Semi-annual Report 2008

ENR RUSSIA INVEST

Contents

Letter to Shareholders

Dear shareholders,

During the reporting period, ENR Russia Invest SA ("ENR") took advantage of attractive liquidity windows and successfully implemented exits from mature investments. During early March 2008, ENR completed its exit from the Moscow based property investment previously held via Alini Investments B.V. ("Alini"). In addition, Naftrans Limited ("Naftrans"), during March 2008, sold its subsidiaries which held its oil products rail forwarding business and oil terminal operations at the Batumi terminal in Georgia, providing ENR with an effective exit from the Georgian based operations.

During the half year an investment of CHF 26.3 million was made in United Energy System ("UES"), the majority state owned Russian group comprising most of the electricity assets in Russia. These assets included numerous power generation, heating and regional transmission companies. As part of a reorganisation, UES was delisted in June 2008 and, after the interim reporting period, ENR received shares in all the underlying UES companies. Fundamentally, there is a real shortage of distribution assets and related capacity in Russia, with an ongoing shortage of generation capacity to last for the next few years.

The profitability for the interim reporting period was significantly impacted by the decline of the US dollar against the Swiss Franc, resulting in a loss for the period largely due to exchange losses incurred on US dollar denominated assets.

Despite challenging global market conditions, the underlying Russian economy remains healthy and has benefitted from the high oil price over the first half of the year. The domestic consumer economy is still growing at a very healthy pace, with gross domestic product projected to grow around 8 % by year-end, fuelled by strong consumer demand and large infrastructure spend. Domestically, growth, rather than inflation, remains the government priority. However, consumer price inflation provides one of the biggest challenges and at 15 % levels it will become increasingly difficult for consumer and retail businesses to pass on costs to the consumer. This is especially true for manufacturers, especially those reliant on raw materials.

During the first half of 2008, foreign investment was down some 22 % year-on-year, but still amounted to USD 46.5 billion. The majority of invested funds were directed into the retail and wholesale trade and the manufacturing sector,

followed by real estate, mining, electricity, gas and water distribution and finance.

In his initial 100 days in office, President Dmitry Medvedev ("Medvedev") has focused his attention on improving business conditions, fighting bureaucracy and reforming the judiciary. President Medvedev also indicted that Russia will play a more prominent role in the international arena and will push for the reform of global financial and economic architecture to acknowledge and reflect the growing economic power of emerging economies. The recent Georgian conflict has been a key event in Medvedev's presidency to date and has put the spotlight on Russia's foreign policy and its greater positioning in the region. With time, the situation in Georgia will unfold and we will be able to properly assess its short and medium term regional impact.

A topic of much debate has been the nature of the power sharing relationship between Medvedev and Prime Minister Vladimir Putin ("Putin"). Currently, it appears that the areas of their responsibility have been divided where Putin is primarily involved in domestic economic issues and Medvedev with foreign policy and domestic issues outside the sphere of the day-to-day economic management of Russia. Medvedev's authority and responsibility should gradually widen over time, provided that he delivers on key promises made.

From an investment perspective, ENR will continue to seek out opportunities in Russia and other members of the Commonwealth of Independent States, especially where businesses are exposed to the growing domestic consumer economy.

August 2008

Mr Gustav Stenbolt
Chairman
ENR Russia Invest SA

Portfolio Investments

ENR Russia Invest SA ("ENR"), during 2003, invested in both Naftrans Limited ("Naftrans") and Alini Investments B.V. ("Alini"). The investment horizon for private equity investments is usually three to seven years. Having explored appropriate exit alternatives and taking account of attractive liquidity windows, ENR exited from the Alini investment in March 2008. During the same month ENR also announced that Naftrans had sold its subsidiaries which held its oil products rail forwarding business and oil terminal operations at the Batumi terminal in Georgia, providing ENR with an effective exit from the Georgian based operations. Relevant information was also contained in the ENR 2007 annual report in a note dealing with subsequent events.

Naftrans Limited

ENR made its initial investment of USD 8 million in Naftrans in 2003. During 2006 a further USD 22 million was invested, resulting in a total investment of USD 30 million.

Naftrans, through its subsidiaries, operated the Batumi oil terminal in Adjara, Georgia on the Black Sea. Its principal activity was the provision of oil and oil related product rail forwarding from the Azerbaijan-Georgian border to the Batumi oil terminal, as well as storage and transhipment services at the Batumi oil terminal. During the latter part of 2006, Naftrans also took operational control of the Batumi port.

During March 2008, Naftrans sold all its subsidiaries which held its Georgian operating assets to the KazMunaiGas group for cash. Considering the nature of this transaction (i.e. the sale of the Georgian rail forwarding operations of oil and oil related products, as well as oil terminal and terminal storage operations), ENR effectively exited from the Georgian based business.

Naftrans is distributing cash proceeds to its shareholders. During the reporting period, ENR received a special dividend from Naftrans of USD 10.025 million. After the reporting period (July 2008), ENR received a further USD 21.311 million from Naftrans. The remaining balance of USD 13.8 million will be distributed to ENR after the expiry of a warranty period.

