Semi-Annual Report 2016

ENR RUSSIA INVEST

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Letter to Shareholders

Dear shareholders,

For the half year ended 30 June 2016 ENR Russia Invest SA ("ENR" or the "Company") and its subsidiaries made a consolidated net profit of CHF 3.17 million (consolidated net profit of CHF 0.70 million for the 2015 half year). At 30 June 2016 ENR's consolidated net asset value ("NAV") was CHF 44.21 million (CHF 42.18 million at 31 December 2015).

During the reporting period ENR acquired fixed income instruments issued by Russian corporates for an aggregate value of CHF 15.19 million. ENR also generated CHF 5.07 million via the sale of and the repayment of fixed income instruments during this period.

ENR also reached an agreement with UniCredit Bank Austria who has waived compliance of certain loan covenants until 31 July 2017 for their loan to the Petrovsky Fort business center in Saint-Petersburg, Russia.

During early 2016 there have been signs of an improvement in the Russian economy. Gross domestic product ("GDP") has contracted by less than what was expected and estimates are that GDP growth will be -0.5% in 2016, better than the -2.5% range estimates from earlier in the year.

The weaker ruble should help increase export competitiveness and this will boost net exports and accumulate reserves (in particular for export-oriented industries such as oil and gas, metals and mining and the chemical industry). Other domestic-oriented producers should also benefit where the positive effect of import substitution will be visible over time. The federal budget deficit was 4.3% of GDP in the first half of 2016 (compared to the 2016 3% target) and the deficit is financed primarily from the Reserve Fund.

Inflation has been on a downward trend since late 2015 and headline inflation has dropped from 12.9% in December 2015 to 7.5% in the second quarter of 2016. This allowed the Central Bank of Russia ("CBR") to cut the key rate by 50 basis points to 10.5% in June 2016 after holding it flat at 11% for almost ten months. The CBR expects inflation to decline to a 5% - 6% range by year-end 2016, allowing for further possible rate cuts.

Domestic demand and consumption remain weak and manufacturing growth and construction output and fixed investment is contracting. Oil and gas prices continue to be key factors to the prospects of the Russian economy where low global energy prices have a negative impact on the economy. The strong correlation between these prices and the value of the ruble remains.

As ENR's reporting currency is in Swiss Franc and its investments are in a ruble based economy into companies who have the ruble as their currency, any depreciation of the ruble against the Swiss Franc remains a challenge.

ENR continues to evaluate investment opportunities, especially those at potential lower entry valuations. Potential investment opportunities relate to export orientated and import substitution businesses; companies operating in noncyclical sectors (for example, low cost food retail and discounters, healthcare and pharmaceutical) and situations where owners invested substantial capital and current asset values are materially undervalued.

ENR continues to monitor economic and political developments when considering private equity transactions and investments and do so mainly in Russia and also in other member countries of the Commonwealth of Independent States and the Baltic States.

At ENR corporate level at the recent annual general meeting Mr. Roland M. Müller was elected as a new member to our board of directors. We welcome him and look forward to work with him.

Geneva, 26 August 2016

ENR Russia Invest SA

Gustav Stenbolt
Chairman

Ben de Bruyn
Chief Executive Officer

Economic and Political Review

Russian Federation

Real Economy

In Russia, during early 2016, there have been signs of an improvement in the economy. Gross domestic product ("GDP") contracted by less than what was expected at the start of the year (-1.2% year-on- year ("yoy"), after - 3.7% yoy in 2015. In this environment real wages remained strong as nominal wage growth marginally exceeding inflation. However, consumer demand and sentiment remains low, whilst durable goods purchases are postponed and domestic demand (private households and investments) is set to fall in 2016. Consequently, with a weak ruble exchange rate (linked to the lower oil prices) affecting purchasing power and high cost of imported equipment investments and consumption are likely to decline in 2016 by -4% yoy and -3% yoy, respectively. Recent estimates are that GDP growth in 2016 will be -0.5%, which is also better than the -2.5% estimates earlier in the year.

Investment demand is still in decline on the back of depressed construction dynamics (-9% yoy in May 2016 vs. -5.9% yoy in April 2016); there is subdued business sentiment, overall uncertainty and tight credit conditions. In the oil industry possible changes in corporate taxation may be harmful for capital spending programmes of major domestic oil and gas producers.

The weaker ruble should help to increase export competitiveness which will boost net exports and accumulate reserves. It will also support certain export-oriented industries (oil and gas, metals and mining and the chemical industry), whilst other domestic-oriented producers would benefit and the positive effect of import substitution should be visible over time. The federal budget deficit was 4.3% of GDP in the first half of 2016 compared to the 3% target for 2016. This deficit is financed primarily from the Reserve Fund.

Industrial production is set to return to low growth of +1% yoy after a 3.4% decline in 2015.

Fiscal Policy

Population trends impact fiscal policy and the sustainability of the pension system (which depends on the balance between contributions and its liabilities). Based on current trends the structure of the population is to become increasingly skewed towards older age groups (from 85.7 million at 2015, Rosstat's forecast shows the working age population declining by 5.5% by 2020 and a further 10.4% and 16.5% by 2041 and 2051, respectively). Further, progress in healthcare means that life expectancies are trending higher and this will increase the dependency ratio which bottomed at 58.6% in 2006 but since then has risen to 72.4% in 2015 (forecast for 84.3%, 90.6% and eventually 104.8%

by 2021, 2041 and 2051 respectively). 36.7 million people were above the working age in 2015. According to Rosstat the share of the economically active population in Russia has been steadily rising to 69.1% in 2015 from the low of 61.1% in 1998.

The federal budget deficit was 4.3% of GDP in the first half of 2016 compared to the 3% target for 2016. This deficit is financed primarily from the Reserve Fund and by end 2016 the Reserve Fund could decline to 900 billion ruble from its current 2.55 trillion ruble. The future privatisations of Rosneft, Bashneft, Alrosa and others are estimated to generate some 1 trillion ruble according to government who remains committed to a 3% federal deficit target for 2016. The choice of measures to balance the budget in the medium term is under discussion to determine what spending cuts will be introduced and what pension system reforms will be introduced. The government is proceeding with caution and delegated the fiscal adjustment for the new Duma to decide on in the last quarter of 2016. Two of the Russian finance ministry's and CBR's most frequently voiced commitments are for a 4% headline consumer price inflation target (which the CBR projects to reach by end 2017) and a -3% federal budget balance. Moderate spending cuts are likely in 2017, but deeper consolidation is postponed until 2018 when the government might reconsider its budget priorities. Any sustained adjustment will be difficult to achieve without cuts in defense spending, an overhaul of the pension system and/or an increase in taxation.

Inflation has been on a downward trend since late 2015 and the headline inflation rate has dropped from 12.9% in December 2015 to 7.5% in the second quarter of 2016. This allowed the CBR to cut the key rate by 50 basis points to 10.5% in June 2016 after holding it flat at 11% for almost ten months. The CBR expects inflation to decline to a 5% - 6% range by year-end 2016, allowing for further possible rate cuts.
Reserve Fund spending has produced surplus liquidity in the banking system, putting downward pressure on money market rates. As this liquidity is concentrated primarily in the large state-owned banks (due to the rules governing the distribution of budget funds), the situation regarding ruble liquidity is tight for small and medium-sized banks. The CBR is not expecting the banking system to experience a structural liquidity surplus until early 2017 (when liquidity is redistributed to smaller banks), at which point the regulator is set to replace its repo auctions with deposit auctions.

External Accounts

After Russia was impacted by an oil price decline and financial sanctions in 2014, the country's external accounts experienced a substantial adjustment. After two years Russia has successfully managed to cope with these shocks. A key element has been the free float of the ruble (sharp nominal depreciation) which has led to a 30%-40% downward adjustment of the real exchange rate. As a result the surplus of the current account was maintained until recently, despite the reduction in export revenues by around 45% in US$ terms. Capital flows reversed and large Russian exporters were prevented from increasing their net foreign exchange assets abroad and this limited investment opportunities in Russia helping to finance the external deleveraging, i.e. the repayment of external debt. Private and public external debt reduced by almost 30% to US$ 500 billion (including valuation effects) and foreign exchange reserves have stabilised since early 2015.

