Semi-Annual Report 2018

ENR RUSSIA INVEST

Contents

Letter to Shareholders

Dear shareholders,

For the six months ended 30 June 2018 ENR Russia Invest SA ("ENR" or the "Company") and its subsidiaries produced a consolidated net loss of CHF 119'077 (a consolidated net loss of CHF 1.55 million for the similar period in 2017).

At 30 June 2018 ENR's consolidated net asset value was CHF 46.96 million (CHF 48.40 million at 31 December 2017).

As part of the ongoing capex program, a window refurbishment and replacement program is progressing well at the Petrovsky Fort business center in Saint-Petersburg, Russia.

During the reporting period fixed income instruments in Novolipetsk Steel were sold for CHF 931'762.

ENR acquired fixed income instruments in PJSC Polyus for CHF 588'546 and Domodedovo airport for CHF 467'165 and also acquired global depository receipts in London listed PAO Severstal for CHF 587'858.

Oil prices increased during 2018 and over the past few months reached levels above US$70 per barrel (Brent).

Higher oil earnings impact positively on Russian consumer and investor sentiment, boosting domestic demand and consumption. Inflation continues in a downwards trend and was at 2.3% end June 2018, well below the Central Bank of Russia's ("CBR") 4% target. The CBR reduced the key lending rate to 7.25% during the first half of 2018. Gross domestic product in Russia is projected to grow by 1.7% in 2018. Oil and gas prices remain key factors to the prospects of the Russian economy, representing the majority of exports and generating the bulk of federal budget revenues.

Russia hosted a very successful 2018 soccer world cup which reflected well on the country's image. The event was exceptionally well organized, with very good infrastructure, 98% stadium attendance (3 million tickets sold) and a high inflow of tourists where more than one million people visited Russia.

Oil and gas prices continue to remain the key factors to the prospects of the Russian economy, representing the majority of exports and generating the bulk of federal budget revenues.

ENR monitors economic and political developments and investment opportunities (especially where there are potential lower entry valuations) mainly in Russia and potentially also in other member countries of the Commonwealth of Independent States and the Baltic States.

Geneva, 28 August 2018

ENR Russia Invest SA

Gustav Stenbolt
Chairman

Ben de Bruyn
Chief Executive Officer

Economic and Political Review

Russian Federation

Real Economy

During the half-year the manufacturing and mining sectors boosted activity amid firmer commodity prices and solid demand. They were supported by a healthy labor market and a good level of exports. The unemployment rate was at a multi-year low in May 2018.

The Urals oil recently price rose to its highest level since October 2014. In June 2018, Russia and OPEC (Organisation of the Petroleum Exporting Countries) members agreed to increase oil production, which is positive for Russia's oil revenues. Despite higher production, oil prices are expected to remain firm due to falling production in Venezuela and negative spillovers from the United States of America ("US") sanctions on Iran. Higher oil earnings impact positively on consumer and investor sentiment, boosting domestic demand and consumption. GDP is projected to grow by 1.7% in 2018.

New US sanctions in April 2018 and in August 2018 caused the ruble to fall and triggered initial sell-offs of Russian financial assets. During the reporting period the ruble depreciated by 8.82% and 7%, respectively, against the CHF and the US$. A lower ruble assists export competitiveness which should boost net exports and accumulate reserves as it will support a number of export-oriented industries (oil and gas, metals and mining and chemical industry) and domestic-oriented producers will benefit with the positive effect of import substitution to become more visible over time.

Low unemployment, rising real wages and firm commodity prices should fuel growth in 2018 but geopolitical uncertainty and the impact of sanctions may have a negative impact on growth. Oil and gas prices remain the driving factors to the Russian economy, representing the majority of exports and generating the bulk of federal budget revenues. There is a strong correlation between oil prices and the value of the ruble.

S&P Global Ratings raised Russia's foreign currency long-term and short-term sovereign credit ratings to investment grade of 'BBB-/A-3' in February 2018.

Russia hosted a very successful 2018 soccer world cup which reflected well on the country's image. The event was exceptionally well organized, with very good infrastructure, 98% stadium attendance (3 million tickets sold) and a high inflow of tourists where more than one million people visited Russia.

Fiscal Policy

The CBR is committed to a 4% headline consumer price inflation target and a 3% federal budget deficit. Inflation has been on a downward trend since late 2015 and continued to slow to 2.3% at 30 June 2018 (below the CBR target). This allowed the CBR to cut the key rate from 10% to 7.25% with a number of rate cuts in 2017 (latest cut of 25 basis points in March 2018). The CBR paused its rate easing cycle in April 2018, which may slow the growth cycle.

After moderate spending cuts in 2017 deeper measures are implemented in 2018. The privatisations of Rosneft, Bashneft, Alrosa and others could generate some 1 trillion rubles and proceeds could be used to fund the deficit. The choice of measures to balance the budget is in process (i.e. spending cuts and pension system reforms) whilst the Russian government announced plans to reduce the budget deficit, and rebuild foreign currency reserves and is closing or restructuring some banks. In June 2018 new value added tax rules with respect to business-to-business supplies of e-services provided to Russian customers were announced, which will be effective from January 2019.

With the higher oil prices the Russian government is earning more from taxes on oil exports and a federal budget surplus for 2018 is expected (if the average oil price ion 2018 is higher than $53 per barrel). During July 2018 President Putin approved amendments to the federal budget for 2018, providing for a surplus of 0.5% of GDP. Revenue growth is projected by 1.8 trillion rubles (US$ 28.4 billion) in 2018, mainly due to an increase of oil and gas revenues by 1.76 trillion rubles (US$ 27.8 billion).

External Accounts and risks to the economy

Russia's international reserves was US$ 433 billion at the end of 2017. Oil and gas prices continue to remain key factors to the prospects of the Russian economy, representing the majority of exports and generating the bulk of federal budget revenues.

Political

In the 2018 Russian presidential election President Vladimir Putin easily won re-election for a second consecutive and fourth term overall.

New US sanctions of April 2018 targeted several high-profile Russian businessmen and their affiliated companies, government officials, freezing their US assets and banning US persons and companies from conducting business with them. US investors were given a deadline to divest debt and equity holdings of the sanctioned companies.

President Putin in June 2018 signed into law counter-sanctions legislation that will be applied to any state or person for hostile actions against Russia and permits authorities to halt international cooperation with foreign states, and to impose import and export restrictions and other measures. This coincided with a broader escalation of tensions between Russia and the US.

In July 2018 President Putin and President Trump met at a summit in Helsinki to address relations between the countries and to discuss multi-national issues.

The European Union prolonged economic sanctions in July 2018, targeting specific sectors of the Russian economy until 31 January 2019. The measures target the financial, energy and defence sectors, and the area of dual-use goods.

In August 2018 the US annnounced new sanctions with possible more measures to follow. The initial round of these sanctions will limit exports to Russia of US goods and technology considered sensitive on national security grounds, including electronics, lasers and some specialized oil and gas production technologies.

Ukraine

Domestic demand is leading a recovery in 2018 amid more investment activity and growing household consumption growth. Nonetheless, the economy is unlikely to grow meaningfully in the short- to medium-term. Exports slipped into negative territory in quarter one 2018 and imports reduced also. FocusEconomics panelists expect GDP growth 2.9% in 2018. In March 2018 the National Bank of Ukraine ("NBU") raised the key policy rate from 16% to 17%, a fourth rate hike since October 2017. At its meeting held in May the NBU kept the key policy rate on hold at 17%. According to the NBU, its monetary policy stance is sufficiently tight to achieve the inflation goals set for the short-to-medium term. Headline inflation continued trending downwards in the second quarter 2018 but remained at 9.9%, above the NBU's mid-term target of 5%. The NBU noted that its tight monetary policy stance helped to strengthen the hryvnia against the US$ and the euro in recent months signaling Ukraine's improved debt repayment capabilities. The NBU left its inflation forecast for the end of 2018 unchanged at 8.9%.

Pension reforms were approved by parliament, improving the chances for a next loan tranche from the International Monetary Fund ("IMF"). The IMF issued a statement in mid-June 2018 advising lawmakers that the law establishing an anti-corruption court must be amended before the next loan tranche from the IMF can be unlocked (earlier in June 2018 the law was passed by the Rada but the key requirement for the anti-corruption court to adjudicate all cases under its jurisdiction was removed). Tough IMF reforms is politically challenging to introduce, especially before the 2019 elections and the economic outlook remains dampened by the uncertainty over the government's commitment to long-term economic policy (further budget reforms and changes in policies related to gas prices are required).

Kazakhstan

The economy gained momentum in the first half of 2018 due to stronger oil production, higher crude prices, a supportive fiscal policy and the economic recovery in Russia, leading to positive fiscal metrics and an improved current account.

Most of the oil revenues were channeled into the country's National Fund and in the first five months of the year the fund's assets rose by US$ 0.9 billion. Industrial production grew and retail sales remained solid amid low levels of unemployment (4.8%) and moderate wage growth. Higher crude revenues allow the government to embark on large-scale infrastructure projects, which could propel economic activity. The central bank projects GDP growth of 2.8% in 2018.

The National Bank of Kazakhstan left its benchmark policy rate unchanged at 9% in July 2018 after four consecutive cuts. The central bank advised it will narrow its interest rate band in the second half of 2018. Inflation has been falling to a three-month low of 6.8% in June 2018.

In 2017 it was the 25th anniversary of diplomatic relations between Kazakhstan and Russia and building relationships based on the principles of equality and mutually beneficial partnership. Russian is the leader among the trade partners of Kazakhstan (20.6% of external trade turnover of Kazakhstan). Russia ranks third in terms of direct investment from Kazakhstan.

In 2018 the government announced de-regulation measures to ease administrative pressures on businesses; a new tax and customs regimes were introduced; the procedures to plan private public partnership were simplified and labor legislation was improved.

Belarus

Belarus and Russia remain strategic partners and continue to coordinate their policies on the international and security arena. Russia and Belarus participate in a number of integration initiatives, such as the Union State of Russia and Belarus and the Eurasian Economic Union.

