ENR Eastern Natural Resources SA

ANNUAL REPORT 2001

Letter to shareholders

Dear shareholders,

The investment company performed well in 2001 with net assets rising 66% over the course of the year. Despite concerns over a global economic downturn and depressed commodity markets, Russian asset prices appreciated strongly, underpinned by the strengthening domestic economy. The year 2001 also brought a notable improvement in the west's perception of Russia, particularly it's geopolitical value (as a major oil exporter). This came about following a series of successful summits with European/ American leaders and President Putin's resolute response to the terrorist attacks in Untied States. Russia's greater openness has been rewarded with closer links to NATO, the EU and potentially quick accession to the WTO.

Russia's risk premium has declined considerably over the past 12 months. Sovereign bond yields are at all time lows, reflecting the lower degree of risk investors associate with holding Russian debt. Oil price volatility does remain a risk. Nevertheless, at current world price levels the Russian energy sector is highly cash generative and we believe that Russia is well positioned to sustain price fluctuations. Furthermore, the involvement by foreign strategic investors such as Exxon, TotalFinaElf and BP Amoco reflects the perceived long-term value in the country's energy sector.

In December of 2001 Hansa S.A., an established Swiss-based investment company, acquired a controlling stake in ENR. A new Board has been appointed including Gustav Stenbolt, and Thomas Kriesemer and myself. MC Trustco, which has managed the company since 1996, will continue to oversee the investment portfolio. We remain confident entering 2002. Reforms now being implemented in Russia represent the most significant change to the investment climate in a decade. Corporate transparency is improving and valuations remain attractive

March, 2002

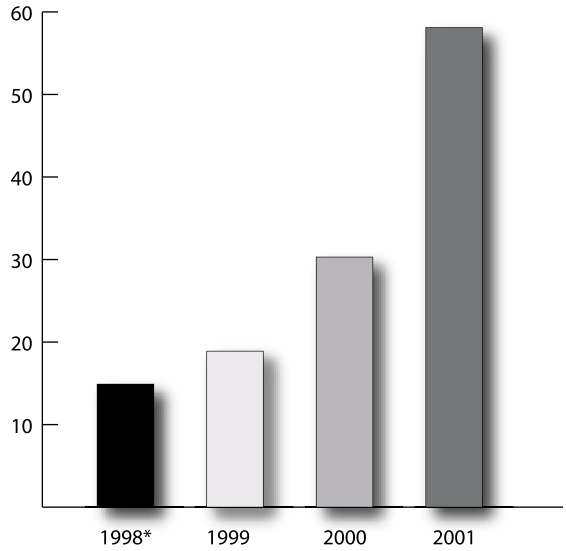
Dr. Christoph Loew

ECONOMIC AND POLITICAL REVIEW

According to preliminary figures Russian GDP rose 5.0% in 2001, industrial production climbed 5.5% and personal income was up on average 6%. Russia reduced its debt load by USD 10 billion in 2001 (including the prepayment of USD 2.7 billion IMF loan), issued no new foreign loans and maintained a budget surplus of 2.4% of GDP. The domestic energy sector accounts for 30% of national output and 50% of exports. Global price movements therefore do impact on the economy. However, these risks should be put in perspective. For instance, government budget and financing requirements can be supported with oil prices down to approximately USD 15/bbl and the oil sector is break even at a price of USD 11-12/bbl. This compares favourably with the 15 year average world crude price of USD 18-USD 22/bbl.

In December S & P upgraded Russia's foreign credit rating to B + or just three notches below investment grade. This was the second consecutive upgrade by the agency citing "one year of continued improvement in Russia's policy environment has strengthened the country's economic structure." Russia's dollar bond yield spreads over US treasuries fell 500 bps in 2001. It is this correlation between yield spreads and share prices, which provides a platform for the present re-rating of the equity market. We believe that 2002 Russia offers a strong fundamental argument for further price appreciation, based on continued reforms, rising personal incomes, and growing real investment.

ENR's net asset value appreciation (CHF m)



* shareholders economic interest

Lukoil

Lukoil, already Russia's largest oil company in terms of both production and reserves added nearly 950 million bbl of reserves over the course of 2001. Despite Lukoil's strong asset base the company's share price has under performed. Lukoil has lagged its peers in transparency and corporate governance issues. For instance a number of Russian companies have appointed independent directors and present quarterly accounts according to US GAAP or IAS. It comes as welcome news therefore that Mark Mobius, of Templeton and Richard Matzke, Chevron Texaco's vice-chairman, have been nominated to the board of directors. Furthermore, Lukoil also plans to create a management charter establishing minority shareholder rights. With a NYSE listing again on the agenda investor sentiment should improve in the coming year.

Surgutneftegaz

The company continues to post strong financial results, re-enforcing its track record as one of Russia's most efficient operators in the oil sector. Lower crude prices in 2001 were partially offset by production growth, which rose 8% to approximately 866'000 bbl/day. An intensive cost reduction programme along with continued upstream investments have reduced extraction costs by as much as USD 1.8 per barrel. Overall lifting expenses are amongst the lowest of the Russian oil majors. The company continues to generate considerable excess cash, totaling USD 1.1 billion in 2001. The company's balance sheet is solid with net cash now standing at USD 4.1 billion at year-end or equivalent to one third of Surgut's market capitalization.