Risks to the Economy

There are downside risks to the oil price which may materialise if supply disruptions end. Secondly, the first two quarters of 2016 data show a meaningful deterioration in Russia's current account; if the trend persists, it could potentially undermine the supportive ruble valuation picture. However, Russia economists argue that the second quarter data overstate the deterioration in the current account, since it was the income balance that surprised to the downside, which in the case of Russia is ultimately more a capital flow rather than a trade flow.

For equities, Russia has relatively high-beta markets that have traded well in an environment of healthy risk appetite. In Russia, local currency forward earnings per share has risen 14% from the lows earlier this year, largely due to the bounce in commodity prices and also as domestic growth has already improved.

Political

The main political event of 2016 is elections which are scheduled for 18 September where for the first time since 2003, State Duma elections are to be held using the mixed-member proportional representation system, with half of the 450 representatives elected in single- mandate constituencies. At the regional level, only 5 governors are scheduled to be elected in 2016, but the actual number might be higher if some of the 13 governors that are due for reelection in 2017 decide to withdraw earlier and organise elections in advance. 38 regions also hold parliamentary elections. Approval ratings continue to demonstrate strong support for President Putin and the government (President Putin's approval rating continues to be in the upper 80% range).

European Union ("EU") sectoral sanctions have been prolonged by another six months until January 2017 as the Minsk II process on the Donbas conflict is still in a deadlock. Recently, Russia has renewed its own countersanctions until 2017 year-end (sanctions against Turkey have been dropped).

Ukraine

According to Ukraine's State Statistics Service, GDP grew by 0.1% in the first quarter of 2016. Exports and imports are now twice lower than those in 2012 and remain weak. The credit capacity of the banking sector also remains very limited. The World Bank predicts 1% GDP growth in 2016; 2% GDP growth in 2017 and 3% GDP growth in 2018. The International Monetary Fund ("IMF") is more optimistic with GDP growth forecasts up to 1.5% (at an inflation rate of 15.1%) in 2016 and 2.5% in 2017 (at an 11% inflation rate). Downside risks remain high until a durable peace is reached in the east of the country and political stability is achieved.

Ukraine's economic minister, Mr. Aivaras Abromavicius resigned during early in 2016, followed by his first deputy, Ms. Yulia Kovaliv and the rest of his team. He was a reform-minded official with international experience and took up the position after a pro-western government took power in 2014. Mr. Arseniy Yatsenyuk also resigned as prime minister early in the 2nd quarter 2016 and was replaced by the speaker of the Rada, Mr. Volodymyr Groisman.

Since then a new household gas tariff was introduced in May 2016 which raised the price for consumers by 91%. The rate hike was one of the conditions set by the IMF for Ukraine to obtain the next tranche of its US$ 17 billion loan. The government popularity has been eroding with 70% of Ukrainians saying the country is on wrong track and President Poroshenko's popularity is now lower than that of his predecessor Mr. Viktor Yanukovich (before he had to leave the government).

During 2016 President Poroshenko announced new priorities for the Ukrainian economy and that the government intends to end subsidies to manufacturing and industry and promote investment in information technologies and agriculture. It is not clear how the government intends to make Ukrainian agriculture globally competitive (the agriculture minister advised that four out of five state-owned agricultural companies are bankrupt).

Ukraine signed a free trade agreement with the EU and lost its preferential access to its largest market, Russia. EU rules restrict Ukraine's export volumes to Europe (which fell 23% in 2015 despite the preferential tariff regime) and it is not clear where Ukraine will sell all its production (for example only 72 Ukrainian companies may export food of animal origin to the EU and there are 39 licences for honey export - Ukraine exported its yearly honey quota in the first six weeks of 2016). Ukraine mainly exports commodities, agricultural goods and steel to the EU and under the agreement its 36 main export items are limited to small import quotas on the EU market. For major Ukraine export merchandise such as chicken, meat and eggs, these quotas comprise only 1% of Ukrainian production. Ukraine's main ambition for its trade policy is to expand export quotas (which means compliance with EU reform programs) and exports to the EU and Ukraine has agreed to World Trade Organisation rules on Government Procurement, which is a way to open up the EU market. To do so the Ukrainian government requires stronger policy coordination.

The government wrote off 20% of its Eurobond debt in October 2015, allowing it to negotiate for the next IMF loan tranche which was expected in December but still not been received.

Stabilising inflationary pressures allowed the National Bank of Ukraine ("NBU") cut the key policy rate from 16.50% to 15.50% in July 2016. This was the NBU's fourth consecutive rate cut. The NBU outlined that the decision came against a backdrop of easing price pressures due to weak domestic demand, an appreciation of the exchange rate, as well as a large supply of food products. The NBU added that it continues to buy foreign currency to replenish international reserves, but at a level that does not interfere with a gradual appreciation in the hryvnia. The NBU maintained its GDP and inflation forecasts where inflation is seen to rise to 12% by the end 2016 due to increased tariffs for public utilities. The NBU stated that it will continue with monetary policy easing to support the economic recovery as long as further rate cuts do not interfere with reaching the inflation target.

Industrial production contracted in June 2016, ending a four-month period of growth. The fall was driven by declines in manufacturing production as well as in mining and quarrying output. In regions the recovery in the eastern areas of Luhansk and Donetsk, Ukraine's industrial heartland, lost momentum in June 2016 with falling output. The conflict between the Ukrainian government and separatist groups caused industrial production to drop sharply by over 10% in 2015 (first half of 2016 turnaround, largely due to the low base effect from last year). Focus Economics forecast that industrial output will grow 2.5% in 2016.

Kazakhstan

A fall in oil and gas prices at the beginning of 2016 exacerbated the economic contraction in the first quarter 2016 and economic activity remained weak in the second quarter. Industrial production increased 0.1% yoy in June 2016, which followed three consecutive large contractions. Oil production in the Kashagan oil field is due to resume later this year and the government's ongoing economic program, "Nurly Zhol", is expected to help industrial development and investment. During July 2016 Tengizchevroil and the government announced a joint investment of US$ 36.8 billion to prolong the life of the Tengiz oilfield.

With the current slow-down in economic activity, along with prospects of a slow recovery in Russia and low commodities prices (particularly in oil and base metal), the government reduced its growth forecast for 2016 where GDP is expected to grow around 0.3% in 2016.

The National Bank of Kazakhstan ("NBK") in July 2016 cut the one-day repo rate by 200 basis points to 13.00% and indicated that further actions on the base rate will depend on the actual inflation, its deviation from the forecast, inflation expectations of the population and market participants, and currency preferences of economic agents. The NBK has cut the monetary policy rate by a total of 400 basis points since its last hike in February 2016 (where the rate was increased to 17% in response to heightened volatility in financial markets and with the aim to restore confidence in the national currency). The NBK advised that its decision to cut interest rates in July 2016 reflected both the recent rally in oil prices from the multi-year lows registered earlier this year and the stabilisation in global financial markets.

Inflation increased from 17.3% in June to 17.7% in July 2016, the highest level in nearly eight years and in the last 10 months, inflation has remained well above the NBK's inflation target. Under the inflation targeting regime, the NBK established an inflation target corridor of between 6% and 8% for the medium term. Analysts forecast inflation at 10.2% at the end of 2016. These developments have prompted foreign and resident investors to increase their demand for Kazakh assets denominated in local currency in both the foreign exchange market and also in banks' deposits.

Belarus

Weak external and domestic dynamics coupled with debt repayments in 2016 are weighing on growth prospects. Remittance inflows from Russia will remain subdued despite signs that economic activity is stabilising and consensus forecasts are that GDP will fall 1.8% in 2016.

In May 2016, industrial production expanded 0.5% over the same month last year, coming in below the stronger 2.9% expansion in April 2016. This was the second expansion in industrial production since December 2014. According to the National Statistical Committee this was driven by an expansion in manufacturing, which more than offset a contraction in the three remaining components of the index. Meanwhile, annual average growth in industrial production increased from minus 4.9% in April to minus 4.2% in May.

Inflation edged down in May 2016 to 12.4% from 12.6% in April 2016. Annual average inflation inched down to 12.2%, the lowest in five years.

Portfolio Investments

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.