A return to economic growth in Russia, the main trading partner of Belarus, yielded positive spillover effects to the Belarus economy. GDP grow increased to the highest level in six years. Rising export demand from Russia boosted exports. Inflation fell to 4.1% in June 2018 from 4.4% in May 2018, the lowest print on record. In June 2018 the National Bank of Belarus cut the refinancing rate from 10.5% to 10.0% which marked a return to monetary easing. This brought the key rate to the lowest level in a decade.

Strong domestic demand will enhance growth in 2018 with better household consumption and tight labor market conditions. FocusEconomics expects the economy to expand 3.2% in 2018.

Portfolio Investments

Petrovsky Fort

The Petrovsky Fort office centre in Russia is a class B+ office and retail property (completed in 2003) located in central Saint-Petersburg, near the embankment of the Neva River with nine office levels and two retail levels and a large central atrium. 15'300 square meters are designated for office use and 5'800 square meters as retail space. There is an underground parking facility with 118 parking spaces and above-ground parking for 36 cars.

ENR's Saint-Petersburg based team is actively involved in the day-to-day management of the building which accommodates a large number of tenants (many small and mid-sized businesses and a few larger tenants). A turnkey service offering is provided to tenants, including provision of utility services, central heating, venting and air conditioning; telecommunication lines and high-speed internet access; daily cleaning of offices; security services; reception services as well as engineering and maintenance services.

At 30 June 2018 the outstanding principal amount under the UniCreditBank loan was CHF 14.21 million. The repayment date for the UniCreditbank loan was prolonged for up to 3 months from 31 July 2018.

At 30 June 2018 the carrying value of Petrovsky Fort LLC was CHF 37 million.

Turgenevskya parking garage

The parking garage is well located in the central business district of Moscow at Turgenevskaya square on the Boulevard Ring. It was opened in January 2012 and has a gross built area of almost 10'000 square meters, with 297 parking lots (18 above ground and the rest in six levels underground). Parking lots are leased to corporate clients and to individuals and on an hourly basis for other users. There are several business centers and retail properties in the surrounding area, with three subway stations within close walking distance.

At 30 June 2018 the valuation of Turgenevskya parking garage was US$8.88 million (US$8.88 million at 31 December 2017) (i.e. US$ 4.44 million for the 50% interest in the Turgenevskya parking garage, or 4.41 million in Swiss Franc).

Assets under development - Greater Moscow residential real estate project

ENR is participating in a real estate residential development for free standing multi-story apartment buildings in the Odintsovsky district, South-West of Moscow. The investment is regulated via an Agreement for the Participation in Shared Construction where ENR will obtain ownership of apartments in a completed building.

Subject to project development progress hurdles, ENR has to pay, in several tranches, a purchase price of Rub 615.66 million. To date 350 million ruble has been paid. The development is targeted at the economy plus class market segment and is located within a popular area within the greater Moscow region with good transport access to the city center. Construction was delayed due to a change to the approved allowable height of buildings (from 12 to 6 floor buildings).

The developer is in discussions with third parties to introduce additional capital into the project to comply with recent legislative changes in Russia and is preparing new development plans to obtain approvals and a new construction permit. The carrying value of the investment at 30 June 2018 was CHF 5.55 million.

Listed equities

Pursuant to the 2008 unbundling of Russian electricity company, Unified Energy Systems, ENR received shares in various Russian electricity sector companies, where at 30 June 2018 the aggregate value of these shares was CHF 1.83 million.

During the first half of 2018 ENR acquired global depository receipts in London listed PAO Severstal for CHF 587'858. It is one of the world's leading vertically integrated steel and steel related mining companies with major assets in Russia and investments in other regions. At 30 June 2018 The value of these instruments was CHF 552'188.

Transterm Holdings Cyprus Limited

Transterm Holdings Cyprus Limited ("Transterm") via its subsidiaries used to operate the Batumi oil terminal in Adjaria, Georgia on the Black Sea coast. It also provided oil and oil related product rail forwarding in Georgia to the Batumi oil terminal and transshipment and storage of these products at the port. In March 2008 Transterm sold all its Georgian based operations to the KazMunaiGas group. At 30 June 2018 the net book value of the Transterm investment was CHF 198'471 representing the remaining amount ENR may still receive in future Transterm cash distributions.

Possible Future Milestone Payments

During late 2008 and early 2009 ENR made an investment in Eastern Property Holdings Limited ("EPH") for an aggregate CHF 11.60 million. EPH is a real estate investment and development company listed on SIX Swiss Exchange focused on the management of rented office, residential and commercial properties in prime locations in Russia. In December 2012 ENR sold all its shares in EPH and received CHF 15.11 million in cash. Pursuant to the sale transaction ENR was entitled to further tranche payments. At 30 June 2018 the fair value of these payments was CHF 98'723.

Fixed Income Investments

VTB group is one of the largest banking and financial services groups in Russia, offering a wide range of corporate, retail and investment banking services. At 30 June 2018 ENR owned fixed income instruments issued by this group valued at CHF 2'01 million.

Gazprom is a global energy company focused on geological exploration, production, transportation, storage, processing and marketing of gas and other hydrocarbons and electric power and heat energy production and distribution. At 30 June 2018 ENR owned fixed income instruments of the Gazprom group valued at CHF 2.01 million.

Sberbank is the largest bank in Russia and Commonwealth of Independent States. At 30 June 2018 ENR owned fixed income instruments of the Sberbank group valued at CHF 1.56 million.

Russian Agricultural Bank is a state-owned bank and one of the leading financial institutions providing lending support to Russian agri-business. At 30 June 2018 ENR owned fixed income instruments which have been issued by this group valued at CHF 995'336.

Vnesheconombank is a state-owned bank and supports the development of the Russian economy, extending credits and loans jointly with private financial institutions and provides guarantees and insures credit. At 30 June 2018 ENR owned fixed income instruments issued by this group valued at CHF 1.53 million.

Lukoil is a vertically integrated Russian oil and gas group. At 30 June 2018 ENR owned fixed income instruments issued by this group valued at CHF 2.04 million.

Moscow Domodedovo airport is the largest air hub in Russia. During the reporting period ENR acquired fixed income instruments in this group for CHF 467'165. At 30 June 2018 ENR owned fixed income instruments issued by this group valued at CHF 1.23 million.

Transneft is a Russian state-owned transport business and the largest oil pipeline company in Russia. At 30 June 2018 ENR owned fixed income instruments of the Transneft group valued at CHF 831'383.

Petropavlovsk is a large producer of gold in Russia. At 30 June 2018 ENR owned fixed income instruments of this group valued at CHF 589'582.

Norilsk Nickel is a Russian mining and metallurgical company and the world's leading nickel producer. The group produces some half of the palladium used in the world. Its other important products are platinum and copper. At 30 June 2018 ENR owned fixed income instruments issued by this group valued at CHF 1.05 million.

During the reporting period ENR acquired fixed income instruments in PJSC Polyus for CHF 588'546. PJSC Polyus is the largest gold producer in Russia and a top 10 gold producer globally. At 30 June 2018 ENR owned fixed income instruments issued by this group valued at CHF 534'955.

During the reporting period all the fixed income instruments which were held in Novolipetsk Steel were sold for CHF 931'762. Novolipetsk Steel is one of the largest steel producing companies in Russia.

Financial Statements

Determination of the Net Asset Value and Attributable Net Asset Value

(Currency-CHF)

	30.06.2018		31.12.2017	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets				
Treasury stock	-	912,184	-	1,108,654
Cash, investments and other assets	71,313,022	71,313,022	72,986,838	72,986,838
Total assets	71,313,022	72,225,206	72,986,838	74,095,492
Liabilities				
Total liabilities	24,355,651	24,355,651	24,587,763	24,587,763
Shareholders' Equity				
Treasury stock - at cost	– 2,370,696	-	– 2,370,696	-
Remaining Equity	49,328,067*	47,869,555*	50,769,771*	49,507,729*
Total shareholders' equity	46,957,371	47,869,555	48,399,075	49,507,729
Total liabilities and shareholders' equity	71,313,022	72,225,206	72,986,838	74,095,492
Number of shares outstanding		2,644,402		2,644,402
Net asset value per share		18.10**		18.72**
Attributable net asset value per share		18.10**		18.72**
Number of treasury shares		70,168		70,168

* Net of a CHF 29.95 million dividend paid in July 2015

** Net of a CHF 11.50 per share dividend paid in July 2015

Note

The NAV per share 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 issued.

The main differences between the NAV calculation and the International Financial Reporting Standard ("IFRS") based Shareholders Equity relate to the calculation of treasury shares and reclassifying out of shareholders' equity. Treasury shares are shown at fair market value in the column which represents the existing shareholder's economic interest.

Attributable NAV per share is the consolidated NAV, less the aggregate value of any minority interests, reflecting the economic value attributed to shareholders, divided by the total number of shares issued.

Consolidated Results

The consolidated shareholders' equity, based on IFRS representation, at the end of the interim reporting period amounted to CHF 46.96 million (31 December 2017: CHF 48.40 million).

The consolidated net loss for the 2018 half year is CHF 119'077 (2017 half year: CHF 1.55 million net loss).

The consolidated retained loss at 30 June 2018 is CHF 55.66 million (consolidated retained loss at 31 December 2017: CHF 55.54 million). The consolidated retained loss includes the impact of the dividend of CHF 29.60 million which was paid during 2015.

For more details see the consolidated statement of changes in equity for the half-year ended 30 June 2018.

