

Semi-annual Review
2005



Russian asset prices have performed well year-to-date as investor sentiment has been buoyed by record high oil prices. Brent crude prices have topped \$65/bbl for the first time as global supply has tightened considerably following an extended period of rising demand.

It is interesting to note that while world consumption has risen from 65m bbl/day to 85m bbl/day over the past 25 years, OPEC countries are pumping oil at roughly the same rate. A surge in volume output from Russia and Central Asia has helped fill this gap, but nevertheless there is little spare production capacity to cushion supply shocks.

Not surprisingly, in such a robust environment Russian export receipts have surged. The country's trade surplus, which is expected to exceed the preliminary forecast of \$50bn over the first six months of 2005, is now running close to \$500m per day, implying an annualized surplus of some \$120bn. Likewise overall economic output indicators are gaining momentum following a sluggish first quarter. We expect GDP growth for the year to reach 6% and the foreign currency reserves to top \$200bn by December.

Foreign direct investment, which reached record levels in 2004, rose a further 31% to \$4.49bn over the first six months of this year. Continuing a trend established last year, much of this capital inflow has been directed outside the energy sector. So far this year companies such as Coca-Cola, Heinz and Heineken have each announced sizable investments. Portfolio investment has also been on the rise, attracted in part by a string of sizable and successfully placed IPOs. The latest being the placement of Novatek, a large independent gas producer which, valued at over \$5bn, has traded up over 30% since the offering.

Portfolio Highlights

Gazprom

Gazprom reported very strong 1H05 financial results, supported by surging global gas prices (\$180/kcm) and higher than expected sales to Western Europe (+11%). Based on first half figures, operating income is on target to exceed \$20bn in 2005, or a 60% increase over the previous year. Accordingly the share price has performed well, rising 25% year-to-date, valuing the company over \$100bn for the first time.

Mosmart (Sarnatus Trading Ltd.)

In the first half of 2005 construction was started on two new Mosmart-anchored shopping centers. The first is at Borovskoe Shosse in Moscow, and with the inclusion of a significant amount of office space will come to over 80,000 sqm. The Borovskoe Shosse property will become the headquarters for Mosmart, and the Hypercenter Development team responsible for construction and management of the company's rapidly growing portfolio of shopping center holdings. The second center currently under construction is in Nizhny Novgorod, and will be the company's first regional hypercenter.

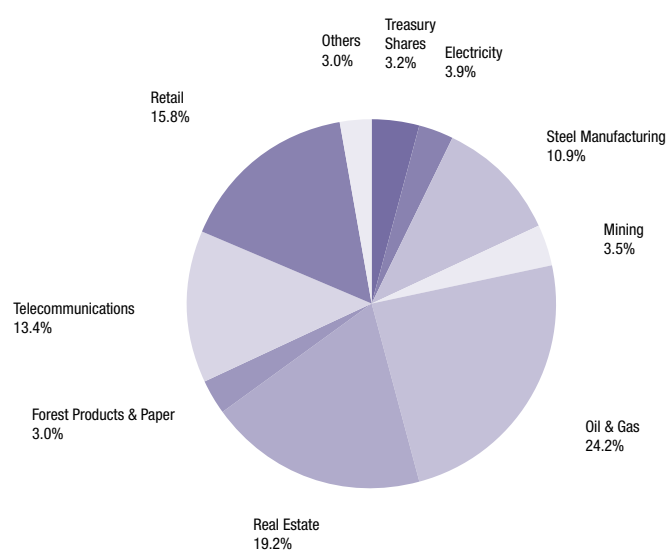
Romanov Dvor II (Panariello Enterprises Ltd.)

In 2003 we took a 19.25% stake in the development of a 40,000 sqm office and entertainment complex in the center of Moscow, very near the Kremlin. Much of the building's space was leased well before construction was completed, and by late 2004 major tenants were fitting out their premises. Large tenants include Boeing, Credit Suisse First Boston, BHP Billiton, and Bloomberg. Since mid-2004 we have received a regular cash-flow from the property, which, combined with a refinancing from Raiffeisenbank of Austria, has already returned over 51% of our initial cash investment, while development gains on the project have increased the value of our stake in the property by over 100%, net of debt. With Moscow property yields still in the 11-14% range, we look forward to additional appreciation as prime properties in Russia's capital move towards the single digit yields of Central Europe.