Although ENR effective exited from the Georgian based operations previously conducted by Naftrans, ENR still holds its 9,213,540 ordinary shares and its 22,000,000 preference shares in Naftrans (aggregate 13.5 % interest). Consequently, for as long as ENR continues to hold these Naftrans shares, it will continue to show Naftrans as an investment where Naftrans is now mainly a cash company.

Alini Investments B.V.

In 2003 ENR acquired an interest in the Romanov Dvor 2 business complex, located in the Central Administrative District in Moscow, in close vicinity to the Kremlin. The office complex was developed in two phases with a rentable area of approximately 25,000 sq.m.

The investment was made via shareholder loans and the acquisition of a 77 % interest of Panariello Enterprises Limited (Cyprus) ("Panariello"). Panariello owned 25 % of Alini and Alini held the property rights to the aforementioned properties and buildings. During May 2003, Valartis International Ltd obtained an economic 6.88 % interest in Panariello. Therefore, ENR had an economic interest in Panariello of 70.12 % and an effective economic interest in Alini of 17.53 %.

During March 2008, ENR disposed of its effective 17.53 % interest in the Romanov Dvor office complex.

This exit was done via Panariello, who sold its entire 25 % shareholding in Alini to the Alini majority shareholder. As part of the same transaction, Panariello assigned and transferred its rights to outstanding loan liabilities to the buyers. An unrealised gain of CHF 19,073,473 was recognized in the ENR full year 2007 annual accounts.

Therefore, ENR has fully exited the Alini investment and, on exit, realised an IRR of 58 % and 4.6 times on invested capital from this investment.

Russian Electricity Restructuring

During the half year an investment of CHF 26.3 million was made in United Energy System ("UES"), the majority state owned Russian group comprising most of the electricity assets in Russia. These assets included numerous power generation, heating and regional transmission companies. As part of a reorganisation, UES was delisted in June 2008 and, after the interim reporting period, ENR received shares in underlying UES companies. Fundamentally, there is a real shortage of distribution companies and related capacity in Russia, with an ongoing shortage of generation capacity to last for the next few years.

Financial Statements

Determination of the Net Asset Value and Attributable Net Asset Value as of June 30, 2008

(Currency-CHF)

	30.06.2008		31.12.2007	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets				
Treasury stock – at market value	–	1,739,000	–	4,621,054
Cash, investments and other assets	117,517,962	117,517,962	127,583,813	127,583,813
Total assets	117,517,962	119,256,962	127,583,813	132,204,867
Liabilities				
Other liabilities	9,217,103	9,217,103	3,888,699	3,888,699
Total liabilities	9,217,103	9,217,103	3,888,699	3,888,699
Shareholders' Equity				
Share capital	32,790,585	32,790,585	31,118,544	31,118,544
Capital paid in excess of par value (share premium)	75,390,859	75,390,859	73,128,401	73,128,401
Treasury stock – at cost	– 1,552,229	–	– 4,593,149	–
Retained earnings	1,655,842	1,842,613	11,022,114	11,050,019
Minority interests	15,802	15,802	13,019,204	13,019,204
Total shareholders' equity	108,300,859	110,039,859	123,695,114	128,316,168
Total liabilities and shareholders' equity	117,517,962	119,256,962	127,583,813	132,204,867
Number of shares outstanding		2,644,402		2,509,560
Net asset value per share		41.61		51.13
Attributable net asset value per share		41.61		45.94
Number of treasury shares		47,000		145,545

Note

The net asset value per share ("NAV") is calculated in Swiss Francs as the aggregate of the value of all investments and treasury shares less the aggregate amount of the liabilities and accrued expenses divided by the total number of shares outstanding.

The main differences between the two calculations is due to applying the IFRS standards versus the Swiss GAAP standards. The differences are particularly prominent in the calculation and booking of treasury shares, and reclassifying the shareholders' equity.

Attributable net asset value per share is the consolidated NAV, less the aggregate value of all minority interests, reflecting the economic value attributed to shareholders, divided by the number of shares outstanding.

Condensed consolidated balance sheet as of June 30, 2008 (unaudited)

(Currency-CHF)

	Notes	30.06.2008	31.12.2007
Assets			
Cash and cash equivalents	6	52,017,409	29,733,421
Accounts receivable	7	1,874,653	2,553,802
Derivative financial instruments	5	357,600	–
Investments at fair value through profit or loss	5	63,268,300	95,296,590
Total assets		117,517,962	127,583,813
Liabilities			
Bank overdraft	6	12,045	141
Accounts payable and accrued expenses	8.1	8,705,058	3,388,558
Current tax liabilities	8.2	500,000	500,000
Total liabilities		9,217,103	3,888,699
Shareholders' Equity			
Share capital	9	32,790,585	31,118,544
Capital paid in excess of par value (share premium)		75,390,859	73,128,401
Treasury stock		– 1,552,229	– 4,593,149
Retained earnings		1,655,842	11,022,114
Sub-total shareholders' equity		108,285,057	110,675,910
Minority interests		15,802	13,019,204
Total shareholders' equity		108,300,859	123,695,114
Total liabilities and shareholders' equity		117,517,962	127,583,813
Number of shares issued and fully paid	9	2,644,402	2,509,560
Nominal value (in CHF)		12.40	12.40