Condensed consolidated statement of financial position (unaudited)

(Currency-CHF)

	Note	30.06.2018	31.12.2017
Assets			
Current Assets			
Cash and cash equivalents	7	1,257,663	2,658,685
Accounts receivable and accrued interest	8	1,186,678	531,386
Other assets	10	183,517	531,360
Total Current Assets		2,627,858	3,721,431
Non-Current Assets			
Accounts receivable and accrued interest	8	3,477,899	3,773,144
Assets under development	6	5,547,500	5,921,441
Investment property	5.1	36,997,378	36,839,434
Goodwill	12	2,169,176	2,312,876
Total Non-Current Assets		48,191,953	48,846,895
Trading Portfolio Assets			
Financial assets at fair value	4.1	98,723	97,478
Investments at fair value through profit or loss	4.1	20,394,488	20,212,034
Forward foreign currency exchange contracts	4.1	-	109,000
Total Trading Portfolio Assets		20,493,211	20,418,512
Total assets		71,313,022	72,986,838
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	11.2	5,204,881	5,164,652
Loans from banks	11.1	14,943,708	14,839,775
Embedded derivatives on investment property	5.1	1,344,710	1,751,304
Income tax liability	11.4	14,035	20,043
Total Current Liabilities		21,507,334	21,775,774
Non-Current Liabilities			
Financial lease liabilities: Investment property	11.3	1,765,958	1,825,885
Deferred tax liabilites, net	11.4	651,168	537,427
Provisions	11.5	420,801	448,677
Total Non-Current Liabilities		2,837,927	2,811,989
Trading Portfolio Liabilities			
Forward foreign currency exchange contracts	4.1	10,390	-
Total Trading Portfolio Liabilities		10,390	-
Total liabilities		24,355,651	24,587,763
Shareholders' Equity			
Share capital	13.1	32,790,585	32,790,585
Capital paid in excess of par value (share premium)		75,447,951	75,447,951
Treasury stock	13.2	– 2,370,696	– 2,370,696
Retained earnings		– 55,663,821	– 55,544,744
Cumulative translation adjustment	15	– 3,246,648	– 1,924,021
Total shareholders' equity	11.6	46,957,371	48,399,075
Total liabilities and shareholders' equity		71,313,022	72,986,838
Number of shares issued and fully paid		2,644,402	2,644,402
Nominal value (in CHF)		12.40	12.40

The notes on pages 20 to 46 are an integral part of these interim consolidated financial statements.

Condensed consolidated statement of comprehensive income for the period (unaudited)

(Currency-CHF)

	Note	31.06.2018	31.06.2017
Gross rental income	5.2	3,359,046	3,359,553
Operating cost, land lease and tax	5.2	– 774,545	– 837,987
Net rental income	5.1	2,584,501	2,521,566
Foreign exchange impact on investment property		– 428,705	– 1,171,704
Interest income		458,040	625,560
Realised and unrealised (loss) on investments through profit or loss, net	4.1	– 524,302	– 1,593,215
Realised and unrealised (loss) / profit on forward foreign exchange contracts, net		– 196,835	684,000
Exchange gain / (loss) - other	15	254,843	– 650,496
Other ordinary income		-	220,000
Expenses			
Management fees	14.1	415,119	335,819
Professional fees		68,348	68,097
Directors' fees and expenses		100,000	100,000
Staff remuneration	14.2	360,946	333,596
Travel expenses		24,980	12,461
Legal and related fees		105,830	113,912
Audit fees		66,291	100,314
Tax other than on income		10,023	5,520
Other ordinary expenses		201,865	123,199
Finance cost	11.1	762,320	1,035,328
Total expenses		2,115,722	2,228,246
Release of impairment losses on financial assets		-	-
(Loss) for the year before tax		31,820	– 1,592,535
Income tax		– 150,897	45,506
(Loss) for the year after tax		– 119,077	– 1,547,029
Attributable to			
Equity holders of the Company		– 119,077	– 1,547,029
Other comprehensive income			
Cumulative translation adjustment (net of tax)*			
whereof related to fully consolidated subidiaries		– 1,213,626	175,981
whereof related to other investments accounted unter the equity method		-	-
Total comprehensive profit for the year (net of tax)		– 1,332,703	– 1,371,048
Attributable to			
Equity holders of the Company		– 1,332,703	– 1,371,048

* Will be reclassified subsequently to profit and loss when specific conditions are met

Earnings per share for profit attributable to equity holders during the period	30.06.2018	30.06.2017
Time-weighted average number of outstanding shares	2,574,234	2,574,234
Basic earnings per share (in CHF)	– 0.046	– 0.601
Diluted earnings per share (in CHF)	– 0.046	– 0.601

The notes on pages 20 to 46 are an integral part of these interim consolidated financial statements.

Condensed consolidated statement of cash flows for the period (unaudited)

(Currency-CHF)

In CHF	Note	30.06.2018	30.06.2017
Net loss after taxes		– 119,077	– 1,592,535
Depreciation on other assets		165	165
Foreign currency effect on investment property	5.1	– 2,257,831	1,171,704
Financial result		768,525	1,865,389
Income taxes		150,897	– 45,506
Paid income tax and change in deferred taxes		– 4,984	– 169,284
Other non-cash transactions with profit and loss impact		-	688,161
Operating cash flow before changes in the working capital and taxes		– 1,462,305	1,918,094
(Increase)/decrease: accrued and deferred assets		– 224,969	– 20,587
(Decrease)/increase: accrued and deferred liabilities		– 99,737	– 169,795
(Decrease)/increase: amounts due to third parties		785,361	– 78,237
(Increase)/decrease: amounts due from third parties		610,698	182
(Increase)/decrease: amounts due from banks		– 32,198	– 36,682
(Increase)/decrease: other assets		– 18	231,018
Trade accounts payable		151,813	-
(Decrease)/increase: other liabilities		69,779	5,581
CTA impact in equity		– 1,874,973	26,710
Other foreign exchange translation effects		– 230,265	– 68
Cash flow from operating activities		– 431,841	1,876,216
(Increase)/decrease: Shares and fixed income		– 757,747	27,388
(Increase)/decrease positive replacement values: Currency hedge		109,000	204,000
(Decrease)/increase: negative replacement values		– 295,010	– 961,649
(Increase)/decrease: other financial assets at fair value		– 1,245	6,116
Investments		– 245,329	-
Interest received		458,040	627,336
Change in other long-term debts		510,813	– 73,757
Cash flow from investment activities		– 221,478	– 170,566
(Decrease)/increase: amounts due to banks		– 152,675	– 1,723,900
Interest paid		– 651,271	– 887,509
(Decrease)/increase: long-term debts		54,885	– 2,201
Cash flow from financing activities		– 749,061	– 2,613,610
Effect of foreign exchange translation differences (including non-controlling interests)			
(Increase)/decrease cash and cash equivalents		1,402,377	908,026
Position at 1 January		2,658,685	7,143,886
Position at 31 December		1,256,308	6,235,860
(Increase)/decrease cash and cash equivalents		1,402,377	908,026
Cash and cash equivalents comprise the following assets:			
Cash		1,355	1,384
Due from banks		1,256,308	6,234,476
Total cash and cash equivalents		1,257,663	6,235,860

Condensed consolidated statement of changes in equity for the period (unaudited)

(Currency-CHF)

	Share capital	Share premium	Treasury stock	Cumulative translation adjustment	Retained earnings	Total	Non controlling interests	Total Shareholders
Balance as at 1 January 2017	32,790,585	75,447,951	– 2,370,696	– 1,780,398	– 57,940,100	46,147,342	-	46,147,342
Profit for the year after tax	-	-	-	-	2,395,356	2,395,356	-	2,395,356
Other comprehensive income	-	-	-	– 143,623	-	– 143,623	-	– 143,623
Total comprehensive income (loss) for the year	-	-	-	– 143,623	2,395,356	2,251,733	-	2,251,733
Balance as at 31 December 2017	32,790,585	75,447,951	– 2,370,696	– 1,924,021	– 55,544,744	48,399,075	-	48,399,075
Balance as at 1 January 2018	32,790,585	75,447,951	– 2,370,696	– 1,924,021	– 55,544,744	48,399,075	-	48,399,075
(Loss) for the period after tax	-	-	-	-	– 119,077	– 119,077	-	– 119,077
CTA impact for the period	-	-	-	– 1,322,626	-	– 1,322,626	-	– 1,322,626
Total comprehensive income (loss) for the year	-	-	-	– 1,322,626	– 119,077	– 1,441,703	-	– 1,441,703
Balance as at 30 June 2018	32,790,585	75,447,951	– 2,370,696	– 3,246,648	– 55,663,821	46,957,371	-	46,957,371

The notes on pages 20 to 46 are an integral part of these interim consolidated financial statements.

Condensed notes to the consolidated unaudited interim financial statements as of 30 June 2018
(Currency - CHF)

1. Incorporation and activity

ENR Russia Invest SA ("Company" or "ENR") 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 (LEI number: 549300YZZWAR230IMD33) and the Company name "ENR Russia Invest SA". The Company is incorporated as a limited company by shares under the laws of Switzerland. The Company's registered office is 2-4, Place du Molard, Geneva, Switzerland. The Company is trading under Swiss security number 3447695 with ISIN number of the shares CH0034476959 and the ticker symbol of the shares is RUS. The interim financial statements have been approved by the board of directors on 28 August2018.

2. Basis for the presentation of the condensed consolidated interim financial statements

These condensed interim consolidated financial statements represent the unaudited condensed interim consolidated financial statements for the half year ended 30 June 2018 of the Company and its subsidiaries (collectively the "Group") and are prepared in accordance with IAS 34 'Interim Financial Reporting. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. Significant accounting policies

3.1 Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except as below and for the adoption of new standards effective as of 1 January 2018.

IAS 21: The Effects of Changes in Foreign Exchange Rates Application of IAS 21.32 (net investment in a foreign operation) to the Group (also see note 15)

IAS 21 prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The principal issues are which exchange rate/s to use and how to report the effects of changes in exchange rates in the financial statements. This standard shall be applied: (a) in accounting for transactions and balances in foreign currencies, except for those derivative transactions and balances that are within the scope of IFRS 9 Financial Instruments (b) in translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation or the equity method; and (c) in translating an entity's results and financial position into a presentation currency.

An entity may have a monetary item that is receivable from or payable to a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation, and is accounted for in accordance with paragraphs 32 and 33. Such monetary items may include long-term receivables or loans. They do not include trade receivables or trade payables. The entity that has a monetary item receivable from or payable to a foreign operation as described in paragraph 15 of IAS 21 may be any subsidiary of the group.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation (as per paragraph 15 of IAS 21) shall be recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g. consolidated financial statements when the foreign operation is a subsidiary), such exchange differences shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment in accordance with paragraph 48 of IAS 21.