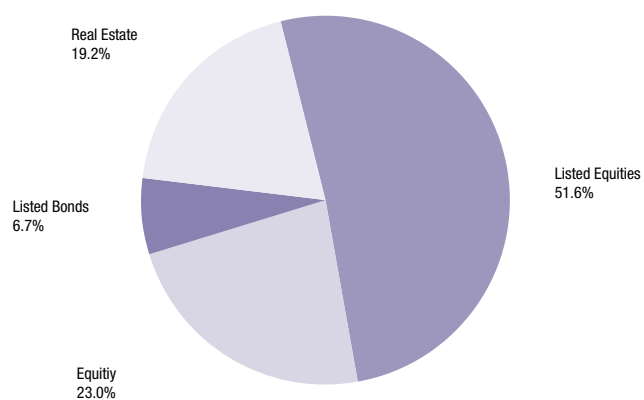
Batumi Oil Terminal (Naftrans Ltd.)

While we expected transshipment volumes at Batumi Terminal to recover from the drop inspired by unrest in the region in 2004, all signs point to 2005 results being stronger than forecasted. Compared to 6.7m tonnes of crude oil and oil products shipped in 2004, the terminal already shipped over 4.5m tonnes in the first half of this year, and in May alone over 1.0m tonnes were transshipped; a first for the terminal. In 2004 Naftrans signed a US\$ 50 million, five year take-or-pay contract to transport, store and ship products for Exxon. In June the terminal had the first transshipment of Azeri Light from Exxon and BP.

30.06.2005 Investment Allocation by Sector



30.06.2005 Portfolio Allocation by Asset Class



Financial Statements

Determination of the Net Asset Value as of June 30, 2005

(unaudited)

	30.6.2005		31.12.2004	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets	CHF*	CHF*	CHF*	CHF*
Treasury stock - at market value	-	11'557	-	7'623
Cash, investments and other assets	293'825	293'825	279'539	279'539
Total assets	293'825	305'382	279'539	287'163
Liabilities				
Convertible bonds	28'694	29'389	33'399	34'334
Other liabilities	15'184	15'184	13'338	13'338
Total current liabilities	43'878	44'573	46'737	47'671
Share capital	66'269	66'269	64'204	64'204
Capital paid in excess of value (share premium)	30'589	29'003	28'292	23'664
Equity component of convertible bonds	1'431	-	1'638	-
Treasury stock - at cost	(11'721)	-	(7'619)	-
Retained earnings	163'379	165'537	146'287	151'624
Total shareholders' equity	249'947	260'809	232'803	239'491
Total liabilities and shareholders' equity	293'825	305'382	279'539	287'163
Total number of shares outstanding		1'325'384		1'284'071
Net Asset Value per share		CHF 196.78		CHF 186.51
Number of treasury shares		58'298		56'055

*in thousands

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

Architectural details of Romanov Dvor II, Moscow



Consolidated Balance Sheet as of June 30, 2005

(unaudited)

	Note	30.6.2005	31.12.2004
Assets		CHF *	CHF *
Cash and cash equivalents		28'225	37'579
Available for sale investments - current	2	118'980	121'192
Accounts receivable		1'319	1'361
Derivative financial instruments	2	-	795
Total current assets		148'524	160'927
Available for sale investments non-current	2	145'301	118'612
Total assets		293'825	279'539
Liabilities			
Derivative financial instruments	2	9'415	-
Accounts payable and accrued expenses		5'126	12'679
Provision for taxes		643	659
Total current liabilities		15'184	13'338
Convertible bonds	3	28'694	33'399
Total liabilities		43'878	46'737
Shareholders' Equity			
Share Capital	3	66'269	64'204
Capital paid in excess of par value (share premium)		30'589	28'292
Treasury stock	3	(11'721)	(7'619)
Equity component of convertible bonds		1'431	1'638
Retained earnings		163'379	146'287
Total Shareholders' Equity		249'947	232'803
Total Liabilities and Shareholders' Equity		293'825	279'539
Number of shares issued and fully paid		1'325'384	1'168'000
Nominal		CHF 50.00	CHF 50.00

*in thousands

Financial Statements

Consolidated Statement of Income and Retained Earnings for the period started January 1, to June 30, 2005