Yukos

2001 proved to be another strong year for Yukos. The company boosted production an impressive 17.5%, well above other Russian oil majors. The company paid out to investors two sizable dividend payments and nevertheless doubled its net cash position. Yukos CEO, Mikhail Khordorkovsky, has made it clear that he intends to allocate a sizable portion of this growing cash pile towards acquisition opportunities. Over the last several months Yukos has acquired assets from the troubled Norwegian engineering giant Kvaerner and is presently bidding for a large Latvian refiner Mazeiku Nafta and possibly may even acquire a network of German gas stations. The market has reacted favourably to these developments. The stock was one of the market's top performers, and finished the year second only to Gazprom in terms of market capitalisation.

Gazprom

Preliminary results for 2001 indicate the company will post net income of USD 3.3 billion. Low domestic gas tariffs continue to be a problem for the company. At present levels the domestic business is almost certainly loss making. Gazprom did manage a 20% rate increase in 2001 and the Federal Energy Commission has already announced a further 20% increase for 2002. Nevertheless, Gazprom would like to triple tariffs in the coming years. Exports, which account for 35% of production, reached USD 14 billion in 2001. The company has budgeted USD 5.6 billion in capex in 2002. The largest expenditures will be directed to the development of the Zapoljarnoe field, which is expected to add production of 100 bcm gas per annum, and the Yamal and Blue Stream pipeline projects.

Syktyvkar LPK

Following extensive negotiations ENR has finalized, in March 2002, the sale of the investment company's stake in Syktyvkar Forest Enterprise to Anglo American PLC. The sale is part of Anglo American's total acquisition of 68.5% of the Russian Pulp & Paper company for USD 252 million. Syktyvkar LPK is ENR's single largest holding and the agreed upon sale price represents a seven fold increase over the initial cost of investment. It is then with satisfaction that ENR may now fully realize the results from this investment on behalf of its shareholders.

Kondopoga

In 2001 Kondopoga is expected to produce approximately 550'000 tons of newsprint. This should rise to 750'000 tons in 2002 when a newly completed production line is brought on stream. The company is one of Russia's largest newsprint suppliers, controlling about 35% of the domestic market. Despite improved first half operating results, we expect yearly figures to be largely in line with the previous years due to weaker newsprint prices in the second half of 2001. Approximately half of production is exported through its German based subsidiary.

Chelyabinsk Tube

Chelyabinsk Tube, as the dominant supplier of seamless corrosion pipes in Russia, is best positioned to meet the extensive replacement and development requirements of the Russian oil sector. In 2001 demand from Transneft and the Russia oil producers boosted overall volume sales by 8.8% to 683'000 tons. Earnings are up approximately 30%. "Alliance 1420", a joint project between Vyksa Steel Works and Severstal Steel to build Russian's first wide diameter pipe production facility is entering the development stage. In 2002 we expect project construction to commence. This market segment should prove particularly lucrative given the planned rapid expansion of gas pipelines across Russia.

Norilsk Nickel

Precious metal prices fell sharply over the course of 2001. Average nickel prices, for instance, were 40% lower than the previous year's average. Not surprisingly, this cut into earnings. We expect full year revenues to decline approximately 10% in 2001 and net profit down some 35%. Nevertheless, the share price performed extremely well last year due to the company's very low valuation multiples. We continue to have corporate governance concerns regarding this company, although the recent nomination of two independent (and foreign) board members may help alleviate these concerns.

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Consolidated results

The Company's portfolio of investment was valued at the year end on a consolidated basis at CHF 58.4 million which, together with other assets and liabilities, amounted to a consolidated shareholders' equity of CHF 54.5 million. This represents an increase of CHF 21.6 million or 66% compared to 2000. The increase in shareholders' equity resulted from a net realized gain on investments of CHF 1.8 million, market price appreciation of the portfolio of CHF 20.6 million, less expenses net of dividends and other income of 0.8 million.

Parent Company

As of December 31, 2001, the Parent Company recorded shareholders' equity of CHF 54.4 million compared to 32.9 CHF million at December 31, 2000. Total assets represents CHF 57.3 million. During the period, provisions of CHF 22.0 million required against the declining value of investments in prior years was reversed, resulting in a net gain for the year of CHF 21.6 million. The retained earnings as of December 31, 2001 amounts to CHF 16.9 million.

Determination of the Net Asset Value as of December 31, 2001

	Notes	2001	2001
		CHF	CHF
		Following IAS presentation	Representing the existing shareholders' economic interest
Total assets		63'098'242	63'098'242
Liabilities			
Convertible bonds	5	7'182'774	7'480'000
Other liabilities		1'374'612	1'374'612
Total liabilities		8'557'386	8'854'612
Shareholders' equity			
Share-capital		37'500'000	37'500'000
Capital paid in excess of par value (share premium)		1'776'924	1'776'924
Equity component of convertible bonds	5	1'527'465	–
Retained earnings		13'736'467	14'966'706
Total shareholders' equity		54'540'856	54'243'630
Total liabilities and shareholders' equity		63'098'242	63'098'242
Net asset value per share as of December 31, 2001			72.32

The conversion rights relating to the convertible bonds
have a non dilutive effect on the net asset value at December 31, 2001.