An entity shall disclose the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with IFRS 9; and net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period.

The inter Group loans were reassessed in 2018 and a number were identified as qualifying for the aforementioned treatment under IAS 21.32 (net investment in a foreign operation). The impact on the consolidated balance sheet (no impact on the net asset value) and consolidated income statement (impact on exchange profits/ (losses) and net profit/(loss) attributable to shareholders is explained in note 15.

This application did not require any revised structure of the balance sheet nor the income statement, cash flow statement or the changes in equity tables.

3.2 Adoption of new standards effective as of 1 January 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

a) Transition from IAS 39 to IFRS 9

IFRS 9 was generally adopted by the Group without restating comparative financial information. The reclassifications are therefore not reflected in the restated balance sheet at 31 December 2017, but are recognised in the opening balance sheet of 1 January 2018. There were no value adjustment needed nor changes of impairment charges for the transition from IAS 39 to IFRS 9.

b) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: – it is held within a business model whose objective is to hold assets to collect contractual cash flows; and – its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: – it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and – its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI").

This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The following accounting policies apply to the subsequent measurement of financial assets.

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The next table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial instruments	IAS 39 Measurement category (only for financial instruments)	IFRS 9 Measurement category (only for financial instruments)	31.12.2017 in CHF	IFRS 9 Reclassification in CHF	01.01.2018 in CHF
Financial assets					
Cash and cash equivalents	Amoritised costs	Amoritised costs	25,745	-	25,745
Trading portfolio assets	Fair value through profit & loss (FVTPL)	FVTFP	38,002	-	38,002
Derivatives financial instruments	FVTFP	FVTFP	109		109
Other financial assets at fair value *	Designated as at fair value	FVTFP	1,696	– 1,696	-
Other financial assets at fair value (FVTPL)*		FVTFP		1,696	1,696
Due from third parties	Amoritised costs	Amoritised costs	13,831		13,831
Accrued and differed assets	Amoritised costs	Amoritised costs	3,392		3,392
Financial assets available for sale **	Amoritised costs	FVOCI	23,462	– 23,462	-
Financial assets at fair value through OCI**		Fair value over other comprehensive income (FVOCI)		23,462	23,462
Non-current receivables	Amoritised costs	Amoritised costs	5,565	-	5,565
Total financial assets			111,802	-	111,802
Financial liabilities					
Trade payables	Amoritised costs	Amoritised costs	814	-	814
Current financial liabilities	Amoritised costs	Amoritised costs	28,916	-	28,916
Derivatives financial liabilities	FVTFP	FVTFP	1,751	-	1,751
Other current liabilities	Amoritised costs	Amoritised costs	5,073	-	5,073
Non-current financial liabilities	Amoritised costs	Amoritised costs	2,059	-	2,059
Total financial liabilities			38,613		38,613

* Financial assets designated at fair value have moved to Financial assets at fair value through profit & loss. on adoption of IFRS 9.
** Financial assets available for sale have been moved to Financial assets at fair value through OCI on adoption of IFRS 9.

There were no value adjustment needed nor changes of impairment charges for the transition from IAS 39 to IFRS 9.

c) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of cash and cash equivalents, due from third parties, accrued and deferred assets and non-current receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs for all categories.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset. Impairment losses related to due from third parties and other receivables and on other financial assets are presented under ‘finance costs’, similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9’s impairment requirements at 1 January 2018 results in no additional impairment allowance.

d) Hedge accounting

The Group does not use hedge accounting according to IFRS 9 (nor IAS 39 in past years).

IFRS 15 Revenue from Contracts with Customers for the Group

IFRS 15 provides an inclusive framework for the recognition, measurement and disclosure of revenue. Guidance is provided on the timing and amount of revenue that should be recognized on a contract basis. The standard improves the comparability of revenue from contracts with customers and reduces the need for the development of case-by-case guidance for emerging revenue recognition issues. Under this standard, the recognition of revenue depicts the transfer of goods or services to customers in amounts that reflect the consideration (i.e., payment) that the entity expects to acquire in exchange for those goods or services.

IFRS 15 should be applied to all contracts with customers except the following:

- Lease contracts within the scope of IAS 17 Leases.
- Insurance contacts within the scope of IFRS 4 Insurance Contracts.
- Financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial
- Instruments, IFRS 10 Consolidated Financial Statements, FRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

Non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers

IFRS 15 replaces the following standards and interpretations:

- IS 11 Construction Contracts;
- IAS 18 Revenue;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Applying the new IFRS 15 had no impact on the group financial statements.

3.3 Foreign currency translation

Transactions denominated in the foreign currencies are translated into the functional currencies of Group entities at the ruling exchange rates on the date of the transaction. At the balance sheet, all monetary assets and liabilities denominated in foreign currencies are converted to the functional currencies using the closing exchange rate. Non-monetary items measured at historical cost are converted at the exchange rate on the date of the transaction.

The following exchange rates were used:

	30.06.2018	Half year 2018	31.12.2017	Half year 2017
	Balance Sheet date rates	Annual average rates	Balance Sheet date rates	Annual average rates
EUR	1.15714	1.16526	1.16905	1.07730
USD	0.99325	0.96530	0.97530	0.98795
RUB	0.01585	0.01626	0.01690	0.01710

4. Investment portfolio

in CHF

	30.06.2018	31.12.2017
Fair value of portfolio at beginning of the period	20,418,512	29,591,115
Investment Portfolio Movement for the Period		
Purchase of investments	1,874,491	-
Sale of investments	– 1,162,687	– 7,661,972
Net realised (loss) / profit on disposal of investments	– 234,079	219,395
Movement in the period of forward foreign exchange contracts	77,444	– 650,000
Net investment portfolio movement for the period	555,169	– 8,092,577
(Decrease) in fair value	– 490,861	– 1,080,027
Fair value of portfolio at the end of the period	20,482,821	20,418,512
The investment portfolio is represented as follows on the balance sheet:		
Designated as Fair Value Through Profit or Loss:		
Listed equity securities and bonds held for trading	16,878,538	16,759,624
Unlisted equity securities and fixed income instruments held for trading	3,614,673	3,549,888
Total designated as fair value through profit or loss	20,493,211	20,309,512
Total financial assets at fair value through profit or loss	20,493,211	20,309,512
Derivatives held for trading:		
Forward foreign exchange contracts	– 10,390	109,000
Total derivatives	– 10,390	109,000
Investments at fair value through profit or loss		
Net realised (loss)	– 47,634	– 226,605
Changes in fair value (decrease)	– 476,668	– 1,189,022
Total	– 524,302	– 1,415,627
(Loss) /Profit recognised on derivatives		
Net realised (loss) /profit	– 186,445	446,000
Changes in fair value (decrease)/increase	– 10,390	109,000
Total	– 196,835	555,000

4.1 Details of investments at fair value through profit or loss

	Balance as of 01.01.2018	
CURRENT ASSETS	Quantity	CHF
Listed equity securities		
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	27,860
RUSHYDRO PJSC	37,325,615	460,325
INTER RAO UES PJSC	6,822,874	392,043
INTER RAO UES PJSC	4,072,625	230,925
ROSSETI PJSC	20,900,000	289,945
INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING PREFERENCE SHARES	6,400,000	176,038
MOSENERGO PJSC	50	2
MOSCOW UNITED ELECTRIC GRID	12,313,327	187,078
QUADRA POWER GENERATION PJSC	23,263,819	1,259
TGC-1 PJSC	927,579,908	187,617
TGC-2 OJSC	314,979,184	21,190
VOLZHSKAYA TERRITORIAL GEN CO	228,739	1,863
VOLGA TERRITORIAL GENERATION	69,255	-
SEVERSTAL PAO	-	-
Sub-total: Listed equity secuities		1,976,145
Fixed income		
POLYUS FINANCE 18/21 CV 1%, 01/2021, BOND	-	-
VEB FIN PLC 4.224%, 11/2018, BOND	500,000	492,234
STEEL FUNDING LTD 4.45%, 02/2018, BOND	1,000,000	979,396
LUKOIL INTL FIN BV 4.563%, 04/2023, BOND	1,000,000	1,015,288
GAZ CAPITAL SA 4.95%, 07/2024, BOND	1,000,000	1,022,748
DOMODEDOVO AIRPORT Ltd 5.075%,02/2023, BOND	-	-
RSHB CAPITAL SA 5.1%, 07/2018, BOND	1,000,000	986,467
SB CAPITAL SA 5.717%, 06/2021, BOND	500,000	525,199
DOMODEDOVO AIRPORT 6%, 11/2018, BOND	750,000	749,799
SB CAPITAL SA 6.125%, 02/2022, BOND	1,000,000	1,065,711
LUKOIL INTL FINANCE 6.125%, 11/2020, BOND	1,000,000	1,053,811
GAZ CAPITAL SA 6.51%, 03/2022, BOND	1,000,000	1,080,925
VTB CAPITAL SA 6.551%, 10/2020, BOND	1,000,000	1,057,322
MMC NORILSK NICKEL 6.625%, 10/2022, BOND	1,000,000	1,100,674
VEB FIN PLC 6.902%, 10/2020, BOND	1,000,000	1,054,689
TRANSCAPITALINVEST LTD OJSC AK TRANSNEFT 8.7% , 08/2018, BOND	832,000	840,418
PETROPAVLOVSK 9%, 03/2020, BOND	592,000	675,532
VTB EURASIA LIMITED 9.5 %, (perpetual), BOND	1,000,000	1,083,266
Sub-total: Fixed income		14,783,479
Private equity instruments		
TRANSTERM HOLDINGS CYPRUS LTD - ordinary shares	9,310,000	3,452,410
Sub-total: Private equity instruments		3,452,410
Total investments at fair value through profit and loss		20,212,034
RECEIVABLES: POTENTIAL FURTHER MILESTONE PAYMENTS (EASTERN PROPERTY HOLDINGS LTD SHARES SALE)		
Non-Current assets	-	97,478
Total unlisted investments at fair value through profit and loss (non-current assets)		97,478
CURRENT LIABILITIES		
FORWARD FOREIGN EXCHANGE CONTRACTS	-	109,000
Total derivative financial instruments	-	109,000
Total investments	-	20,418,512

	Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2018	
	Purchases and Additions	Sales, Redemp-tions and With-drawals	Gains	Losses	Gains	Losses	Quantity	CHF
–	–	–	–		2,374	–	10,173,273	30,234
–	–	–	–	–		– 60,633	37,325,615	399,692
	230,922 –	–	–		85,080	–	6,822,874	708,045
–		– 230,925 –	–	–		–	–	0
–	–	–	–	–		– 27,915	20,900,000	262,030
–	–	–	–	–		– 35,747	6,400,000	140,291
–	–	–	–	–		–	50	2
–	–	–	–	–		– 52,023	12,313,327	135,055
–	–	–	–		164	–	23,263,819	1,423
–	–	–	–	–		– 52,211	927,579,908	135,406
–	–	–	–	–		– 9,208	314,979,184	11,982
–	–	–	–		404	–	228,739	2,267
–	–	–	–	–		–	69,255	0
	587,858 –	–	–	–		– 35,670	38,000	552,188
	818,780	– 230,925	–	–	88,022	– 273,407		2,378,615
	588,546					– 53,591	600,000	534,955
	–	–	–	–	5,583	–	500,000	497,817
	–	– 931,762	–	– 47,634	–	–	–	–
	–	–	–	–	–	– 13,098	1,000,000	1,002,190
	–	–	–	–	–	– 20,609	1,000,000	1,002,139
	467,165				18,981		500,000	486,146
	–	–	–	–	8,869		1,000,000	995,336
	–	–	–	–	–	– 11,341	500,000	513,858
	–	–	–	–	–	– 1,136	750,000	748,663
	–	–	–	–	–	– 26,969	1,000,000	1,038,742
	–	–	–	–	–	– 11,992	1,000,000	1,041,819
	–	–	–	–	–	– 25,498	1,000,000	1,055,427
	–	–	–	–	–	– 16,645	1,000,000	1,040,677
	–	–	–	–	–	– 45,943	1,000,000	1,054,731
	–	–	–	–	–	– 22,405	1,000,000	1,032,284
	–	–	–	–	–	– 9,035	832,000	831,383
	–	–	–	–	–	– 85,950	592,000	589,582
	–	–	–	–	–	– 49,092	1,000,000	1,034,174
	1,055,711	– 931,762	0	– 47,634	33,433	– 393,304		14,499,923
	–	–	–	–	63,540	–	9,310,000	3,515,950
	–	–	–	–	63,540	–		3,515,950
	1,874,491	– 1,162,687	–	– 47,634	184,995	– 666,711		20,394,488
	–	–	–	–	1,245	–	–	98,723
	–	–	–	–	1,245	–		98,723
	– 28,993,945	29,071,390		– 186,445	–	– 10,390	–	– 10,390
	– 28,993,945	29,071,390	–	– 186,445	–	– 10,390	–	– 10,390
	– 27,119,454	27,908,703	–	– 234,079	186,240	– 677,101	–	20,482,821

4.2 Transterm Holdings Cyprus Limited

Transterm uses loans to distribute proceeds to its shareholders as it does not have sufficient distributable reserves for dividend distributions. These loans are only repayable at the election of the borrower. ENR records these loans as part of "Accounts payable and accrued expenses" even though they are not repayable and do not carry interest. Non-repayable loans will be set-off in a future Transterm capital reduction.

At 30 June 2018 the net book value attributable to Transterm was CHF 198'471 (31 December 2017: CHF 194'883), being the CHF equivalent of the amount ENR could still receive in future distributions from Transterm. The valuation of the investment in Transterm bears inherent uncertainties due to the absence of a liquid market. Realisation of these proceeds is uncertain and depends on future developments which may materially impact expected amounts. Accordingly, the fair value attributed to this investment may differ from the realisable value.

in CHF

	30.06.2018	31.12.2017
Carrying value at the beginning of the period (gross)	3,452,410	3,607,101
Non-repayable loans received in prior periods	– 3,257,527	– 3,415,941
Carrying value at the beginning of the period (net)	194,883	191,160
Unrealised profit due to foreign exchange movements	63,540	– 154,691
Carrying value at the end of the period (gross)	3,515,950	3,452,410
Non-repayable loans received (in current and prior periods)	– 3,317,479	– 3,257,527
Carrying value at the end of the period (net)	198,471	194,883

4.3 Fixed income instruments

ENR has acquired a range of local and foreign currency fixed income instruments issued by Russian corporates. Details of fixed income instruments are set out in the table under note 4.1. At 30 June 2018 the aggregate fair value attributed to fixed income instruments was CHF 14.50 million (31 December 2017: CHF 14.78 million).

4.4 Shares in Russian companies

ENR holds shares in electricity companies covering a range of market and geographical segments in the Russian electricity sector. The fair value at the balance sheet date of all these shares is based on last available closing prices of these shares at 30 June 2018 and the aggregate value was CHF 1.83 million (31 December 2017: CHF 1.98 million).

During the first half of 2018 ENR acquired global depository receipts in London listed PAO Severstal, one of the world's leading vertically integrated steel and steel related mining companies. The value of these instruments was CHF 552'188 at 30 June 2018.

4.5 Possible Future Milestone Payments: Eastern Property Holdings Limited

At 30 June 2018 the book value of further amounts which ENR may receive from the sale of its shares in Eastern Property Holdings Limited ("EPH") in several tranches over the coming years ("Possible Future Milestone Payments") was CHF 98'723 (31 December 2017: CHF 97'478). As the realisation of Possible Future Milestone Payments proceeds is uncertain and depends on EPH successfully completing and disposing of certain real estate projects (which may materially impact the expected amount), the fair value attributed to this investment may differ from the realisable value.

5. Investment Property (Petrovsky Fort business center in Saint-Petersburg, Russia)

5.1 Carrying value

The following table explains the movement in the carrying value of the investment property (as shown on the asset side of the balance sheet):

in CHF

	Investment Property Building	Embedded Derivatives	Investment Property Financial Lease	Total
Opening balance at 1 January 2017	32,006,778	1,837,633	1,797,697	35,642,109
Investments	66,749	-	-	66,749
Disposals	-	-	-	-
Fair value adjustments including foreign currency effects	914,643	– 102,836	-	811,807
Translation differences	286,164	16,507	16,098	318,769
Carrying amount at 31 December 2017	33,274,334	1,751,304	1,813,795	36,839,434
Opening balance at 1 January 2018	33,274,334	1,751,304	1,813,795	36,839,434
Investments	-	-	-	-
Disposals	197,086	-	54,440	251,526
Foreign currency effects	2,551,159	– 305,400	12,072	2,257,831
Translation differences	– 2,135,869	– 101,194	– 114,350	– 2,351,413
Carrying amount at 30 June 2018	33,886,710	1,344,710	1,765,957	36,997,378
Carrying amount at 31 December 2017	**33,274,334**	**1,751,304**	**1,813,795**	**36,839,434**
Carrying amount at 30 June 2018	**33,886,710**	**1,344,710**	**1,765,957**	**36,997,378**

The following table illustrates the impact of movements during the period relating to the investment property on the comprehensive statement of income and losses:

in CHF

Foreign exchange ('FX') impact on investment property	30.06.2018	30.06.2017
FX impact on investment property buildings and land lease	2,563,231	– 893,235
FX impact on embedded derivative (asset)	– 305,400	– 966,649
Result from FX translation of loan for investment property *	– 2,686,536	688,180
Total FX impact on investment property as presented in the income statement	**– 428,705**	**– 1,171,704**

* USD loan from Stainfield Ltd to Petrovsky Fort LLC - impact of weaker ruble during 2018 reporting period vs. stronger ruble during 2017 reporting period.

The following table shows the value of the embedded derivative on the investment property as shown on the liability side of the balance sheet:

in CHF

	30.06.2018	31.12.2017
Embedded derivatives on investment property (liabilities)	1,344,710	1,751,304

5.2 Gross and net rental income

The breakdown of net rental income for the half years ending 30 June 2018 and 2017 is presented below:

in CHF

	30.06.2018	30.06.2017
Gross rental income	3,359,046	3,359,553
Rental Income	2,014,336	2,390,473
Impact of embedded derivatives	1,344,710	969,080
Operating cost, land lease and tax	– 774,545	– 837,987
Land lease expenses	–	– 110,333
Operating expenses	– 555,690	– 497,274
Property tax and non-recoverable VAT	– 218,855	– 230,380
Net rental income	2,584,501	2,521,566

From 2018 land lease expenses are now included in finance costs in the condensed consolidated statement of comprehensive income for the period.

5.3 Description

Petrovsky Fort is a 47,600 square meter Class B office and retail building located at Finlyandsky Prospect 4, liter A in central Saint-Petersburg. The building has nine office and two retail levels and a large central atrium. Of the net rentable space, 15,300 square meters are designated for office use and some 5,800 square meters for retail space. The building has an underground parking facility with 118 parking spaces and an above-ground car park with 36 parking spaces.

5.4 Vacancies

As of 30 June 2018, the vacancy rate as a percentage of total rentable area of the building was 19% (31 December 2017:14.80%) and by use for office space was 24% (31 December 2017: 18.72%) and for retail space 7% (31 December 2017: 5.22%).

5.5 Value and Valuation Method

The carrying value of the investment property represents the fair value plus the adjustment for land lease obligations with respect to rent payments to the city of Saint-Petersburg for the long-term land lease of the land under the Petrovsky Fort business center and the adjustment for embedded derivatives and, at 30 June 2018, was CHF 37 million (see note 5.1)).