(unaudited)

	Note	30.6.2005	30.6.2004
Operating income		CHF *	CHF *
Interest income		849	1'477
Dividends		2'152	427
Gain on sale of investments	2	47'537	53'081
Other income		10	-
Total operating income		50'549	54'985
Operating expenses			
Loss on sale of investments	2	12'056	15'134
Exchange loss net		16'679	6'525
Management fees		2'812	2'485
Performance fees		-	1'548
Professional fees and other expenses		748	757
Bank charges and interest expenses		274	201
Interest on convertible bonds		650	1'042
Taxes other than on income		238	228
Total operating expenses		33'457	27'921
Net income for the period		17'091	27'064
Retained earnings at the beginning of the period		146'287	99'065
Retained earnings at the end of the period		163'379	126'130
Weighted average number of outstanding shares		1'261'268	1'149'667
Basic earnings per share		CHF 13.55	CHF 23.54
Number of shares used to calculate the diluted earnings		1'546'533	1'590'302
Diluted earnings per share		CHF 11.47	CHF 17.67

*in thousands

Consolidated Cash Flow Statement for the period ended June 30, 2005

(unaudited)

	30.6.2005	30.06.2004
Cash flow from operating activities	CHF *	CHF *
Net income for the period	17'091	27'064
Adjustments for :		
Dividend income	(2'152)	(427)
Unrealized foreign exchange loss / (gain)	(1'632)	-
Interest income	(849)	(1'368)
Bank charges and interest expenses	274	201
Interest on convertible bonds	(723)	(819)
Fair value adjustment on investment portfolio	2	(19'568)
Operating income before working capital changes	(20'645)	5'083
Movement in working capital :		
Net purchase of investments	2	18'388
Accounts receivable		41
Accounts payable and accrued expenses		(7'547)
Provision for taxes other than on income		(16)
Dividends received		2'152
Interest received		849
Bank charges and interest expenses		(274)
Net cash flow from / (used in) operating activities	(7'051)	4'275
Cash flow from financing activities		
Repurchase of convertible bonds	-	(6'127)
Net purchase of treasury stock	(3'935)	5'920
Net cash flow in financing activities	(3'935)	(207)
Net cash flow	(10'986)	4'068
Unrealised foreign exchange (loss) / gain	1'632	-
Cash and cash equivalents at the beginning of the period	37'579	69'585
Cash and cash equivalents at the end of the period	28'225	73'653

*in thousands

Financial Statements

Consolidated Statements of Changes in Equity for the period ended June 30, 2005

(unaudited)

	Share Capital	Share premium	Treasury stock	Retaining earnings	Equity component of convertible bonds	Total Equity
	CHF*	CHF*	CHF*	CHF*	CHF*	CHF*
Issue of convertible bonds	-	-	-	-	2'220	2'220
Purchase of treasury stock	-	-	(4'038)	-	-	(4'038)
Net income for the year	-	-	-	60'723	-	60'723
Balance as at December 31, 2003	58'400	19'799	(4'648)	99'066	2'220	174'837
Increase of share capital	5'803	6'296	-	-	-	12'099
Reversal of equity component	-	-	-	-	(582)	(582)
Purchase of treasury stock and warrants	-	-	(15'460)	-	-	(15'460)
Sale of treasury stock and warrants	-	-	12'490	-	-	12'490
Net profit on sale of treasury shares	-	2'197	-	-	-	2'197
Net income for the year	-	-	-	47'222	-	47'222
Balance as at December 31, 2004	64'203	28'292	(7'618)	146'288	1'638	232'803
Increase of share capital	2'066	2'134	-	-	-	4'200
Reversal of equity component	-	-	-	-	(207)	(207)
Purchase of treasury stock and warrants	-	-	(9'313)	-	-	(9'313)
Sale of treasury stock and warrants	-	-	5'210	-	-	5'210
Net profit on sale of treasury shares	-	163	-	-	-	163
Net income for the period	-	-	-	17'091	-	17'091
Balance as at June 30, 2005	66'269	30'589	(11'721)	163'379	1'431	249'947

*in thousands

The third Mosmart at Dmitrovskoye Shosse, Moscow



Notes as of June 30, 2005

(unaudited)

Note 1 | Accounting principles

In accordance with International Financial Reporting Standards (IFRS), the interim consolidated financial statements have been prepared using the same accounting policies and methods of computation and valuation as used in the consolidated financial statements for the year ended December 31, 2004. Certain reclassifications of the comparative amounts were made to ensure comparability with the current period.

