

**Annual Report
2006**



Letter to Shareholders

Dear shareholders,

2006 proved to be another rewarding year for ENR Russia Invest, with the company's net assets rising CHF 107.5 million. The investment portfolio has now surpassed the half billion Swiss francs mark. Likewise the company's share price performed well, providing a return to shareholders of 28.9% over the course of the year.

As we noted in last year's report, Russia is entering into a new phase in its economic development, with domestic demand and capital expenditure increasingly driving GDP growth. For instance fixed investment spending, a key ingredient in the development of a broad-based economy growth, reached an impressive \$95 billion last year. A rate of expansion more than double that of overall GDP. Of course, commodity price volatility ever remains an issue when projecting Russia's economic prospects. The abundance of domestic public and private liquidity that Russia enjoys is a direct result of positive export receipts from the natural resource sector. Yet this should be put in perspective. Sensitivity analysis indicates that crude oil prices would have to fall beneath \$40/bbl to nullify the budget surplus and even at those levels we could reasonably expect a current account surplus, net capital inflows, a stable currency, and GDP growth of 5- 6.0%.

As in previous years, extreme market price volatility over the course of 2006 made the investment environment challenging for the listed equity portfolio. Until recently volatility in the Russian market has been exacerbated by the absence of sizable domestic institutional buyers (i.e. pension and mutual funds). This has made the share prices susceptible to movements of the marginal buyer/seller, with sharp market swings more a reflection of sentiment fundamentals. In order to mitigate this risk and avoid sudden net asset value fluctuations, ENR Russia Invest has maintained a balanced portfolio between asset classes, including, from time to time, a significant cash holding. A tactic, which, we believe, has produced for our shareholders solid risk-adjusted returns.

Last year the portfolio benefited from its heavy exposure to domestic orientated sectors, such as electricity, fixed-line telecom and banking which together account for nearly two thirds of the listed portfolio. Valuations in these sectors remain compelling both in absolute terms and versus their emerging market peers.

Furthermore, both our key private equity holdings reported strong results. Mosmart, a retail hypermarket chain, continued to expand operations. In 2006 it opened six new stores accounting for a 45% increase in shopping floor space. In the Republic of Georgia we doubled our investment into our long-held stake in Nafrans, an oil transport and storage company. In December last year Kazakhstan's leading energy company took a strategic stake in the group, a development, which should significantly bolster the group's operational potential.

April 2007



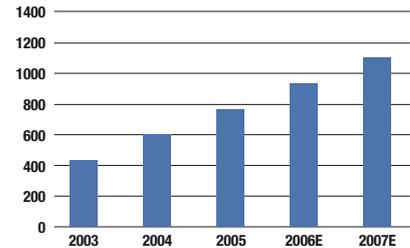
Dr. Christoph Löw
Chairman ENR Russia Invest

Political and economic commentary

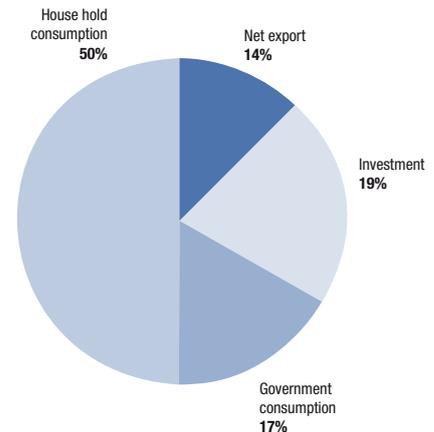
Russia's political cycle is approaching a turning point: with Duma elections in December and the all-important presidential elections following in March of 2008. As President Putin will stand down, the question of his successor within Russia's "winner-takes-all" system will create uncertainty, which we expect will at times, spill over in the financial markets. Both of Russia's first deputy Prime Ministers, Dmitry Medvedev (who also holds the influential post as Chairman of Gazprom) and Sergei Ivanov (the former Minister of Defense) are the leading contenders. They have strong Kremlin support and both are showing solid results in independent public polls. We consider them to be very much in the Putin-mold. They are young, pragmatic and reform minded, although Medvedev could be considered the more market friendly candidate.

Russia's macro-economic performance in 2006 is arguably the country's best since entering its transitional phase nearly two decades ago. Last year GDP rose by 6.9%, and aggregate economic output has now surpassed \$1 trillion, making Russia one of the 10 largest economies in the world. Foreign direct investment inflows doubled in 2006 to new record levels (\$28.7bn). Likewise, overall fixed capital expenditure rose to nearly \$100bn. foreign currency reserves topped \$300bn (the third largest reserve base in the world!), the rouble appreciated nearly 10% versus the USD and inflation fell into single digits for the first time in many years. Impressive too, money supply grew by 48% last year, a full ten percentage points higher than 2005. The significance of this monetary expansion has been to alter the key growth drivers within the economy from exports to domestic orientated enterprises. Indeed the sustainability of economic growth is less dependent on the exports of commodities than is, perhaps, widely perceived. Most notably is the virtuous circle developing between the surge in investment growth and the broadening of industrial production.

