

# ENR RUSSIA INVEST

**Semi-annual Review**  
*2004*





*Over the past twelve months the Russian share index has risen by 30%, yet the price appreciation has been anything but steady. Indeed, equity prices have suffered sharp corrections no less than three times over the past year. The last wave of selling (beginning mid-April) has taken the market down some 25%. Behind the volatility lies the clash between the Kremlin and Russia's largest private company, Yukos. This confrontation has resulted in, not only the imprisonment of the company's two principal shareholders (Mikhail Khodorkovsky and Platon Lebedev), but also a multi-billion dollar tax claim against the company itself. Not surprisingly, investors have become increasingly uncertain and suspicious of the Kremlin's motivations.*

These recent events should be viewed within the context of President Putin's long held objective to centralize political power and confront the so called "legacy issues" of the Yeltsin era: namely, crony capitalism, privatization abuse and flagrant tax avoidance.

If this equates to either re-nationalization or an attack on private property rights then clearly this would have severe repercussions on asset valuations. However, such actions would be inconsistent with Putin's often declared agenda over the first four years of his presidency (i.e. fighting corruption, creating a more competitive industrial base and encouraging both domestic and foreign investment). With the criminal trial of Mikhail Khodorkovsky at last underway we are now witnessing the end-game in this unsettling affair. Ultimately, Khodorkovsky will be made to give up his control over Yukos, but, in turn the company will most likely negotiate a settlement with the government averting an outright equity default resulting from the confiscation of its assets by the state.

Despite depressed market conditions over the second quarter of this year, the Russian economy continues to expand at an impressive rate. First half GDP rose 7.4%. Underpinning growth is the extension of the commodity price cycle. Year-to-date Brent crude prices have averaged over \$33/bbl. Prices of other key exports, such as nickel, copper and steel are again on the rise.

Russia's substantial current account surplus reached \$23bn over the first half (or 9% of GDP). Other sectors of the economy are performing well too. Industrial output figures for the first five months of 2004 rose 7.0%. Moreover, both fixed investment and household consumption continue to grow by double digits. Domestic demand rose by 11.9% in May and real wage increases are running at 15% year-over-year. Foreign direct investment also rose to record levels in the first six months of the year. (albeit these inflows were largely offset by a pick-up in capital outflows in the second quarter).

## Portfolio highlights

The investment portfolio performed well over the first half of 2004, with net assets increasing 16.4%. (ENR's total assets now stand at CHF 250.5 million). This performance compares favourably with the benchmark ROS Index which rose 8.2% over this period. At the end of the first quarter of 2004, ENR significantly reduced its exposure to listed equities and Russian corporate debt instruments. This strategy successfully shielded the portfolio from the asset price volatility experienced through the second quarter.

### Mosmart

In April, ENR announced an investment in Mosmart, Russia's first domestic hypermarket chain. The transaction closed late June, giving ENR a 15% stake in the company. The first Mosmart store opened in June 2003, while two additional stores are opening in the coming weeks, and two more in the first quarter of 2005. By the end of 2006 it is expected that Mosmart will have eight operating stores in place, totaling over 107,000 sq.m. of retail space and projected sales of over \$490 million.

### Romanov Dvor

Leasing out of the remaining space, and completion of stage 2 are continuing in tandem. Three international banks have now committed to lease, and the top floor has been taken by a global news service (which found the Kremlin view an appealing background for interviews and breaking news from Moscow). ENR received the first income payment from the development in June.