Consolidated Balance Sheet as of December 31, 2001

	Notes	2001	2000
Assets		CHF	CHF
Cash and cash equivalents		4'239'095	8'929'178
Available for sale investments-short term	4	38'766'620	31'756'390
Derivative finantial instruments	4	82'162	–
Other assets		13'607	13'603
Total current assets		*43'101'484*	*40'699'171*
Available for sale investments-long term	4	19'996'758	–
Total assets		63'098'242	40'699'171
Liabilities and Shareholders' Equity			
Derivative financial instruments	4	494'334	–
Accounts payable and accrued expenses		816'162	851'902
Provision for taxes		64'116	72'222
Total current liabilities		*1'374'612*	*924'124*
Convertible bonds	5	7'182'774	6'847'042
Total liabilities		*8'557'386*	*7'771'166*
Share capital	5	37'500'000	37'500'000
Capital paid in excess of par value (share premium)		1'776'924	1'778'431
Equity component of convertible bonds		1'527'465	1'527'465
Retained earnings / (accumulated deficit)		13'736'467	(7'877'891)
Shareholders' Equity		*54'540'856*	*32'928'005*
Total Liabilities and Shareholders' Equity		63'098'242	40'699'171

Consolidated Statement of Income and Retained Earnings for the year ended December 31, 2001

	Notes	2001	2000
Operating Income		CHF	CHF
Interest income		196'694	282'098
Dividends		1'956'924	2'420'028
Gain on sale of investments	4	3'725'794	2'213'971
Unrealised gain on investments	4	20'558'879	22'405'963
Net gain on cancellation of convertible bonds		–	13'634
Exchange gain net		310'714	(22'687)
Total operating income		26'749'005	27'313'007
Operating expenses			
Loss on sale of investments	4	1'908'556	12'597'270
Management and performance fees		675'597	621'062
Administrative fees		107'600	107'500
Directors' fees	8	55'931	44'180
Investment bank and professional fees	8	1'360'070	200'448
Bank charges and interest expenses		453'703	432'958
Accrued finance cost of convertible bonds	5	335'734	221'764
Other expenses		207'401	46'193
Taxes other than on income		30'055	119'053
Total operating expenses		5'134'647	14'390'428
Net income before income taxes		21'614'358	12'922'579
Income taxes		–	160'640
Net income for the year		21'614'358	13'083'219
Accumulated deficit at the beginning of the year		(7'877'891)	(20'961'110)
Retained earnings / (accumulated deficit) at the end of the year		13'736'467	(7'877'891)
Average number of outstanding shares		750'000	750'000
Earnings per share		28.82	17.44

The conversion rights relating to the convertible bonds have a non dilutive effect on the earning per share at December 31, 2000 and 2001.
The Company does not plan to pay a dividend.

Consolidated Cash Flow Statement for the year ended December 31, 2001

	Notes	2001	2000
Cash flow from operating activities		CHF	CHF
Net income for the year		21'614'358	13'083'219
Adjustments for :			
Accrued finance cost of convertible bonds	5	335'734	221'764
Net gain on cancellation of convertible bonds		–	(13'634)
Fair value adjustment on investment portfolio	4	(20'558'878)	(12'022'664)
Operating gain before working capital changes		1'391'214	1'268'685
Movement in working capital :			
Net (purchase)/sale of investments	4	(6'035'940)	(1'401'447)
Accounts payable and accrued expenses		(35'740)	(132'048)
Other assets		(4)	55'662
Provision for income taxes		(8'106)	(129'295)
Net cash flow used in operating activities		(4'688'576)	(338'443)
Cash flow used in financing activities			
Purchase of convertible bonds for cancellation		–	(1'082'867)
Net sale of treasury shares		–	3'212
Gain on sale of treasury shares	5	(1'507)	101'102
Net cash flow used in financing activities		(1'507)	(978'553)
Net cash flow		(4'690'083)	(1'316'997)
Cash and cash equivalents at beginning of the year		8'929'178	10'246'175
Cash and cash equivalents at end of the year		4'239'095	8'929'178

Consolidated Statement of changes in equity for the year ended December 31, 2001

	Share Capital	Share premium	(Accumated Deficit)/ retained earnings	Equity component of convertible bonds	Total Equity
	CHF *	CHF *	CHF *	CHF *	CHF *
Balance as at January 1, 2000	37'500	1'674	(20'961)	1'752	19'965
Purchase of convertible bonds	–	3	–	(224)	(221)
Net gain on sale of treasury shares	–	101	–	–	101
Net gain for year	–	–	13'083	–	13'083
Balance as at December 31, 2000	37'500	1'778	(7'878)	1'528	32'928
Loss on sale of treasury shares	–	(2)	–	–	(2)
Net gain for year	–	–	21'615	–	21'615
Balance as at December 31, 2001	37'500	1'776	13'737	1'528	54'541

* *in thousands*

Notes to the Consolidated Financial Statements as of December 31, 2001

1 Incorporation and activity

ENR Eastern Natural Resources SA, Geneva (hereinafter, the "Company") is an investment holding company incorporated as a corporation under the laws of Switzerland. The company's registered office is 62 route de Frontenex, Geneva, Switzerland. The company has no employees.

The Company invests, through its wholly-owned subsidiaries (hereinafter, together, the "Group"), in a diversified portfolio composed primarily of equity and equity-related securities of companies with substantial activities in the natural resources industry in the Commonwealth of Independent States (CIS) and the Baltic States, which it considers to be its unique segment of operations.