During 2003 to 2006 ENR invested CHF 36.93 million in Transterm. In March 2008 Transterm sold all its Georgian based operations to the KazMunaiGas group where ENR received CHF 32.19 million in cash. In 2010 Transterm received a first payment under a settlement agreement with its past managing shareholder. ENR received CHF 6.91 million in cash. In 2011 ENR received a further CHF 954'235 in cash from Transterm. As part of the settlement agreement ENR's shareholding in Transterm increased to 22.66%. Transterm then disposed of a real estate asset in Russia and ENR received CHF 1.70 million in cash. In 2013 and 2014 ENR received from Transterm cash distributions of CHF 72'323 and CHF 61'949. In 2015 ENR received a further cash distribution of CHF 353'711 from Transterm.

At 30 June 2016 the net book value of the Transterm investment is CHF 562'117, being the amount ENR may still receive in future Transterm cash distributions.

Russian flower retailer

During 2013 ENR made an investment into OOO RS Nedvizhimost ("RSN"), a flower retail business operating under the OptCvetTorg® brand in Russia. Until mid to late 2015 development plans were largely on track despite challenging economic conditions in Russia. However, due to these challenging conditions RSN could eventually no longer operate many retail outlets profitably. Underperforming outlets were closed and a planned expansion via leased outlets within Moscow Metro subway stations was taking much longer due to tender process delays. As RSN did not meet agreed performance benchmarks, from 31 December 2015 ENR no longer had an obligation to make further contractual payments towards RSN. The business model and potential future development cycle is being reassessed to decide on what basis, if any, further investments could be considered.

At 30 June 2016 the net book value of the investment in this flower retail business is CHF 401'000.

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 offices and two retail levels and a large central atrium. 15'300 square meters are designated for office use and some 5'800 square meters as retail space. There is an underground parking facility with 118 parking spaces and above-ground parking for 36 cars.

The Saint Petersburg based team of ENR 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 as well as a number of 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.

For the UniCredit loan towards the business center ENR reached an agreement with UniCredit who waived compliance of certain loan covenants until 31 July 2017. This allows time for the Russian real estate market and valuations to recover. Accordingly, the loan principal does not have to be reduced in order to comply with the loan to value ratio covenant. At 30 June 2016 the outstanding loan from UniCredit towards the business center was CHF 23.25 million.

Vacancy rates remained stable at around 13% levels.

The net carrying value of Petrovsky Fort is CHF 31.62 million at 30 June 2016.

Assets under development - Greater Moscow residential real estate project

ENR is participating in a real estate residential development of free standing multi-story apartment buildings south-west of Moscow in the Odintsovsky district. This 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.

Before construction commenced the developer obtained all required approvals and permits. Construction was temporarily halted during 2015 to obtain a final agreement on the construction height of the apartment buildings. This was resolved in late February 2016 when all new approvals and permits were granted and issued for the construction of apartment buildings to recommence at a lower maximum height of six floor buildings (as opposed to 12 floors) and the developer restarted construction.

ENR's investment is governed via a shared participation in construction agreement with the developer which was registered in the Russian real estate register. Based on this contract ENR is to obtain full and unencumbered ownership rights to all of the apartments in a 12 floor building (+/-net 9,962 square meters of apartments) and to the underlying land plot (3,511 square meters). Under the contract construction had to be completed and a commissioning permit had to be obtained by 30 June 2016. Delivery must be no later than 30 September 2016. There is sizable penalty interest payable by the developer for delayed delivery. Due to the construction delay these development deadlines will be met. Considering that the new maximum approved building height is six floors, discussions with the developer are still in progress on a new commercial arrangement (i.e. number of buildings/square meters to be delivered, further payment arrangements and related terms), the outcome of which will determine how ENR will best protect its position and, if required, to enforce rights under the existing agreement.

At 30 June 2016 ENR had invested approximately half of its commitment in accordance with its contractual commitments. To date ENR funded its investment from own cash resources. ENR will approach Russian banks to consider refinancing part of the amount invested to date and any further required investment.

The fair value of the investment at 30 June 2016 is CHF 5.49 million.

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 could receive a further amount in tranches over the coming years ("Possible Future Milestone Payments").

The fair value of the Possible Future Milestone Payments at 30 June 2016 is CHF 520'933.

Unique capital markets opportunity and 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 2016 the aggregate value of these shares is CHF 1'344'378.

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. During the reporting period fixed income instruments of this group were acquired with an aggregate value of CHF 1.04 million. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 3.58 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. During the reporting period fixed income instruments of this group with a value of CHF 1.02 million were sold whilst fixed income instruments of this group of CHF 3.01 million were acquired. At 30 June 2016 ENR owned fixed income instruments of the Gazprom group valued at CHF 6.12 million.

Sberbank is the largest bank in Russia and Commonwealth of Independent States. During the reporting period fixed income instruments of this group with a value of CHF 1.02 million were sold whilst fixed income instruments of this group of CHF 3.11 million were acquired. At 30 June 2016 ENR owned fixed income instruments of the Sberbank group valued at CHF 3.19 million.

Russian Agricultural Bank is state-owned bank and one of the leading financial institutions providing lending support to Russian agri-business. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 1.01 million.

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. During the reporting period fixed income instruments of this group with a value of CHF 2.00 million were repaid-whilst fixed income instruments of this group of

CHF 3.07 million were acquired. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 3.12 million.

Moscow Domodedovo airport is the largest air hub in Russia. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 740'722.

Transneft is a Russian state-owned transport business and largest oil pipeline company in Russia. At 30 June 2016 ENR owned fixed income instruments of the Transneft group valued at CHF 917'064.

Petropavlovsk is a large producer of gold in Russia. At 30 June 2016 ENR owned fixed income instruments of this group valued at CHF 619'152.

Novolipetsk Steel is one of the largest steel companies in Russia, producing a range of steel products. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 1.01 million.

Lukoil is a vertically integrated Russian oil and gas group. During the reporting period ENR acquired fixed income instruments in this group valued at CHF 2.92 million. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 3.05 million.

Norilsk Nickel is a Russian mining and metallurgical company and the world's leading nickel producer. The group also produces approximately half of the palladium used in the world. Its other important products are platinum and copper. During the reporting period ENR acquired fixed income instruments in this group valued at CHF 2.05 million. At 30 June 2016 ENR owned fixed income instruments issued by this group valued at CHF 2.12 million.

Novatek is the largest independent natural gas producer and the second-largest natural gas producer in Russia. During the reporting period all the fixed income instruments of this group which were held by ENR have been redeemed for a value of CHF 1.02 million.

Financial Statements

Determination of the Net Asset Value and Attributable Net Asset Value

(Currency-CHF)

	30.06.2016		31.12.2015	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets				
Treasury stock	-	1,284,074	-	1,326,175
Cash, investments and other assets	76,789,123	76,789,123	76,965,221	76,965,221
Total assets	76,789,123	78,073,197	76,965,221	78,291,396
Liabilities				
Total liabilities	32,581,349	32,581,349	34,786,025	34,786,025
Shareholders' Equity				
Treasury stock - at cost	– 2,370,696	-	– 2,370,696	-
Remaining Equity	46,578,470*	45,491,848*	44,549,892*	43,505,371*
Total shareholders' equity	44,207,774	45,491,848	42,179,196	43,505,371
Total Liabilities and Shareholders' Equity	76,789,123	78,073,197	76,965,221	78,291,396
Number of shares outstanding		2,644,402		2,644,402
Net asset value per share		17.20**		16.45**
Attributable net asset value per share		17.20**		16.45**
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 net asset value ("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 Standards ("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 44.20 million (31 December 2015: CHF 42.18 million).

The consolidated net profit for the 2016 half year is CHF 3.17 million (2015: CHF 0.70 million).

The consolidated retained loss at 30 June 2016 is CHF 60.58 million (consolidated retained loss at 31 December 2015: CHF 63.75 million). The consolidated retained loss includes the impact of the 2015 dividend payment of CHF 29.60 million. For more details, see the consolidated statement of changes in equity for the half-year ended 30 June 2016.