Note 2 | Investment Portfolio

	30.06.2005	31.12.2004
	CHF *	CHF *
Fair value of portfolio brought forward	240'599	163'159
Investment portfolio movement for the period		
Purchase of investments	469'608	223'169
Sale of investments	(471'429)	(208'707)
Net realised gain / (loss) on disposal of investments	(16'568)	30'693
Net investment portfolio movement for the year	(18'389)	45'155
Net unrealised gain	32'655	32'285
Fair value of portfolio	254'865	240'599

The investment portfolio is represented as follows on the balance sheet :

Available for sale - current	118'980	121'192
Available for sale - non-current	145'300	118'612
Derivative financial instruments - assets	0	795
Derivative financial instruments - liabilities	(9'415)	0
Total	254'865	240'599

At the end of the period, the investment portfolio consisted of the following :

Fair value		
Listed Shares	102'316	88'622
Special situations and illiquid shares	145'300	118'612
Derivative financial instruments, net	(9'415)	795
Fixed income instruments	16'664	32'570
Total	254'865	240'599

*in thousands

Financial Statements

	Balance as of 1. 1. 2005		Additions
Securities	Quantity	CHF*	CHF*
BASHKIRENERGO-\$US	2'375'000	837	-
CENTRAL TELECOMMUNICAT-PFD \$	10'000'000	2'342	-
EFES BREWERIES INT. - GDR SP. - REG. S	-	-	136
EVRAZ GROUP REG. S - GDR SPONS.	-	-	7'615
GAZPROM-RTS TRADING	9'146'000	28'737	-
OAO GAZPROM-SPON ADR REG S	240'000	9'784	28'551
HIGHLAND GOLD MINING LTD	205'000	837	-
KONAKOVSKAYA GRES	-	-	1'320
KOSTROMA GRES	-	-	233
LENERGO-PFD \$US	750'000	384	-
MECHEL STEEL GROUP OAO-ADR	47'900	1'209	-
MOBILE TELESYSTEMS - ADR SPONS.	-	-	401
MOBILE TELESYSTEMS - GDR REG. S (NEW)	-	-	1'569
MOBILE TELESYSTEMS - GDR REG. S (OLD)	10'000	1'569	-
MGTS-PFD US\$	25'400	295	2'150
NEFTEMASLOZAVOD PFD	-	-	871
NORILSK NICKEL JSC - MMC	-	-	1'660
NORILSK NICKEL JSC - ADR SPON.	-	-	2'173
ORENBURGNEFT-PFD	-	-	241
PYATEROCHKA - GDR SPONS. - REG. S	-	-	3'764
ROSNEFT-SAKHALINMORNEFT-\$PFD	135'000	583	-
ROSTELECOM-PFD	-	-	5'170
ROSTOV GENERATION COMPANY	-	-	1'217
SAMARAENERGO-US \$	9'050'000	1'235	-
SAMARAENERGO-PFD \$US	3'200'000	269	-
SEVENTH CONTINENT	10'000	113	-
SEVERSTAL-AUTO	-	-	926
SIBIRTELECOM-\$US	9'000'000	587	-
SIBIRTELECOM-\$US PFD	85'150'000	3'699	1'089
SIBNEFT -SIBIRSKAYA NEFTIA.- ADR	-	-	2'487
SISTEMA REG. S - GDR SPONS.	-	-	10'112
SURGUTNEFTEGAZ-PFD \$US	34'275'000	21'436	166
SURGUTNEFTEGAZ-SP ADR PREF	50'000	3'084	-
SVERDLOVENERGO-PFD \$US	500'000	127	-
TYUMEN OIL-BOARD US\$	617'107	2'105	-
UNIFIED ENERGY SYSTEM-\$US	500'000	162	173
UNIFIED ENERGY SYS-ADR PFD	50'000	1'521	-
UNIFIED ENERGY SYS-GDR	-	-	4'653
URALSVYAZINFORM-\$US	19'136'098	799	-
URALSVYAZINFORM- PFD \$US	74'500'000	2'135	-
VAREGANNEFTEGAZ.Q-PFD US\$	-	-	909
VIMPELCOM-SP ADR	91'000	3'694	2'514
VOLGATELECOM-PFD \$	420'000	1'079	-
SUB-TOTAL LISTED SHARES	-	88'622	80'102