2 Basis for the presentation of the consolidated financial statements

The consolidated financial statements of the Group, which include the accounts of ENR Eastern Natural Resources SA and its subsidiaries at December 31, 2001, are prepared in accordance with International Accounting Standards (IAS) as issued by the International Accounting Standards Board. Financial instruments held in the available for sale portfolios and derivative financial instruments are measured on a fair value basis, as described in note 3.5, all other assets/liabilities are measured on an historical cost basis.

3 Significant accounting policies

3.1. Consolidation

Full consolidation is applied to subsidiaries, all of which are wholly owned. The accounts of the Company's subsidiaries are appropriately reclassified and adjusted for consolidation purposes to conform to the Group's accounting policies. All intra-group balances and operations are eliminated.

3.2. Fully consolidated companies

At December 31, 2001, the ENR Group was composed of ENR Eastern Natural Resources SA and the following wholly-owned subsidiaries:

	Share capital*			
Company		2001		2000
ENR Overseas Ltd, Nicosia	C£	1'833.0	C£	1'833.0
ENR Holdings Ltd, Nicosia	C£	3'310.0	C£	3'310.0
ENR Treasury Ltd, Nicosia	C£	370.0	C£	370.0
ENR Investment Ltd, Nicosia	C£	3'846.0	C£	3'846.0
ENR Securities Ltd, Grand Cayman	USD	0.1	USD	0.1
ENR Finance Ltd, Grand Cayman	USD	0.1	USD	0.1

The financial statements of the wholly-owned subsidiaries are maintained in Swiss Francs.

3.3. Recognition of revenues and expenses

Revenues and expenses are recognised as they are earned or incurred and recorded in the financial statements of the periods to which they relate.

3.3.1 Interest

Interest is recognised on a time proportion basis that reflects the effective yield on the asset or liability.

3.3.2 Gain/(Loss) on investments

The gains or losses arising from the disposal of investments are recognised in the statement of income as they arise.

3.3.3 Dividends

Dividends are recognised when the Company's right to receive payment is established.

3.3.4 Other revenue

Other revenue is measured at the fair value of the consideration received or receivable.

3.4. Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Swiss francs at exchange rates ruling on the balance sheet date. Foreign exchange profits and losses are included in the income statement of the year in which the profits and losses arise. The financial statements of the subsidiaries are prepared in Swiss Francs as subsidiaries are integral to the operations of the parent. Their operations in foreign currencies are translated according to the above mentioned principles.

3.5. Investment portfolio – changes in accounting principles

In January, 2001, the Group adopted IAS 39 (Financial Instruments: Recognition and Measurement) and classified its investment securities into the following three categories trading, available for sale short term and available for sale long term. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for

*in thousands

liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale, either current or long term depending upon the initial management decision. Derivative financial instruments are held for trading purposes and are classified under a separate heading. Management determines the appropriate classification of its investment securities at the time of purchase. Transactions are recorded on the trade date basis. There was no profit or loss associated with the introduction of this standard.
The short term available for sale portfolio is composed of listed shares and the long term available for sale portfolio is composed of special situations and illiquid shares, both are recorded in the balance sheet at fair value. Fair value is determined on the basis of bid price for actively-traded investments and on the basis of the last transaction for illiquid investments. Changes in value are charged or credited in the statement of income.

3.6. Taxation
The Company provides for taxes when profits are earned.

3.7 Risk management policies
The Company's risks at 31 December 2001 are concentrated in its listed equity positions. These are managed on a daily basis under the oversight of the Investment Committee and the Board of Directors within the guidelines set forth in the prospectus issued on December 12, 1995.

Currency risk
Investments are usually not denominated in Swiss francs, the base currency of the company. In order to protect the net asset against unfavorable currency fluctuations, the company regularly engages in financial derivative transactions. This policy is implemented with options and forward contracts to protect the value of foreign-denominated assets that are likely to undergo significant currency fluctuations. The financial derivative positions are recorded in the balance sheet at fair value, which is determined on the basis of market price. Changes in value are charged or credited in the statement of income.

Liquidity risk
A significant percentage of the company's investments are considered to be readily realizable as they are listed on recognized exchanges.
The company has the ability to borrow in the short term to ensure settlement, although no such borrowings have been made.

Credit risk
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has with the Company. All transactions are undertaken using approved brokers. The risk of default is considered minimal as delivery of investments sold is only made after the broker has received payment. For purchases payment is made once the investments have been received.

Interest rate risk
The Company's exposure to market risk for changes in interest rates relates primarily to the Company's held to maturity debt. The Company does not use derivative financial instruments to hedge its held to maturity portfolio, but seeks to minimise its exposure to interest rate risk.

3.8 Treasury stock
As Treasury stock, which is held for trading and market making purposes, is purchased, the amount of consideration paid is recognized as a charge to equity and reported in the balance sheet as treasury shares. The subsequent resale of treasury shares does not give rise to a profit or loss for the company, the difference over purchase price being taken to equity.

3.9. Cash and cash equivalents
All cash instruments with a maturity of one month or less are considered to be cash and cash equivalents.

