



Semi-Annual Report 2015



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Letter to Shareholders

Dear shareholders,

For the 6 months ended 30 June 2015 ENR Russia Invest SA ("ENR" or the "Company") and its subsidiaries produced a consolidated net profit of CHF 697'831 (compared to a consolidated net loss of CHF 4.11 million for the 2014 financial half year). At 30 June 2015 ENR's International Financial Reporting Standards based consolidated net asset value was CHF 59.14 million, reducing from CHF 88.22 million at 31 December 2014 primarily due to an aggregate CHF 29.60 million dividend which was approved by shareholders at the Company's June 2015 annual general meeting. Via the dividend distribution ENR balanced stakeholder aspirations to return a meaningful cash amount to shareholders and to retain sufficient cash resources to continue with investments in line with the Company's investment objectives.

The net profit of CHF 697'831 for the first six months of 2015 should be seen in the light of ENR' reporting currency, the Swiss Franc. ENR's investments are all in a ruble based economy in companies who have the ruble as their currency. Consequently, the depreciation of the ruble against the Swiss Franc represents a challenge for ENR who reports in Swiss Franc.

During the reporting period ENR acquired fixed income instruments issued by Russian corporates for an aggregate value of CHF 2.41 million. ENR also generated CHF 4.14 million via the sale of and/or the repayment of fixed income instruments during the first half of 2015.

For the Petrovsky Fort investment, ENR has refinanced the loan from UniCredit Bank towards

the office center for a new three year period and reduced the outstanding amount of the loan to US\$ 24.50 million.

In Russia gross domestic product growth declined by 2.2% year-on-year in the first quarter 2015 and by 4.6% year-on-year during the second quarter. Domestic demand was weaker, manufacturing growth and construction output lower and fixed investment contracted. This made for a challenging economic environment for businesses operating or investing in Russia.

Oil and gas prices remain the key factors to the prospects of the Russian economy as they account for two-thirds of exports and a large part of federal budget revenues. Low global oil prices will have a negative impact on Russian economic growth. There is also a strong correlation between these prices and the value of the ruble (initially the increase in oil prices during the first half of 2015 resulted in a stronger ruble, but gains were erased when the ruble weakened by more than 20% against the US dollar since May 2015 as oil prices continued to fall).

Higher consumer prices and utility tariffs and a weaker ruble have a negative impact on inflation which was 15.27% at end June 2015. Despite inflationary pressures the Russian Central Bank cut the key interest rate from 12.5% to 11.5% in June and to 11% at end July to make lending more accessible for businesses. At end June the unemployment rate was 5.6%.

Although the economic environment in Russia is challenging, past challenging economic cycles

have presented interesting investment opportunities. Currently potential investments could be considered at lower entry valuations, for example, in production, export and import substitution focused businesses. Consequently, ENR will continue to monitor regional economic and political developments and consider private equity transactions in Russia, other member countries of the Commonwealth of Independent States and the Baltic States.

Geneva, 28 August 2015

ENR Russia Invest SA



Ben de Bruyn
Chief Executive Officer

Economic and Political Review

Russian Federation

Gross domestic product ("GDP") growth declined by 2.2% year-on-year in the first quarter 2015 and by 4.6% year-on-year during the second quarter. The first quarter contraction was driven mainly by depressed domestic demand. As consumer demand weakened, the destocking of inventories continued in the first quarter and fixed investment declined by 8.8%, contracting gross capital formation. Export growth was strong at 4.5%, whilst there was a sharp contraction in imports (-25.0%). In May economic activity deteriorated with manufacturing posting an 8.3% contraction and industries that produce investment goods reported the strongest declines: machine building (-24.9%); transportation vehicles (-17.8%); and production of electro-technical equipment (-12.4%). As domestic demand was weaker, manufacturing growth and construction output lower, fixed investment contracted, it is a challenging economic environment for businesses operating or investing in Russia. The World Bank growth forecast for Russia in 2015 is -2.7%.

Oil and gas prices remain key factors to the prospects of the Russian economy as they account for around two-thirds of exports and a large part of federal budget revenues. Low global oil prices have a negative impact on Russian economic growth and there is a strong correla-

tion between these prices and the value of the ruble (initially the increase in oil prices in the first half of 2015 resulted in a stronger ruble, but subsequently gains were erased and the ruble weakened by more than 20% against the US dollar since May 2015 as oil prices continued to decline). The global oil market is oversupplied with OPEC's oil output and robust oil production in the USA. Iran could add some 0.6 million barrels per day to the global market by the end of 2016 if sanctions are lifted. At the half-year June Brent oil prices averaged US\$64 per barrel but since then have declined more than 30% (global surplus where OPEC production climbed and China's devaluation of the yuan bolstered concerns that the world's second-biggest economy will slow down) and Brent oil prices averaged US\$ 43 per barrel by late August 2015.

The average ruble exchange rate depreciated by 7.3% in June relative to May levels, partly due to lower foreign currency supply as the average Brent oil price fell. Depreciation pressure came from increased demand for foreign currency (external debt payments increased in June compared to May; there was additional demand for foreign exchange from the Central Bank of Russia ("CBR") who purchased US\$4.3 billion on the market to replenish foreign currency reserves; and a seasonal increase in demand for foreign currency by the population). Unless oil prices adjust upwards, pressure on the ruble could

mount given that there are external debt payments of US\$29 billion due in the third quarter of 2015.

Inflation slowed in June but higher utility tariffs may push up inflation in the coming months. Food inflation continued to decline from a record level of 23.3% in February to 18.8% in June. There is weakness in consumer demand, which is constrained by the decline in real wages and incomes. Higher consumer prices and the utility tariffs and a weaker ruble all impact negatively on inflation which was 15.27% at end June 2015. Despite inflationary pressures the CBR cut the key interest rate from 12.5% to 11.5% in June and to 11% at end July to make lending more accessible for businesses.

A continued fall in real incomes have a negative impact on the capacity of households to repay debt with the share of non-performing loans increasing. Banks increased provisioning for bad loans by 3% in May. In May, the CBR revoked licenses from five small banks mostly on grounds of low capital adequacy or operational concerns.

At end June the unemployment rate was 5.6%.

During January to May the federal budget primary deficit improved from its 5 % levels in previous months to 3.0% of GDP. In June, the gov-

ernment approved the main parameters for the 2016-2018 proposed budgets, foreseeing deficits and lower fiscal buffers despite significant expenditure cuts. The macroeconomic assumptions used for the new parameters suggest a recovery of the economy to 2.5% growth in 2016, 2.3% in 2017 and 2.4% in 2018 with the Urals oil price being projected at US\$60, US\$65 and US\$70 per barrel, respectively. Economic sanctions are expected for the entire planning period. Within that framework, the federal budget deficit is projected to improve from 2.4% in 2016 to 1.9% in 2017 and 0.7% in 2018. Federal budget expenditures would decrease from 20.8% of GDP in 2015 to 19.2% of GDP in 2016, 18.3% in 2017 and 16.7% in 2018. The government expects to cut non-wage spending by 10% and not indexing wages of civil servants and military personnel in 2016. Pensions would be indexed, but less than inflation. Changes to the 2015 federal budget law would consist in 2016 of cuts to the military and national security (by 1% of GDP) and to the national economy (by 0.3 % of GDP). In 2016 and 2017 the federal budget deficit is expected to be financed mainly by the Reserve Fund, which is expected to reduce until 2018. In 2018 the deficit would be covered by internal borrowing.