### Naftrans/ Batumi Terminal

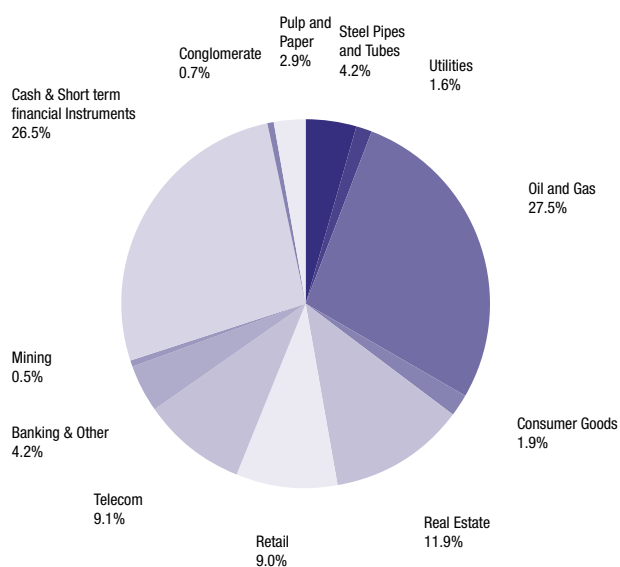
In March, we reported that, despite tensions between the Governor of Adjara, where the Batumi Oil Terminal is located, and the President of Georgia, we did not feel our investment was at significant risk. Since that time events have proven us right. The situation was resolved in May with the resignation of Governor Abashidze. A short-lived blockade of the region by Georgia did disrupt the port's operations which will have some impact on 2004 operating profits. The long-term effect from the change of government is very positive for our investment in terms of reduced country risk. On May, 7 President Saakashvili toured the terminal and praised foreign investors for what has been accomplished since privatization of the asset. Since that time, Batumi Terminal management has also played a key role in the creation of a government-backed oil transport corridor that will assure clients of reliable, uninterrupted transport of their products to market.

### Gazprom local shares

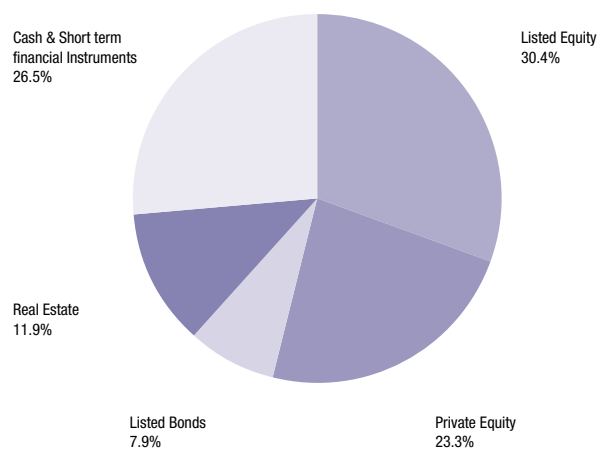
ENR's single largest listed equity holding has been one of the best performing stocks in the Russian market this year: rising over 60%. Given significant domestic tariff hikes and a robust global gas price environment, it is hardly surprising that the company's revenues have soared up 23% (to \$7.5bn) over the last reported quarter. We expect Gazprom's favourable operating environment to continue, driven by both international demand and regular domestic tariff increases over the coming years.

Disappointingly though, the company has yet been unable to control operating costs, which have cut deeply into free cash flow generation. Share liberalization also now looks likely to be delayed despite political commitments late last year that the so called "ring fence" restricting foreign ownership would be brought down in a matter of months.

### 30.06.2004 Investment Allocation by Sector



### 30.06.2004 Investment Allocation by Asset Class



## Financial Statements

### Determination of the Net Asset Value as of June 30, 2004

(unaudited)

	30.6.2004		31.12.2003	
	Following IFRS presentation	Representing the existing shareholder's economic interest	Following IFRS presentation	Representing the existing shareholder's economic interest
<b>Assets</b>	CHF*	CHF*	CHF*	CHF*
Treasury stock - at market value	-	1'375	-	6'324
Derivative financial Instruments	707	707	6'543	6'543
Cash, investments and other assets	249'820	256'200	227'564	227'564
<b>Total assets</b>	<b>250'527</b>	<b>258'282</b>	<b>234'107</b>	<b>240'431</b>
<b>Liabilities</b>				
Derivative financial Instruments	1'525	1'525	762	762
Convertible bonds	39'445	45'396	44'900	46'537
Other liabilities	3'227	3'227	13'608	13'608
<b>Total liabilities</b>	<b>44'197</b>	<b>50'148</b>	<b>59'270</b>	<b>60'907</b>
<b>Share capital</b>	58'501	58'501	58'400	58'400
Capital paid in excess of par value (share premium)	20'558	19'112	19'799	16'894
Equity component of convertible bonds	1'983	-	2'220	-
Treasury stock - at cost	(842)	-	(4'648)	-
Retained earnings	126'130	130'521	99'065	104'230
<b>Total shareholders' equity</b>	<b>206'330</b>	<b>208'134</b>	<b>174'837</b>	<b>179'524</b>
<b>Total liabilities and shareholders' equity</b>	<b>250'527</b>	<b>258'282</b>	<b>234'107</b>	<b>239'696</b>
<b>Total number of shares outstanding</b>	<b>1'160'016</b>	<b>1'170'016</b>		<b>1'168'000</b>
<b>Net Asset Value per share</b>		<b>177.89</b>		<b>153.70</b>
<b>Number of treasury shares</b>		<b>10'000</b>		<b>55'230</b>

\*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.