Condensed consolidated statement of financial position (unaudited)

(Currency-CHF)

	Note	30.06.2016	31.12.2015
Assets			
Current Assets			
Cash and cash equivalents	7	4,052,048	15,467,335
Accounts receivable and accrued interest	8	668,315	865,651
Investments at fair value through profit or loss	4.1	4,333,520	7,935,885
Assets under development	6	5,493,438	4,702,555
Forward foreign exchange contracts	4.1	56,000	-
Income tax asset	11.4	29,279	25,836
Other assets	10	14,482	120,673
Total Current Assets		14,647,082	29,117,935
Non-Current Assets			
Accounts receivable and accrued interest	8	697,408	199,636
Investments at fair value through profit or loss	4.1	26,338,351	11,420,829
Financial assets at fair value	4.1	520,933	528,000
Investment property	5.1	31,621,867	33,152,897
Other investments accounted under the equity method	9	401,000	401,000
Deferred tax assets, net	11.4	479,525	308,309
Goodwill	12	2,082,957	1,836,615
Total Non-Current Assets		62,142,041	47,847,286
Total Assets		76,789,123	76,965,221
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	11.2	4,908,505	5,149,232
Loans from banks	11.1	23,250,939	24,078,967
Forward foreign exchange contracts	4.1	-	191,400
Embedded derivatives on investment property	5.1; 5.6	2,255,127	3,548,274
Total Current Liabilities		30,414,571	32,967,873
Non-Current Liabilities			
Accounts payable and accrued expenses	11.2	106,014	-
Financial lease liabilities: Investment property	11.3	1,649,229	1,455,287
Provisions		411,535	362,865
Total Non-Current Liabilities		2,166,778	1,818,152
Total Liabilities		32,581,349	34,786,025
Shareholders' Equity			
Share capital	13	32,790,585	32,790,585
Capital paid in excess of par value (share premium)		75,447,951	75,447,951
Treasury stock	13.1	– 2,370,696	– 2,370,696
Retained losses		– 60,575,820	– 63,750,408
Cumulative translation adjustment		– 1,084,246	61,764
Total Shareholders' Equity		44,207,774	42,179,196
Total Liabilities and Shareholders' Equity		76,789,123	76,965,221
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 22 to 38 are an integral part of these consolidated financial statements

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

(Currency-CHF)

	Note	30.06.2016	30.06.2015
Gross rental income		2,914,782	3,196,874
Non recoverable expenses		– 209,529	– 166,062
Net rental income	5.2	2,705,253	3,030,812
Fair value (loss) on investment property	5.1	– 938,498	– 364,751
Interest income		508,290	393,609
Dividend income		–	168
Realised and unrealised gain on investments through profit or loss, net	4; 4.1	1,262,505	652,770
Realised and unrealised gain on forward foreign exchange contracts, net	4; 4.1	94,000	439,000
Exchange gain / (loss) - other	15	1,579,560	– 1,056,302
(Loss) of investments accounted under the equity method		–	– 89,878
Expenses			
Management fees	14.1	388,002	833,606
Professional fees		68,966	18,776
Directors' fees and expenses		75,000	25,000
Staff remuneration	14.2	358,059	333,414
Travel expenses		19,104	24,692
Legal and related fees		41,656	132,834
Audit fees		32,200	184,460
Tax other than on income		17,298	209
Other ordinary expenses		145,097	139,987
Finance cost	11.1	1,013,137	871,069
Total expenses		2,158,519	2,564,047
Gain for the period before tax		3,052,591	441,381
Income tax		121,997	256,450
Gain for the period after tax		3,174,588	697,831
Attributable to			
Equity holders of the Company		3,174,588	697,831
Other comprehensive income			
Cumulative translation adjustment (net of tax)*		– 1,146,010	– 169,413
Total comprehensive gain for the year (net of tax)		2,028,578	528,418
Attributable to			
Equity holders of the Company		2,028,578	528,418

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

Earnings per share for profit attributable to equity holders of the Company during the period	30.06.2016	30.06.2015
Time-weighted average number of outstanding shares	2,574,234	2,574,224
Basic earnings per share (in CHF)	1.233	0.271
Diluted earnings per share (in CHF)	1.233	0.271

The notes on pages 22 to 38 are an integral part of these consolidated financial statements.

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

(Currency-CHF)

	Note	30.06.2016	30.06.2015
Cash Flows from Operating Activities			
Gain for the period before tax		3,052,591	441,381
Adjustments for:			
Interest income		-	– 393,609
Dividend income		-	– 168
Finance cost		-	871,069
Realised and unrealised result on investments through profit or loss	4; 4.1	– 1,262,505	– 618,769
Realised and unrealised result on forward foreign exchange contracts	4.1	– 94,000	– 360,000
Unrealised profit on embedded derivatives (liability)		– 1,634,669	– 3,428,580
Fair value change on investment property including embedded derivatives		938,498	3,793,331
Unrealised (loss) from associated companies		-	89,878
Operating gain before Working Capital changes		999,915	394,533
Movement in Working Capital:			
Investment portfolio movement, net	4; 4.1	– 10,198,986	1,729,341
Change in accounts receivable and accrued interest		– 300,436	– 566,209
Change in accounts payable and accrued expenses		– 134,713	– 558,379
Change in other assets		106,191	-
Change in financial lease liability		– 193,942	-
Dividend received		-	168
Interest received		-	323,592
Bank charges and interest expenses		-	– 1,165,518
Increase in provisions		– 48,670	-
Change in deferred taxes		– 787,834	-
Taxes paid		– 34,288	41,983
Net cash flow from Operating Activities		– 10,592,763	199,511
Cash Flows from Investing Activities			
Net cash flow (used in) Investing Activities		-	-
Cash Flows from Financing Activities			
Loans repayable	11.1	– 828,028	– 5,574,180
Net cash flow (used in) Financing Activities		– 828,028	– 5,574,180
Foreign currency translation effects on cash and cash equivalents		5,504	– 374,360
Net change in Cash and cash equivalents		– 11,415,287	– 5,749,029
Cash and cash equivalents at beginning of the period	7	15,467,335	48,078,815
Cash and cash equivalents at the end of the period	7	4,052,048	42,329,786
Dividends received		-	168
Interest received		508,290	323,592
Interest paid		871,145	1,166,771

The notes on pages 22 to 38 are an integral part of these consolidated financial statements.

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 Share-holders
Balance as at 1 January 2015	32,790,585	75,447,951	– 2,370,696	– 1,331,420	– 16,316,724	88,219,696	-	88,219,696
Gain for the period after tax	-	-	-	-	697,831	697,831	-	697,831
Other comprehensive income (loss)	-	-	-	– 169,413	-	– 169,413	-	– 169,413
Dividend paid out	-	-	-	-	– 29,603,690	– 29,603,690	-	– 29,603,690
Balance as at 30 June 2015	32,790,585	75,447,951	– 2,370,696	– 1,500,833	– 45,222,583	59,144,424	-	59,144,424
Balance as at 1 January 2016	32,790,585	75,447,951	– 2,370,696	61,764	– 63,750,408	42,179,196	-	42,179,196
Gain for the period after tax	-	-	-	-	3,174,588	3,174,588	-	3,174,588
Other comprehensive income (loss)	-	-	-	– 1,146,010	-	– 1,146,010	-	– 1,146,010
Balance as at 30 June 2016	32,790,585	75,447,951	– 2,370,696	– 1,084,246	– 60,575,820	44,207,774	-	44,207,774

The notes on pages 22 to 38 are an integral part of these consolidated financial statements.

Condensed notes to the consolidated unaudited interim financial statements as of 30 June 2016 (Currency - CHF)

1. Incorporation and activity

ENR Russia Invest SA ("Company" of "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 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. Following the acquisition of the Petrovsky Fort business center in Saint-Petersburg, via a Russian subsidiary the Company also has 12 employees in Russia. 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 24 August 2016.

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 2016 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 2015, 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 condensed interim 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 2015. However, as from 1 January 2016 the Group applied the new Amendment to IAS1 - Disclosure Initiative which had no material impact on the half-year financial statements of the Group.