In June EU economic sanctions against Russia were extended for another six months. The EU measures were originally imposed in July 2014

and reinforced in September 2014. They target certain exchanges with Russia in the financial, energy and defense sectors and dual-use goods. Canada also renewed the list of sanctions against individuals and companies. President Putin announced that Russia is extending its ban on food imports from the European Union and other developed countries until 6 August 2016.

In Russia the conflict with the West is largely seen as a standoff between Moscow and Washington. The situation may continue for the foreseeable future, as Russia has a natural desire to reduce its dependence on the US currency. Russia's shift to the east looks natural, not only from an economic viewpoint but from the viewpoint of de-dollarisation. At some point the Chinese yuan could become a key reserve currency, but only if China can simultaneously liberalise monetary and foreign exchange policy and establish a more market based refinancing mechanism. It is likely that more and more trade will be settled between the two countries in their own currencies, while the yuan will grow in importance in many Asian countries.

Ukraine

Despite measures in 2014 to stabilise the economy, Ukraine's economy has contracted further in 2015, mainly as a result of the situation in the east of the country. GDP contracted by 17.60%

in the first quarter of 2015, measured year-on-year. The World Bank has projected that real GDP could decline by 7.5% in 2015. The International Monetary Fund ("IMF") lowered its growth forecast for Ukraine GDP growth in May to -9%. This is mainly driven by the situation in the eastern part of the country, disrupted economic activities and lack of investor and consumer confidence. The IMF estimated annual inflation will increase to 46% mostly due to the fluctuation in energy prices and a major depreciation of the hryvnia. The hryvnia has fallen by more than 60% against the dollar since the start of 2015.

Structural reforms are crucial for international financial support and an economic recovery may be complicated due to the fragile political environment. In April 2015 the IMF made a US\$17.5 billion loan facility available to Ukraine and tranche payments will be released if the IMF is satisfied with the economic, budget and monetary reforms in the country, where Ukraine has to present and implement a program of deep economic reforms.

Improving Ukraine's public finances is essential as there is pressure due to large accumulated imbalances compounded by the economic contraction. A sustained deficit reduction strategy is required to stabilise and gradually reduce public debt, rebuild investor confidence and restore Ukraine's access to international capital markets. The need for budget discipline has to be balanced with reforms to create fiscal space

for targeted investments in critical infrastructure and public services to generate employment and lay a foundation for future growth.

Ukraine's total debt is estimated at around US\$70 billion. Public sector debt to gross domestic product is expected to rise to 94% of GDP in 2015 according to a National Bank of Ukraine statement in April 2015. Ukraine's President Mr. Petro Poroshenko in May 2015 signed into law a bill that allows the government to set a moratorium on the repayment of foreign debt. Discussions are currently underway with Ukrainian bondholders and Ukraine's finance minister, Ms. Natalie Jaresko mentioned in August that investors will have to accept a write-down of 40%. Creditors prefer a smaller reduction, with a grouping of international funds with some US\$9 billion of sovereign and state-owned enterprise-issued debt reportedly to have called for a write-down of 5%. The size of the write-down on Ukrainian bonds remains a sticking point due to the potential direct financial losses creditors might have to incur and where a severe write-off may deter private investors from investing in Ukraine in future.

In February 2015 the World Bank pledged another US\$2 billion of new lending for Ukraine in 2015, including significant budget support and investment projects to support further reforms and improve public services.

Regional

The Belarus' Economy Ministry expects positive GDP in the second half of 2015. Although there are no official forecasts, government estimates are for GDP growth at a level of 0.2% - 0.7% in 2015.

For Kazakhstan the IMF expects that against the backdrop of external shocks, economic growth and inflation have slowed down, financial conditions have tightened, and external imbalances are emerging. Real GDP growth slowed to an annualised 2% during the first quarter of 2015 due to weaker demand from Russia and China, lower oil prices, confidence effects, and continued delays in the Kashagan oil field.

Kazakhstan's real effective exchange rate initially appreciated over the past year, mainly reflecting the depreciation of the ruble and sharp appreciation of the US dollar, against which the tenge was managed (in late August the peg against the US dollar was abandoned and the tenge depreciated by 23% against the US dollar). Headline inflation fell from 7.4% year-on-year at end-2014 to 3.9 % year-on-year at end-June, 2015.

Portfolio Investments

Transterm Holdings Cyprus Limited

Transterm Holdings Cyprus Limited ("Transterm") through its subsidiaries operated the Batumi oil terminal in Adjara, Georgia on the Black Sea coast. It 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 US\$ 30 million in Transterm. In March 2008 Transterm sold all its Georgian based operations to the KazMunaiGas group for cash. Subsequently, ENR received US\$ 31.31 million in cash. In 2010 Transterm received a first payment under a settlement agreement with the previous Transterm managing shareholder and made a distribution to its shareholders. ENR received US\$ 6.80 million in cash.

During 2011 ENR received US\$ 1.02 million 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 US\$ 1.81 million in cash. In 2013 and 2014 ENR received further cash distributions of US\$ 79'310 and US\$ 59'666, respectively, from Transterm. In the first six months of 2015 ENR received a further cash distribution of US\$165'412 from Transterm.

At 30 June 2015 the net book value of the Transterm investment was CHF 1.07 million.

Russian flower retailer

During 2013 ENR concluded a private equity transaction for an investment into OOO RS Nedvizhimost ("RSN"), a flower retail business operating under the OptCvetTorg® brand in Russia. RSN sources its range of ready-made flower bouquets from a leading fresh-cut long stem flower producer in Russia and via indoor based outlets sells these flower bouquets to the public. Over time ENR will invest € 1.4 million if agreed benchmarks are achieved (at 30 June 2015 ENR had invested € 750'000). At 30 June 2015 the gross book value attributed to the investment in RSN was CHF 1.53 million.

Petrovsky Fort

On 30 September 2014 ENR acquired the Petrovsky Fort office centre in Russia. It is a class B+ office and retail property (completed in 2003) located in central St. Petersburg, near the embankment of the Neva River with nine office 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 St. 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 turn-key service offering is provided to tenants, including provision of utility services, central heating, venting and air conditioning; telecommunication lines and high-speed internet ac-

cess; daily cleaning of offices; security services; reception services; as well as engineering and maintenance services.

Subsequent to 30 June 2015 the loan from Uni-Credit Bank (Austria) towards the office center was refinanced for a new three year period. At 30 June 2015 the outstanding amount of the loan was US\$ 24.50 million and the carrying value of Petrovsky Fort was CHF 41.41 million.