### Consolidated Balance Sheet as of June 30, 2004

(unaudited)

	Note	30.6.2004	31.12.2003
<b>Assets</b>		CHF *	CHF *
Cash and cash equivalents		73'653	69'585
Available for sale investments - current	4	75'272	115'840
Accounts receivable & Other assets	2	29'264	600
Derivative financial instruments	4	707	6'543
<b>Total current assets</b>		<b>178'896</b>	<b>192'568</b>
Available for sale investments - non current	4	71'631	41'539
<b>Total assets</b>		<b>250'527</b>	<b>234'107</b>
<b>Liabilities and Shareholders' Equity</b>			
Derivative financial instruments		1'525	762
Accounts payable and accrued expenses		3'154	13'571
Provision for taxes		73	37
<b>Total current liabilities</b>		<b>4'752</b>	<b>14'370</b>
Convertible bonds	3	39'445	44'900
<b>Total liabilities</b>		<b>44'197</b>	<b>59'270</b>
Share capital (1'170'016 issued and fully paid shares of CHF 50 each)	5	58'501	58'400
Capital paid in excess of par value (share premium)	5	20'558	19'799
Treasury stock	5	(842)	(4'648)
Equity component of convertible bonds	3	1'983	2'220
Retained earnings		126'130	99'065
Shareholders' Equity		206'330	174'837
<b>Total Liabilities and Shareholders' Equity</b>		<b>250'527</b>	<b>234'107</b>

\*in thousands

## Financial Statements

### Consolidated Statement of Income and Retained Earnings for the period started January 1, to June 30, 2004

(unaudited)

	30.6.2004	30.6.2003
<b>Operating income</b>	CHF *	CHF *
Gain on sale of investments	53'081	32'279
Dividends	427	82
Interest and other income	1'477	411
<b>Total operating income</b>	<b>54'985</b>	<b>32'772</b>
<b>Operating expenses</b>		
Loss on sale of investments	21'659	482
Management fees	2'485	1'520
Performance fees	1'548	-
Placement fees on issuance of convertible bonds	-	1'462
Bank charges and interest expenses	201	764
Accrued finance cost of convertible bonds	1'042	159
Professional and other expenses	757	490
Taxes other than on income	228	-
<b>Total operating expenses</b>	<b>27'921</b>	<b>4'877</b>
Net income for the year	27'064	27'895
Retained earnings at the beginning of the year	99'065	38'343
<b>Retained earnings at the end of the year</b>	<b>126'130</b>	<b>66'238</b>
Average number of outstanding shares	1'149'667	1'129'063
Earnings per share	23.54	24.71

\*in thousands



### Consolidated Cash Flow Statement for the period from January 1 , to June 30, 2004

(unaudited)

	30.6.2004	30.06.2003
<b>Cash flow from operating activities</b>	CHF *	CHF *
<b>Net income for the year</b>	<b>27'064</b>	<b>27'895</b>
Adjustments for :		
Dividend income	(427)	-
Unrealised foreign exchange loss / (gain)	-	-
Interest income	(1'368)	-
Bank charges and interest expenses	201	-
Accrued interest on convertible bonds	(819)	159
Unrealised loss on loans (currency)	-	-
Fair value adjustment on equity consolidated participations	-	-
Fair value adjustment on investment portfolio	(19'568)	(22'270)
Operating income before working capital changes	5'083	5'784
Movement in working capital:		
Net purchase of investments	36'643	(74'819)
Accounts receivable	(28'664)	-
Accounts payable and accrued expenses	(10'417)	-
Other assets	-	(1'114)
Provision for taxes other than on income	36	-
Dividends received	427	-
Interest received	1'368	-
Bank charges and interest expenses	(201)	-
<b>Net cash flow from / (used in) operating activities</b>	<b>4'275</b>	<b>(70'149)</b>
<b>Cash flow from financing activities</b>		
Proceeds from increase of share capital	-	45'300
Repurchase of convertible bonds	(6'127)	-
Gain on sale of treasury stock	2'114	-
Net sale of treasury stock	3'806	(4'038)
<b>Net cash flow in financing activities</b>	<b>(-207)</b>	<b>41'262</b>
<b>Net cash flow</b>	<b>4'068</b>	<b>(28'887)</b>
Unrealised foreign exchange (loss) / gain	-	-
Cash and cash equivalents at the beginning of the year	69'585	39'671
<b>Cash and cash equivalents at the end of the year</b>	<b>73'653</b>	<b>10'784</b>