4 Investment portfolio

	31.12.2001 CHF*	31.12.2000 CHF*
Fair value of portfolio brought forward	31'756	18'332
Purchase of investments	18'893	24'532
Sale of investments	(14'675)	(23'130)
Net gain/(loss) on disposal of investments	2'551	(10'384)
Net investment movement for the year	6'769	(8'982)
Increase in fair value	19'826	22'406
Fair value of portfolio	**58'351**	**31'756**

** in thousands*

The investment portfolio is represented as follows on the balance sheet :

Available for sale - current	38'766	31'756
Available for sale – non-current	19'997	–
Derivative financial instruments - assets	82	–
Derivative financial instruments - liabilities	(494)	–
Total	**58'351**	**31'756**

At the end of the period, the investment portfolio consisted of the following :

Fair value	31.12.2001 CHF*	31.12.2000 CHF*
Listed shares	28'858	20'779
Special situations and illiquid shares	19'997	10'260
Derivative financial instrument, net	(412)	–
Hedging	–	717
Fixed income instruments	9'908	p.m.
Total	**58'351**	**31'756**

The investments in listed shares consist of the following positions :

Securities	Balance as of 01/01/2001 Quantity	CHF	Additions CHF	Withdrawals CHF
Listed shares				
Gazprom financial contracts	3'000'000	1'412'580	–	–
Lenenergo –preferred–	750'000	31'416	–	–
Lukoil Holding –common–	125'000	1'812'488	2'319'487	–
Lukoil –preferred–	65'000	932'021	–	(1'230'443)
Lukoil –ADR–	37'000	2'175'791	–	–
Mosenergo	24'500'000	955'221	–	(1'173'234)
Mosenergo –ADR–	22'500	81'562	–	(108'312)
Norilsk Nickel ADR	155'000	1'773'016	–	(1'725'274)
Sahalinmorneftegaz –preferred–	135'000	121'799	–	–
Samaraenergo	19'050'000	368'297	–	(366'390)
Surgutneftegas –common–	6'100'000	1'985'198	–	–
Surgutneftegaz –Sp. ADR–	80'000	1'321'102	–	–
Surgutneftegas –preferred–	10'000'000	1'482'212	432'827	–
Sverdlovenergo –preferred–	500'000	6'444	–	–
Unified Energy System –common–	7'500'000	978'743	–	(1'052'225)
Unified Energy System –ADR–	–	–	3'387'105	(1'716'120)
Yukos Holding	1'092'500	3'133'026	–	(3'211'154)
Sub–total		**18'570'916**	**6'139'419**	**(10'583'152)**
Fixed income instruments				
3% BP Finance Plc 01–06 conv.	–	–	2'226'636	–
1.75% UBS 01–04 conv.	–	–	5'987'118	–
The Red Square Debt Fund –B– Cap.shs	400'000	–	–	–
Sub–total		**–**	**8'213'754**	**–**
Total available for sale investments – current		**18'570'916**	**14'353'173**	**(10'583'152)**

** in thousands*

The investment portfolio was invested in the following sectors:

Fair value	31.12.2001 CHF*	31.12.2000 CHF*
Pulp and paper	15'844	9'703
Energy	2'760	2'439
Steel, pipes and tubes	5'189	3'902
Oil and gas	34'172	14'473
Other	798	522
Derivative instruments/hedging	(412)	717
	58'351	**31'756**

All investments have been made in Russia. The long term available for sale portfolio includes investments where the Company holds a significant stake, either on its own or in agreement with other shareholders, in the investment and/or where the shares are not readily tradable. The Group has entered into an agreement with other shareholders of Syktyvkarsky LPK which restricts their right to sell the shares. Syktyvkarsky LPK represents CHF 13.4 million of the long term available for sale portfolio.

Gains		Losses		Balance as of 31/12/2001	
Realized	Unrealized	Realized	Unrealized	Quantity	CHF
–	1'200'287	–	–	3'000'000	2'612'867
–	181'726	–	–	750'000	213'142
–	1'092'130	–	–	255'000	5'224'105
298'422	–	–	–	–	–
–	856'238	–	–	37'000	3'032'029
218'013	–	–	–	–	–
26'750	–	–	–	–	–
867'363	1'361'082	–		80'000	2'276'187
–	160'300	–	–	135'000	282'099
173'058	256'208	–	–	9'050'000	431'173
–	1'226'975	–	–	6'100'000	3'212'173
–	781'897	–	–	80'000	2'102'999
–	1'825'221	–	–	11'300'000	3'740'260
–	36'184	–	–	500'000	42'628
73'482	–	–	–	–	–
22'568	278'636	–	–	75'000	1'972'189
1'304'095	2'490'222	–	–	427'500	3'716'189
2'983'751	11'747'106	–	–		28'858'040
–	238'950	–	–	1'240'000	2'465'586
–	1'455'876	–	–	3'500'000	7'442'994
–	–	–	–	400'000	–
–	1'694'826	–	–		9'908'580
2'983'751	13'441'932				38'766'620

in thousands

Securities	Balance as of 01/01/2001		Additions	Withdrawals
	Quantity	CHF	CHF	CHF
Long term available for sale portfolio				
Akron	10	2'094	–	–
BAM Resources PLC –Reg–	200'000	–	–	–
Buryatzoloto	285'800	519'160	–	–
Cheljabinsk Tube Plant (Trubny Zadov)	18'347'616	1'285'854	–	–
Kondopoga	162'314	1'307'520	–	–
Nosta (Orsko–Khalilovsk Met C)	45'000	36'250	–	–
Oskol Steel (Oskolskyy electromet.kom)	12'500	100'694	–	–
Purneftegas –preferred–	120'000	96'666	–	–
Sakhalinenergo	2'200'000	17'722	–	–
Sinarsky Trubny Zadov	156'631	706'575	–	–
Syktyvkarsky LPK –common–	40'083	8'395'104	–	–
Sub–total available for sale –				
Non–current assets		12'467'639	–	–
Total investment portfolio		31'038'555	14'353'173	(10'583'152)
Derivative on securities		–	1'128'711	(930'816)
Derivative on currencies		717'835	3'411'433	(3'160'650)
Total investment		**31'756'390**	**18'893'317**	**(14'674'618)**