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. Based on the investment contract, ENR via tranche based payments has invested RUB 350 million to date. ENR intends to fund its participation in the development from own cash resources until bank lending conditions in Russia improve. Construction had commenced. The book value attributed to the investment in this development at 30 June 2015 was CHF 5.84 million.

Possible Future Milestone Payments

In December 2012 ENR sold all its shares in Eastern Property Holdings Limited, a real estate investment and development company listed on SIX Swiss Exchange focused on the management of rented office, residential and commer-

cial properties in prime locations in Russia. ENR received USD 16.44 million in cash. Pursuant to the sale transaction ENR may receive a further amount in tranches over the coming years ("Possible Future Milestone Payments"). In 2013 ENR received USD 433'496 in cash. The book value of the Possible Future Milestone Payments was CHF 3.41 million at 30 June 2015.

Unique capital markets opportunity and listed equities

ENR holds shares in various Russian electricity sector companies where, at 30 June 2015 the aggregate value of these shares was CHF 1.14 million.

Fixed Income Investments

VTB group is one of the largest universal banking and financial services groups in Russia, offering a wide range of corporate, retail and investment banking services. During the reporting period ENR sold fixed income instruments issued by this group with an aggregate value of CHF 1.94 million. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 3.09 million.

Gazprom is a global energy company focused on geological exploration, production, transportation, storage, processing and marketing of gas and other hydrocarbons as well as electric power and heat energy production and distribution. At 30 June 2015 ENR owned fixed income instruments of the Gazprom group with an aggregate value of CHF 4.82 million.

Sberbank is the largest bank in Russia and Commonwealth of Independent States. At 30 June 2015 ENR owned fixed income instruments of the Sberbank group with an aggregate value of CHF 939'051.

Russian Agricultural Bank is state-owned bank. It is one of the leading financial institutions providing lending support to Russian agri-business. During the reporting period ENR acquired fixed income instruments issued by this group with an aggregate value of CHF 908'478. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 1.89 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. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 1.99 million.

The Novatek group is the largest independent natural gas producer and the second-largest natural gas producer in Russia after Gazprom. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 1.00 million.

Moscow Domodedovo airport is the largest air hub in Russia. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 638'004.

Transneft is a Russian state-owned transport business and the largest oil pipeline company in

the world, operating over 70 thousand kilometers of trunk pipelines. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 850'953.

Petropavlovsk is the second-largest producer of gold in Russia. During the reporting period fixed income instruments issued by this group with an aggregate value of CHF 474'700 were repaid and ENR acquired fixed income instruments issued by this group with an aggregate value of CHF 572'416. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 599'982.

Novolipetsk Steel is one of the largest steel companies in Russia. It primarily produces flat steel products, semi-finished steel products and electrical steels as well as specialty coated steels, high-ductility and micro-alloyed steels. During the reporting period ENR acquired fixed income instruments issued by this group with an aggregate value of CHF 932'254. At 30 June 2015 ENR owned fixed income instruments issued by this group with an aggregate value of CHF 905'625.

Lukoil is a vertically integrated Russian oil and gas group comprising of the exploration and production of oil and gas, production of petroleum products and petrochemicals and marketing of these outputs. During the reporting period ENR sold all the fixed income instruments it had held in this group for an aggregate value of CHF 993'352.

TNK-BP is a leading Russian oil company and is vertically integrated with a diversified upstream and downstream portfolio in Russia and Ukraine.

In March 2013 Rosneft completed an acquisition of TNK-BP. TNK-BP operates a large retail network of filling stations in central Russia and Ukraine under the BP and TNK brands. During the reporting period ENR sold all the fixed income instruments it had held in this group for an aggregate value of CHF 733'637.

Other

In 2012 ENR was successful with a bid to acquire a non-performing loan portfolio ("NPL") sold by a Russian bank for a purchase consideration of RUR 15'562'269. This portfolio was transferred to National Recovery Service, Russia's largest collection business for collection on ENR's behalf. During the six months ended 30 June 2015 ENR received CHF 2'454 in net collections. The NPL is accounted for under accounts receivable in the 2015 unaudited consolidated financial statements and was valued at CHF 74'147 at 30 June 2015.

Financial Statements

Determination of the Net Asset Value and Attributable Net Asset Value

(Currency-CHF)

	30.06.2015		31.12.2014	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets				
Treasury stock - at market value	-	2,350,628	-	2,280,460
Cash, investments and other assets	120,403,641	120,403,641	131,067,095	131,067,095
Total assets	120,403,641	122,754,269	131,067,095	133,347,555
Liabilities				
Total liabilities	61,259,218	61,259,218	42,847,399	42,847,399
Shareholders' Equity				
Treasury stock - at cost	-2,370,696	-	-2,280,460	-
Remaining Equity	61,515,119	61,495,051	90,500,156	90,500,156
Total shareholders' equity	59,144,423	61,495,051	88,219,696	90,500,156
Total liabilities and shareholders' equity	120,403,641	122,754,269	131,067,095	133,347,555
Number of shares outstanding		2,644,402		2,644,402
Net asset value per share		23.25		34.22
Attributable net asset value per share		23.25		34.22
Number of treasury shares		70,168		70,168

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 59.14 million (31 December 2014: CHF 88.22 million). Liabilities at 30 June 2015 included a payable for the approved gross dividend of CHF 11.50 per dividend bearing bearer share which was paid after the half-year reporting period - refer to note 15.2 to these condensed consolidated interim financial statements).

The consolidated net profit for the 2015 half year is CHF 697'831 (2014: consolidated net loss of CHF 4.11 million).

The consolidated retained loss at 30 June 2015 increased to CHF 45.22 million mainly as a result of the aforementioned dividend (consolidated retained loss at 31 December 2014: CHF 16.51 million). For more details, see the consolidated statement of changes in equity for the year ended 30 June 2015.

Condensed consolidated statement of financial positions (unaudited)

(Currency-CHF)