The notes on pages 12 to 27 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of income for the period ended June 30, 2008 (unaudited)

(Currency-CHF)

	Notes	30.06.2008	From 25.05.2007 to 30.06.2007 (audited)
Revenue			
Interest income		474,173	17,977
Dividend income		11,251,738	–
Unrealised gain on investments at fair value through profit or loss	5.1	375,853	–
Unrealised gain on derivative financial instruments	5.1	357,600	–
Total revenue		12,459,364	17,977
Expenses			
Realised losses on sale of investments at fair value through profit or loss	5	3,791,196	–
Unrealised losses on investment at fair value through profit or loss	5.1	15,744,904	–
Exchange loss, net		2,365,338	–
Management fees	10.1	1,064,098	–
Administrative fees		8,030	573
Directors' fees and expenses	10.2	35,224	1,434
Investment bank and professional fees		137,562	9,226
Bank charges and interest expenses		2,857	1,517
Other expenses		176,029	–
Total expenses		23,325,238	12,750
Profit/(loss) for the period		– 10,865,874	5,227
Attributable to			
Equity holders of the Company		– 9,366,272	5,130
Minority interests		– 1,499,602	97
Earnings per share for profit attributable to equity holders of the Company during the period:			
Weighted average number of outstanding shares	4	2,591,557	1,610,615
Basic earnings per share (in CHF)	4	– 3.614	0.003
Diluted earnings per share (in CHF)	4	– 3.614	0.003

The notes on pages 12 to 27 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement for the period ended June 30, 2008 (unaudited)

(Currency-CHF)

	Notes	30.06.2008	30.06.2007 (audited)
Cash Flows from Operating Activities			
Profit/(loss) before tax		– 10,865,874	5,227
Adjustments for:			
Interest income		– 474,173	– 17,977
Dividend income		– 11,251,738	–
Bank charges and interest expenses		2,857	1,517
Fair value adjustment on investment portfolio	5	15,011,451	–
Operating income before working capital changes		– 7,577,477	– 11,233
Movement in working capital:			
Net investment portfolio movement	5	16,659,239	–
Change in accounts receivable		766,320	8,251,164
Change in accounts payable and accrued expenses		5,316,500	– 1,503,303
Dividend received		11,251,738	–
Interest received		387,002	17,977
Bank charges and interest expenses		– 2,857	– 1,517
Net cash flow from/(used in) operating activities		26,800,465	6,753,088
Cash Flows from Financing Activities			
Increase of share capital (net)		3,934,499	–
Purchase of treasury stock		– 1,552,229	–
Sale of treasury stock		4,593,149	–
Dividend paid to minority interests		– 11,503,800	–
Net cash flow from/(used in) financing activities		– 4,528,381	–
Net change in cash and cash equivalents		22,272,084	6,753,088
Cash and cash equivalents at beginning of the period		29,733,280	25,465
Cash and cash equivalents at the end of the period	6	52,005,364	6,778,553

The notes on pages 12 to 27 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity for the period ended June 30, 2008 (unaudited)

(Currency-CHF)

	Share capital	Share premium	Treasury stock	Retained earnings	Total	Minority interests	Total share-holders' equity
Incorporation as at May 25, 2007	19,971,626	58,381,646	–	–	78,353,272	7,059,307	85,412,579
Net result for the period	–	–	–	5,130	5,130	97	5,227
Balance as at June 30, 2007	19,971,626	58,381,646	–	5,130	78,358,402	7,059,404	85,417,806
Increase of share capital	11,146,918	14,746,755	–	–	25,893,673	–	25,893,673
Purchase of treasury stock	–	–	– 4,593,149	–	– 4,593,149	–	– 4,593,149
Net result for the period	–	–	–	11,022,114	11,022,114	5,959,897	16,982,011
Balance as at December 31, 2007	31,118,544	73,128,401	– 4,593,149	11,022,114	110,675,910	13,019,204	123,695,114
Increase of share capital	1,672,041	2,262,458	–	–	3,934,499	–	3,934,499
Purchase of treasury stock	–	–	– 1,552,229	–	– 1,552,229	–	– 1,552,229
Sale of treasury stock	–	–	4,593,149	–	4,593,149	–	4,593,149
Dividend payment to minority interests	–	–	–	–	–	– 11,503,800	– 11,503,800
Net result for the period	–	–	–	– 9,366,272	– 9,366,272	– 1,499,602	– 10,865,874
Balance as at June 30, 2008	32,790,585	75,390,859	– 1,552,229	1,655,842	108,285,057	15,802	108,300,859

The notes on pages 12 to 27 are an integral part of these condensed consolidated interim financial statements.