Russian nominal GDP \$BN



Contribution to Russian GDP 2007 E



Brent crude oil price economic sensitivity analysis 2007 E

AVG. \$/BBL	45	55	65
Real GDP growth	6.5	7.25	7.75
M2 (%)	29	32	40
Rb/\$ exchange rate	26.5	26	25
Budget surplus (% GDP)	0.5	3.1	4.4
Reserves (\$ bn)	335	365	400
C/A surplus (% GDP)	1.0	2.7	4.7

Another encouraging development is the increasingly transparent and long-term nature of the economic policy making process. Long gone are the days of a government pre-occupied with plugging the plugging holes in a debt-ridden economy. Economic management has improved considerably since the creation of the Stabilization Fund in 2003. It has since grown to over \$80bn or nearly 10% of GDP. The fund has now been divided between the so-called 'Fund for Future Generations' and the Reserve Fund with a particular attention on long-term economic stability. Secondly the transition to three-year budgeting, as well as the creation of a non-oil budget, serves this same purpose in the fiscal sphere with the aim to reduce the susceptibility of government revenues and policy objectives to commodity price fluctuations.



Top Holdings

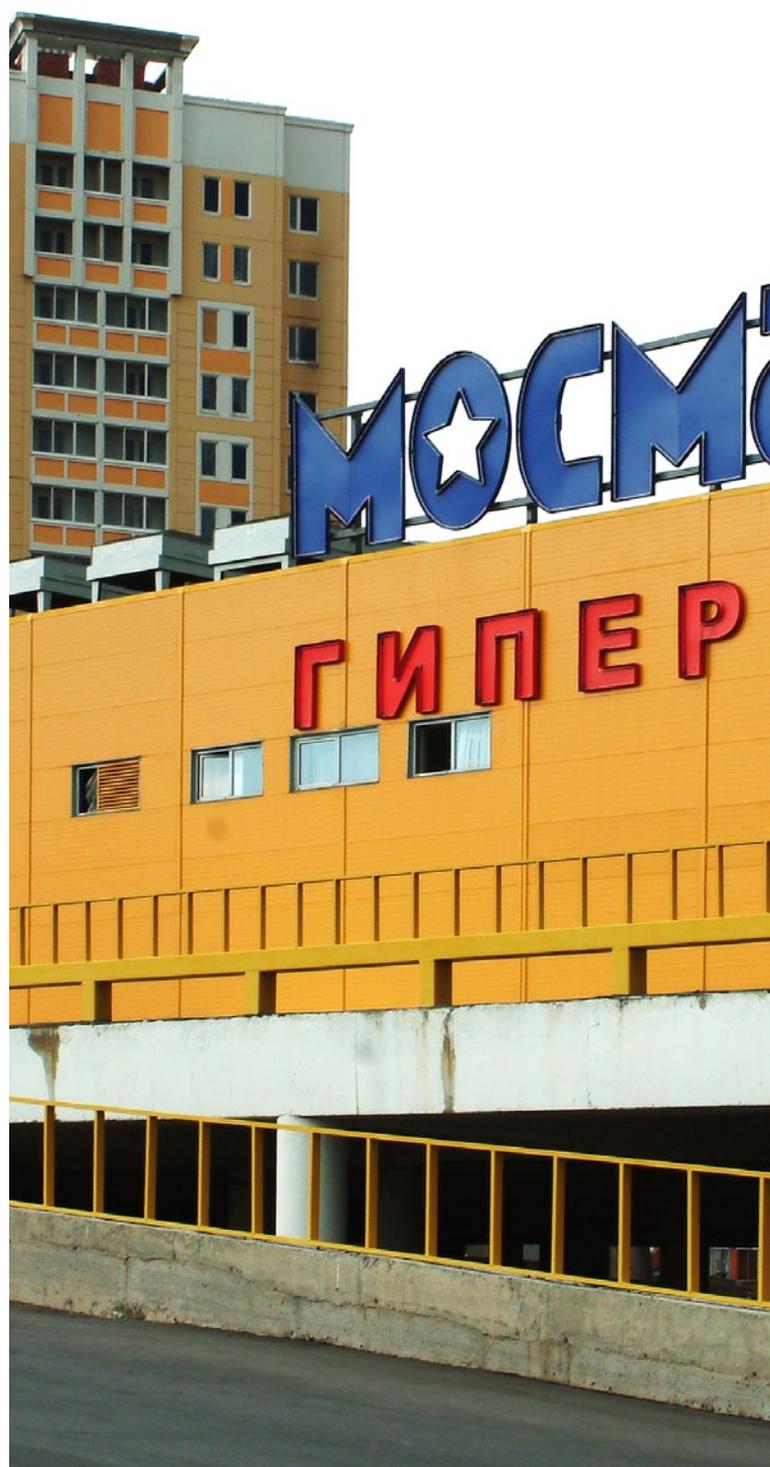
Sarnatus

In recent years, the strong macroeconomic performance of the Russian economy has supported an increase in consumer retail spending, and Russian consumers have increasingly shifted their retail spending from older retail formats, such as open markets, kiosks and pavilions, to modern, Western-style retail formats, including supermarkets and shopping centers. We have sought to capitalize on these trends by acquiring minority investments in the development of Mosmart supermarkets and Mosmart anchored shopping centers through our 15% participation in Sarnatus Ltd.

Mosmart is a privately held Russian retail chain which currently operates in four different formats: supermarkets of 6,500 – 18,000m², “Maxi” stores of approximately 5,500m², “Express” stores of 1,500 – 2,500m², and “Mosmartik” convenience stores.

At the end of 2006 Mosmart had nine stores open. Six of them opened during 2006. Five of the six opened in December. As a result, company ended the year with 46 % more retail floor space than it started (31,134m² vs 21,367m²) but the 24 % increase in Net Sales is reflective of the late arrival of most of that space. Performance of existing stores was excellent, with same store sales up approximately 15 %.

Four of the Mosmart operated supermarkets are also owned By Sarnatus: The first of the three operational shopping complexes opened in June 2003 on Yaroslavskoe Shosse near Moscow’s MKAD beltway. The next two centers, at Dmitrovskoe Shosse, and MKAD 71, opened in September and October of 2004. The fourth, at Borovskoe Shosse opened in March 2007, and was valued as work in progress at the end of 2006. Each complex is anchored by a Mosmart supermarket, which shelves approximately 50,000 food and non-food items from over 500 producers. In addition, the Yaroslavskoe, Dmitrovskoe, and Borovskoe Shosse complexes are retail centers which rent space to retailers, banks, restaurants, and other service providers. The MKAD 71 store has its own small trade gallery within the much larger Waypark retail center. Borovskoe, with a total build area of 90,500





