



The Russian equity market suffered further volatility in Q3 as weakening energy prices undermined investor sentiment. Particularly hard hit were Russia's large capitalization oil and gas stocks, while the portfolio's limited exposure to the sector helped moderate the impact on the net asset value. The economic impact of crude price softening should be kept in perspective. We estimate that if Brent crude prices were to slip to \$55/bbl (i.e. 10% below current levels), GDP growth would remain above 6% per annum and disposable income and domestic demand growth remain well into double digits. Furthermore, with supply and demand projections in balance, upside risk to the oil price should not be ignored.

The Batumi Oil Terminal, one of ENR's key private equity holdings, continues to post solid operating performance despite tensions between Russia and Georgia and product supply challenges in the greater region. For 2006, transshipment volumes are on track and we expect another year of attractive dividend yields from this investment, coupled with meaningful capital growth. As part of its stated strategy, the business is also positioning itself optimally as a regional logistics provider to the oil and gas industry and it expects to announce exciting developments in the months to come.

The reform process within the electricity sector is taking an important step forward this autumn with the first of six planned privatizations of the newly created federal generation companies. These companies intend to raise several billion dollars through primary equity issuance over the coming quarters. Ahead of this looming supply of stock, our fund reduced its positions in the generation companies OGK2, OGK3 and OGK5, which have posted significant price appreciation since mid-year. The proceeds have been invested in UES, the na-

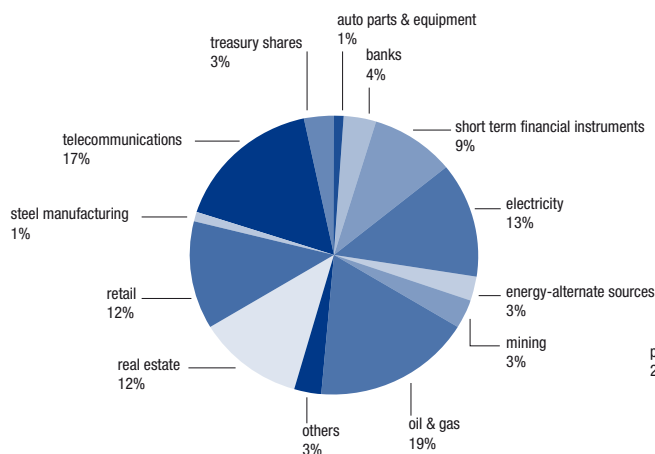
tional electricity holding company, which is now trading at a 25% discount to its sum-of-the-parts. We expect there will be opportunities to rotate back into these companies at lower price points during the upcoming privatization process.

Recently, numerous high level policy makers along with the CEOs of Gazprom and UES have publicly stated that domestic gas tariffs should rise much faster than previously envisioned (i.e. doubling by 2008), indicating the widespread acceptance of the need to liberalize prices. Russian electricity generators are, indeed, the single largest consumers of gas; so gas sector reform by necessity requires electricity sector reform. Another sector which stands to gain from substantially rising gas prices is the domestic thermal coal producers. Coal prices are unregulated, yet depressed versus world levels. As gas and electricity tariffs rise, substitute energy sources such as coal will benefit. Valuations in the coal sector are compelling, with shares trading at 3x cash flow.

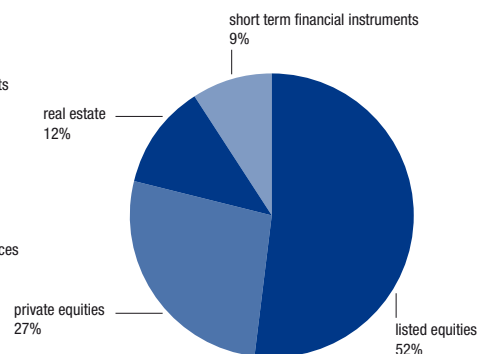
Top 10 Investments

Listed and Private Securities	Sector	% of NAV
sarnatus	retail	12.96
nafrans ltd	oil	10.09
eastern property holdings	real estate	8.67
unified energy system	electricity	6.58
mobile telesystems	telecom	5.45
sibirtelecom	telecom	4.79
panariello	real estate	4.76
gazprom	gas	3.57
uralsvyazinform	telecom	2.57
saratov territorial generation	electricity	2.57