Condensed notes to the consolidated financial statements as of 30 June, 2008

1. Incorporation and activity

ENR Russia Invest SA, Geneva (previously, ENR Private Equity Geneva SA) (hereinafter, the "Company") is an investment company founded on 18 May, 2007 for an unlimited duration. On 25 May, 2007 it was registered with the Commercial Register of the Canton of Geneva under the reference number CH-660-1263007-3 and is incorporated under the company name ENR Russia Invest SA as a limited company under the laws of Switzerland. The Company's registered office is 2 – 4, Place du Molard, Geneva, Switzerland. The Company has no employees.

The capital of the Company at incorporation was paid during the year 2007 through contribution in kind to the current subsidiaries, which included investments, other assets and liabilities as follows:

in CHF

Assets		Liabilities	
Cash	25,465	Tax liabilities	– 500,000
Investments	76,999,838	Other liabilities	– 2,218,178
Receivables	11,105,454	Total liabilities	– 2,718,178
Total assets	88,130,757	Net equity	85,412,579

The aforementioned assets and liabilities were transferred to the Company by its shareholder, Growth Value Opportunities SA (previously, ENR Russia Invest SA) ("GRO"), and were recognised at fair value.

This was done as part of a reorganisation of GRO where the Company's shares were spun-off to GRO shareholders and the Company was separately listed on the SWX Swiss Exchange on November 19, 2007.

The Company is trading under Swiss Security number 3447695 with ISIN Number of the shares CH0034476959 and ticker symbol of the shares RUS.

2. Basis for the presentation of the consolidated financial statements

These financial statements are the unaudited condensed interim consolidated financial statements for the half year period ended June 30, 2008 of the Group, which include the accounts of ENR Russia Invest SA and its subsidiaries as at June 30, 2008, and which are prepared in accordance with IAS34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2007.

3. Significant accounting policies

3.1 Accounting policies

The accounting policies applied by the Group in the unaudited condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended 31 December, 2007.

3.2 Fully consolidated companies

The consolidated financial statements comprise ENR Russia Invest SA and the following wholly-owned subsidiaries:

Name of subsidiary	Incorporated in	Currency	30.06.2008	Currency	31.12.2007	% Holding
ENR Investment Limited	Limassol, Cyprus	EUR	6,576,660	EUR	6,576,660	100 %
Panariello Enterprises Limited	Nicosia, Cyprus	EUR	7,435	USD	6,909	77 %
ENR Private Equity Limited	Grand Cayman, Cayman Islands	USD	500	USD	500	100 %

In the consolidated Company accounts the participation in Panariello is consolidated. The Company has an effective economic interest of 70.12 % in Panariello. Therefore, under the Shareholders' equity section of the consolidated balance sheet, a Minority interest is shown, which comprises the third party shareholders' 23 % equity interest in Panariello, as well as the 6.88 % economic interest held by Valartis International Ltd.

The financial statements of the Company and the subsidiaries are drawn up to June 30, 2008.

4. Earnings per share attributable to equity holders of the company

Basic earnings per share is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period.

		30.06.2008		From 25.05.2007 to 30.06.2007
Earnings Per Share Basic / Diluted				
Net (loss) / profit attributable to equity holders	CHF	– 9,366,272	CHF	5,130
Weighted average number of ordinary shares outstanding		2,591,557		1,610,615
Basic earnings per share	CHF	– 3.614	CHF	0.003
Diluted earnings per share	CHF	– 3.614	CHF	0.003

5. Investment portfolio

in CHF

	30.06.2008	31.12.2007
Fair value of portfolio at incorporation	–	76,999,838
Fair value of portfolio at beginning of the period	95,296,590	–
Investment Portfolio Movement for the Period		
Purchase of investments	27,446,446	–
Sale of investments	– 40,314,489	–
Net realised loss on disposal of investments	– 3,791,196	–
Net investment portfolio movement for the period	– 16,659,239	–
Net unrealised (loss) / gain	– 15,011,451	18,296,752
Fair value of portfolio at the end of the period	63,625,900	95,296,590

The investment portfolio is represented as follows on the balance sheet:	30.06.2008	31.12.2007
Held for Trading:		
Listed equity securities held for trading	27,423,968	–
Total held for trading	27,423,968	–
Designated as Fair Value Through Profit or Loss:		
Unlisted equity securities	35,844,332	95,296,590
Total designated as fair value through profit or loss	35,844,332	95,296,590
Total financial assets at fair value through profit or loss	63,268,300	95,296,590
Derivatives:		
Exchange rate forward agreements	357,600	–
Total derivatives	357,600	–