3.2 Foreign currency translation

Transactions denominated in the foreign currencies are translated into the functional currencies of ENR's 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:

	30.06.2016	Half year 2016	31.12.2015	Half year 2015
	Balance Sheet date rates	Average rates	Balance Sheet date rates	Average rates
EUR	1.08439	1.09608	1.08300	1.04521
USD	0.97790	0.98201	0.99310	0.93080
GBP	1.31490	1.40811	1.46990	1.45123
RUB	0.01522	0.01406	0.01342	0.01700

4. Investment portfolio

in CHF

	30.06.2016	30.06.2015
Fair value of portfolio at beginning of the period	19,693,314	25,667,485
Investment portfolio movement for the period		
Purchase of investments	15,192,480	2,413,148
Sale of investments	– 5,146,894	– 4,142,489
Net realised gain on disposal of investments and forward foreign exchange contracts	59,402	625,197
Movement in the period of the forward foreign exchange contracts	153,400	394,000
Net investment portfolio movement for the period	10,258,388	– 710,144
Increase in fair value	1,297,103	466,572
Fair value of portfolio at the end of the period	31,248,804	25,423,914
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	26,843,547	17,872,717
Unlisted equity securities and fixed income instruments held for trading	4,349,257	7,585,196
Total designated as fair value through profit or loss	31,192,804	25,457,913
Total financial assets at fair value through profit or loss	31,192,804	25,457,913
Derivatives held for trading:		
Forward foreign exchange contracts	56,000	– 34,000
Total derivatives	56,000	– 34,000
Profit on investments at fair value through profit or loss		
Net realised gain	21,402	152,197
Changes in fair value increase	1,241,103	500,572
Total	1,262,505	652,769
Profit / (Loss) recognised on derivatives		
Net realised gain / (loss)	38,000	– 867,000
Changes in fair value increase	56,000	776,890
Total	94,000	– 90,110

4.1 Details of investments at fair value through profit or loss

	Balance as of 01.01.2016	
CURRENT ASSETS	Quantity	CHF
Listed equity securities		
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	8,627
FEDERAL HYDROGENERATION COMPANY JSC	32,708,775	294,079
INTER RAO UES JSC	6,822,874	98,909
INTER RAO UES JSC	4,072,625	61,187
INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING	20,900,000	97,455
INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING PREFERENCE SHARES	6,400,000	51,910
MOSCOW POWER JSC (MOSENERGO)	50	42
MOSCOW UNITED ELECTRICITY DISTRIBUTION	12,313,327	138,575
QUADRA POWER GENERATION JGC	23,263,819	1,160
RAO EASTERN ENERGY SYSTEM JSC	18,400,000	91,277
RAO EASTERN ENERGY SYSTEM JSC PREFERENCE SHARES	6,400,000	20,801
TERRITORIAL GENERATION COMPANY NO 1 OJSC	927,579,908	60,268
TERRITORIAL GENERATION COMPANY NO 2 OJSC	314,979,184	5,847
VOLZHSKAYA TERRITORIAL GEN CO	228,739	1,571
VOLGA TERRITORIAL GENERATION	69,255	482
Sub-total: Listed equity securities	-	932,190
Fixed income		
GAZPROM 2.375%, 12/2016, BOND	2,000,000	1,980,200
VNESHECONOMBANK VIA VEB FINANCE PLC 3.75%, 02/2016, BOND	2,000,000	1,986,000
NOVATEK OAO VIA NOVATEK FINANCE LTD 5.326%, 02/2016, BOND	1,000,000	994,589
GAZPROM OAO VIA GAZ CAPITAL SA 6.212%, 11/2016, BOND	2,000,000	2,042,906
Sub-total: Fixed income	-	7,003,695
Total investments (current assets) at fair value through profit and loss	-	7,935,885
NON-CURRENT ASSETS		
Fixed income		
GAZ CAPITAL SA 3.375%, 11/2018, BOND	-	-
VEB FIN PLC 4.224%, 11/2018, BOND	-	-
STEEL FUNDING LTD 4.45%, 02/2018, BOND	1,000,000	983,763
LUKOIL INTL FIN BV 4.563%, 04/2023, BOND	-	-
GAZ CAPITAL SA 4.95%, 07/2024, BOND	-	-
VTB BANK OJSC VIA VTB CAPITAL SA 5%, 10/2024, BOND	1,500,000	1,373,252
RSHB CAPITAL SA 5.1%, 07/2018, BOND	1,000,000	989,326
SBERBANK OF RUSSIA VIA SB CAPITAL SA 5.4%, 03/2017, BOND	1,000,000	1,011,373
MMC FIN LTD 5.55%, 10/2020, BOND	-	-
SB CAPITAL SA 5.717%, 06/2021, BOND	-	-
DOMODEDOVO AIRPORT 6%, 11/2018, BOND	750,000	715,031
LUKOIL INTL FINANCE 6.125%, 11/2020, BOND	-	-
SB CAPITAL SA 6.125%, 02/2022, BOND	-	-
GAZ CAPITAL SA 6.51%, 03/2022, BOND	-	-
VTB CAPITAL SA 6.551%, 10/2020, BOND	-	-
MMC NORILSK NICKEL 6.625%, 10/2022, BOND	-	-
VEB FIN PLC 6.902%, 10/2020, BOND	-	-
TRANSCAPITALINVEST LTD OJSC AK TRANSNEFT 8.7%, 08/2018, BOND	832,000	905,167
PETROPAVLOVSK 9%, 03/2020, BOND	592,000	629,070
VTB EURASIA LIMITED 9.5%, (perpetual), BOND	1,000,000	926,017
Sub-total: Fixed income	-	7,532,999
Private equity instruments	-	-
TRANSTERM HOLDINGS CYPRUS LTD - ordinary shares	9,310,000	3,887,830
Sub-total: Private equity instruments	-	3,887,830
Total investments (non-current assets) at fair value through profit and loss	-	11,420,829
RECEIVABLES: POTENTIAL FURTHER MILESTONE PAYMENTS (EASTERN PROPERTY HOLDINGS LTD SHARES SALE)		
Non-Current assets	-	528,000
Total unlisted investments at fair value through profit and loss (non-current assets)	-	528,000
CURRENT LIABILITIES		
FORWARD FOREIGN EXCHANGE CONTRACTS	-	– 191,400
Total derivative financial instruments	-	– 191,400
Total investments	-	19,693,314

Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2016	
Purchases and Additions	Repayments	Gains	Losses	Gains	Losses	Quantity	CHF
–	–	–	–	15,605	–	10,173,273	24,232
–	–	–	–	55,916	–	32,708,775	349,995
–	–	–	–	163,195	–	6,822,874	262,104
–	–	–	–	93,874	–	4,072,625	155,061
–	–	–	–	53,257	–	20,900,000	150,712
–	–	–	–	102,545	–	6,400,000	154,455
–	–	–	–	–	– 41	50	1
–	–	–	–	28,406	–	12,313,327	166,981
–	–	–	–	–	– 482	23,263,819	678
–	– 64,618	–	– 26,658	–	–	–	–
–	– 13,209	–	– 7,592	–	–	–	–
–	–	–	–	10,656	–	927,579,908	70,924
–	–	–	–	965	–	314,979,184	6,812
–	–	–	–	287	–	228,739	1,858
–	–	–	–	83	–	69,255	565
–	– 77,827	–	– 34,250	524,790	– 523	–	1,344,378
–	–	–	–	13,000	–	2,000,000	1,993,200
–	– 2,000,000	14,000	–	–	–	–	–
–	– 1,023,900	29,311	–	–	–	–	–
–	– 1,023,470	2,017	–	–	– 25,511	2,000,000	995,942
–	– 4,047,370	45,328	–	13,000	– 25,511	–	2,989,142
–	– 4,125,197	45,328	– 34,250	537,790	– 26,034	–	4,333,520
1,002,606	–	–	–	30,894	–	1,000,000	1,033,500
978,810	–	–	–	17,865	–	1,000,000	996,675
–	–	–	–	29,584	–	1,000,000	1,013,347
1,877,430	–	–	–	106,436	–	2,000,000	1,983,866
976,683	–	–	–	36,666	–	1,000,000	1,013,349
–	–	–	–	99,750	–	1,500,000	1,473,002
–	–	–	–	20,747	–	1,000,000	1,010,073
–	– 1,021,697	10,324	–	–	–	–	–
1,010,186	–	–	–	28,149	–	1,000,000	1,038,334
2,081,895	–	–	–	34,476	–	2,000,000	2,116,371
–	–	–	–	25,691	–	750,000	740,722
1,043,657	–	–	–	25,285	–	1,000,000	1,068,942
1,027,168	–	–	–	56,443	–	1,000,000	1,083,611
1,030,905	–	–	–	53,586	–	1,000,000	1,084,491
1,035,166	–	–	–	37,835	–	1,000,000	1,073,001
1,035,166	–	–	–	49,472	–	1,000,000	1,084,638
2,092,808	–	–	–	32,951	–	2,000,000	2,125,759
–	–	–	–	11,897	–	832,000	917,064
–	–	–	–	–	– 9,918	592,000	619,152
–	–	–	–	108,113	–	1,000,000	1,034,130
15,192,480	– 1,021,697	10,324	–	805,838	– 9,918	–	22,510,027
–	–	–	–	–	– 59,506	9,310,000	3,828,324
–	–	–	–	–	– 59,506	–	3,828,324
15,192,480	– 1,021,697	10,324	–	805,838	– 69,424	–	26,338,351
–	–	–	–	–	– 7,067	–	520,933
–	–	–	–	–	– 7,067	–	520,933
– 39,138,000	39,291,400	262,000	– 224,000	56,000	–	–	56,000
– 39,138,000	39,291,400	262,000	– 224,000	56,000	–	–	56,000
– 23,945,520	34,144,506	317,652	– 258,250	1,399,628	– 102,525	–	31,248,804