At year-end 2017 an independent third party valuator performed a valuation using the yield method (within the income approach), where anticipated future cash flow benefits in the form of rental income were converted into present value. This approach requires an estimation of future benefits and the application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an Equivalent Yield, which represents the overall rate of return on a reversionary investment and is therefore the weighted average yield, reflecting the rent change and term length, adjusted for any factors not included in net rental income, such as vacancy, lease incentives, refurbishment, etc.

For the half-year there was no independent third party valuation. ENR determined the fair value of the investment property based on the income approach, using the discounted cash flow method. This approach requires an estimation of the future cash benefits (having taken account of factors such as vacancies, lease incentives and refurbishment costs) and the application of return requirements, a discount rate and a potential future exit value (see table below for key unobservable inputs). As per IAS 34.41, when determining the fair value of an investment property for the interim report period, there is a greater use of estimates and adjustments than when compared to the annual reporting period where an independent third party valuator is used to determine the value of investment properties.

The significant unobservable inputs used in the fair value measurement of the investment property are shown in the following table:

in USD

Property	Fair value as of 30 June 2018	Valuation technique	Key unobservable inputs	
Petrovsky Fort	US$ 34'117'000	Discounted cash flow, income capitalisation	Discount rate	15.0%
			Capitalisation rate	11.0%

in USD

Property	Fair value as of 31 December 2017	Valuation technique	Key unobservable inputs	
Petrovsky Fort	US$ 34'117'000	Income capitalisation	Discount rate	14.5%
			Capitalisation rate	11.5%

Estimated rental income per square meter, at 30 June 2018, was US$ 175 (31 December 2017: US$190).

5.6 Embedded derivatives

For the Petrovsky Fort business center, at 30 June 2018, most lease contracts with tenants are denominated in US$, a currency other than the functional ruble currency of Petrovsky Fort LLC and of the tenants. A number of these lease contracts provide a corridor of US$/ruble exchange cross-rates for the ruble payments to be made by tenants. The inherent put and call options on purchases and sales of foreign currency included in these lease contracts are considered to be embedded derivatives included in the host lease contracts. In accordance with IAS 39 AG33(d) the economic characteristics and risks of these embedded derivatives are not closely related to the host contracts and the lessor has to account for the embedded derivatives at fair value (IAS 39.43) separately from the host contract from inception. The fair value of the investment property is determined in accordance with IFRS 13 using the income approach based on discounted cashflow models. The cash inflows from the rental income do not take into consideration the specific feature introduced by the inherent put and call options in respect of the above mentioned corridor of US$/ruble exchange rates for the payments to be made by lessees in ruble. As the embedded derivative asset relates to the cash flows of the investment property and simply depicts the special corridor feature, the separation of the embedded derivatives has been presented as a gross-up of the carrying amount of the investment property and the recognition of a derivative liability, with the changes in the derivative liability recorded in profit and loss to set off the respective change in the investment property in the same amount. The impact of embedded derivatives related to the investment property is shown in the tables in note 5.1.

in USD

30 June 2018	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the inputs on fair value
Embedded derivative liabilities	Black-Scholes Option Pricing Model	USD/RUB rate	USD/RUB 63.04 - USD/RUB 69.39	5% increase (decrease) would result in an increase (decrease) in fair value by USD 0.17 million

Loan from Unicredit

Refer to note 11.

6. Assets under development: non current assets

ENR is participating in a residential real estate development comprising of free standing multi-story apartment buildings south-west of Moscow. Due to a change to the allowable height of buildings (amended by local authorities from 12 to 6 floor buildings) construction delays arose and development deadlines could not be met. Construction was halted as the developer reconsidered the scope of the development project and prepared revised plans. The revised plans for the development have not yet been approved and a new construction permit has not yet been issued. Based on the investment contract and via tranche based payments ENR, at 30 June 2018, had invested CHF 5.55 million (30 December 2017: CHF 5.92 million) (CHF 0.37K decrease due to foreign exchange impact).

Assets under development are intended for sale in the ordinary course of business as soon as possible following construction. Consequently these assets are accounted for as inventories based on IAS 2 and IAS 40.9(a) and are booked at cost and tested at the balance sheet date against the net realisable value to determine if an impairment is required. No impairment was required as of 30 June 2018. As the completion of the development will be in more than 12 months, Assets Under Development are shown as non-current assets.

7. Cash and cash equivalents: current assets

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

in CHF

	30.06.2018	31.12.2017
Cash at bank and in hand	1,257,663	2,658,685
Cash and cash equivalents	1,257,663	2,658,685

8. Accounts receivable and accrued interest: current assets and non current assets

in CHF

	30.06.2018	31.12.2017
Loans to Inkonika (Turgenevskaya parking)	3,655,019	3,631,462
Accrued interest	607,166	394,543
Other	402,392	278,525
Total receivables and accrued interest	4,664,577	4,304,530
whereof current assets	1,186,678	531,386
whereof non-current assets	3,477,899	3,773,144

The Group has a 50% interest in the Turgenevskaya parking garage in Moscow. As part of the corporate structure acquired there are a number of loans provided to Vestive Limited (associate company in which ENR holds a 50% interest) and to its wholly owned subsidiary, Inkonika LLC. These loans are treated as Loans and Receivables. The Group has acquired and initially recognised these loans at fair value (based on the transaction price) in the balance sheet. At 30 June 2018 a review was made for any impairment of these loans. As the valuation of the Turgenevskaya parking garage at 30 June 2018 remained at US$ 8.88 million (31 December 2017: US$ 8.88 million) no adjustment to the amortised cost on these loans to Vestive Limited was required.

9. Other investments accounted under the equity method

Turgenevskaya parking garage

In July 2017 the Group acquired an effective 50% interest in the Turgenevskaya parking garage in Moscow via its 50% interest in Vestive Limited.

As per the Vestive Limited shareholders' agreement at least one of the two 25% shareholders has to approve a number of protected shareholder measures. Therefore the Group does not fully control Vestive Limited who is treated as an associate and accounted for under the equity method.

The following table below summarises other investments accounted under the equity method (i.e. the investment the Turgenevskaya parking garage in Moscow):

in CHF

	30.06.2018	31.12.2017
Revenue	262,170	325,911
Income from continued operations	– 3,744,450	284,941
Other comprehensive income	-	-
Total comprehensive income	– 3,744,450	284,941
Short-term assets	216,193	164,179
Long-term assets	8,833,918	8,660,664
Short-term liabilities	41,753,936	39,801,982
Long-term liabilities	-	0
Shareholder's equity at 01 January	– 30,977,139	– 843,760
Sale of associated company Panariello	-	843,760
Acquisition of associated company (see note 20)	-	– 29,962,106
Income for current year	– 3,744,450	284,941
Currency effects	2,017,764	– 1,299,974
Total shareholder's equity	– 32,703,825	– 30,977,139
Proportion of the Group's ownership	50%	50%
Group's share of equity	– 16,351,913	– 15,488,570
Unrecognised Group's share of equity	– 16,351,913	– 15,488,570
Carrying amount of the investment	-	-

ENR Investment Limited held a 49% interest in Panariello Enterprises Limited ("Panariello"), an Investment in an Associate who owns 100% of OOO RS Nedvizhimost ("RSN"), a flower retail business operating under the 'OptCvetTorg' brand in Russia. RSN used to source ready-made flower bouquets from a Russian fresh-cut long stem flower producer and sold these flower bouquets to the public. RSN, who represented the major part of Panariello business in the past, is no longer operational and made no material contribution to Panariello in 2017. On 18 December 2017 ENR sold its entire shareholding in Panariello to Kolianco Holdings Limited, the controlling shareholder of Panariello, for USD 20'000 in cash (received in early 2018). Consequently ENR made an impairment of CHF 80'822 to the RSN investment. At 31 December 2017 ENR no longer has any interest in Panariello nor RSN. Accordingly, for the half year 2018 Panariello has not been accounted for under the equity method (at 31 December 2017 it also had a zero balance and had made no contribution towards the Group).

in CHF

	30.06.2018	31.12.2017
Sale of associated company Panariello Entreprises Ltd		
Disposal of net assets	-	100,000
Sales price	-	-
whereof in cash and cash equivalents	-	-
Loss from sale of other investments accounted under the equity method before tax	-	-
Income tax on sale	-	-
Loss from sale of other investments accounted under the equity method	-	100,000
Sales price received in cash and cash equivalents	-	-
Net inflow of funds	-	-

10. Other Assets: current assets

Other assets

	30.06.2018	31.12.2017
Tax receivables	183,379	413,293
Other receivables	138	118,067
Closing balance for other assets	183,517	531,360

11. Liabilities

11.1 Current loans from banks

in CHF

	30.06.2018	31.12.2017
Balance at beginning of period - Unicreditbank Loan	14,403,962	23,469,636
Voluntary loan repayments	-	– 7,196,929
Quaterly loan repayments	– 444,370	– 914,987
Currency Translation Adjustment	250,091	– 953,758
Balance at the end of period - Unicreditbank Loan	14,209,683	14,403,962
Balance at beginning of period - Unicreditbank Interest	217,814	291,303
Movement during the year	17,147	– 44,999
Currency Translation Adjustment	2,059	– 28,491
Balance at the end of period - Unicreditbank Interest	237,020	217,813
Amount due at end of period: Forex hedging margin calls	497,005	218,000
Balance at the end of the period	14,943,708	14,839,775

The table above shows the amounts owing to banks and due for settlement under foreign currency hedge contracts which had expired in June each year.

During the reporting period finance costs amounted to CHF 0.762 million (for the similar period in 2017: CHF 1.01 million).

At 30 June 2018 the historical and the projected debt service cover ratios were better than the required 115% ratios. The loan-to-value ratio was 42%, better than the required 55%. The average rental rate in Petrovsky Fort as of 30 June 2018 was higher than the minimum USD 156 per square meter per annum. The interest rate risk associated with the loan, as per a waiver agreement with UniCreditbank, was not hedged. The loan is treated as a short term loan in compliance with IAS 1.74. facility (also see note 5). The repayment date for the UniCreditbank loan was prolonged for up to 3 months from 31 July 2018.