Derivative instruments	Currency	Strike	Expiry date	Quantity
Put USD/CHF 1.60 – 14.02.02	CHF	1.60	14. 02. 2002	10'000'000
Call USD/CHF 1.635 RKI 1.725 – 14.03.02	CHF	1.635	14. 02. 2002	(10'000'000)
Total derivative instruments				

Exchange rates USD/CHF : 1.6717

5 Share capital

At December 31, 2001, the issued ordinary share capital of the Company was CHF 37.5 million, divided into 750'000 bearer shares of par value CHF 50 each.

5.1 Treasury shares

During the period of the tender offer, in November 2001, the company bought 12'035 own shares at CHF 50.13 and sold them at CHF 50.

5.2. Conditional capital and authorised capital

The Company may increase its share capital by the exercise of option or conversion rights by up to a maximum amount of CHF 18'750'000 through the issue of a maximum of 375,000 bearer shares each with a par value of CHF 50 each. These shares are reserved for the exercise of option and conversion rights issued by the Company.
The Board of Directors is authorised until June 19, 2002 to increase the Company's share capital by up to CHF 18'750'000 through the issue of a maximum of 375'000 bearer shares each with a par value of CHF 50 each.

	2001 CHF*	2000 CHF*
Conditional capital	18'750	18'750
Authorised capital	18'750	18'750

5.3. Warrants

The Company had issued a total of 1'900'000 option rights in the form of warrants, entitling warrant holders to subscribe for one share for every ten warrants up to May 31, 2000 (maturity date). Following the June 1997 capital increase, the exercise price of the warrants was reduced from CHF 100 to CHF 83.10. At maturity date, no warrants were exercised.

5.4. Convertible bonds

On October 28, 1997, ENR Finance Ltd issued, at par value, 3 3/4% convertible bonds for CHF 60'000'000, which mature on October 28, 2002. Each bond of CHF 5'000 nominal is convertible into 20 bearer shares of ENR Eastern Natural Resources SA of CHF 50 nominal each. In the consolidated financial statements, the loan is divided into a liability and an equity component. The fair value of the liability component is calculated using a discount rate of 9%, as if the bonds have no embedded conversion rights and the market rate of interest applied.
As the amount payable on redemption will normally exceed the amount allocated to the debt at the time of issue, a finance cost, additional to the coupon actually paid, is being accrued in each accounting period. The interest expense on the effective yield basis comprises of the coupon and the finance cost.
At the date of issue, the detail of the liability and equity components was as follows :

	CHF*
Present value of the principal (CHF 60 million payable at the end of five years)	38'996
Present value of the interest (CHF 2.25 million payable annually in arrears for five years)	8'752
Total liability component	47'748
Equity component	12'252
Proceeds of the bonds issue	60'000

As of December 31, 2001, the Company had bought for cancellation, on the open market, CHF 52'520'000 nominal value of its own bonds.

* *in thousands*

Gains		Losses		Balance as of 31/12/2001	
Realized	Unrealized	Realized	Unrealized	Quantity	CHF
–	31'340	–	–	10	33'434
–	–	–	–	200'000	–
–	245'275	–	–	285'800	764'435
–	1'014'525	–	–	18'347'616	2'300'379
–	1'134'543	–	–	162'314	2'442'063
–	–	–	(23'461)	45'000	12'789
–	3'787	–	–	12'500	104'481
–	244'361	–	–	120'000	341'027
–	83'415	–	–	2'200'000	101'137
–	–	–	(210'912)	156'631	495'663
–	5'006'246	–	–	40'083	13'401'350
–	7'763'492	–	(234'373)		19'996'758
2'983'751	21'205'424	–	(234'373)		58'763'378
742'043	–	(939'938)	–		–
–	–	(968'618)	(412'172)		(412'172)
3'725'794	**21'205'424**	**(1'908'556)**	**(646'545)**		**58'351'206**

Market value CHF
82'162
(494'334)
(412'173)

At December 31, 2001 the liability and the equity component of the convertible bonds consist of the following:

	Liability component	Equity component
At January 1, 2001	6'847	1'527
Plus: accrued finance cost		
at December 31, 2001 of outstanding bonds	336	–
Outstanding convertible bonds	**7'183**	**1'527**

6 Taxes

The Company pays Swiss taxes on capital. Net income from Cyprus subsidiaries are taxed at 4.25%. As at December 31, 2001, no taxes are due as current income is offset by losses carried forward.
The Company has tax losses carried forward in Switzerland and does not have a current Swiss income tax liability.