5.1 Detail of investment at fair value through profit or loss

Securities		Balance as of 01.01.2008	
		Quantity	CHF
MOSCOW CITY ELECTRIC NETWORK		–	–
UES UNITED ENERGY SYSTEM	COMMON	–	–
UES UNITED ENERGY SYSTEM	PREFERRED	–	–
UES UNITED ENERGY SYSTEM	GDR	–	–
Sub-total listed investments at fair value through profit or loss – trading			–
NAFTRANS LTD, LIMASSOL, CYPRUS		9,213,540	15,110,412
NAFTRANS LTD, LIMASSOL, CYPRUS REDEEMABLE		22,000,000	36,080,493
ALINI INVESTMENTS B.V.		4,500	44,105,685
Sub-total unlisted investments at fair value through profit or loss			95,296,590
FORWARD FOREIGN EXCHANGE CONTRACTS			–
Sub-total derivative financial instruments			–
Total investments			95,296,590

Derivatives on currency:	Expiry date	Currency sold	
Forward foreign exchange contracts	27.08.2008	USD	32,000,000
Total			

5.2 Naftrans Limited

Naftrans, through its subsidiaries, operated the Batumi oil terminal in Adjaria, Georgia on the Black Sea. Its principle activity was the provision of oil and oil related product rail forwarding (transports oil from Gardabani on the Azerbaijan – Georgia border to the Batumi oil terminal) and transhipment and storage at the Batumi port.

The Batumi oil terminal has been in operation since the 1890's and was privatised in 1999. Subsequently, Naftrans became the terminal operator and a complete restructuring project has been executed. The Batumi terminal is one of the few existing transportation points for crude oil products shipped out of the Caspian Basin and Batumi, in the past, has been a preferred shipping port for major hydrocarbon producers in Kazakhstan and Azerbaijan. During the latter part of 2006, Naftrans took operational control of the Batumi Port via an acquisition of Port Capital Partners Limited, effective 1 January 2007. This strengthened Naftrans's strategic positioning in the region.

The profitability of Naftrans was largely driven by the turnover it generated. In the past few years the Caucasus and surrounding regions have seen significant growth in the production

		Gains		Losses		Balance as of 30.06.2008	
Purchases and Additions	Sales and Withdrawals	Realised	Unrealised	Realised	Unrealised	Quantity	CHF
1,117,311	–	–	16,900	–	–	17,000,000	1,134,211
13,303,462	–	–	358,953	–	–	12,100,000	13,662,415
6,269,915	–	–	–	–	– 59,753	64,000,000	6,210,162
6,755,758	–	–	–	–	– 338,578	63,000	6,417,180
27,446,446	–	–	375,853	–	– 398,331		27,423,968
–	–	–	–	–	– 4,529,966	9,213,540	10,580,446
–	–	–	–	–	– 10,816,607	22,000,000	25,263,886
–	– 40,314,489	–	–	– 3,791,196	–	–	–
–	– 40,314,489	–	–	– 3,791,196	– 15,346,573		35,844,332
33,016,800	– 33,016,800	–	357,600	–	–		357,600
33,016,800	– 33,016,800	–	357,600	–	–		357,600
60,463,246	– 73,331,289	–	733,453	– 3,791,196	– 15,744,904		63,625,900

Currency bought		Contract forward rate	Forward rate 30.06.2008	Fair value 30.06.2008	
CHF	33,016,800	1.031775	1.0206	CHF	357,600
				CHF	357,600

and transport of, inter alia, oil and oil related products. Recently, there has been a a decline in these volumes which could well continue over the short to medium term due to regional transport challenges in the Caspian Basin. These challenges include the delay in the start-up of two major Kazakhstan oil production projects, an expected delay in the growth of Turkmenistan oil volumes over the medium term whilst infrastructure upgrades take place and the use and capacity of a number of oil pipeline lines (each with its inherent complexities) as alternative transport routes.

Between 1999 and 2006, transhipment volumes at the Batumi terminal increased from 4.5 million tonnes to a record of 11.7 million tonnes. However, due to a combination of the factors mentioned above, Batumi terminal transhipment volumes reduced to 9.8 million tonnes in 2007.

During early March 2008, Naftrans sold all its subsidiaries which held its Georgian operating assets to the KazMunaiGas group for cash.

At the date of the interim financial statements, the Company has received a special dividend of CHF 10.5 million in respect of this sale. After the reporting period (July 2008), the Company received a further USD 21.311 million from Naftrans. The remaining balance of USD 13.8 million will be distributed to ENR after the expiry of a warranty period. The Company still retains all its shares in Naftrans.

The fair value at June 30, 2008, attributed to Naftrans was based on the aforementioned transaction, adjusted for the CHF 10.5 million dividend received at half-year end.

At December 31, 2007, the valuation of Naftrans shares was also based on the aforementioned transaction price. At that date, the USD/CHF exchange rate was 1.13215. Since then, the USD weakened against the CHF and at June 30, 2008, the exchange rate was USD/CHF 1.0186. This resulted in an unrealised exchange loss on the Naftrans shares of CHF 4.8 million. This figure is included in the unrealised loss of CHF 15.34 million shown in the table in Note 5.1. The balance of the unrealised loss is attributed to the aforementioned dividend receipt of CHF 10.5 million. As this was a cash receipt, the Naftrans value had to be reduced accordingly.