Key terms of the UniCreditbank loan are as follows: Interest rate (per annum): 5.90% plus 3 months USD LIBOR (UniCreditbank agreed to reduce the margin to calculate loan interest from 6.75% to 5.90% from 1 August 2017); Interest payment: quarterly; Amortisation: US$ 231'250 per quarter; Final principal balance repayment: see above).

As of 30 June 2018 the Petrovsky Fort business center is mortgaged as collateral for the UniCreditbank loan (also see notes 5 and 18).

11.2 Accounts Payable and Accrued Expenses: current liabilities

in CHF

	30.06.2018	31.12.2017
Transterm Holdings Cyprus Ltd (note 4.2)	3,317,479	3,257,527
Other creditors	1,887,402	1,907,125
Balance at the end of the period	**5,204,881**	**5,164,652**
whereof current liabilities	5,204,881	5,164,652
whereof non-current liabilities	-	-

11.3 Financial lease liabilities Petrovsky Fort - non current liabilities

Finance lease liabilities represent non-current obligations of Petrovsky Fort LLC in relation to rent payments to the city of Saint-Petersburg for the lease of the land under the Petrovsky Fort office center and the present value of these payments as at 30 June 2018 and 31 December 2017 are as follows:

in CHF

	30.06.2018	31.12.2017
Financial lease liabilities: non current	1,765,958	1,825,885

11.4 Taxes

Deferred taxes assets and liabilities for the periods ended 30 June 2018 and 31 December 2017 are as follows:

in CHF

	01.01.2018	Changes affecting the income statement	Translation adjustments	30.06.2018
30.06.2018				
Deferred tax assets				
Tax loss carried forward	4,530,630	430,483	– 292,223	4,668,890
Total deferred tax assets	**4,530,630**	**430,483**	**– 292,223**	**4,668,890**
Deferred tax liabilities				
Investment property (Petrovsky Fort)	5,068,057	581,380	– 329,379	5,320,058
Total deferred tax liabilities	**5,068,057**	**581,380**	**– 329,379**	**5,320,058**
Deferred tax assets / (liabilities) on balance sheet 31 December (net)				
Deferred tax liabilities	– 537,427	– 150,897	37,156	– 651,168

in CHF

	01.01.2017	Changes affecting the income statement	Translation adjustments	31.12.2017
31.12.2017				
Deferred tax assets				
Tax loss carried forward	3,595,318	903,560	31,752	4,530,630
Total deferred tax assets	**3,595,318**	**903,560**	**31,752**	**4,530,630**
Deferred tax liabilities				
Investment property (Petrovsky Fort)	4,739,567	286,187	42,303	5,068,057
Total deferred tax liabilities	**4,739,567**	**286,187**	**42,303**	**5,068,057**
Deferred tax assets / (liabilities) on balance sheet 31 December (net)				
Deferred tax asset	– 1,144,249	617,373	– 10,551	– 537,427

The following table shows the movement in tax payable/receivable during the reporting period and resultant (tax asset)/liability at the end of the period.

in CHF

	30.06.2018	31.12.2017
Balance at beginning of period	20,043	37,656
Payment during the period	– 27,258	– 58,439
Reversal of provision (net)	21,250	40,826
Balance at the end of the period	14,035	20,043

11.5 Provisions

in CHF	30.06.2018	31.12.2017
Position at 1 January 2018	448,677	558,011
Provisions released and credited to income statement	-	– 114,388
Foreign exchange translation differences	– 27,876	5,054
Balance at 30 June 2018	420,801	448,677
Maturity of provisions		
More than one year	420,801	448,677

The provisions were raised in respect of legal matters.

11.6 Financial lease liabilities: Cashflow impact

The folowing table illustrates the cashflow impact from financing activities:

		01.01.2018	Cash Flows	Non-Cash changes				30.06.2018
Liabilities from financing activities			Cash flows	Aquisition	New Leases	Foreign exchange movements	Fair Value changes	
Loan from banks	Unicredit	14,403,962	– 444,370	-	-	250,091	-	14,209,683
Accured interests		217,815	17,147	-	-	2,058	-	237,020
Margin calls: Forex	Banque Cramer	218,000	279,005	-	-	-	-	497,005
Financial lease	Financial Lease (net): Petrovsky Fort	1,825,885	54,885	-	-	– 114,812	-	1,765,958
Total liabilities from financing activities		16,665,662	– 93,333	-	-	137,337	-	16,709,666

12 Goodwill

Goodwill arose on the acquisition of the Petrovsky Fort business center in Saint-Petersburg, Russia via a share deal. IFRS requires the recognition of deferred taxes on a nominal basis, whilst any share transaction in relation to the asset they relate to is based on the market value of these taxes. Any difference is reflected as goodwill. The impairment test compares the accounting value of goodwill and potential tax optimisation at the reporting date. No impairment was recognised as at 30 June 2018.

in CHF	30.06.2018	31.12.2017
Balance at beginning of period	2,312,876	2,292,347
Goodwill at acquisition date	-	-
Currency Translations Adjustments in the consolidated equity	– 143,700	20,529
Balance at the end of the period	2,169,176	2,312,876

Currency translation adjustment from translation of goodwill in foreign currency to CHF is recognised in consolidated equity (see in table Consolidated statement of changes in equity on page 19).

13 Share capital

As of 30 June 2018 the issued and authorised ordinary share capital of the Company was CHF 32.80 million (31 December 2017: CHF 32.80 million), divided into 2'644'402 (31 December 2017: 2'644'402) bearer shares with a par value of CHF 12.40 (31 December 2017: CHF 12.40) each and one voting right per share. There are no restrictions on share transfers.

Article 13 of the Company's articles of association contains an "Opting Out" clause regarding matters dealt with in pursuant to article 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 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.

13.1 Issued capital

	31.12.2017		31.12.2016	
Issued Capital	Number of shares	CHF	Number of shares	CHF
Opening balance	2,644,402	32,790,585	2,644,402	32,790,585
Closing balance	2,644,402	32,790,585	2,644,402	32,790,585

13.2 Treasury stock

	30.06.2018		31.12.2017	
	Number of shares	Weighted average cost price	Number of shares	Weighted average cost price
Opening balance	70,168	– 2,370,696	70,168	– 2,370,696
Closing balance	70,168	– 2,370,696	70,168	– 2,370,696

13.3 Conditional and Authorised Capital

	30.06.2018		31.12.2017	
Conditional and Authorised Capital	Number of shares	CHF	Number of shares	CHF
Conditional capital	805,307	9,985,807	805,307	9,985,807

14 Related Parties

14.1 Valartis Group

The consolidated interim financial statements comprise of the financial position of ENR, its subsidiaries and associates. Other than consolidated and associated entities, ENR has an investment management contract with Valartis International Ltd ("VI"), a wholly owned subsidiary of Valartis Group AG, Baar, Switzerland. Under the contract VI receives a management fee in Swiss Francs of 1.5% (plus VAT if applicable) per year based on the consolidated average attributable NAV (adjusted by adding back any outstanding debt issued by the Company or any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of ENR).

in CHF

	30.06.2018	30.06.2017
Management fees for the period	415,119	335,819

Out-of-pocket expenses incurred by VI in carrying out the investigative and "due diligence" analysis required in pursuing likely investment opportunities and in monitoring existing investments, based on contractual terms, are born by the Company. In addition, based on contractual terms, the asset 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 ENR on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by ENR, provided the annual hurdle rate of 8% has been reached by the ENR.

From 1 January 2015, the local Moscow branch of VI was appointed by Petrovsky Fort LLC, the ENR subsidiary holding the Petrovsky Fort real business center to perform property management services relating to the building (for example, business development, management of tenant agreements; third party broker agreements, property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly feedback reports). For this a property management fee of US$ 220'800 per annum (VAT exclusive) is paid. The local Moscow branch of VI renders similar services to other third parties (including EPH) for Russian based real estate properties. ENR's Cyprus based subsidiary Stainfield Limited to who Unicreditbank had advanced loan funding for the Petrovsky Fort business center, also from 1 January 2015 appointed VI to perform specific services with respect to servicing the UniCreditbank relationship. For this a fee of US$ 99'800 per annum (VAT exclusive) is paid.

The local Moscow branch of VI is also rendering property management services for Inkonika LLC (i.e. the Turgenevskaya Moscow based parking garage) (business development, management of tenant agreements; property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly feedback reports). For this a property management fee of US$ 70'000 per annum (VAT exclusive) is paid.

The services rendered under these contracts relate to the management of the Petrovsky Fort business center and the Turgenevskaya Moscow based parking garage (as opposed to investment management services rendered under the general investment management contract) and the aforementioned fees are payable in addition to fees paid under the general investment management contract. Mr. Gustav Stenbolt is a board member of both ENR and Valartis Group AG and did not take part in the decisions involving the property management contracts.

14.2 Employee remuneration

in CHF

	30.06.2018	30.06.2017
Salaries	288,477	269,547
Social security benefits	49,314	43,088
Contributions to occupational pension plans	23,155	20,961
Total	360,946	333,596

The information presented in the table above includes aggregate remuneration for all Group employees (i.e., its chief executive officer and all Russian subsidiaries employees).

14.3 Significant shareholders as of 30 June 2018

Valartis Group AG, Valartis Finance Holding AG and Valartis AG jointly own 63.22% (1'627'358 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company. Paramount-Finanz AG owns 11.76% (302'703 shares) and Athris Holding AG 22.92% (590'000 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company.

14.4 Other

Gustav Stenbolt, via MCG Holding SA, is the majority shareholder of the Valartis Group AG and he is a member of the Company's board of directors.