\*in thousands

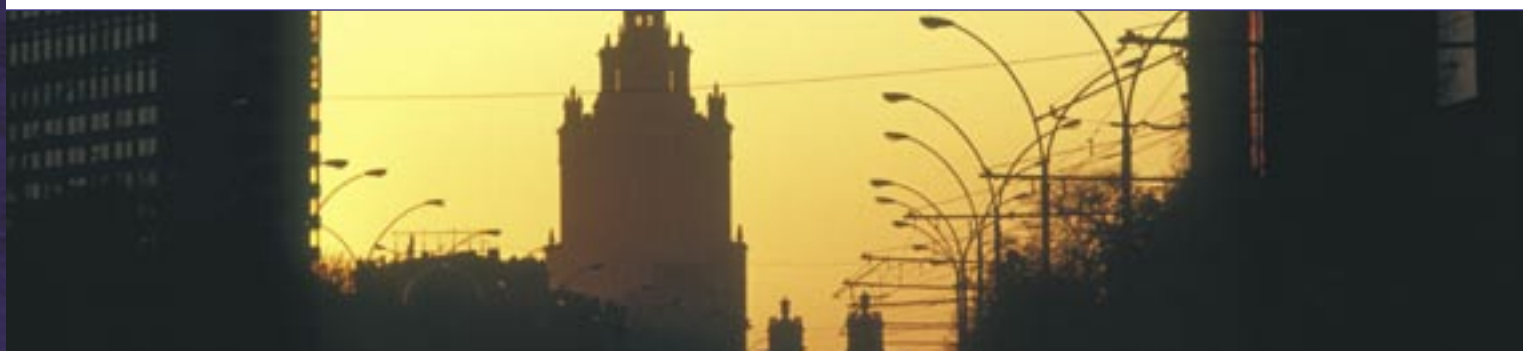
## Financial Statements

### Consolidated Statement of changes in equity for the period from January 1, 2003 to June 30, 2004

(unaudited)

	Share Capital	Share premium	Treasury stock	Accumulated Deficit / retaining earnings	Equity component of convertible bonds	Total Equity
Balance as at January 1, 2003	58'400	19'799	(610)	38'343	-	115'932
Cost of issue of share capital	-	-	-	-	-	-
Issue of convertible bonds	-	-	-	-	2'220	2'220
Purchase of treasury stock	-	-	(4'038)	-	-	(4'038)
Sale of treasury stock and warrants	-	-	-	-	-	-
Net gain on liquidation Fully consolidated	-	-	-	-	-	-
Net loss on sale of treasury shares	-	-	-	-	-	-
<b>Net income for the year</b>	-	-	-	<b>60'723</b>	-	<b>60'723</b>
Balance as at December 31, 2003	58'400	19'799	(4'648)	99'066	2'220	174'837
Increase of share capital	101	104	-	-	-	205
Repurchased and cancelled convertible bonds	-	(1'458)	-	-	(237)	(1'695)
Sale of treasury stock	-	-	3'806	-	-	3'806
Net gain on sale of treasury stock	-	2'114	-	-	-	2'114
<b>Net income for the period</b>	-	-	-	<b>27'064</b>	-	<b>27'064</b>
Balance as at June 30, 2004	58'501	20'558	(842)	126'130	1'983	206'330

\*in thousands



## Financial statement

### Note as of June 30, 2004 (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, 2003. Certain reclassifications of the comparative amounts of the preceding period were made to ensure comparability with the current period. There were no changes to either net assets or net income for the year.

#### Note 2 | Current Investment

On June 29, 2004, ENR has made an advance payment of USD 23 million to Eastern Property Holdings Ltd. (EPH) for the purchase of shares in EPH. The final purchase price of the shares will be determined according to the net asset value of Eastern Property Holdings as of June 30, 2004.

