US\$10.5m; 30 June 2010: US\$Nil) provided as a line of equity to be disbursed contingent on the achievement of certain operational milestones and execution of corresponding increases of capital by the investee company.

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

12. Valuation of the Group

The Net Asset Value ("NAV") of the Group as at 30 June 2011, 31 December 2010 and 30 June 2010, as reported at the time (based on last traded prices of underlying investments) (the "reported NAV"), differs from the NAV per the financial statements (the "adjusted NAV"). In accordance with IAS 39, long positions in the financial statements are valued at bid prices and short positions at offer prices.

During the year ended 31 December 2010, following a review of the interest rate calculation methodology adopted for the loan to TenizService LLP (use of daily compounding rather than simple accrual) a one-off adjustment of US\$2,143,044 was made.

	As at 30 June 2011 US\$	As at 31 December 2010 US\$	As at 30 June 2010 US\$
Net Asset Value for management reporting purposes	164,373,797	179,299,681	146,071,069
Adjustment to bid/offer prices	(651,172)	(265,136)	(483,972)
Adjustment to accrued interest	-	(2,143,044)	-
Adjusted Net Asset Value per financial statements	<u>163,722,625</u>	<u>176,891,501</u>	<u>145,587,097</u>
Reported Net Asset Value per share	\$0.69	\$0.75	\$0.61
Adjusted Net Asset Value per share	\$0.69	\$0.74	\$0.61

13. (Loss) / Earnings per Share

Basic earnings 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 2011	For the year ended 31 December 2010	For the six months ended 30 June 2010
Net consolidated (loss)/profit attributable to shareholders	(\$13,168,876)	\$15,601,201	(\$15,703,203)
Weighted average number of ordinary shares in issue	238,450,002	238,450,002	238,450,002
Basic (loss)/earnings per share	(\$0.06)	\$0.07	(\$0.07)

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

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

14. 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 four (31 December 2010: four; 30 June 2010: two) investments as follows:

		As at 30 June 2011	As at 31 December 2010	As at 30 June 2010
	Note	US\$	US\$	US\$
Stopharm LLP	(i)	21,500,000	21,500,000	-
Lucent Petroleum LLP	(ii)	11,000,000	4,500,000	-
Alem Communications Holding LLP	(iii)	18,238,034	18,057,895	17,021,602
TenizService LLP	(iv)	19,500,000	19,500,000	19,500,000
Total		70,238,034	63,557,895	36,521,602

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).

(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 is subject to approval by the Anti Monopoly Committee of the Republic of Kazakhstan and the conversion option is structured in such a way that, should this approval be withheld, the Group will receive economic rights equivalent to the implied 16.35% equity stake in Stopharm.

(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 is structured as a convertible bridge loan to Lucent Oil & Gas (Cyprus) Limited, an indirect holding company of Lucent. Conversion of the loan is subject to grant of approvals by the Government of the Republic of Kazakhstan. As at 30 June 2011, the investment has been valued at a cost of US\$11 million comprising the initial loan drawdown and the second tranche in the amount of US\$6.5 million made on 22 February 2011 and this is considered to be the best indicator of fair value.

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 is subject to grant of approvals by the Government of the Republic of Kazakhstan (see note 17.)

(iii) Alem Communications Holding LLP ("Alem")

Alem is a telecom holding company operating within the territory of the Republic of Kazakhstan. Tau has an indirect stake of 16.11% in Alem through a secured senior profit participating loan ("SSPPL") in DTV Investment Holding LLP ("DTV") which has a direct holding in the shares of Alem. During the first half of 2011 the shareholder capital of Alem was increased twice and those increases were subscribed in full by Midas Telecom LLP, the majority shareholder, whereas valuation of Tau's stake was not modified. DTV did not participate in any cash injections made to the capital of Alem during 2011. Tau's investment in Alem is valued at US\$18,238,034 as at 30 June 2011 based on the price of the most recent investment transaction which related to a sale of Alem shares to a third party on 3 September 2010 as per IPEVCA guidelines.

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

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

(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 is accrued at a rate of 18% per annum and totalled US\$9.9 million as at 30 June 2011, bringing the total value of principal and accrued interest to US\$29.4 million.

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\$10.53 million of accrued interest from Contour on 6 September 2011 (see note 17)

15. Investments in Subsidiaries

Name	Country of incorporation	Principal investment activity	Proportion of ownership interest
Tau Cayman Limited	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 2011, 31 December 2010 and 30 June 2010 were as follows:

	As at 30 June 2011 US\$	As at 31 December 2010 US\$	As at 30 June 2010 US\$
Tau Cayman Limited	-	-	-
Tau (Cayman) L.P.	145,484,591	158,833,606	128,565,495
Tau SPV 1 Cooperatief W.A.	18,238,034	18,057,895	17,021,602
	163,722,625	176,891,501	145,587,097

16. 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 2011, 31 December 2010 and 30 June 2010. 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.

TAU CAPITAL PLC

Condensed Notes to the Financial Statements (continued)

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

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 and this will be converted to equity once approvals from the government of the Republic of Kazakhstan are received. 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 is subject to grant of approvals by the Government of the Republic of Kazakhstan.

On 6 September 2011, the Group was repaid the full loan amount which was initially provided to Contour on 4 September 2008. This amounted to US\$19.5 million plus US\$10.53 million of accrued interest.

There were no other significant events subsequent to the date of the Statement of Financial Position.

TAU CAPITAL PLC

Additional Information: Schedule of Investments as at 30 June 2011

Country (of stock market listing)/industry sector	Fair value - US\$	% of net assets
Financial assets at fair value through profit or loss		
<i>Equities</i>		
Canada		
Gold mining	937,286	0.57%
Metals diversified	19,928,672	12.16%
Oil exploration	541,716	0.33%
	21,407,674	13.06%
Ireland		
Oil exploration	9,553,688	5.84%
	9,553,688	5.84%
Kazakhstan		
Commercial banks (non US)	2,990,000	1.83%
Oil exploration	25,211,174	15.40%
Paper & related products	110,400	0.07%
Pharmaceuticals	1,479,976	0.90%
Telecom services	3,148,899	1.92%
	32,940,449	20.12%
Russia		
Commercial banks (non US)	5,850,903	3.57%
	5,850,903	3.57%
United Kingdom		
Metals diversified	16,948,885	10.35%
Oil exploration	1,909,031	1.17%
	18,857,916	11.52%
United States of America		
Oil exploration	11,366	0.01%
	11,366	0.01%
<i>Total equities</i>	88,621,996	54.12%

TAU CAPITAL PLC

Additional Information: Schedule of Investments as at 30 June 2011 (continued)

Country (of stock market listing)/industry sector	Fair value - US\$	% of net assets
Financial assets at fair value through profit or loss (continued)		
<i>Debt instruments</i>		
Uzbekistan		
Gold mining	2,430,317	1.48%
	2,430,317	1.48%
<i>Total debt instruments</i>	2,430,317	1.48%
<i>Private investments</i>		
Kazakhstan		
Healthcare	21,500,000	13.13%
Oil services & infrastructure	19,500,000	11.91%
Oil & gas services	11,000,000	6.72%
Telecom services	18,238,034	11.14%
	70,238,034	42.90%
<i>Total private investments</i>	70,238,034	42.90%
Total financial assets at fair value through profit or loss	161,290,347	98.50%
Financial assets at fair value through profit or loss	161,290,347	98.50%
Cash and cash equivalents	156,003	0.10%
Other assets in excess of liabilities	2,276,275	1.40%
Total net assets	163,722,625	100.00%