5.3 Alini Investments B.V. (Romanov Dvor)

The Company acquired an interest in two class A office and retail buildings in the Romanov Dvor-2 business complex, situated at 4 Romanov Pereulok in the Central Administrative district in Moscow. The complex includes two adjoining buildings containing 37,200 sq. m of gross building area ("GBA"), with a common three-level underground part. It is situated within a 5 minute walk from the nearest metro stations – Arbatskaya and Biblioteka imeni Lenina. The office complex has been developed in two phases and the first seven-storied building with a GBA of 26,700 sq. m commenced operations in October 2003. The second six-storied building with a GBA of 10,500 sq. m was completed during early 2006. The below grade part of the complex hosts a parking area for 146 cars, a fitness centre with a swimming pool and a five screen cinema.

The rentable area of building one is 16,157 sq. m and is fully let with leases ranging from five to 15 years and rental rates varying from USD 400 to USD 1,625 per sq. m annually (net of operating expenses and value added tax), depending on the size and the location of the premises within the building. The rentable area of building two is 7,500 sq. m and is fully let with average lease periods of five years and rental rates varying from USD 250 to USD 1,100 per sq. m annually (net of operating expenses and value added tax).

The investment was made by way of shareholder loans and the acquisition of a 77 % interest of Panariello Enterprises Limited (Cyprus) ("Panariello"), which, in turn owned 25 % of the shares in Alini Investments B.V. (Netherlands) ("Alini"). Alini holds the property rights to the properties and buildings. Valartis International Ltd concluded a sub-participation agreement with Panariello, securing a 6.88 % economic interest. Accordingly, the Company held an economic interest of 17.53 % in the project.

Over the period of the investment, the Moscow office market and rental market developed significantly. At the time when the investment was made, property investments were likely to yield returns comparable to those of private equity investments. This is no longer the case. Due to high demand, the Moscow office retail property market has continued to evolve and numerous office and retail developments have been completed over the past few years or are currently in progress. Development costs have increased, more rentable A grade supply is available, which will impact on vacancy rates in property, especially where they are not optimally located. Tenant perceptions are important where the attractiveness and convenience of a location, status of renovation projects and rental renewal rates are a few factors impacting on the decision to take up rental space.

During early March 2008, Panariello sold its 25 % interest in Alini to the majority shareholder for USD 39.126 million. At December 31, 2007, the Company showed an unrealised gain of CHF 19.073 million on this investment. The transaction was completed in March 2008, where net sale proceeds of USD 27.295 million accrued to the Company for its 17.53 % economic interest in Alini.

As at December 31, 2007, the Alini valuation was based on the aforementioned transaction. At that date, the USD/CHF exchange rate was 1.13215. Since then, the USD weakened against the CHF and, during March 2008 on the implementation of the transaction, the exchange rate was USD/CHF 0.9844. This resulted in a realised exchange loss of CHF 3.791 million, which was included in the realised loss in the table set out in Note 5.1.

5.4 Russian electricity restructuring – unbundling and investment

Since 2002, significant reforms were introduced in the Russian electricity industry. RAO Unified Energy System ("UES"), a majority state owned Russian group listed in London and Moscow owned the majority of Russia's electricity assets including power generation, heating and regional transmission companies.

As part of a liberation of the industry, UES shares were delisted in early June 2008. The delisting was followed by an unbundling where the underlying UES companies were unbundled to UES shareholders. The majority of the 23 companies which were unbundled were initially private companies. Most of these companies have subsequently been separately listed in Russia. Some are subject to take-private bids and a minority remain unlisted. Since the unbundling, investors are able to acquire shares and obtain exposure in to specific regional or segment components of the Russian electricity sector.

As a result of the unbundling, competitive markets in electricity generation and supply have been created, whilst the Russian Federation has retained its control over electricity transmission, distribution and hydrogenation.

Substantial capital investment is still required across the sector aimed at creating, inter alia, more generating capacity. With increased production capacity and by extracting efficiencies, a number of competitive players will emerge in the different regions.

An integral aspect of further power sector reform is that electricity distribution grids will have use-of-grid tariffs that include a fair return on invested capital. Currently, the use-of-grid tariffs are based on a cost-plus formula that makes no allowance for returns on equity. The government recently announced price setting mechanisms in electricity and heat distribution paving the way for a full implementation of rate of return pricing for electricity distribution by 1 January 2010.

Further liberation of state regulated electricity prices will also allow business to improve profitability and should open up growth prospects of these Russian utility companies.

Grid companies (distribution and trunk companies) are at the early stages of consolidation. With consolidation, efficiency improvements, future changes in tariffs and the introduction of new payment mechanisms, distribution and trunk grid companies are posed for meaningful growth.

The government is supportive of private investments in the electricity sector and will introduce measures to attract and protect private investments. For example, rates for the liberalisation of the wholesale electricity market have been defined and a guarantee mechanism for investments has been introduced.