Withdrawals	Gains		Losses		Balance as of 30.6. 2005	
CHF*	Realized CHF*	Unrealized CHF*	Realized CHF*	Unrealized CHF*	Quantity	CHF*
-	-	106	-	-	2'375'000	943
-	-	860	-	-	10'000'000	3'203
(135)	-	-	(1)	-	-	-
(3'714)	5	-	(8)	(14)	215'000	3'884
(29'109)	517	-	(145)	-	-	-
(11'957)	19	3'173	(744)	-	625'000	28'825
-	-	-	-	(74)	205'000	763
-	-	64	-	-	1'500'000	1'384
-	-	25	-	-	1'200'000	258
-	-	-	-	(27)	750'000	356
-	-	345	-	-	47'900	1'554
-	-	26	-	-	10'000	427
-	-	71	-	-	40'000	1'640
(1'569)	-	-	-	-	-	-
-	-	-	-	(109)	196'037	2'336
-	-	16	-	-	627	888
-	-	125	-	-	23'000	1'786
-	-	160	-	-	30'000	2'333
-	-	77	-	-	8'000	318
(3'032)	131	145	-	-	55'000	1'008
-	-	74	-	-	135'000	657
-	-	-	-	(51)	2'700'000	5'119
-	-	66	-	-	53'000'000	1'283
-	-	52	-	-	9'050'000	1'287
-	-	-	-	(27)	3'200'000	242
-	-	73	-	-	10'000	186
-	-	-	-	(22)	50'000	904
-	-	28	-	-	9'000'000	616
-	-	317	-	-	109'150'000	5'104
-	-	179	-	-	125'000	2'666
(3'686)	-	-	(635)	(177)	268'019	5'614
(15'980)	539	1'008	-	-	9'775'000	7'169
(2'859)	392	117	-	-	10'000	733
-	-	-	-	(88)	500'000	38
(501)	160	1'316	-	-	517'107	3'080
-	-	49	-	-	1'000'000	384
-	-	1'522	-	-	50'000	3'043
(2'453)	-	102	(2)	-	60'000	2'301
-	-	25	-	-	19'136'098	824
-	-	3	-	-	74'500'000	2'138
-	-	474	-	-	30'000	1'384
(2'116)	65	246	-	-	101'000	4'403
-	-	158	-	-	420'000	1'238
(77'112)	1'826	11'003	(1'534)	(591)		102'316