7 Related parties

Hansa AG, shareholder of MC Trustco owns 62.30% of the share Capital of ENR Eastern Natural Resources SA. In addition, at the extraordinary general assembly on December 19, 2001 a new board of directors was elected which includes the representatives of Hansa AG and MC Trustco.
As of December 31, 2001 NRM Natural Resources Management Ltd, Cyprus (NRM) received an amount of CHF 675'597 (2000: CHF 621'062) as management fees for the year. MC Trustco owns 50% of NRM.

8 Public Tender offer by Hansa AG

On September 21, 2001 Hansa AG announced a public tender offer to acquire a minimum of 50% of the outstanding shares of the Company at a price of CHF 40 per share. The Company's Board of Directors engaged legal counsel and Sarasin as bank advisor to defend against this tender offer. The tender offer was increased to CHF 50 on October 17, 2001. Hansa was successful in taking control of the Company and, as of December 31, 2001 held 62.30% of its outstanding shares.
Investment bank and professional fees and other expenses paid in relation to this issue are the following:

	Investment bank and professional fees CHF	Other expenses CHF
Defense costs	1'051'842	161'322
Other	308'228	46'079
Total	**1'360'070**	**207'401**

9 Subsequent event

On March 2, 2002 the Company accepted an offer to sell its investment in Syktyvkarsky LPK at a price that is significantly above the valuation used at year end. This offer is subject to approval from the Russian monopolies commission. This bid values Syktyvkarsky at CHF 25'208'199 on March 15, 2002 which represents an increase of CHF 11'806'849 compared to December 31, 2001.

** in thousands*

ERNST & YOUNG

Report of the Group Auditors to the General meeting of ENR Eastern Natural Resources SA, Geneva

As auditors of the group, we have audited the consolidated financial statements (consolidated balance sheet, consolidated statement of retained earnings, consolidated cash flow statement and notes) on pages 8 to 15 of ENR Eastern Natural Resources SA for the year ended December 31, 2001.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards, promulgated by the Swiss profession and with International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Accounting Standards (IAS) and comply with Swiss law and the accounting provisions as contained in the additional rules for the listing of investment companies of the Swiss Exchange.

In addition, as required under article 20 of the listing rules for investment companies, in our opinion the board of directors has used reasonable methods and estimates to determine the fair value of the investment portfolio.

Geneva, March 15, 2002

Ernst & Young SA

Pascal Gisiger
Certified Accountant

Nigel Le Masurier
Chartered Accountant
(Auditor in charge)

ERNST & YOUNG

Report of the Statutory Auditors to the General meeting of ENR Eastern Natural Resources SA, Geneva

As statutory auditors, we have audited the accounting records and the financial statements on pages 18 to 19 of ENR Eastern Natural Resources SA for the year ended December 31, 2001.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accounting records and the financial statements comply with Swiss law and the company's articles of incorporation as well as the accounting provisions as contained in the additional rules for the listing of investment companies of the Swiss Exchange.

In addition, as required under article 20 of the listing rules for investment companies, in our opinion the board of directors has used reasonable methods and estimates to determine the fair value of the investment portfolio.

We recommend that the financial statements submitted to you be approved.

Geneva, March 15, 2002

Ernst & Young SA

Pascal Gisiger
Certified Accountant

Nigel Le Masurier
Chartered Accountant
(Auditor in charge)

Parent Company Balance Sheet as of December 31, 2001

	Notes	2001	2000
Assets		CHF	CHF
Cash and cash equivalents		8'550	6'831
Receivables from subsidiaries (net of a provision of CHF 10'476'405 ; 2000 : CHF 22'476'405)		22'286'817	9'363'943
Other assets		2'414	2'410
Current assets		*22'297'781*	*9'373'184*
Investments (net of a provision of CHF 15'000'000 ; 2000 : CHF 25'000'000)		35'000'000	25'000'000
Non current assets		*35'000'000*	*25'000'000*
Total assets		57'297'781	34'373'184
Liabilities and Shareholder's Equity			
Account payable		46'573	–
Accrued expenses		80'407	72'589
Payables to subsidiaries		2'753'929	1'481'662
Liabilities		*2'880'909*	*1'554'251*
Share capital		37'500'000	37'500'000
Retained earnings/(accumulated deficit)		16'916'872	(4'681'067)
Shareholder's Equity		*54'416'872*	*32'818'933*
Total Liabilities and Shareholder's Equity		57'297'781	34'373'184

Parent Company Statement of Income and Retained Earnings for the year ended December 31, 2001

	2001	2000
Income	CHF	CHF
Interest income	987'751	962'542
Reversal of provision on receivable from subsidiaries	12'000'000	1'000'000
Reversal of provision on investments	10'000'000	4'000'000
Reversal of provision for taxes	–	132'519
Total income	22'987'751	6'095'061
Expenses		
Administrative fees	10'760	10'750
Professional and director's fees	1'147'138	88'958
Bank charges and interest	990	786
Other expenses	200'868	38'576
Taxes	30'056	–
Total expenses	1'389'812	139'070
Net income for the period	21'597'939	5'955'991
Accumulated deficit at the beginning of the year	(4'681'067)	(10'637'058)
Retained earnings/(accumulated deficit) at the end of the year	16'916'872	(4'681'067)

Proposal of appropriation of available earnings

The Board of Directors propose to carry forward the retained earnings

Notes to the Financial Statements as of December 31, 2001

These notes are an extract of the notes to the consolidated financial statements and should be read in conjunction with them.