#### Note 3 | Status of the convertible bonds

On February 21, 2003, ENR Russia Invest Finance Ltd (a newly formed wholly owned subsidiary) issued, at par value, 4 1/8 % convertible bonds for CHF 40'000'000, which mature on March 3 2008. Additional bonds 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 of June 30, 2004, the detail of the liability and equity components was as follows :

	CHF
Present value of the principal (CHF 40.2 million payable at the end of five years)	31'091'456
Present value of the interest (CHF 1.66 million payable annually in arrears for five years)	7'125'497
Total liability component	38'216'954
Equity component	1'983'046
	40'200'000
Premium on additional issue of CHF 300'000	300'000
Proceeds of the bonds issue	40'500'000

From the date of issue to June 30, 2004, the liability and the equity components of the convertible bonds with a nominal value of CHF 40'200'000 consists of the following :

	Liability component	Equity component
Liability component at the date of issuance	42'780'172	2'219'828
Repurchase of convertible bond at amortised costs	(4'496'602)	(226'669)
Converted bonds (nominal CHF 205'000) at amortised costs	(199'485)	(10'113)
Premium on additional issue of CHF 5 Million	300'000	
Interest paid	(1'801'594)	
Plus : accrued finance cost + interest	2'862'433	-
Outstanding convertible bonds	39'444'924	1'983'046

According to the prospectus, the convertible bonds are subject to early redemption at 150% of the convertible price and to clean-up call.

In May 2004 nominal CHF 205'000 have been converted into 2'016 new issued shares according to the terms of the convertible bond.

The outstanding nominal value of the bonds (excluding treasury bonds) is protected with cash and liquid securities during the whole life of the bonds. Additional protection will be created through dynamic hedging and liquid securities.

## Financial Statement

### Note 4 | Investment portfolio Details for the movements on investments

Securities	Balance as of 1. 1. 2004		Balance as of 30. 6. 2004		in % of portfolio	in % of NAV
	Quantity	CHF*	Quantity	CHF*		
<b>Listed Shares</b>						
BASHKIRENERGO	-	-	2'375'000	897	0.61%	0.43%
GAZPROM	11'896'000	18'933	10'896'000	28'431	19.46%	13.66%
HIGHLAND GOLD MINING LTD	205'000	1'270	205'000	1'034	0.71%	0.50%
IRKUT AVIATION	-	-	800'000	512	0.35%	0.25%
MMC NORILSK NICKEL-ADR	32'000	2'666	-	-	-	-
LENERGO-PFD	750'000	428	750'000	524	0.36%	0.25%
LUKOIL ADR	72'000	8'318	-	-	-	-
MOBILE TELESYSTEMS-SP ADR	33'500	3'421	-	-	-	-
MOSENERGO ADR	250'000	2'013	-	-	-	-
SAKHALINMORNEFTEGAS-PFD	135'000	418	135'000	506	0.35%	0.24%
SAMARAENERGO	9'050'000	712	9'050'000	1'157	0.79%	0.56%
SAMARAENERGO-PFD	-	-	3'200'000	256	0.18%	0.12%
SBERBANK RF	4'000	1'288	-	-	-	-
SIBIRTELECOM-PFD	-	-	28'200'000	1'285	0.88%	0.62%
SLAVNEFT-MEGIONNEFTEGAZ-PFD	-	-	75'000	749	0.51%	0.36%
SURGUTNEFTEGAZ-PFD	23'300'000	11'258	23'300'000	12'740	8.72%	6.12%
SURGUTNEFTEGAZ SP ADR	20'000	733	-	-	-	-
SVERDLOVENERGO-PFD	500'000	161	500'000	134	0.09%	0.06%
TATNEFT ADR	50'300	1'417	-	-	-	-
TYUMEN OIL-BOARD	1'667'107	4'998	1'667'107	4'787	3.28%	2.31%
UNIFIED ENERGY SYS-ADR-PFD	17'000	518	-	-	-	-
UNIFIED ENERGY SYS-REG S GDR	50'000	1'673	-	-	-	-
UNIFIED ENERGY SYSTEM	7'000'000	2'389	-	-	-	-
UNIFIED ENERGY SYST-PFD	500'000	152	-	-	-	-
URALSVYAZINFORM	46'544'000	2'191	19'136'098	920	0.63%	0.44%
URALSVYAZINFORM-PFD	34'500'000	996	54'500'000	1'592	1.09%	0.77%
VIMPEL COMMUNICATION ADR	120'000	10'942	60'000	7'203	4.93%	3.47%
VOLGATELECOM-PFD	-	-	310'000	739	0.51%	0.36%
VOLGATELECOM	171'686	570	-	-	-	-
WIMM-BILL-DANN FOODS-ADR	10'000	210	-	-	-	-
<b>Sub-total</b>		<b>77'677</b>		<b>63'467</b>	<b>43.44%</b>	<b>30.49%</b>
<b>Fixed income instruments</b>						
SISTEMA FINANCE SA 04-08 10.25%	5'500'000	7'232	-	-	-	-
SISTEMA FINANCE SA 01-11 8.875%	-	-	4'000	4'882	3.34%	2.35%
VIMPELCOM BV 02-05 10.45%	1'000'000	1'327	1'000'000	1'311	0.90%	0.63%
SIBERIAN OIL 12.02-1.09 10.75%	1'000'000	1'399	-	-	-	-
KYIVSTAR 02-05 12 3/4%	2'000'000	2'729	-	-	-	-
UKRAINE GOVERNMENT 03-13 7.65%	500'000	640	-	-	-	-