	Note	30.06.2015	31.12.2014
Assets			
Current Assets			
Cash and cash equivalents		42,329,786	48,078,815
Accounts receivable and accrued interest	6	693,302	495,128
Financial assets at fair value	4.1	1,563,896	1,996,585
Investments at fair value through profit or loss	4 and 4.1	7,079,199	6,733,429
Assets under development		5,837,896	5,906,607
Other assets	8	163,893	203,140
Total Current Assets		57,667,972	63,413,704
Non-Current Assets			
Accounts receivable and accrued interest	6	698,780	260,728
Investments at fair value through profit or loss	4.1	14,967,941	16,089,637
Financial assets at fair value	4.1	1,846,877	1,714,834
Investment property	5.1	41,408,921	45,666,988
Other investments accounted under the equity method	7	1,533,120	1,613,802
Goodwill	10	2,280,030	2,307,402
Total Non-Current Assets		62,735,669	67,653,391
Total Assets		120,403,641	131,067,095
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	9.2	33,527,766	5,086,947
Loans from banks	9.1	22,756,561	30,451,818
Forward foreign exchange contracts	4.1	34,000	867,000
Embedded derivatives on investment property	5.6	1,168,212	2,945,442
Provision for taxes	9.4	12,412	55,109
Total Current Liabilities		57,498,951	39,406,316
Non-Current Liabilities			
Accounts payable and accrued expenses	9.2	1,536,169	931,676
Financial lease liabilities: Investment property	9.3	1,655,719	1,675,595
Deferred tax liabilities	9.4	568,379	833,812
Total Non-Current Liabilities		3,760,267	3,441,083
Total liabilities		61,259,218	42,847,399
Shareholders' Equity			
Share capital		32,790,585	32,790,585
Capital paid in excess of par value (share premium)		75,447,951	75,357,715
Treasury stock	11.1	-2,370,696	-2,280,460
Retained losses*		-45,222,584	-16,505,464
Other capital reserves		-	188,740
Cumulative translation adjustment		-1,500,833	-1,331,420
Total shareholders' equity		59,144,423	88,219,696
Total liabilities and shareholders' equity		120,403,641	131,067,095
Number of shares issued and fully paid		2,644,402	2,644,402
Nominal value (in CHF)		12.40	12.40

* A gross dividend of CHF11.50 per share (in aggregate CHF 29.60 million) was approved at the 29 June 2015 annual general meeting. In the consolidated accounts the dividend is shown against retained earnings/(losses) which resulted in an increase in retained losses year-on-year.

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

(Currency-CHF)

	Note	30.06.2015	30.06.2014
Income			
Net rental income (gross rental income CHF 3'196'874)	5.2	3,030,812	-
Interest income		393,609	1,812,284
Dividend income		168	-
Realised profit/(loss) on sale of investments through profit or loss, net	4.1	152,198	-1,878,364
Unrealised profit/(loss) on investments through profit or loss, net	4.1	500,572	-2,870,219
Fair value (loss) on investment property	5.1	-364,751	-
Realised profit/(loss) on forward foreign exchange contracts, net	4.1	473,000	-20,500
Unrealised (loss)/profit on forward foreign exchange contracts, net	4.1	-34,000	417,850
Exchange (loss)/profit		-1,056,302	35,486
(Loss) of associates		-89,878	-12,291
Total income		3,005,428	-2,515,754
Expenses			
Management fees	6 and 12.1	833,606	781,814
Administrative fees		18,776	66,428
Directors' fees and expenses		25,000	86,350
Staff remuneration	12.2	333,414	238,779
Travel expenses		24,692	30,881
Legal and professional fees		132,834	233,585
Audit fees		184,460	-
Interest expenses and bank charges		871,069	1,024
Tax other than on income		209	-
Other expenses		139,987	172,534
Total expenses		2,564,047	1,611,395
Profit/(Loss) for the period before tax		441,381	-4,127,149
Income tax	9.4	256,450	18,982
Profit/(Loss) for the period after tax		697,831	-4,108,167
Attributable to			
Equity holders of the Company		697,831	-4,108,167
Other comprehensive income			
Cumulative translation adjustment *		-169,413	-
Total comprehensive profit/(loss) for the period		528,418	-4,108,167
Attributable to			
Equity holders of the Company		528,418	-4,108,167
* 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			
Weighted average number of outstanding shares		2,574,234	2,595,464
Basic earnings per share (in CHF)		0.271	-1.583
Diluted earnings per share (in CHF)		0.271	-1.583

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

(Currency-CHF)

	Note	30.06.2015	30.06.2014
Cash Flows from Operating Activities			
Profit/(Loss) before tax		441,381	-4,127,149
Adjustments for:			
Interest income		-393,609	-1,812,284
Dividend income		-168	-
Interest expense		871,069	-
Foreign currency translation effects on cash and cash equivalents		-	204,826
Fair value adjustment on investment property	5.1	3,793,331	-
Foreign currency effect on banking loan and embedded derivative	5.1	-3,428,580	-
Unrealised fair value adjustment on investment portfolio including receivable held at fair value through profit or loss and forward foreign exchange contracts	4.1	-618,769	2,452,369
Unrealised fair value gain on forward exchange contracts		-360,000	-
Unrealised (loss) from associated companies		89,878	-
Operating profit/(loss) before working capital changes		394,533	-3,282,238
Movement in working capital:			
Investment portfolio movement, net	4 and 4.1	1,729,341	21,593,017
Change in accounts receivable and accrued interest		-566,209	-52,753
Change in accounts payable and accrued expenses		-558,379	363,621
Dividend received		168	-
Interest received		323,592	2,048,294
Bank charges and interest expenses		-1,165,518	1,024
Taxes paid	9.4	41,983	-23,708
Net cash flow from operating activities		199,511	20,647,257
Cash Flows from Financing Activities			
Purchase of treasury stock	11.1	-	-813,759
Other investments accounted under the equity method	7	-	12,291
Loan repayment		-5,574,180	-
Net cash flow (used in) financing activities		-5,574,180	-801,468
Foreign currency translation effects on cash and cash equivalents		-374,360	-204,826
Net change in cash and cash equivalents		-5,749,029	19,640,963
Cash and cash equivalents at beginning of the period		48,078,815	18,936,265
Cash and cash equivalents at the end of the period		42,329,786	38,576,204

The notes on pages 20 to 34 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	Other capital reserves	Retained earnings	Total	Non controlling interests	Total share-holders' equity
Balance as at 1 January 2014	32,790,585	75,447,951	-1,552,228	-	-	7,998,243	114,684,551	-	-114,684,551
(Loss) for the period after tax	-	-	-	-	-	-4,108,167	-4,108,167	-	-4,108,167
Treasury stock	-	-	-813,759	-	-	-	-813,759	-	-813,759
Other investments accounted as equity	-	-	-	-	-	-2,640	-2,640	-	-2,640
Balance as at 30 June 2014	32,790,585	75,447,951	-2,365,987	-	-	3,887,436	109,759,985	-	-109,759,985
Restatement*	-	-90,236	90,236	-	-	-	-	-	-
Balance as at 30 June 2014 (restated)	32,790,585	75,357,715	-2,275,751	-	-	3,887,436	109,759,985	-	-109,759,985
Restatement*	-	90,236	-90,236	-	-	-	-	-	-
Balance as at 1 January 2015	32,790,585	75,447,951	-2,370,696	-1,331,420	188,740	-16,505,464	88,219,696	-	-88,219,696
Restatement*	-	-	-	-	-188,740	188,740	-	-	-
Balance as at 1 January 2015 (restated)	32,790,585	75,447,951	-2,370,696	-1,331,420	-	-16,316,724	88,219,696	-	-88,219,696
Profit for the period after tax	-	-	-	-	-	697,831	697,831	-	697,831
Treasury stock	-	-	-	-	-	-	-	-	-
Other investments accounted as equity	-	-	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-29,603,691	-29,603,691	-	-29,603,691
Other comprehensive income	-	-	-	-169,413	-	-	-169,413	-	-169,413
Balance as at 30 June 2015	32,790,585	75,447,951	-2,370,696	-1,500,833	-	-45,222,584	59,144,423	-	-59,144,423

* See Note 3.2

The notes on pages 20 to 34 are an integral part of these consolidated interim financial statements.