During the reporting period, ENR invested CHF 26.3 million in UES to obtain an exposure to the electricity sector via the unbundles UES companies. Initially ENR received UES ordinary and preference shares and global depositary receipts (see Note 5.1). Subsequently, on the unbundling being completed in July 2008, ENR received shares of unbundled companies, as can be seen from the table on page 21:

Company	Number of shares
First Generation Company of Wholesale Electricity Market OJSC	23,339,695
Second Generation Company of Wholesale Electricity Market OJSC	12,149,984
Third Generation Company of Wholesale Electricity Market OJSC	9,981,261
Fourth Generation Company of Wholesale Electricity Market OJSC	24,925,337
Sixth Generation Company of Wholesale Electricity Market OJSC	14,159,966
Territorial Generation Company No 1 OJSC	927,579,908
Territorial Generation Company No 2 OJSC	314,979,184
Territorial Generation Company No 4 OJSC	384,914,297
Territorial Generation Company No 6 OJSC	371,823,486
Volzhskaya Territorial Generation Company OJSC	8,113,083
South Generation Company No 8 OJSC	418,807,032
Territorial Generation Company No 9 OJSC	1,633,615,759
Territorial Generation Company No 10 OJSC	214,985
Territorial Generation Company No 11 Holding OJSC	18,400,000
Territorial Generation Company No 11 Holding OJSC Pref. Shares	6,400,000
Eniseyska Territory Generation Company	41,808,562
Territorial Generation Company No 14 OJSC	235,663,365
Moscow Power JSC	8,151,348
Kuzbassenergo JSC	16,961,051
Federal Hydrogeneration Company JSC	83,777,731
Inter RAO UES JSC	1,015,675,993
Federal Grid Company of UES OJSC	245,173,274
RAO Eastern Energy System JSC	12,100,000
RAO Eastern Energy System JSC Pref. Shares	6,400,000
IDGC Holding	12,100,000
IDGC Holding Pref. Shares	6,400,000.0

Consequently, ENR has secured a meaningful exposure to specific regional and segmental sectors in the Russian electricity sector. This is interesting as there is a real shortage of distribution companies and related capacity in Russia, with an ongoing shortage of generation capacity, which is expected to last for the next few years. ENR is also positioned to benefit from anticipated healthy growth in this industry sector. There is an opportunity to unlock inherent value as UES was trading at a healthy discount to the aggregate value of the unbundled companies.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Bank overdrafts are shown within borrowings in the liabilities of the balance sheet.

Cash and cash equivalents include the following for the purpose of the cash flow statement:

in CHF

	30.06.2008		31.12.2007	
	Valartis Bank*	Others	Valartis Bank*	Others
Cash at bank and in hand	41,656,698	16,021	14,744,448	8,538
Money market instruments	–	1,161,709	–	14,980,435
Fiduciary deposits	–	9,182,981	–	–
Subtotal	41,656,698	10,360,711	14,744,448	14,988,973
Bank overdraft	–	– 12,045	–	– 141
Cash and cash equivalents	41,656,698	10,348,666	14,744,448	14,988,832
Total cash and cash equivalents		52,005,364		29,733,280

* Valartis Bank is a group-related party

7. Accounts receivable

in CHF

	30.06.2008	31.12.2007
Receivable from sale of securities	1,527,900	2,264,300
Accrued interest	253,878	270,379
Other	92,875	19,123
Total receivable	1,874,653	2,553,802

8. Liabilities

8.1 Accounts payable and accrued expenses

in CHF

	30.06.2008	31.12.2007
Management fees	547,451	220,416
Provision for performance fees	–	2,556,216
Other creditors	8,157,607	611,926
Balance at the end of the period	8,705,058	3,388,558

8.2 Taxes

The Company pays Swiss taxes on capital of 0.07 %. Net income from Cyprus subsidiaries is taxed at 4.25 %. Net income from the Cayman Islands subsidiary is not taxed.

No deferred taxes are calculated on unrealised gains on securities as these are tax exempt in the corresponding legislation.

The movement on tax liabilities is as follows:

in CHF

	30.06.2008	31.12.2007
Balance at incorporation	500,000	500,000
Payment during the period	–	–
Charge for the period	–	–
Balance at the end of the period	500,000	500,000
Profit before tax	– 10,865,874	16,982,011
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,143,284	721,735
Deduction for income not subject to tax	– 1,143,284	– 721,735
Income tax charges	–	–

9. Share capital

As of June 30, 2008, the issued ordinary share capital of the Company was CHF 32.8 million (31.12.2007: CHF 31.1 million), divided into 2,644,402 (31.12.2007: 2,509,560) bearer shares of par value CHF 12.40 (31.12.2007: CHF 12.40) each and one voting right per share. There are no restrictions on share transfer.

The Company has not issued any participation certificates or profit sharing certificates.

Article 11 of the Company's Articles of Association contains an "Opting Out" clause regarding matters dealt within article 32 of SESTA and waives the requirement to make a public tender offer whenever a shareholder acquires shares exceeding the threshold of 33 1/3 %, conversely 49 %, of the voting rights.