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 2016 the net book value attributable to Transterm was CHF 562'117 (31 December 2015: CHF 556'903), 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

	30.06.2016	31.12.2015
Carrying value at the beginning of the period (gross)	3,887,830	4,440,657
Non-repayable loans received in prior periods	– 3,330,927	– 2,949,582
Carrying value at the beginning of the period (net)	556,903	1,491,075
Realised (loss) due to foreign exchange movements	-	– 12,648
Unrealised (loss)/gain due to foreign exchange movements	– 59,506	30,607
Fair value adjustment	-	– 570,786
Carrying value at the end of the period (gross)	3,828,324	3,887,830
Non-repayable loans received (in current and prior periods)	– 3,266,207	– 3,330,927
Carrying value at the end of the period (net)	562,117	556,903

4.3 Fixed income instruments

ENR has acquired a range of local and foreign currency fixed income instruments issued by Russian corporates. During the reporting period CHF 15.19 million was deployed to acquire fixed income instruments whilst CHF 5.07 million was generated via the sale and/or repayment of fixed income instruments. Details of fixed income instruments are set out in the table under note 4.1. At 30 June 2016 the aggregate fair value attributed to fixed income instruments was CHF 25.50 million (31 December 2015: CHF 14.54 million).

4.4 Unique capital markets - Shares in Russian electricity 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 2016 and the aggregate value was CHF 1.34 million (31 December 2015: CHF 0.93 million).

4.5 Possible Future Milestone Payments: Eastern Property Holdings Limited

At 30 June 2016 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 520'933 (31 December 2015: CHF 528'000). 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

in CHF

	Investment Property Building	Embedded Derivatives	Investment Property Land Lease	Total
Opening balance at 1 January 2015	41,047,714	2,945,442	1,673,832	45,666,988
Investments	1,126	-	127,554	128,680
Fair value adjustments including foreign currency effects	– 5,328,112	1,422,421	-	– 3,905,691
Foreign exchange translation differences	– 7,571,392	– 819,589	– 346,099	– 8,737,080
Carrying amount at 31 December 2015	**28,149,336**	**3,548,274**	**1,455,287**	**33,152,897**
Opening balance at 1 January 2016	28,149,336	3,548,274	1,455,287	33,152,897
Investments	1,741	-	-	1,741
Fair value adjustments including foreign currency effects *	– 3,890,693	– 1,634,669	-	– 5,525,362
Foreign exchange translation differences	3,472,866	341,523	178,202	3,992,591
Carrying amount at 30 June 2016	**27,733,250**	**3,255,127**	**1,633,489**	**31,621,867**
Net carrying amount at 31 December 2015	**28,149,336**	**3,548,274**	**1,455,287**	**33,152,897**
Net carrying amount at 30 June 2016	**27,733,250**	**3,255,127**	**1,633,489**	**31,621,867**

* In half year 2016, only foreign currency effects

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

in CHF

Fair value adjustments and foreign exchange effect on investment property	30.06.2016	30.06.2015
Fair value adjustment on investment property buildings	– 3,890,693	– 2,015,589
Fair value adjustment of embedded derivative (asset)	– 1,634,669	– 1,777,742
Result from foreign exchange translation of banking loan for investment property	2,952,195	1,650,838
Total fair value change on investment property as presented in the income statement	**– 938,498**	**– 364,751**

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

in CHF

	30.06.2016	31.12.2015
Embedded derivatives on investment property (liabilities)	2,255,127	3,548,274

For the impact of changes of embedded derivatives on investment property (liabilities), which is recognised in Exchange Losses - other movements on the comprehensive statement of income and losses, see note 5.6.

5.2 Gross and net rental income

The breakdown of net rental income for the half year which ended 30 June 2016 is presented below:

in CHF

	30.06.2016	30.06.2015
Gross rental income	2,914,782	3,196,874
Ground rents paid	– 91,394	– 102,337
Service charge income on principal basis	602,181	711,895
Service charge expenses on principal basis	– 326,232	– 311,669
Property operating expenses	– 26,504	– 26,463
Repair and maintenance costs	– 47,677	– 52,095
Non-income taxes	– 319,903	– 385,393
Net rental income	2,705,253	3,030,812

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 St. 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 2016, the vacancy rate as a percentage of total rentable area of the building was 13.63% (31 December 2015: 12.30%) and by use for office space was 17.31% (31 December 2015: 17.00%) and for retail space 3.86% (31 December 2015: 0%).

5.5 Fair Value and Valuation Method

The fair value attributed to the Investment Property was CHF 27.73 million at 30 June 2016 (CHF 28.15 million at 31 December 2015).

The carrying value, in turn, 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, being CHF 1.63 million at 30 June 2016 (CHF 1.45 million at 31 December 2015) (see note 5.1) and the adjustment for embedded derivatives CHF 2.26 million (31 December 2014: CHF 3.55 million) (see notes 5.1 and 5.6).

At year-end 2015 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 valuation there was no independent third party valuation (as will be the case for the year-end 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 30.06.2016	Valuation method	Key unobservable inputs	Range
			Discount rate	14.0%
Petrovsky Fort	$28,360,000	Discounted cashflow, income capitalisation	Capitalisation rate	12.5%

in USD

Property	Fair value as of 31.12.2015	Valuation method	Key unobservable inputs	Range
			Estimated rental income (per annum) - lease contract	US$ 170
Petrovsky Fort	$28,360,000	Income capitalisation	Capitalisation rate	12.5%

5.6 Embedded derivatives

For the Petrovsky Fort business center most lease contracts with tenants are denominated in US$, a currency other than the functional ruble currency of Petrovsky Fort LLC and of the tenants. A number of these lease contracts provide a corridor of US$/RUB 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 so that the lessor should account for the embedded derivatives at fair value (IAS 39.43) separately from the host contract from inception. The fair value of the aforementioned 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 this 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 related 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 has been shown in the tables in note 5.1.

in USD

	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 57.83 - USD/RUB 70.68	10% increase (decrease) would result in an increase (decrease) in fair value by RUB 33.8 million

Loan from Unicredit

Refer to notes 11 and 17.

6 Assets under development

ENR is participating in a residential real estate development comprising of free standing multi-story apartment buildings south-west of Moscow. The developer obtained all required approvals and permits before the construction commenced in 2014. During 2015 construction was stopped to obtain a final agreement on the allowable construction height of the apartment buildings. This was resolved in late February 2016 and construction has recommenced (see note 17). Based on the investment contract and via tranche based payments, ENR is to invest approximately RUB 615 million (CHF 9.3 million based on exchange rate at 30 June 2016) and obtain ownership of apartments in free standing multi-story apartment building/s once construction is completed. At 30 June 2016 ENR had invested CHF 5.49 million (30 December 2015: CHF 4.70 million) (increase soley as a result of foreign exchange movements) in accordance with contractual commitments. 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 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 2016.