15 Impact of application of IAS 21 and exchange loss (see note 3.2)

The impact of the certain inter Group loans qualifying for treatment as net investment in a foreign operation in accordance with IAS 21.32 was as follows:

Balance sheet impact in CTA

in CHF

	30.06.2018
Before application of IAS 21	– 1,377,276
Impact of IAS 21	– 1,869,372
Position as at 30 June 2018	– 3,246,648

As a result of the change, CTA increased as shown in the table above and retained losses reduced as shown in the table above. There was no impact on the net asset value

Impact in the condensed consolidated statement of comprehensive income for the period (unaudited) - exchange profits/(losses) - other (see table below):

in CHF

	30.06.2018
Before application of IAS 21	– 1,614,529
Impact of IAS 21	1,869,372
Position as at 30 June 2018	254,843

Impact in the condensed consolidated statement of comprehensive income for the period (unaudited) - Profits/(losses for the period)

in CHF

	30.06.2018
Before application of IAS 21	– 1,988,449
Impact of IAS 21	1,869,372
Position as at 30 June 2018	– 119,077

Exchange profits of CHF 254'843 other arose from the remaining closing balance sheet positions of entities forming part of the Group made in foreign currencies.

16 Fair value hierarchy

The following table analyses the fair value hierarchy of the Group's financial assets and liabilities and investment properties measured at fair value at 30 June 2018:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, liabilities and investment properties at fair value through profit or loss at inception:				
- Equities	2,378,615	-	-	2,378,615
- Fixed income instruments	14,499,923	-	-	14,499,923
- Derivatives (including embedded derivatives on investment property) (assets)	-	-	1,344,710.00	1,344,710.00
- Transterm Holdings Cyprus Ltd	-	-	3,515,950	3,515,950
- Possible Future Milestone Payments: Eastern Property Holdings Ltd ("EPH") share sale	-	-	98,723	98,723
- Petrovsky Fort: Investment property (excl. embedded derivatives)	-	-	36,997,378	36,997,378
- Derivatives (including embedded derivatives, investment property) (liabilities)	-	10,390	– 1,344,710	– 1,334,320
Total	16,878,538	10,390	40,612,051	57,500,979

The following table analyses the fair value hierarchy of the Group's financial assets and liabilities and investment properties measured at fair value at 31 December 2017:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets and liabilities at fair value through profit or loss at inception:				
- Equities	1,976,145	-	-	1,976,145
- Fixed income instruments	14,783,479	-	-	14,783,479
- Derivatives (including embedded derivatives on investment property) (assets)	-	-	1,751,304	1,751,304
- Transterm Holdings Cyprus Ltd	-	-	3,452,410	3,452,410
- Possible Future Milestone Payments: EPH share sale	-	-	97,478	97,478
- Petrovsky Fort: Investment property (excl. embedded derivatives)	-	-	35,088,130	35,088,130
- Derivatives (including embedded derivatives, investment property) (liabilities)	-	109,000	– 1,751,304	– 1,642,304
Total	16,759,624	109,000	38,638,018	55,506,642

The following table presents the movement in level 3 investments for the six months ended 30 June 2018:

	CHF
Opening balance	38,638,018
- Possible Future Milestone Payments: EPH, fair value adjustments	1,245
- Transterm Holdings Cyprus Ltd: fair value adjustments	63,540
- Petrovsky Fort: Investment property fair value adjustments	2,814,757
- Petrovsky Fort: Investments	-
- Petrovsky Fort: Foreign currency translation	– 2,250,219
- Embedded derivatives (assets) fair value adjustments	– 305,400.00
- Embedded derivatives (assets) foreign currency translation	– 101,194.00
- Embedded derivatives (liabilities) fair value adjustments	305,400.00
- Embedded derivatives (liabilities) foreign currency translation	1,344,710.00
Closing balance	40,510,857
Total gain for the year included in the statement of comprehensive income for assets and liabilities held at the end of the year	2,879,542

The following presents the movement in level 3 investments for the twelve months ended 31 December 2017:

	CHF
Opening balance	37,513,477
- Possible Future Milestone Payments: EPH, fair value adjustments	– 4,422
- Transterm Holdings Cyprus Ltd: fair value adjustments	– 154,691
- Petrovsky Fort: Investment property fair value adjustments	914,643
- Petrovsky Fort: Investments	66,749
- Petrovsky Fort: Foreign currency translation	302,262
- Embedded derivatives (assets) fair value adjustments	– 2,286,634
- Embedded derivatives (assets) foreign currency translation	575,993
- Embedded derivatives (liabilities) fair value adjustments	2,286,634
- Embedded derivatives (liabilities) foreign currency translation	– 575,993
Closing balance	38,638,018
Total (losses) for the year included in the statement of comprehensive income for assets and liabilities held at the end of the year	755,530

17 Assets pledged or assigned to secure own liabilities, assets under reservation of ownership and guarantees

As of 30 June 2018 ENR has provided in favor of UniCreditbank in relation to their loan towards the Petrovsky Fort business center a guarantee that, on demand, it will pay all indebtedness, obligations and liabilities of Petrovsky Fort LLC regarding any taxes payable in respect of this property. Collateral provided to UniCreditbank in respect of the loan include a pledge of shares of Stainfield Limited and Romsay Properties Limited; a pledge of the participatory interests in Petrovsky Fort LLC; a mortgage of the Petrovsky Fort LLC premises; a pledge over lease rights and the subordination of inter-company loans. In addition, in accordance with the agreements with Unicreditbank, in case of an event of default UniCreditbank will receive the sole signing powers for the accounts of Stainfield Limited and Petrovsky Fort LLC.

in CHF

		30.06.2018		31.12.2017
	Market value	Effective commitment	Market value	Effective commitment
Investment property (Petrovsky Fort)	33,886,710	14,446,703	33,274,334	14,621,775
Total	33,886,710	14,446,703	33,274,334	14,621,775

18 Subsequent Events

None

Attributable Net Asset Value and Share Price table

in CHF

Date	Attributable Net Assets (millions)	Attributable NAV per share	Share price
31.12.2009	107.4	40.64	27.00
31.03.2010	112.2	42.42	27.65
30.06.2010	107.6	40.72	30.80
30.09.2010	101.9	38.52	28.60
31.12.2010	107.0	40.49	33.45
31.03.2011	111.1	42.07	33.90
30.06.2011	107.3	40.61	32.35
30.09.2011	101.0	38.21	29.25
31.12.2011	99.8	37.74	31.55
31.03.2012	104.7	39.59	31.00
30.06.2012	104.0	39.17	31.00
30.09.2012	105.8	40.02	32.00
31.12.2012	120.0	45.39	34.00
31.03.2013	120.5	45.56	33.03
30.06.2013	117.4	44.38	36.00
30.09.2013	117.3	44.35	36.00
31.12.2013	116.4	44.02	36.50
31.03.2014	113.8	43.03	35.75
30.06.2014	112.2	42.44	35.25
30.09.2014	109.0	41.24	34.00
31.12.2014	90.5	34.22	32.50
31.03.2015	90.2	34.10	29.00
30.06.2015	61.5	23.25	33.50
30.09.2015	60.7	22.95	21.00 *
31.12.2015	43.5	16.45	18.90
31.03.2016	43.4	16.64	15.15
30.06.2016	45.5	17.20	18.30
30.09.2016	46.3	17.51	14.00
31.12.2016	47.3	17.90	17.00
31.03.2017	45.9	19.10	16.20
30.06.2017	45.5	17.34	15.50
30.09.2017	47.5	17.97	17.50
31.12.2017	49.5	18.72	15.80
31.03.2018	49.4	18.67	15.10
30.06.2018	47.9	18.10	13.00

* After dividend of CHF 11.50 per share paid in July 2015

Investment Guidelines

1. Investment Objective

To invest in private and public companies across different industry sectors as well as the real estate sector and to do so predominately in Russia and other Commonwealth of Independent States countries and in the Baltic States and to manage the asset portfolio to achieve long term capital appreciation on invested capital.

2. Investment Policy

The investment philosophy is growth-oriented and the focus is primarily on longer term strategies and capital appreciation. However, from time to time there may be certain investments which have a shorter investment horizon, reflecting specific opportunities or taking account of prevailing market conditions. At times the asset portfolio may comprise entirely of cash or cash equivalents.

3. Investment Instruments

Investments will be done primarily through equity and/or equity related and/or debt instruments or derivatives instruments.

Where capital resources have not been fully invested, same may be invested in a range of investment products, money market instruments, investment instruments issued by governments, financial institutions or companies, denominated in the currency of the country where investments are made or in any freely convertible currency.

The company may take temporary defensive positions if the investment manager determines that opportunities for capital appreciation are limited or that significant diminutions in value may occur.

From time to time all or part of risks associated with investments may be hedged through the defensive use of derivative transactions, including, but not limited to, futures, options, swaps or any combination thereof.

From time to time leverage may be used in a manner commensurate with reasonable risk management to achieve investment objectives.

4. Investment Process and Factors considered

While investment criteria may vary depending upon the type of transaction, factors taken into consideration when analysing potential investments include:

- Attractive valuations and purchase prices;
- Strength, depth and commitment of the management team;
- Existence of a coherent and realistic long term business plan;

- Relevant asset values;
- Corporate governance issues;
- Identifiable exit strategies;
- Risk management; and
- Active post-acquisition investment approach.

Investment opportunities will be identified and analysed by the investment manager or its delegates or agents within the framework of the investment guidelines. The investment manager or its delegates or agents will manage the screening process and, inter alia, conduct interviews with management and owners with the objective of aligning differing interests. The investment manager's responsibilities include valuations, market analyses, competition analyses, debt capacity calculations, bid tactics, tax optimizing holding structures, financing structures, raising of debt finance, management incentives, personnel reinforcements required, due diligence processes and the intended exit strategy. Day-to-day investment decisions will be made by the investment committee in accordance with the investment guidelines, as determined by the board of directors.

5. Amendments

The investment guidelines may be amended by the board of directors at any time , in whole or in part. Amendments will become effective upon their approval by the board of directors (after expiry of any notice period for regulatory publications which may be required). The company may from time to time impose further investment restrictions, compatible with or in the interest of investors, or, in certain circumstances, in order to comply with relevant country laws and regulations.

Updated with effect 26 November 2016.

Shareholder Information and Corporate Details

Board of Directors
Gustav Stenbolt
Walter Fetscherin

Chief Executive Officer
Ben de Bruyn

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1219 Châtelaine
Switzerland

Investment Manager
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Ticker Symbol
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