	30.06.2008		31.12.2007	
Issued Capital	Number of shares	CHF	Number of shares	CHF
At beginning of the period	2,509,560	31,118,544	1,610,615	19,971,626
Capital increase	134,842	1,672,041	898,945	11,146,918
Closing balance	2,644,402	32,790,585	2,509,560	31,118,544

	30.06.2008	31.12.2007
Treasury Stock	Number of shares	Number of shares
Opening balance	145,545	–
Purchases	47,000	145,545
Sales	– 145,545	–
Closing balance	47,000	145,545

Transaction in treasury stock during the period	Number of shares purchased	Currency	Average price	Amount purchased
Month:				
April	47,000	CHF	33.03	1,552,229
	Number of shares sold	Currency	Average price	Amount sold
Month:				
February	145,545	CHF	31.56	4,593,149

	30.06.2008		31.12.2007	
Conditional and Authorised Capital	Number of shares	CHF	Number of shares	CHF
Conditional capital	805,307	9,985,807	805,307	9,985,807
Authorised increase of capital	670,465	8,313,766	805,307	9,985,807

All issued shares are fully paid in.

Article 8 of the Company's Articles of Association provides for a conditional capital pursuant to which the Company's share capital may be increased through the exercise of options or conversion rights up to a maximum amount of CHF 9,985,806.80 through the issue of a maximum of 805,307 bearer shares with par value of CHF 12.40 each.

Article 8bis of the Company's Articles of Association authorises the Board of Directors to increase the Company's share capital, in one or several blocks, by a maximal nominal amount of CHF 8,313,766, through the issue of a maximum of 670,465 fully paid bearer shares with a par value of CHF 12.40 each.

Existing shareholders have no preferential subscription right with regard to the conditional capital.

10. Related parties, significant shareholders

10.1 Valartis International Ltd.

Valartis International Ltd. (a fully owned subsidiary of Valartis Group AG, Baar, Switzerland) is the Investment Manager of the Company. The Company pays to the Investment Manager a management fee payable quarterly in arrears in Swiss Francs, of 2 % (plus VAT, if applicable) per annum of the Company's average attributable net asset value, as adjusted by adding back the amount of any outstanding debt issued by the Company or by any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of the Company.

Out-of-pocket expenses incurred by the Investment Manager in carrying out the investigative and "due diligence" analysis required in pursuing likely investment opportunities and in monitoring existing investments are borne by the Company.

In addition, the Investment Manager is entitled to receive a performance fee equal to 17.5 % (plus VAT, if applicable) of the total net profits (sale proceeds less acquisition costs and transaction costs) realised by the Company on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by the Company.

in CHF

Management fees	30.06.2008	31.12.2007
Management fees for the period	1,064,098	220,416
Balance payable at the end of the period	547,451	220,416

Performance fees	30.06.2008	31.12.2007
Provision for performance fees for the period	–	2,556,216
Final performance fees calculated for the year 2007	2,556,216	–
Less: Provision for performance fees as at 31.12.2007	– 2,556,216	–
Difference through profit and loss account	–	–

10.2 Directors' fees

The remuneration paid to the directors of ENR Russia Invest SA amounted to:

in CHF

	30.06.2008	31.12.2007
G. Stenbolt	–	–
C. Löw	–	–
W. Fetscherin	35,224	–
Total	35,224	–

10.3 Significant shareholders as of June 30, 2008

Valartis Bank AG, Zurich, MCG Holding SA, Baar, MCT Global Opportunities Fund, Grand Cayman, and Valartis International Ltd. own jointly 37.63 % (995,114 shares) of the share capital of the Company.

Hansa AG, Baar, owns 35.57 % (892,703 shares) of the share capital of the Company.

MC Russian Market Fund, Luxembourg, owns 4.99 % (132,000 shares) of the share capital of the Company.

Dr. Christoph Löw, Director of the Company, pwns 350 shares of ENR Russia Invest SA.

10.4 Other

Prior to the Alini exit described in Note 5.3, Valartis International Ltd. held a 6.88 % economic interest in Panariello Enterprises Ltd. governed by a sub-participation agreement between ENR Investment Ltd. and Valartis International Ltd., dated March 7, 2003 (see Note 5.3).

Gustav Stenbolt, who is a delegate of the Board of MCG Holding SA, the major shareholder of Valartis Group AG, is a member of the investment committee and a board member of ENR Russia Invest SA.

11. Segment reporting

Since the Company has only one sector of business activity and one geographical sector, the breakdown by segment does not apply.

12. Price information

in CHF

Date	Attributable Net Assets (millions)	Attributable NAV per share	Share price
31.12.2007	115.3	45.94	31.75
30.06.2008	110.0	41.61	37.50

Shareholder Information and Corporate Details

Board of Directors

Gustav Stenbolt
Christoph Löw
Walter Fetscherin

Domicile

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Auditors

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Investment Manager

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Security Number

3447695

ISIN Number

CH0034476959

Ticker Symbol

RUS

Company Website

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