*in thousands

Financial Statements

	Balance as of 1. 1. 2005		Additions
Securities	Quantity	CHF*	CHF*
CRR BV FOR NOVATEK OAO - NOVATK 7 3/4 06/06	7'000'000	8'062	1'194
ENR RUSSIA INVEST FINANCE LTD - ENRUS 4 1/8 03/08	-	-	5'574
EURASIA CAPITAL SA FOR HOME CREDIT AND FINANCE BANK - HCFB8 5/8 06/30/08	-	-	2'542
EVRAZSECURITIES SA - EVRAZ 10 7/8 04/09	2'500'000	3'023	-
MEGAFON SA FOR OJSC - MEGAFONMEGAFO 8 12/10/09	1'400'000	1'569	-
MOBILE TELESYSTEMS FINANCE SA - MOBTEL 8 01/28/12	-	-	4'173
NURBANK OJSC - NURBAN 9 04/28/08	-	-	883
DRESDNER BANK AG FOR CJSC RUSSIAN STANDARD BANK - RUSB 7.8 09/28/07	2'000'000	2'273	-
CITIGROUP GLOBAL MARKETS FOR CJSC RUSSIAN STANDARD BANK - RUSB8 3/4 04/14/07	2'000'000	2'280	-
SISTEMA CAPITAL SA - SISFIN 8 7/8 01/11	10'000'000	11'542	-
UBS LUXEMBOURG SA FOR WIMM-BILL-DANN FOODS OJSC - WBDFRU 8 1/2 03/08	2'600'000	2'923	-
UBS LUXEMBOURG SA FOR WIMM-BILL-DANN FOODS OJSC - WBDFRU 8 1/2 144A 03/08	800'000	899	-
SUB-TOTAL FIXED INCOME INSTRUMENTS	-	32'570	14'366
TOTAL AVAILABLE FOR SALE INVESTMENTS - CURRENT	-	121'192	94'467
ACRON-US\$ BOARD	10	398	-
BAM RESOURCES PLC -REG-	200'000	-	-
CHELYABINSK PIPE WORKS -\$US	18'347'616	5'842	-
EASTERN PROPERTY HOLDINGS LTD.	310'310	30'169	22'387
KONDOPOGA PULP & PAPER-\$ BRD	162'314	6'460	-
MCSI HOLDING - 0 % MCSI HOLDING 04/07	1'091'923	1'242	-
NAFTRANS LTD, LIMASSOL, CYPRUS	8'000'000	9'097	-
NOSTA-\$ US	45'000	87	-
OSKOL ELEKTROMETALL-RTS BRD\$	12'500	2'132	-
PANARIELLO ENTERPRISES LTD.	3'049	21'300	-
REDBERRY RESOURCES LIMITED	50	1'478	-
SAKHALINENERGO	2'200'000	425	-
SARNATUS TRADING LIMITED	1	37'222	-
SINARSKY TUBE WORKS-\$US	156'631	2'761	-
THE RED SQUARE DEBT FUND -B- CAP.SHS	400'000	-	-
TOTAL AVAILABLE FOR SALE INVESTMENTS - NON-CURRENT	-	118'612	22'387
PUT USD 100'000'000.00 STRIKE 1.1400 EXPIRY DATE : 21.04.05	-	-	900
CALL USD 100'000'000.00 STRIKE 1.2400 EXPIRY DATE : 21.04.05	-	-	-
PUT USD 100'000'000.00 STRIKE 1.1195 EXPIRY DATE : 21.07.05	-	-	700
CALL USD 100'000'000.00 STRIKE 1.2194 EXPIRY DATE : 21.07.05	-	-	-
FORWARD FOREIGN EXCHANGE CONTRACTS	-	795	351'154
SUB-TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	-	795	352'754
TOTAL INVESTMENTS	-	240'599	469'608
Derivatives on currency	Expiry date	Currency Sold*	Currency bought*
Forward foreign exchange contacts	24.08.2005	80'000 USD	99'613 CHF
Forward foreign exchange contacts	24.08.2005	24'543 CHF	20'000 USD
Total			

Withdrawals		Gains		Losses		Balance as of 30.6. 2005	
Realized CHF*	Unrealized CHF*	Realized CHF*	Unrealized CHF*	CHF*	Quantity	CHF*	
-	-	1'089	-	-	8'000'000	10'345	
(5'574)	-	-	-	-	-	-	
(2'567)	25	-	-	-	-	-	
(3'336)	313	-	-	-	-	-	
(1'682)	114	-	-	-	-	-	
(4'236)	63	-	-	-	-	-	
(898)	15	-	-	-	-	-	
(2'353)	80	-	-	-	-	-	
(2'382)	102	-	-	-	-	-	
(8'746)	667	543	-	-	3'000'000	4'005	
(1'926)	127	162	-	-	1'000'000	1'286	
-	-	128	-	-	800'000	1'028	
(33'699)	1'506	1'922	-	-	-	16'664	
(110'811)	3'332	12'925	(1'534)	(591)	-	118'980	
-	-	499	-	-	10	897	
-	-	-	-	-	200'000	-	
-	-	6'734	-	-	18'347'616	12'575	
(21'478)	-	-	-	(1'660)	310'310	29'418	
-	-	1'650	-	-	162'314	8'110	
-	-	157	-	-	1'091'923	1'399	
-	-	1'152	-	-	8'000'000	10'249	
(91)	4	-	-	-	-	-	
-	-	1'151	-	-	12'500	3'283	
(3'882)	-	5'939	-	-	3'049	23'357	
-	-	187	-	-	50	1'665	
-	-	48	-	-	2'200'000	473	
-	-	4'714	-	-	1	41'935	
-	-	9'179	-	-	156'631	11'939	
-	-	-	-	-	-	-	
(25'451)	4	31'409	-	(1'660)	-	145'301	
-	-	-	(900)	-	-	-	
(900)	900	-	-	-	-	-	
-	13	-	-	-	-	713	
(700)	-	-	-	(7'395)	-	(8'095)	
(333'568)	-	-	(18'381)	(2'032)	-	(2'032)	
(335'168)	913	-	(19'281)	(9'428)	-	(9'415)	
(471'430)	4'249	44'334	(20'816)	(11'679)	-	254'865	
	Contract Forward rate		Forward rate 30.06.05		Fair value 30.06.05*		
	1.245165		1.28504		(3'190)		
	1.227160		1.28504		(3'190)		
					(2'032)		