\*in thousands

Securities	Balance as of 1. 1. 2004		Balance as of 30. 6. 2004		in % of portfolio	in % of NAV
	Quantity	CHF*	Quantity	CHF*		
WIMM-BILL-DANN 144A 03-08 8,5%	800'000	987	800'000	939	0.64%	0.45%
WIMM-BILL-DANN FOOD 03-08 8,5%	2'600'000	3'209	2'600'000	3'051	2.09%	1.47%
ALROSA FINANCE SA 03-08 8.1/8%	1'000'000	1'240	-	-	-	-
MOBILE TELESY.FIN 03-10 8.375%	2'750'000	3'499	-	-	-	-
EVRAZ SECURITIES SA9.06 8.875%	1'250'000	1'555	-	-	-	-
GAZPROM 02-07 9 1/8%	1'000'000	1'365	-	-	-	-
GAZPROM 03-13 9 5/8%	1'500'000	2'058	-	-	-	-
LUKINTER 02-07 3.5% CV	2'750'000	4'727	-	-	-	-
MOBILE TELESY.FIN 03-04 FLOAT	5'000'000	6'195	-	-	-	-
GREEN OAK INVEST	-	-	1'300'000	1'623	1.11%	0.78%
<b>Sub-total</b>		<b>38'162</b>		<b>11'805</b>	<b>8.08%</b>	<b>5.67%</b>
<b>Total Available for sale investments - short term</b>		<b>115'839</b>		<b>75'272</b>	<b>51.53%</b>	<b>36.16%</b>
<b>Available for sale investments - long term</b>						
AKRON-US\$ BOARD	10	155	10	325	0.22%	0.16%
BAM RESOURCES PLC REG	200'000	-	200'000	-	-	-
CHELYABINSK PIPE WORKS	18'347'616	6'933	18'347'616	5'493	3.76%	2.65%
KONDOPOGA PULP & PAPER	162'314	4'424	162'314	6'079	4.16%	2.93%
MUSTCOM LTD-EXCH.SEC 11.08.25	7'000'000	650	7'000'000	2'622	1.79%	1.26%
NAFTRANS LTD CY BATUMI OIL	8'000'000	9'911	8'000'000	9'987	6.84%	4.81%
NOSTA (ORSKO KHALILOVSK)	45'000	84	45'000	101	0.07%	0.05%
OSKOL ELEKTROMETALL	12'500	496	12'500	546	0.37%	0.26%
SAKHALINENERGO	2'200'000	409	2'200'000	439	0.30%	0.21%
SARANATUS TRADING LTD	-	-	10'782	18'726	12.82%	9.00%
SINARSKY TUBE WORKS	156'631	2'232	156'631	2'538	1.74%	1.22%
THE RED SQUARE DEBT FUND B	400'000	-	400'000	-	-	-
PANARIELLO ENTERPRISES LTD.	3'049	16'246	3'049	24'775	16.96%	11.93%
<b>Total available for sale investments - long term</b>		<b>41'539</b>		<b>71'631</b>	<b>49.03%</b>	<b>34.42%</b>
<b>Derivative Financial instruments - assets</b>						
Forward foreign exchange contracts	-	6'328	-	696	0.48%	0.33%
Put S/Act. VIMPELCOM 20.10.04	60'000	215	60'000	11	0.01%	0.01%
<b>Total Derivative Financial instruments - assets</b>		<b>6'543</b>		<b>707</b>	<b>0.49%</b>	<b>0.34%</b>
<b>Derivative Financial instruments - liabilities</b>						
Call S/Act. VIMPELCOM 20.10.04	(60'000)	(735)	(60'000)	(1'525)	(1.04%)	(0.73%)
PALLADIUM FUT 26.03.04	25	(27)	-	-	-	-
<b>Total Derivative Financial instruments - liabilities</b>	-	<b>762</b>		<b>(1525)</b>	<b>0.48%</b>	<b>0.33%</b>
<b>Total Investment Portfolio</b>		<b>163'159</b>		<b>146'085</b>	<b>100%</b>	<b>70.19%</b>