Investment Portfolio by Sector

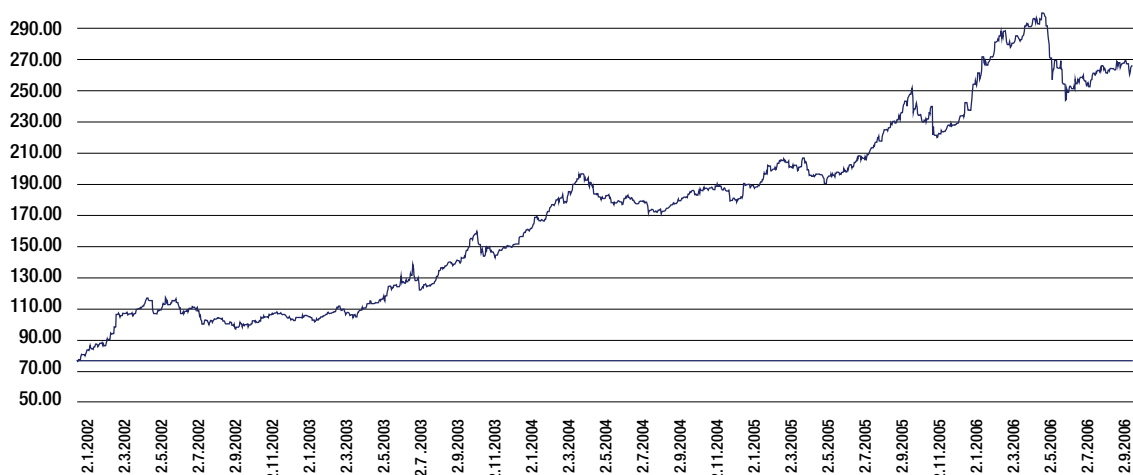


Investment Portfolio by Asset Class



29.09.2006

ENR NAV



Price information

Date	Net Assets CHF (in thousands)	NAV per share CHF	Share price CHF
31.12.1995	45'958	75.31	88.69
30.6.1996	70'260	115.13	118.55
31.12.1996	69'202	113.39	109.64
30.6.1997 1)	162'998	217.33	154.00
31.12.1997	149'752	199.67	155.00
30.6.1998	65'003	86.67	91.00
31.12.1998	N/A	N/A	25.85
30.6.1999	N/A	N/A	24.20
31.12.1999	N/A	N/A	25.85
30.6.2000	30'261	40.35	34.00
31.12.2000	32'296	43.06	38.50
30.6.2001	52'710	70.28	48.10
31.12.2001	54'244	72.32	49.00
30.6.2002 2)	121'621	104.13	86.00
31.12.2002	116'444	99.69	80.00
31.3.2003	116'894	100.08	79.50
30.6.2003	145'440	124.52	95.50
30.9.2003	163'087	139.63	102.75
31.12.2003	179'524	153.70	114.50
31.3.2004	219'283	187.74	140.50
30.6.2004 3)	208'134	177.44	137.50
30.9.2004 4)	225'853	177.65	135.00
31.12.2004 5)	239'491	186.51	136.00
31.3.2005	250'862	195.36	151.00
30.6.2005 6)	261'644	197.40	149.00
30.9.2005 7)	337'346	243.98	174.00
31.12.2005 8)	383'133	231.32	184.00
31.3.2006 9)	498'298	278.34	216.00
30.6.2006	404'846	251.38	211.00
30.9.2006	425'410	264.12	203.10

- 1) Capital increase of 250'000 shares, par value CHF 50, subscription price CHF 120 on June 30, 1997
- 2) Capital increase of 418'000 shares, par value CHF 50, subscription price CHF 95.80 on April 26, 2002
- 3) Capital increase of 2'016 shares, par value CHF 50 on May 5, 2004*
- 4) Capital increase of 45'199 shares on June 28, 2004*
Capital increase of 56'069 shares on September 13, 2004*
- 5) Capital increase of 12'787 shares on November 3, 2004*
- 6) Capital increase of 983 shares on April 1, 2005*
Capital increase of 1'967 shares on April 7, 2005*
Capital increase of 38'363 shares on April 14, 2005*
- 7) Capital increase of 9'934 shares on August 19, 2005*
Capital increase of 9'836 shares on September 2, 2005*
Capital increase of 9'836 shares on September 22, 2005*
Capital increase of 22'771 shares on September 23, 2005*
Capital increase of 4'918 shares on September 27, 2005*

Summary

Organization	<p>Board of Directors</p> <p>Christoph Löw Gustav Stenbolt Peter Rüegg Walter Fetscherin</p> <p>Chairman Vice-Chairman Member Member</p> <p>Investment Committee</p> <p>Gustav Stenbolt - Timothy Rogers - Volker Hemprich - Christine Spyrou-Catras Georg von Opel - Alexander Nikolaev - Medina Dietz</p> <p>Investment Manager Investment Advisor</p> <p>MCT International Limited, B.V.I. MCT Asset Management S.A.</p> <p>Portfolio Management Committee</p> <p>Alexander Nikolaev - Christine Spyrou-Catras - Medina Dietz</p> <p>Custodian</p> <p>Pictet & Cie, Geneva - ING Bank Eurasia A/O, Moscow</p> <p>Administrator</p> <p>Rhône-Audit Société Fiduciaire S.A., Geneva</p> <p>Auditors</p> <p>PricewaterhouseCoopers, Geneva</p> <p>Management Fee</p> <p>2% per annum of the average Net Asset Value</p> <p>Performance Fee</p> <p>15% of the amount if the Net Asset Value increase exceeds an annual return of 10% and 20% of the amount if the Net Asset Value increase exceeds an annual return of 20%</p>
Publication List	<p>NAV Publication</p> <p>Finanz & Wirtschaft (twice a week) - The Financial Times (once a week) Reuters: OZ Bankers (daily) - Bloomberg (daily)</p> <p>Interim Report</p> <p>Available on request from the Company, or on the company website - www.enr.ch</p> <p>Listing</p> <p>SWX Swiss Exchange</p> <p>Ticker Symbol</p> <p>Bloomberg: ENR SW Reuters: ENR.S</p> <p>Security Number</p> <p>Bearer Shares 347166 - CH0003471668 Convertible bonds 2324739 - CH0023247395</p>

Investment Policy The investment objective of the Company is to maximize long term returns to shareholders. The investment Manager intends to achieve this by investing the Company's assets in a diversified portfolio of securities of companies with substantial activities in Russia and in other CIS and others Baltic states, and within certain limits, in debt instruments, physical commodities and privatization vouchers.