Condensed notes to the consolidated unaudited interim financial statements as of 30
June 2015
(Currency - CHF)

1. Incorporation and activity

ENR Russia Invest SA ("Company") 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. From 1 January 2014 Mr. Ben de Bruyn was appointed as the chief executive officer of the Company. Following the acquisition of Petrovsky Fort, via a Russian subsidiary, the Company also has 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 27 August 2015.

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 2015 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 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. Significant accounting policies and restatements

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 2014. No new standards or interpretations have been adopted as of 1 January 2015.

3.2 Restatements

In 2014 ENR acquired 23'168 treasury shares for a consideration of CHF 818'468. In accordance with the requirements of IAS 32 and IAS 7 the consideration paid was deducted from consolidated equity and presented as a financing cash flow. However, an amount of CHF 90'236 was erroneously transferred from the treasury stock account to the share premium account. The amount of CHF 90'236 has been retrospectively reclassified from the share premium account back to the treasury stock account, reconstituting the original purchase consideration of CHF 818'468 presented in the component 'treasury shares'.

An amount of CHF 188'740 relating to a translation adjustment arising from the translation into the presentation currency of a newly acquired subsidiary was erroneously shown as an increase in 'other

capital reserves' instead of being presented under 'currency translation adjustments'. The amount of CHF 188'740 has been reclassified from the component 'other capital reserves' to the component 'currency translation adjustments'.

In the 2014 semi-annual report, the earnings per share calculation (based on the weighted average calculation of the outstanding shares) contained a minor error. This error was corrected in the 2015 semi-annual report. The disclosed number of weighted average number of outstanding shares at 30 June 2014 therefore changed from 2'574'234 to 2'595'464 and the impact on the basic and diluted earnings per share changed from CHF -1.596 to -1.583.

4. Investment portfolio

in CHF

	30.06.2015	30.06.2014
Fair value of portfolio at beginning of the period	25,667,485	97,241,771
Investment Portfolio Movement for the Period		
Purchase of investments	2,413,148	11,612,531
Sale of investments	-4,142,489	-31,686,224
Net realised profit/(loss) on disposal of investments	1,019,197	-1,519,324
Net investment portfolio movement for the period	-710,144	-21,593,017
Increase/(Decrease) in fair value	466,572	-2,452,369
Fair value of portfolio at the end of the period	25,423,913	73,196,385
The investment portfolio is represented as follows on the balance sheet:		
Designated as Fair Value Through Profit or Loss:		
Listed equity securities and fixed income instruments held for trading	17,872,717	57,254,000
Unlisted equity securities and other fixed income instruments held for trading	7,585,196	15,524,535
Total designated as fair value through profit or loss	25,457,913	72,778,535
Total financial assets at fair value through profit or loss	25,457,913	72,778,535
Derivatives held for trading:		
Forward foreign exchange contracts	-34,000	417,850
Total derivatives	-34,000	417,850
Profit/(loss) on investments at fair value through profit or loss		
Net realised profit/(loss)	152,197	-1,878,364
Increase/(Decrease) in fair value	500,572	-2,870,219
Total	652,769	-4,748,583
Profit/(loss) recognised on derivatives		
Net realised (loss)	-867,000	-359,040
Changes in fair value increase	776,890	776,890
Total	-90,110	417,850

4.1 Details of investments at fair value through profit or loss

Securities, Bonds and Fixed Income

Balance as of 01.01.2015

	Quantity	CHF
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	8,050
FEDERAL HYDROGENERATION COMPANY JSC	32,708,775	309,730
INTER RAO UES JSC	6,822,874	810
INTER RAO UES JSC	407,262,451	48,339
INTER RAO UES JSC	-	-
INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING	20,900,000	156,927
INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING PREFERENCE SHARES	6,400,000	72,421
MOSCOW POWER JSC (MOSENERGO)	50	1
MOSCOW UNITED ELECTRICITY DISTRIBUTION	12,313,327	252,717
QUADRA POWER GENERATION JGC	23,263,819	1,796
RAO EASTERN ENERGY SYSTEM JSC	18,400,000	73,897
RAO EASTERN ENERGY SYSTEM JSC PREFERENCE SHARES	6,400,000	9,566
TERRITORIAL GENERATION COMPANY NO 1 OJSC	927,579,908	61,952
TERRITORIAL GENERATION COMPANY NO 2 OJSC	314,979,184	3,755
VOLZHSKAYA TERRITORIAL GEN CO	228,739	4,589
VOLGA TERRITORIAL GENERATION	69,255	-
VTB EURASIA LIMITED 9.5 %, (perpetual), BOND	1,000,000	687,425
PETROPAVLOVSK 9%, 03/2020, CONVERTIBLE	-	-
TRANSCAPITALINVEST LTD OJSC AK TRANSNEFT 8.7% , 08/2018, BOND	832,000	850,006
TNK - BP FINANCE SA 6.625 %, 03/2017, BOND	750,000	692,086
GAZPROMBANK OJSC VIA GPB EUROBOND FINANCE PLC 6.5%, 09/2015, BOND	1,000,000	972,236
LUKOIL INTERNATIONAL FINANCE FINANCE 6.356%, 11/2014, BOND	1,000,000	954,531
GAZPROM OAO VIA GAZ CAPITAL SA 6.212%, 11/2016, BOND	2,000,000	1,928,745
DOMODEDOVA AIRPORT 6%, 11/2018, BOND	750,000	591,604
SBERBANK OF RUSSIA VIA SB CAPITAL SA 5.4%, 03/2017, BOND	1,000,000	931,633
NOVOTEK OAO VIA NOVOTEK FINANCE LTD 5.326%, 02/2016, BOND	1,000,000	970,554
RUSSIAN AGRICULTURAL BANK OJSC VIA RSHB CAPITAL SA 5.1%, 07/2018, BOND	-	-
VTB BANK OJSC VIA VTB CAPITAL SA 5 %, 11/2015, BOND	1,000,000	939,100
VTB BANK OJSC VIA VTB CAPITAL SA 5 %, 10/2024, BOND	1,500,000	1,050,002
OJSC NOVOLIPETSK STEEL VIA STEEL FUNDING LTD 4.45%, 02/2016, BOND	-	-
PETROPAVLOVSK 4%, 02/2015, BOND	500,000	361,022
VNESHECONOMBANK VIA VEB FINANCE PLC 3.75%, 02/2016, BOND	2,000,000	1,766,000
RUSSIAN AGRICULTURAL BANK OJSC VIA RSHB CAPITAL SA 3.125%, 08/2015, BOND	1,000,000	930,600
GAZPROM 2.375%, 12/2016, BOND	2,000,000	1,818,000
Sub-total listed investments at fair value through profit or loss	-	16,448,094
VTB BANK OJSC VIA VTB CAPITAL SA, EURO COMMERCIAL PAPER	2,000,000	1,934,315
TRANSTERM HOLDINGS CYPRUS LTD - ordinary shares	9,310,000	4,440,657
POTENTIAL FURTHER EASTERN PROPERTY HOLDINGS LTD SALE RECEIPTS	-	3,711,419
Sub-total unlisted investments at fair value through profit or loss	11,310,000	10,086,391
FORWARD FOREIGN EXCHANGE CONTRACTS	-	-867,000
Sub-total derivative financial instruments	-	-867,000
Total investments	-	25,667,485

Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2015	
Purchases and Additions	Sales, Redemptions and Withdrawals	Gains	Losses	Gains	Losses	Quantity	CHF
-	-	-	-	3,301	-	10,173,273	11,352
-	-	-	-	-	-10,784	32,708,775	298,946
-	-	-	-	138,756	-	6,822,874	139,566
-	-	-	-48,339	-	-	-	-
-	-	-	-	81,509	-	4,027,625	81,509
-	-	-	-	29,976	-	20,900,000	186,903
-	-	-	-	-	-15,129	6,400,000	57,292
-	-	-	-	-	-	50	1
-	-	-	-	-	-68,160	12,313,327	184,557
-	-	-	-	-	-715	23,263,819	1,081
-	-	-	-	-	-8,507	18,400,000	65,390
-	-	-	-	4,195	-	6,400,000	13,761
-	-	-	-	21,345	-	927,579,908	83,297
-	-	-	-	4,330	-	314,979,184	8,085
-	-	-	-	-	-1,788	228,739	2,801
-	-	-	-	864	-	69,255	864
-	-	-	-	139,121	-	1,000,000	826,546
572,416	-	-	-	27,566	-	592,000	599,982
-	-	-	-	947	-	832,000	850,953
-	-733,637	41,551	-	-	-	750,000	-
-	-	-	-	-	-33,184	1,000,000	939,052
-	-993,352	38,821	-	-	-	-	-
-	-	-	-	2,078	-	2,000,000	1,930,823
-	-	-	-	46,400	-	750,000	638,004
-	-	-	-	7,418	-	1,000,000	939,051
-	-	-	-	29,688	-	1,000,000	1,000,242
908,478	-	-	-	-	-14,196	1,000,000	894,282
-	-	-	-	70,400	-	1,000,000	1,009,500
-	-	-	-	209,250	-	1,500,000	1,259,252
932,254	-	-	-	-	-26,629	1,000,000	905,625
-	-474,700	113,679	-	-	-	-	-
-	-	-	-	231,200	-	2,000,000	1,997,200
-	-	-	-	67,200	-	1,000,000	997,800
-	-	-	-	131,000	-	2,000,000	1,949,000
2,413,148	-2,201,689	194,051	-48,339	1,246,544	-179,092	-	17,872,717
-	-1,940,800	6,485	-	-	-	-	-
-	-	-	-	-	-266,233	9,310,000	4,174,424
-	-	-	-	-	-300,647	-	3,410,772
-	-1,940,800	6,485	-	-	-566,880	9,310,000	7,585,196
-48,001,000	48,395,000	473,000	-	-	-34,000	-	-34,000
-48,001,000	48,395,000	473,000	-	-	-34,000	-	-34,000
-45,587,852	44,252,511	673,536	-48,339	1,246,544	-779,972	-	25,423,913

4.2 Transterm Holdings Cyprus Limited

Transterm through its subsidiaries used to operate the Batumi oil terminal in Adjara, Georgia. In March 2008 Transterm sold all its Georgian based operations to the KazMunaiGas group for cash and ENR received a partial repayment of the investment of USD 31 million in cash. Transterm also concluded a settlement agreement in 2010 with the previous Transterm managing shareholder where payments are made to Transterm. Transterm uses loan distributions to distribute proceeds to its shareholders (including ENR) and these loans are only repayable at the election of the borrower. ENR recorded these loans as part of "Accounts payable and accrued expenses" even though these loans are not repayable and do not carry interest. In the six months to 30 June 2015 ENR received US\$ 165'412 from Transterm. Non-repayable loans will be set-off in a future Transterm capital reduction.

At 30 June 2015 the net book value attributable to Transterm was CHF 1.07 million, being the CHF equivalent of the net amount ENR may 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. Therefore, the fair value attributed to this investment may differ from the realisable value.

in CHF

	Note	30.06.2015	31.12.2014
Carrying value at the beginning of the period (gross)		4,440,657	4,887,385
Non-repayable loans received in prior periods		- 2,949,582	- 2,592,304
Carrying value at the beginning of the period (net)		1,491,075	2,295,081
Unrealised (loss)/gain due to foreign exchange movements		- 266,233	542,372
Fair value adjustment		-	- 989,100
Carrying value at the end of the period (gross)		4,174,424	4,440,657
Non-repayable loans received (in current and prior periods)	9.2	- 2,949,582	- 2,949,582
Non-repayable loan received during the period	9.2	- 155,603	-
Carrying value at the end of the period (net)		1,069,239	1,491,075

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 2.41 million was deployed to acquire fixed income instruments whilst CHF 4.14 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 2015, the aggregate fair value attributed to fixed income instruments was CHF 16.74 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 year-end of all these shares is based on last available closing prices of these shares at 30 June 2015 where the aggregate value of these shares was CHF 1.14 million.

4.5 Possible Future Milestone Payments: Eastern Property Holdings Limited

At 30 June 2015 the book value of further amounts which ENR may receive from Eastern Property Holdings Limited ("EPH") in several tranches over the coming years ("Possible Future Milestone Payments") was CHF 3.41 million. 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

5.1 Carrying value

in CHF

	Investment Properties Buildings	Embedded Deri- vatives	Investment Properties Financial Leases	Total
Acquisition costs				
Carrying amount at 31 December 2013				-
Change in scope of consolidation additions	48,852,443	797,000	2,398,000	52,047,443
Additions	16,219	-	-	16,219
Fair value adjustments	9,937,123	3,423,000	-	13,360,123
Foreign exchange translation differences	-17,758,071	-1,274,558	-724,168	-19,756,797
Closing balance at 31 December 2014	41,047,714	2,945,442	1,673,832	45,666,988
Opening balance at 1 January 2015	41,047,714	2,945,442	1,673,832	45,666,988
Additions	1,207	-	-	1,207
Fair value adjustments	-2,016,101	-1,777,230	-	-3,793,331
Foreign exchange translation differences (CTA in equity)	-446,087	-	-19,856	-465,943
Carrying amount at 30 June 2015	38,586,733	1,168,212	1,653,976	41,408,921

Fair value adjustments and foreign exchange effect on investment property business	30.06.2015	30.06.2014
Value adjustment on investment property including effect from foreign currency translation (in income statement)	-3,793,331	-
Result from foreign exchange translation of banking loan for investment property and embedded derivative (liability)	3,428,580	-
Total fair value change on investment property business	-364,751	-

5.2 Gross and net rental income

The breakdown of net rental income for the half year which ended 30 June 2015 is presented below:

in CHF

	30.06.2015	30.06.2014
Gross rental income	3,196,874	-
Ground rents paid	- 102,337	-
Service charge income (expense) on principal basis	400,226	-
Property operating expenses	- 26,463	-
Repair and maintenance costs	- 52,095	-
Non-income taxes	- 385,393	-
Net rental income	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 about 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 2015, the vacancy rate as a percentage of total rentable area of the building was 13.98% (31 December 2014: 6.5%) and by use for office space was 18.99% (31 December 2014: 9%) and for retail space 0.77% (31 December 2014: 1%).