## Details of the movements on investments

for the period from January 1, to June 30, 2004

### Investment Portfolio - Summary of movements

Derivatives on currency	Currency sold USD	Currency bought CHF	Contract forward rate	Forward rate	Expiry date	Fair value CHF
				30.06.04		30.06.04
Forward foreignexchange contracts	(164'500'000)	205'702'188	1.25047	1.24624	03.09.04	695'708
Exchange rates	1.2484 USD	1.5231 EUR	2.2723 GBP			

	Available for sale - short term	Available for sale - long term	Derivative instruments assets	Derivative instruments liabilities	Total
<b>Balance as of January 1, 2004</b>	115'319	41'539	6'301	-	163'159
Reclassifications					

**Note 5 | Share capital**

At June 30, 2004 the issued ordinary share capital of the Company was CHF 58'500'800, divided into 1'170'016 bearer shares of par value CHF 50 each and one voting right per share. There are no restrictions on share transfer.

**Treasury shares**

Movements on own shares during the year are as follows:

Date	Sale	Average Unit Price CHF
January	7'623	124.46
February	19'920	127.75
March	1'476	137.34
April	11'211	140.10
May	5'000	132.52
Total sold	45'230	

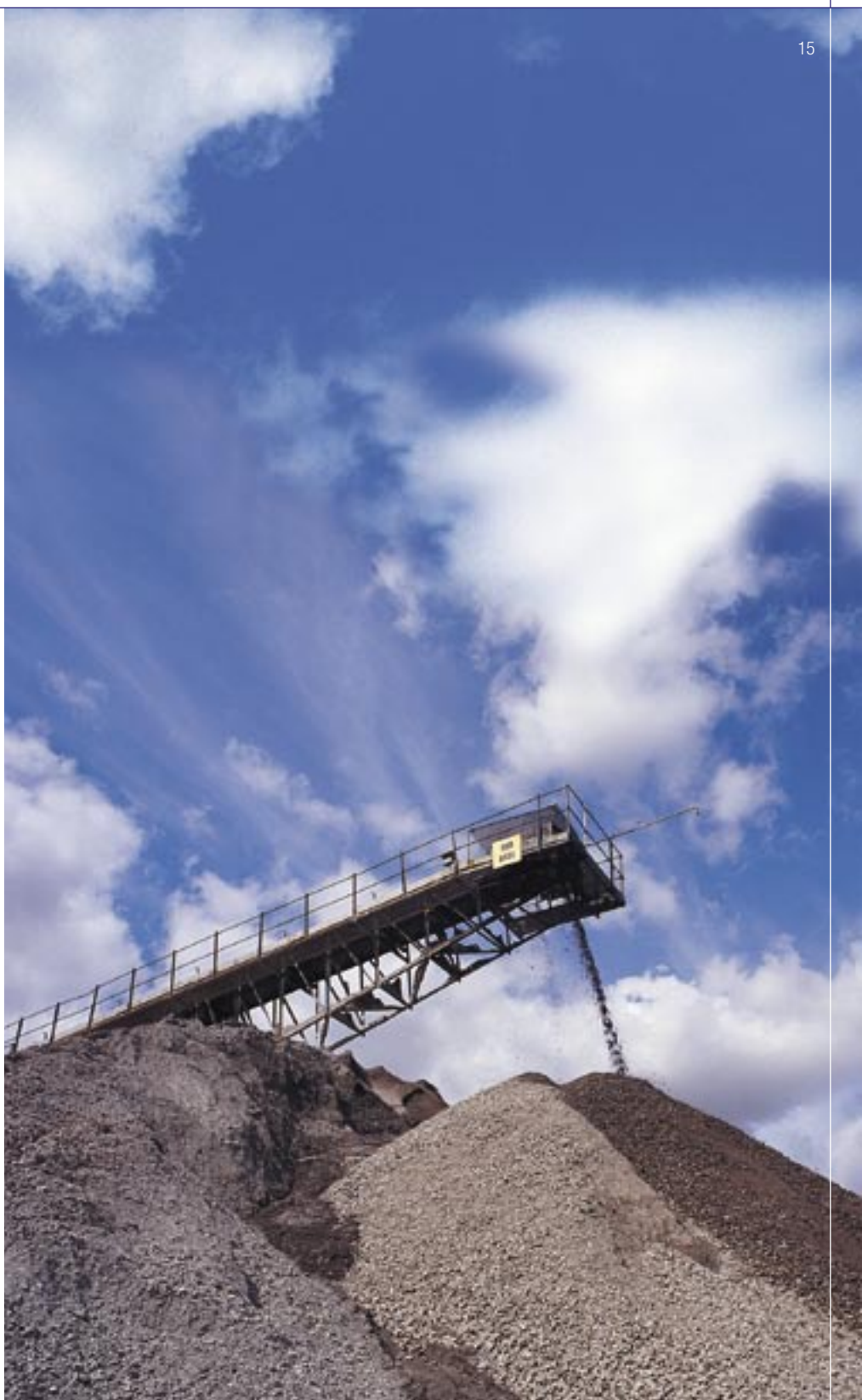
At June 30, 2004 the Company owns 10'000 treasury shares (December 31, 2003: 55'230).