7 Cash and cash equivalents

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

in CHF

	30.06.2016	31.12.2015
Cash at bank and in hand	4,052,048	15,467,335
Cash and cash equivalents	4,052,048	15,467,335

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

in CHF

	30.06.2016	31.12.2015
Accrued interest	370,193	199,636
Other	995,530	865,651
Total receivables and accrued interest	1,365,723	1,065,287
whereof current assets	668,315	865,651
whereof non-current assets	697,408	199,636

9 Other investments accounted under the equity method: non current assets

in CHF

	30.06.2016	31.12.2015
Beginning of the period	401,000	1,613,802
Impairment on investment accounted under the equity method	-	– 1,001,204
Share in result	-	– 363,700
Currency translation effects	-	152,102
Closing balance for investment in Associate	401,000	401,000

Contingent payment towards investments accounted under the equity method

	30.06.2016	31.12.2015
Beginning of the period	-	781,631
Payments to investments accounted under the equity method	-	-
Gain from release of contingent payments	-	– 703,976
Currency translations effects	-	– 77,655
Closing balance of contingent payments towards investments accounted under the equity method	-	-
Impairment on investment accounted under the equity method	-	– 1,001,204
Share in result	-	– 363,700
Gain from release of contingent payments	-	703,976
(Loss) from investments accounted under the equity method	-	– 660,928

ENR Investment Limited holds a 49% interest in Panariello Enterprises Limited ("Panariello"), being an Investment in an associate. Panariello 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. Along with the downturn in the Russian economy RSN was no longer able to source flower bouquets at low prices from this supplier and a beneficial payment terms arrangement was terminated. This had a negative impact on RSN's working capital and cash flows. Underperforming flower retail outlets were closed. A planned expansion with flower retail outlets in Moscow Metro subway stations was not possible due to tender delays. RSN did not meet agreed performance benchmarks and from 31 December 2015 ENR no longer has an obligation to make contractual payments towards this business.

10 Other Assets: current assets and non current assets

in CHF

	30.06.2016	31.12.2015
Tax receivables	-	106,381
Other receivables	14,482	14,292
Balance at the end of the period	14,482	120,673

11 Liabilities

11.1 Current loans from banks

in CHF

	30.06.2016	31.12.2015
Balance at beginning of the period	– 24,078,967	– 30,451,818
Loan repayments	828,028	6,372,851
Balance at the end of the period	– 23,250,939	– 24,078,967

During the reporting period finance costs amounted to CHF 1.01 million (for the similar period in 2015: CHF 0.87 million).

Key loan terms are shown in the following table:

Loan-to-Value ratio*	55%
Debt service to net rental income ratio **	115%
Interest rate (per annum)	6.75% plus 3 months LIBOR
Interest payment	Quarterly
Amortisation	US$ 231'250 per quarter
Final principal balance repayment	At maturity date
Insurance - interest rate risk	80% of interest rate re loan facility

* Overall credit amount outstanding under loan agreement may not be more than stated % of the fair value of the building.

** At quarterly interest payment dated net rental income must not be less stated % of interest and amortisation payment obligations for next 12 months.

At 31 December 2015 the ratio of debt service to net rental income was lower than the required 110% (but still above 100%); the loan-to-value was higher than the required 55% (at 85%); certain rental rates were lower than the minimum USD 156 per square meter per annum and the interest rate risk associated with the UniCredit loan was not hedged. As ENR did not comply with these loan covenants at 31 December 2015 (these loan covenants were also not met at 30 June 2016) the loan was treated as a short term loan in compliance with IAS 1.74. UniCredit, as per the loan agreement has the right to accelerate the repayment of the loan. ENR subsequently reached an agreement with UniCredit to remedy the breach of covenants and UniCredit waived compliance until 30 June 2017 (see note 17).

As of 30 June 2016 the Petrovsky Fort business center is mortgaged as collateral for the UniCredit loan facility (see note 5).

11.2 Accounts Payable and Accrued Expenses: current liabilities and non current liabilities

in CHF

	30.06.2016	31.12.2015
Transterm Holdings Cyprus Ltd (note 4.2)	3,266,207	3,330,927
Other creditors	1,748,312	1,818,305
Balance at the end of the period	5,014,519	5,149,232
whereof current liabilities	4,908,505	5,149,232
whereof non-current liabilities	106,014	-

11.3 Financial lease liabilities - non current liabilities

Finance lease liabilities represent non current obligations for rent payments to the city of St. Petersburg for the lease of the land under the Petrovsky Fort office center and the present value of these payments as at 30 June 2016 are as follows:

in CHF

	30.06.2016	31.12.2015
Balance at the beginning of the period	1,455,287	1,675,595
Cumulative translation adjustment	193,942	– 220,308
Balance at the end of the period	1,649,229	1,455,287

11.4 Taxes

Deferred taxes assets and liabilities for the periods ended 30 June 2016 and 31 December 2015 are as follows:

in CHF

	01.01.2016	Change in scope of consolidation	Changes affecting the income statement	Translation adjustments	30.06.2016
30.06.2016					
Deferred tax assets					
Tax loss carried forward	4,484,796	-	– 614,564	551,009	4,421,241
Total deferred tax assets	4,484,796	-	– 614,564	551,009	4,421,241
Deferred tax liabilities					
Investment property (Petrovsky Fort)	4,176,487	-	– 734,561	499,790	3,941,716
Total deferred tax liabilities	4,176,487	-	– 734,561	499,790	3,941,716
Deferred tax assets / liabilities on balance sheet 30 June (net)					
Deferred tax asset					479,525

in CHF

	01.01.2015	Change in scope of consolidation	Changes affecting the income statement	Translation adjustments	31.12.2015
31.12.2015					
Deferred tax assets					
Tax loss carried forward	5,441,484	-	181,612	– 1,138,300	4,484,796
Total deferred tax assets	5,441,484	-	181,612	– 1,138,300	4,484,796
Deferred tax liabilities					
Investment property (Petrovsky Fort)	6,275,296	-	– 967,980	– 1,130,829	4,176,487
Total deferred tax liabilities	6,275,296	-	– 967,980	– 1,130,829	4,176,487
Deferred tax assets / liabilities on balance sheet 31 December (net)					
Deferred tax liabilities					308,309

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

	30.06.2016	31.12.2015
Balance at the beginning of the period	– 25,836	55,109
Payment during the period	– 34,288	– 34,366
Charge for the period	65,054	-
Reversal of provision (net)	– 34,209	– 46,579
Balance at the end of the period	– 29,279	– 25,836

12 Goodwill

Goodwill may arise on acquiring an asset via a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference may appear that is reflected in the goodwill. Therefore, in this case the impairment test consists in a comparison between the accounting value of the goodwill and the potential tax optimisation existing at the date of reporting. An impairment test was carried out on the goodwill which represented the potential tax optimisation existing on the assets. No impairment was recognised as at 30 June 2016.

in CHF	30.06.2016	31.12.2015
Balance at the beginning of the period	1,836,615	2,307,402
Currency Translations Adjustments (CTA) in the Equity	246,342	– 470,787
Balance at the end of the period	2,082,957	1,836,615

13 Share capital

As of 30 June 2016 the issued and authorised ordinary share capital of the Company was CHF 32.80 million (31 December 2015: CHF 32.80 million), divided into 2'644'402 (31 December 2015: 2'644'402) bearer shares with a par value of CHF 12.40 (31 December 2015: 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 article 32 of SESTA and waives the requirement to make a public tender offer whenever a shareholder acquires shares exceeding the threshold of 33 1/3%, conversely 49 %, of the voting rights.