5.5 Fair Value and Valuation Method

The carrying value attributed to Petrovsky Fort was CHF 41.41 million at 30 June 2015 (31 December 2014: CHF 45.67 million). The carrying value of Petrovsky Fort represents its fair value plus the adjustment for outstanding land lease obligations with respect to the long-term leasehold land under the property and plus the adjustment for embedded derivatives.

At year-end 2014 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 the Company did not obtain an independent third party valuation (as will be the case for the year-end valuation). ENR determined the fair value of the investment property also based on the income approach but using the discounted cash flow method. The discounted cash flow method involves the projection of a series of periodic cash flows to an operating property. To the projected cash flow series, an appropriate, market derived discount rate is applied to achieve an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings and investment costs. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property. 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 estimation methods than when compared to the annual reporting period where an independent third party valuator is used to determine the value of investment properties.

in USD

Property	Fair value as per valuation at 30 June 2015	Valuation method	Key unobservable inputs	Input
Petrovsky Fort	US\$ 41.50 million	Discounted cash flow, income capitalisation	Discount rate	13.5%
			Capitalisation rate	12.75%
			Estimated Rental Income (per annum) - lease contract	US\$ 230

in USD

Property	Fair value as per valuation at 31 December 2014	Valuation method	Key unobservable inputs	Input
Petrovsky Fort	US\$ 41.50 million	Income capitalisation	Estimated Rental Income (per annum) - lease contract	US\$ 230
			Equivalent yield	12.5%

5.6 Embedded derivatives

Most lease contracts with tenants are denominated in USD, a currency other than the functional rouble currency of Petrovsky Fort LLC and tenants. A number of these lease contracts provide a corridor of USD (Euro, etc.)/RUR exchange cross-rates for the rouble 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 3943) separately from the host contract from inception. The fair value of the investment property is determined in accordance with IFRS 13 using the income approach based on discounted cashflow models. The cash inflows from the rental income do not take into consideration the specific feature introduced by the inherent put and call options in respect of the above mentioned corridor of USD/RUR exchange-rates for the payments to be made by lessees in ruble. As the embedded derivative asset relates to the investment property cash flows and simply depicts the special corridor feature, the separation of the embedded derivatives has been presented as 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.

Loan from Unicredit

Refer to notes 9.1 and 15.1

6 Accounts receivable and accrued interest: current assets

in CHF

	30.06.2015	31.12.2014
Accrued interest	299,525	229,508
Other *	1,092,557	526,348
Total receivables	1,392,082	755,856

- * Included is an amount of CHF 74'147 being the difference between the purchase price paid for a Russian based non-performing loan portfolio and the amount collected at 30 June 2015.
- * Included in an advance payment of management fees to Valartis International Ltd., the Company's investment manager, for the third and fourth quarter 2015 (Refer to note 12.1).

7 Other investments accounted under the equity method: non-current assets

Panariello in CHF

	30.06.2015	31.12.2014
Beginning of the period	1,613,802	1,705,492
Share in result	-	- 326,426
Currency translation effects	9,196	234,736
Share of associates gains/losses	- 89,878	-
Closing balance for investment in Associate	1,533,120	1,613,802

At 30 June 2015 ENR Investment Limited had invested €750'000 (2014: €750'000) which forms part of the planned €1.4 million investment into Panariello Enterprises Limited. The gross value attributed to this investment in the flower retail business at 30 June 2015 was CHF 1.53 million (31 December 2014: 1.61 million). The remaining amount not yet invested of €650'000 is recognised in accounts payable and accrued expenses and represent a contingent payment.

8 Other Assets: current assets

Other assets	30.06.2015	31.12.2014
Beginning of the period	203,140	1,624
Depreciation: computer	- 165	- 331
Receivables: Petrovsky Fort	- 30,281	201,859
Other	- 8,801	- 12
Closing balance for other assets	163,893	203,140

9 Liabilities

9.1 Current loans from banks

in CHF	30.06.2015	31.12.2014
Balance at beginning of period	- 30,451,818	-
Loans from banks	-	- 30,451,818
Re-payment	7,695,257	-
Balance at the end of the period	- 22,756,561	- 30,451,818

At 30 June 2015 this loan comprised of a short term loan from UniCredit Bank (Austria) ("UniCredit") towards the Petrovsky Fort business center. Subsequent to the half year-end this loan was refinanced for a three year period (Refer to note 15.1).

9.2 Accounts Payable and Accrued Expenses:current and non-current

in CHF	30.06.2015	31.12.2014
Transterm Holdings Cyprus Ltd (note 4.2)	3,105,185	2,949,583
Dividend payable	28,067,522	-
Other creditors *	2,355,059	3,069,040
Withholding taxes, net	1,536,169	-
Balance at the end of the period	35,063,935	6,018,623

* Includes CHF 676'071, representing a contingent payment towards the investment in the Russian Flower business (see note 7).

9.3 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 2015 are as follows:

in CHF	30.06.2015	31.12.2014
Balance at beginning of period	1,675,595	-
Financial Lease: Petrovsky Fort	-	1,675,595
Foreign Exchange re-evaluation	- 19,876	-
Balance at the end of the period	1,655,719	1,675,595

9.4 Deferred Tax Assets and Liabilities

in CHF

	30.06.2015	31.12.2014
Deferred tax assets	5,362,526	5,441,484
Deferred tax liabilities	-5,930,905	-6,275,296
Balance at the end of the period	-568,379	-833,812

Reconciliation between income tax benefits and the product of accounting profit multiplied by the tax rate of the Swiss parent company for the years ended 30 June 2015 and 31 December 2014 is as follows:

in CHF

	30.06.2015	31.12.2014
Balance at beginning of period	55,109	124,546
Payment during the period	-34,079	-41,035
Reversal of provision	-98,734	-377,466
Charge for the period	90,116	349,064
Balance at the end of the period	12,412	55,109

Reconciliation of tax income and the accounting profit multiplied by the Groups domestic tax rate for the half year 2015 and 2014

in CHF

	30.06.2015	30.06.2014
Pre-tax gain	441,381	-4,127,149
Expected tax benefit	104,143	-
Effect of lower tax rates in other countries	-	-
Income taxed at lower rates	-	-
Non-deductible expenses for tax purposes	-	-
Non-taxable income	152,307	-
Prior year adjustments	-	18,982
Other effects	-	-
Income taxes reported in the statement of profit	256,450	18,982

10 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 2015.

in CHF

	30.06.2015	31.12.2014
Balance at beginning of period	2,307,402	-
Goodwill at Purchase Date	-	3,305,647
Currency Translations Adjustments (CTA) in the Equity	-27,372	-998,245
Balance at the end of the period	2,280,030	2,307,402

11 Share capital

As of 30 June 2015 the issued and authorised ordinary share capital of the Company was CHF 32.8 million (31 December 2014: CHF 32.8 million), divided into 2'644'402 (31 December 2014: 2'644'402) bearer shares with a par value of CHF 12.40 (31 December 2014: 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.