**Authorised capital and conditional capital**

The Company may increase its capital by up to CHF 29'200'000 through the issue of a maximum of 584'000 bearer shares each with a par value of CHF 50.

Furthermore, the Company may increase its share capital by the exercise of option or conversion rights by up to a maximum amount of CHF 29'200'000 through the issue of a maximum of 584'000 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.

	30 June, 04	31 Dec. 03
Conditional capital	28'995'000	29'200'000
Authorised increase of capital	29'200'000	29'200'000



## Price Information

	Net Assets CHF (in thousands)	NAV per share CHF (ajusted)	Share price CHF
31.12.1995	45'958	75.31	88.69
30.06.1996	70'260	115.13	118.55
31.12.1996	69'202	113.39	109.64
30.06.1997 1)	162'998	217.33	154.00
31.12.1997	149'752	199.67	155.00
30.06.1998	65'003	86.67	91.00
31.12.1998	N/A	N/A	25.85
30.06.1999	N/A	N/A	24.20
31.12.1999	N/A	N/A	25.85
30.06.2000	30'261	40.35	34.00
31.12.2000	32'296	43.06	38.50
30.06.2001	52'710	70.28	48.10
31.12.2001	54'244	72.32	49.00
30.06.2002 2)	121'621	104.13	86.00
30.09.2002	109'833	94.04	72.75
31.12.2002	116'444	99.69	80.00
31.03.2003	116'894	100.08	79.50
30.06.2003	145'440	124.52	95.50
30.09.2003	163'087	139.63	102.75
31.12.2003	179'524	153.70	114.50
31.03.2004	219'283	187.74	140.50
30.06.2004	208'134	177.89	137.50

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





## Summary

<b>Organization</b>	Board of Directors	Christoph Löw Gustav Stenbolt Peter Rüegg Walter Fetscherin	Chairman Vice-Chairman Member Member
	Investment Manager	MCT Management Ltd.	
	Investment Advisors	MC Trustco	
	Custodian	ING Bank Eurasia A/O	
	Administrator	Servac	
	Auditors	Ernst & Young	
	Management Fee	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 153.70 as of 31.12.03)	
<b>Publication List</b>	NAV Publication	Finanz & Wirtschaft (twice a week) The Financial Times (once a week) Reuters: OZ Bankers (daily) Bloomberg (daily) Company website : www.enr.ch (daily)	
	Interim Report Listing Ticker Symbol Security Number	Available upon request from the Company – www.enr.ch Swiss Exchange Bloomberg : ENR SW Reuters : ENRZ.S Bearer Shares 347166 – CH0003471668 Convertible bonds 1548690 – CH0015486902	
<b>Investment Policy</b>	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 or Baltic states, and within certain limits, in debt instruments, physical commodities and privatization vouchers.		



[www.enr.ch](http://www.enr.ch)

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**ENR Russia Invest SA**  
Investor Relations  
2-4 place du Molard | 1211 Geneva 3  
Tel: +41 22 716 1000 | Fax: +41 22 716 1001