*in thousands

Details of the movements on investments for the period from January 1, to June 30, 2004

Note 3 | Share capital

At June 30, 2005, the issued ordinary share capital of the Company was CHF 66.3 million, divided into 1'325'384 bearer shares of par value CHF 50 each and one voting right per share. There are no restrictions on share transfer.

3.1 Treasury shares

Movements on own shares during the period from January 1, 2005 from June 30, 2005 are as follows :

Date	Purchase	Sale	Average Unit Price CHF
January		12'300	134.00
February		9'837	136.50
February		9'837	144.00
March		6'376	153.00
April	38'363		145.36
April	2'230		153.17

At June 30, 2005, the Company owns 58'298 shares (31.12.2004 : 56'055 treasury shares).

3.2 Authorized capital and conditional capital

The Company may increase its capital by up to CHF 33'134'600 through the issue of a maximum of 662'692 bearer shares each with a par value of CHF 50, until June 17, 2007

Furthermore, the Company may increase its share capital by the exercise of option or conversion rights by up to a maximum amount for CHF 33'134'600 through the issue of a maximum 662'692 bearer shares each with a par value of CHF 50. The options and conversion rights are limited to a maximum exercise period of 5 years.

Conditional Capital	30.06.2005	31.12.2004
	CHF	CHF
Conditional Capital	33'134'600	29'200'000
Authorised increase of capital	33'134'600	29'200'000

3.3 Issuance of convertible bonds

On February 21, 2003, ENR Russia Invest Finance Ltd. issued, at par value, 4 1/8% convertible bonds for CHF 40'000'000, which mature on March 30, 2008. Additional bonds with a total nominal value of CHF 5'000'000, with same terms and conditions, were issued on May 9, 2003 at a price of 106%. Each bond of CHF 5'000 nominal is convertible into 49.18 bearer shares of ENR Russia Invest SA of CHF 50 nominal each. Fractional shares will not be delivered but give right to a cash adjustment. In the consolidated financial statements, the loan is divided into a liability and an equity component. The fair value of the liability component is calculated using a discount rate of 5.27%, as if the bonds have no embedded conversion rights and the market rate of interest applied.

As the amount payable on redemption will normally exceed the amount allocated to the debt at the time of issue, a finance cost, additional to the coupon actually paid, is being accrued in each accounting period. The interest expense on the effective yield basis comprises of the coupon and the finance cost.

As at 30.06.2005, details of the liability and equity components were as follows :

	CHF
Present value of the principal (CHF 29.0 million payable at 31.03.2008)	22'429'160
Value of interest (CHF 1.37 million payable annually in arrears until 31.03.2008)	5'140'284
Total Liability component	27'569'444
Equity component	1'430'556
Premium on additional issue of CHF 5'000'000 at a price of 106 %	300'000
Proceeds of bonds Issue	29'300'000

As at June 30.06.2005, the liability and the equity components of the convertible bonds with a nominal value of CHF 29'300'000 consists of the following :

	Liability component CHF	Equity component CHF
At the date of June 30, 2005	27'569'443	1'430'556
Plus : Premium on additional issue	300'000	-
Accrued interest	388'761	-
Plus : accrued finance cost	435'827	-
Outstanding convertible bonds	28'694'031	1'430'556

According to the prospectus, the convertible bonds are subject to early redemption at 150% of the convertible price and to clean-up call, if the closing price of the common shares of ENR for a period of 20 consecutive business days at least 150 percent of the then applicable conversion price.
The outstanding nominal value of the bonds (excluding treasury bonds) is protected with cash and liquid securities during the whole life of the bonds.