11.1 Treasury stock

	30.06.2015		31.12.2014	
	Number of shares	Weighted average cost price	Number of shares	Weighted average cost price
Opening balance	70,168	2,280,460	47,000	1,552,228
Purchase of treasury shares	-	-	23,168	818,468
Capital reserves*	-	90,236	-	-90,236
Closing balance	70,168	2,370,696	70,168	2,280,460

* See Note 3.2

11.2 Conditional and Authorised Capital

Conditional and Authorised Capital	30.06.2015		31.12.2014	
	Number of shares	CHF	Number of shares	CHF
Conditional capital	805,307	9,985,807	805,307	9,985,807

12 Related Parties

12.1 Valartis International Ltd

The Group has an agreement in place with Valartis International Ltd. (100%-owned subsidiary of Valartis Group AG, Baar, Switzerland) who is the asset manager of the Company. Based on the management contract, the Company has to pay Valartis International Ltd. management fees payable quarterly in arrears in Swiss Francs of 1.5% (plus VAT if applicable) per annum of the Company's average attributable NAV, 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. An advance payment of the third and fourth quarters 2015 management fees of CHF 439'902 was made to Valartis International Ltd, having taken account of the impact of the dividend payable (see notes 6 and 15.2) on the Company's NAV and having applied a 5% (per annum) discount. Management fees for the six months ended 30 June 2015 are shown in the table below.

in CHF

	30.06.2015	30.06.2014
Management fees		
Management fees for the period	833,606	781,814
Balance payable at the end of the period	-	411,300

12.2 Employee remuneration

in CHF

	30.06.2015	30.06.2014
Salaries	264,246	202,848
Social security benefits	21,330	16,553
Contributions to occupational pension plans	47,838	16,269
Other personnel expense	-	3,109
Total	333,414	238,779

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).

12.3 Significant shareholders as of 30 June 2015

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.

12.4 Other

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

13 Exchange Loss

in CHF

	30.06.2015	30.06.2014
Trading income forex	- 1,056,302	35,486
Total	- 1,056,302	35,486

14 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 2015:

Assets - 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	1,135,405	-	-	1,135,405
- Fixed income instruments	16,737,310	-	-	16,737,310
- Derivatives	-	- 34,000	1,168,212	1,134,212
- Transterm Holdings Cyprus Ltd	-	-	4,174,424	4,174,424
- Possible Future Milestone Payments: Eastern Property Holdings Ltd ("EPH") sale	-	-	3,410,772	3,410,772
- Petrovsky Fort: Investment property	-	-	40,240,709	40,240,709
Total	17,872,715	- 34,000	48,994,117	66,832,832

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 2014:

Assets - 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	1,004,550	-	-	1,004,550
- Fixed income instruments	15,443,542	1,934,315	-	17,377,857
- Derivatives	-	- 867,000	2,945,442	2,078,442
- Transterm Holdings Cyprus Ltd	-	-	4,440,657	4,440,657
- Possible Future Milestone Payments: Eastern Property Holdings Ltd ("EPH") sale	-	-	3,711,419	3,711,419
- Petrovsky Fort: Investment property	-	-	42,721,546	42,721,546
Total	16,448,092	1,067,315	53,819,064	71,334,471

The following presents the movement in level 3 investments for the six months ended 30 June 2015:

	CHF
Opening balance	53,819,064
- Possible Future Milestone Payments: EPH, receipts	-
- Possible Future Milestone Payments: EPH, purchases	-
- Gains and losses recognised in the profit and loss: Possible Future Milestone Payments: EPH sale	- 300,647
- Transterm Holdings Cyprus Ltd	- 266,233
- Petrovsky Fort: Investment property	- 4,258,067
Closing balance	48,994,117
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the half year	- 4,824,947

The following presents the movement in level 3 investments for the twelve months ended 31 December 2014:

	CHF
Opening balance	13,566,835
- Possible Future Milestone Payments: EPH, receipts	-
- Possible Future Milestone Payments: EPH, purchases	-
- Gains and losses recognised in the profit and loss: Possible Future Milestone Payments: EPH sale	- 4,968,031
- Transterm Holdings Cyprus Ltd	- 446,728
- Petrovsky Fort: Investment property	45,666,988
Closing balance	53,819,064
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year	45,666,988

15 Subsequent Events

15.1 Subsequent to 30 June 2015 a short term loan from UniCredit towards the Petrovsky Fort business center was refinanced loan for a three year period and the Company reduced the outstanding amount of the loan to US\$ 24.50 million as of 30 June 2015. (Refer to note 9.1).

	Prior to Refinancing	After Refinancing
Loan-to-Value ratio*	60%	55%
Debt service to net rental income ratio**	125%	115%
Interest rate (per annum)	5.4% plus 3 months LIBOR	6.75% plus 3 months LIBOR
Interest payments	Quarterly	Quarterly
Amortisation	USD 450'000 per quarter	USD 231'250 per quarter
Final principal balance repayment	At maturity date	At maturity date
Insurance - interest rate risk	n/a	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 dates net rental income must not be less than stated % of interest and amortisation payment obligations for next 12 months.

15.2 At the annual general meeting ("AGM") of the Company on 29 June 2015 the payment of a gross dividend (i.e. before taxes and duties) of CHF 11.50 per dividend bearing bearer share was approved and the dividend was paid on Friday, 3 July 2015. Shareholders also approved that after the payment of the dividend to carry forward CHF 1'772'537 of 2014 retained earnings.

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	23.25	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	33.5*

* See note 15.2 regarding dividend.

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, denominat-

ed 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

Chief Executive Officer

Ben de Bruyn

Domicile

ENR Russia Invest SA
2-4 Place du Molard
1211 Geneva
Switzerland

Auditors

Ernst & Young AG
Maagplatz 1
8010 Zurich
Switzerland

Investment Manager

Valartis International Limited
Vanterpool Plaza, 2nd Floor
Wickhams Cay 1
Road Town, Tortola, British Virgin Islands

Security Number

3447695

ISIN Number

CH0034476959

Ticker Symbol

RUS

Company Website

www.enr.ch



Imprint

ENR Russia Invest SA, Geneva, Switzerland

Realisation and printing

Graphic Services SA, Oron-la-Ville, Switzerland

www.enr.ch

ENR Russia Invest SA
Investor Relations
2-4 place du Molard
1211 Geneva 3 | Switzerland
Tel: +41 22 510 2626