1 Significant investments

At December 31, 2001, the ENR Group was composed of ENR Eastern Natural Resources SA and the following wholly-owned subsidiaries:

	Share capital*			
Company	2001		2000	
ENR Overseas Ltd, Nicosia	C£	1.833.0	C£	1.833.0
ENR Holdings Ltd, Nicosia	C£	3.310.0	C£	3.310.0
ENR Treasury Ltd, Nicosia	C£	370.0	C£	370.0
ENR Investment Ltd, Nicosia	C£	3.846.0	C£	3.846.0
ENR Securities Ltd, Grand Cayman	USD	0.1	USD	0.1
ENR Finance Ltd, Grand Cayman	USD	0.1	USD	0.1

2 Share capital

At December 31, 2001, the issued ordinary share capital of the Company was CHF 37.5 million, divided into 750'000 bearer shares of par value CHF 50 each.

2.1. Movements in shareholders' equity

	Share capital CHF*	(Accumulated deficit) / retained earnings CHF*	Total CHF*
Balance at January 1, 2001	37,500	(4,681)	32,819
Net profit for the year	–	21,598	21,598
Balance at December 31, 2001	**37,500**	**16,917**	**54,417**

2.2. Conditional capital and authorised capital

The Company may increase its share capital by the exercise of option or conversion rights by up to a maximum amount of CHF 18,750,000 through the issue of a maximum of 375'000 bearer shares of par value of CHF 50 each. These shares are reserved for the exercise of option and conversion rights issued by the Company.
The Board of Directors is authorised until June 19, 2002 to increase the Company's share capital by up to CHF 18'750'000 through the issue of a maximum of 375'000 bearer shares of par value of CHF 50 each.

	2001 CHF*	2000 CHF*
Conditional capital	18'750	18'750
Authorised capital	18'750	18'750

2.3. Warrants

The Company had issued a total of 1'900'000 option rights in the form of warrants, entitling warrant holders to subscribe for one share for every ten warrants up to May 31, 2000. Following the June 1997 capital increase, the exercise price of the warrants was reduced from CHF 100 to CHF 83.10. At maturity date, no warrants were exercised.

3 Guarantees for the convertible bonds

On October 28, 1997, ENR Finance Ltd issued, at par value, 3 3/4% convertible bonds for CHF 60'000'000, October 28, 2002. Each bond of CHF 5'000 nominal is convertible into 20 bearer shares of ENR Eastern Natural Resources SA of CHF 50 nominal each.
As of December 31, 2001, ENR Finance Ltd had bought for cancellation, on the open market, CHF 52'520'000 nominal value of its own bonds.
These bonds have been unconditionally and irrevocably indemnified by the Company.

* *in thousands*

Price information

Date	Net Assets CHF (in thousand)	NAV per share CHF (adjusted)	Share price CHF (adjusted)
31. 12. 1995	45'958	75.31	88.69
30. 06. 1996	70'260	115.13	118.55
31. 12. 1996	69'202	113.39	109.64
30. 06. 1997[1)]	162'998	217.33	154.00
31. 12. 1997	149'752	199.67	155.00
30. 06. 1998	65'003	86.67	91.00
31. 12. 1998	N/A	N/A	25.85
30. 06. 1999	N/A	N/A	24.20
31. 12. 1999	N/A	N/A	25.85
30. 06. 2000	30'261	40.35	34.00
31. 12. 2000	32'296	43.06	38.50
30. 03. 2001	39'247	52.33	38.10
30. 06. 2001	52'710	70.28	48.10
30. 09. 2001	42'290	56.39	43.00
31. 10. 2001	44'607	59.48	49.05
30. 11. 2001	49'343	65.79	49.50
31. 12. 2001	54'244	72.32	49.00

[1)] Capital increase of 250'000 shares, par value CHF 50, subscription price CHF 120 on June 30, 1997

Summary

Organisation

BOARD OF DIRECTORS	Christoph Löw	*Chairman*
	Gustav Stenbolt	*Vice-Chairman*
	Thomas Kriesemer	*Secretary (until April 10, 2002)*
	Oleg Viyuygin	*Member (proposed for election on April 10, 2002)*
	Bryan Fall	*Member (proposed for election on April 10, 2002)*

INVESTMENT MANAGER: MCT Management Ltd

INVESTMENT ADVISORS: MC Trustco

CUSTODIAN: ING Bank Eurasia A/O

ADMINISTRATOR: Fidutec Fiduciaire SA

AUDITORS: Ernst & Young

MANAGEMENT FEE: 2% per annum of the average total stock market capitalisation

PERFORMANCE FEE: 15% of the amount by which the share price increase exceeds an annual return of 10% and 20% of the amount in excess of an annual return of 20% (high watermark: CHF 133.10 as of 31.12.01)

Publication Listing

NAV PUBLICATION: Finanz & Wirtschaft (twice a week)
The Financial Times (once a week)
Reuters : MCSY (daily)

INTERIM REPORT: Available upon request from the Company; www.enr.ch

LISTING: Swiss Exchange

TICKER SYMBOL: Bloomberg: ENR SW • Reuters: ENRZ.S

SECURITY NUMBER: Bearer Shares 347.166 • Warrants 347.167

Investment policy

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

ENR EASTERN NATURAL RESOURCES SA

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