For the period from January 1, 2005 to June 30,2005 conversion of convertible bonds was the following :

- Capital increase of 983 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on April 1, 2005.
- Capital increase of 1'967 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on April 7, 2005.
- Capital increase of 38'363 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on April 14, 2005.



The first Mosmart at Yaroslavskoye Shosse, Moscow

Price Information

Date	Net Assets CHF (in thousands)	NAV per share CHF (adjusted)	Share price CHF
31.12.1995	45'958	75.31	88.69
30.6.1996	70'260	115.13	118.55
31.12.1996	69'202	113.39	109.64
30.6.1997 1)	162'998	217.33	154.00
31.12.1997	149'752	199.67	155.00
30.6.1998	65'003	86.67	91.00
31.12.1998	N/A	N/A	25.85
30.6.1999	N/A	N/A	24.20
31.12.1999	N/A	N/A	25.85
30.6.2000	30'261	40.35	34.00
31.12.2000	32'296	43.06	38.50
30.6.2001	52'710	70.28	48.10
31.12.2001	54'244	72.32	49.00
30.6.2002 2)	121'621	104.13	86.00
31.12.2002	116'444	99.69	80.00
31.3.2003	116'894	100.08	79.50
30.6.2003	145'440	124.52	95.50
30.9.2003	163'087	139.63	102.75
31.12.2003	179'524	153.70	114.50
31.3.2004	219'283	187.74	140.50
30.6.2004 3)	208'134	177.44	137.50
30.9.2004 4)	225'853	177.65	135.00
31.12.2004 5)	239'491	186.51	136.00
31.3.2005	250'862	195.36	151.00
30.6.2005 6)	261'644	197.40	149.00

1) Capital increase of 250'000 shares, par value CHF 50, subscription price CHF 120 on June 30, 1997

2) Capital increase of 418'000 shares, par value CHF 50, subscription price CHF 95.80 on April 26, 2002

3) Capital increase of 2'016 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on May 5, 2004

4) Capital increase of 45'199 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on June 28, 2004

Capital increase of 56'069 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on September 13, 2004

5) Capital increase of 12'787 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on November 3, 2004

6) Capital increase of 983 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on April 1, 2005

Capital increase of 1'967 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on April 7, 2005

Capital increase of 38'363 shares, par value CHF 50, by conversion of convertible bonds with a conversion factor of CHF 5'000.00 for 49.18 shares on April 14, 2005



Mosmart at Dmitrovskoye Shosse, Moscow

Summary

Organisation	Board of Directors	Christoph Löw Gustav Stenbolt Peter Rüegg Walter Fetscherin	Chairman Vice-Chairman Member Member
	Investment Committee	Gustav Stenbolt Timothy Rogers Philipp LeibundGut Christine-Spyrou-Catras Georg von Opel Alexander Nikolaev Medina Dietz	
	Investment Manager	MCT International Limited, B.V.I.	
	Portfolio Management Committee	Alexander Nikolaev Christine-Spyrou-Catras Medina Dietz	
	Custodian	Pictet & Cie, Geneva ING Bank Eurasia A/O, Moscow	
	Administrator	Rhône-Audit Société Fiduciaire S.A., Geneva	
	Auditors	PricewaterhouseCoopers, Geneva	
	Management Fees	2% per annum of the average Net Asset Value	
	Performance Fee	15% of the amount if the Net Asset Value increase exceeds an annual return of 10% and 20% of the amount if the Net Asset Value increase exceeds an annual return of 20% (high watermark, CHF 186.46 as of 31.12.04)	
	Publication List	NAV Publication	Finanz & Wirtschaft The Financial Times Reuters : OZ Bankers Bloomberg
Interim Report		Available on the Company website: www.enr.ch , or from the company upon request	
Listing		SWX Swiss Exchange	
Ticker Symbol		Bloomberg Reuters	ENR SW ENRZ.S
Security Number		Bearer Shares 347166 Convertible bonds 1548690	CH0003471668 CH0015486902
Investment Policy		The investment objective of the Company is to maximize long term returns to shareholders. The investment Manager intends to achieve this by investing the Company's assets in a diversified portfolio of securities of companies with substantial activities in Russia and in other CIS and Baltic states, and within certain limits, in debt instruments, physical commodities and privatization vouchers.	

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