13.1 Treasury stock

	30.06.2016		31.12.2015	
	Number of shares	Weighted average cost price	Number of shares	Weighted average cost price
Balance at the beginning of the period	70,168	– 2,370,696	70,168	– 2,370,696
Purchase of treasury shares		-		-
Balance at the end of the period	70,168	– 2,370,696	70,168	– 2,370,696

13.2 Conditional and Authorised Capital

	30.06.2016		31.12.2015	
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

These interim financial statements includes the interim financial statements of the Group, the subsidiaries and associates. Besides the consolidated and associated entities the Group has contractual agreements in place with a 100%-owned subsidiary of Valartis Group AG. Valartis International Ltd (a wholly owned subsidiary of Valartis Group AG, Baar, Switzerland) is the asset manager of the Company. Based on contractual terms, the Company, in 2016, paid to Valartis International Ltd a management fee payable quarterly in arrears in Swiss Francs of 1.5% (plus VAT if applicable) per annum of the Company's average attributable NAV, as adjusted by adding back the amount of any outstanding debt issued by the Company or by any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of the Company. During the course of 2016 an advance payment of the 2016 management fees of CHF 632'584 was made to Valartis International Ltd, based on the Company's 31 December 2015 provisional net asset value at the time of determining these fees and having applied a 5% (per annum) discount and after a retrospective downwards year-end adjustment of CHF 41'395 which was made in respect of a similar prepayment of 2015 management fees (having taken account of the actual net asset values for 2015). The 5% discount was calculated and applied at the time when the fees were paid. At year-end 2016 a similar calculation will be performed to determine if a retrospective adjustment is required for the prepayment of the 2016 management fees, where the actual net asset values for 2016 will be taken into account, followed by a settlement by either ENR or Valartis International Ltd. ENR Investment Limited holds a 49% interest in Panariello (see note 9) and Panariello is treated as an investment in an associate. Panariello, in turn, has a 100% interest in the Russian flower producer RSN. At 30 June 2016 the Company has a receivable of CHF 192'000 (31 December 2015 : CHF 184,476) due from and liabilities of CHF 0 (2015: 0) due to Panariello.

in CHF

	30.06.2016	30.06.2015
Management fees for the period	388,002	833,606

With effect 1 January 2015, the local branch of Valartis International Ltd was appointed by an ENR Russian subsidiary holding this asset 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). A property management fee US$ 270,000 per annum (VAT exclusive) is paid for these property management services. The Moscow based team of Valartis International Ltd also renders similar property management services to other third parties for Russian based real estate properties.

ENR's Cyprus based subsidiary to who UnicreditBank (Austria) provided loan funding for Petrovsky Fort, also with effect 1 January 2015, appointed Valartis International Ltd to perform specific services to facilitate that the UniCredit relationship is managed optimally. For this a fee of US$ 50,000 per annum (VAT exclusive) is paid. The services rendered under the aforementioned contracts are specific in nature and relate to the management of the Petrovsky Fort asset (as opposed to investment management services rendered under the general management). Therefore, the aforementioned fees are payable in addition to fees paid under the general investment contract.

Mr. Gustav Stenbolt is a board member of ENR and Valartis Group AG and did not take part in the decisions involving the aforementioned property management contracts. Valartis International Ltd, the ENR investment manager, also performs certain investment management functions for EPH.

Out-of-pocket expenses incurred by the asset manager 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 borne 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 the Company on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by the Company, provided the annual hurdle rate of 8% has been reached by the Company.

14.2 Employee remuneration

in CHF	30.06.2016	30.06.2015
Salaries	263,130	264,246
Social security benefits	74,188	21,330
Contributions to occupational pension plans	20,741	47,838
Total	358,059	333,414

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

14.3 Significant shareholders as of 30 June 2016

Valartis AG, Valartis Finance Holding AG and Valartis International Ltd jointly own 62.26% (1'602'637 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 Exchange Loss

in CHF	30.06.2016	30.06.2015
Exchange gain / (loss) - other	1,579,560	– 1,056,302

The major part of the exchange profits/(losses) arose from the embedded derivatives on investment property.

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 2016:

in CHF	Level 1	Level 2	Level 3	Total balance
Financial assets, liabilities and investment properties at fair value through profit or loss at inception:				
- Equities	1,344,378	-	-	1,344,378
- Fixed income instruments	25,499,169	-	-	25,499,169
- Derivatives (including embedded derivatives on investment property) (assets)	-	56,000	2,255,127	2,311,127
- Transterm Holdings Cyprus Ltd	-	-	3,828,324	3,828,324
- Possible Future Milestone Payments: Eastern Property Holdings Ltd sale	-	-	520,933	520,933
- Petrovsky Fort: Investment property (excl. Embedded derivatives)	-	-	29,366,740	29,366,740
- Derivatives (including embedded derivatives on investment property) (liabilities)	-	-	– 2,255,127	– 2,255,127
Total	26,843,547	56,000	33,715,997	60,615,544

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 2015:

in CHF	Level 1	Level 2	Level 3	Total balance
Financial assets and liabilities at fair value through profit or loss at inception:				
- Equities	932,190	-	-	932,190
- Fixed income instruments	14,536,694	-	-	14,536,694
- Derivatives (including embedded derivatives on investment property) (assets)	-	-	3,548,274	3,548,274
- Transterm Holdings Cyprus Ltd	-	-	3,887,830	3,887,830
- Possible Future Milestone Payments: Eastern Property Holdings Ltd sale	-	-	528,000	528,000
- Petrovsky Fort: Investment property (excl. Embedded derivatives)	-	-	29,604,623	29,604,623
- Derivatives (including embedded derivatives on investment property) (liabilities)	-	– 191,400	– 3,548,274	– 3,739,674
Total	15,468,884	– 191,400	34,020,453	49,297,937

The following table presents the movement in level 3 investments for the six months ended 30 June 2016:

	CHF
Opening balance	34,020,453
- Possible Future Milestone Payments: Eastern Property Holdings Ltd, fair value adjustments	– 7,067
- Transterm Holdings Cyprus Ltd: fair value adjustments	– 59,506
- Petrovsky Fort: Investment property fair value adjustments	– 3,890,693
- Petrovsky Fort: Investments	1,741
- Petrovsky Fort: Foreign currency translation	3,651,068
- Embedded derivatives (assets) fair value adjustments	– 1,634,669
- Embedded derivatives (assets) foreign currency translation	341,523
- Embedded derivatives (liabilities) fair value adjustments	1,634,669
- Embedded derivatives (liabilities) foreign currency translation	– 341,523
Closing balance	33,715,997
Total gains or losses for the year included in the statement of comprehensive income for assets/liabilities held at the end of the period	– 3,957,266

The following presents the movement in level 3 investments for the twelve months ended 31 December 2015:

	CHF
Opening balance	50,873,622
- Transterm Holdings Cyprus Ltd: fair value adjustments	– 552,827
- Petrovsky Fort: Investment property fair value adjustments	– 5,328,112
- Petrovsky Fort: Investments	128,680
- Petrovsky Fort: Foreign currency translation	– 7,917,491
- Embedded derivatives (assets) fair value adjustments	1,422,421
- Embedded derivatives (assets) foreign currency translation	– 819,589
- Embedded derivatives (liabilities) fair value adjustments	– 1,422,421
- Embedded derivatives (liabilities) foreign currency translation	819,589
Closing balance	34,020,453
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year	– 8,088,814

17 Subsequent Events

UniCredit Loan (see notes 5 and 11.1)

During July 2016 ENR reached an agreement with UniCredit to waive compliance by ENR of the following loan covenants with respect to the loan made by Unicredit towards the Petrovsky Fort (provided that the conditions referred to below are met): to maintain the loan to value ratio; to maintain the debt service cover ratios; to comply with the interest rate risk hedging strategy and to meet certain requirements with respect to lease contracts related to Petrovsky Fort.

The waiver period which is from 1 January 2016 until 31 July 2017. During this period the loan to value ratio may not, at any time exceed 85%. If so the borrower has to make a prepayment to UniCredit of the outstanding amount of the loan sufficient to decrease and maintain the loan to value ratio at not higher than 85%. Further, the historical debt service cover ratio and the projected debt service cover ratio's may not be less than 100%.

Assets under development (see note 6)

As the new maximum approved building height is six floors, discussions are still in progress with the developer on a new commercial arrangement (i.e. number of buildings/square meters to be delivered, further payment arrangements and related terms), the outcome of which will determine how ENR will consider to best protect its position and, if required, to enforce rights under the existing shared participation in construction agreement.

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

Annexure - Investment Guidelines

1. Investment Objective

To invest in private and public companies across different industry sectors 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.

Shareholder Information and Corporate Details

Board of Directors
Gustav Stenbolt
Walter Fetscherin
Roland M. Müller

Chief Executive Officer
Ben de Bruyn

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Ticker Symbol
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