square meters also has underground parking for 1,030 cars, and includes an 18,500 square meter office building which remains under construction.

Naftrans Limited

ENR first invested in Naftrans during 2003. Naftrans principle activity is the provision of oil and oil related product rail forwarding, transshipment and storage through a port terminal in Batumi, Republic of Georgia. This is one of the few transportation points for crude oil products shipped out of the Caspian Basin and Batumi remained a preferred shipping port for major hydrocarbon producers in Kazakhstan and Azerbaijan.

Transshipment volumes of oil and related fuel products increased by 29% year on year, resulting in a turnover of US\$ 170 million and a resultant net profit of US\$ 29,9 million for the 2006 financial year. Consequently, as in 2005, Naftrans produced health cash flows with resultant dividend receipts to its shareholders.

During 2006 Naftrans acquired Port Capital Partners and, consequently, the Batumi port, effective 1 January 2007. Naftrans took operational control of the Batumi port during July 2006. This acquisition has strengthened Naftrans's strategic positioning in the region, provides new income streams and interesting projected investment returns, which will be boosted by new operating efficiencies and port development initiatives.

ENR increased its equity investment in Naftrans by investing a further US\$ 22 million. In addition, during December 2006, Joint Stock Company Kaztransoil, who is responsible for pipeline transportation of crude oil in Kazakhstan, was introduced as a new strategic shareholder in the Naftrans group. This has further strengthened Naftrans strategic positioning and has injected further capital into the group, to be used to fund future growth initiatives in the region.

Portfolio highlights

Electricity holdings

2006 was a watershed year in terms of the reform of the Russian domestic energy sector. The government took several crucial decisions including the initiation of a wholesale electricity spot market and the commitment to fully liberalize tariffs by 2011. Of equal importance, UES, the state electricity holding company, voted to fully divest all its assets, a process which has already begun with two federal generation companies. In parallel to the break-up of UES, newly restructured generation companies will be allowed to raise capital without state participation, thus leading to the effective privatization of the sector. This reform process is being largely driven by the vast sums of capital investment required to build and refurbish electricity infrastructure to meet the rocketing industrial and consumer demand. The government estimates this to be more than \$110bn over the next five years alone. In turn, there has been a significant re-rating of assets valuations over the past year, which the portfolio has benefited from given its large exposure to the sector.

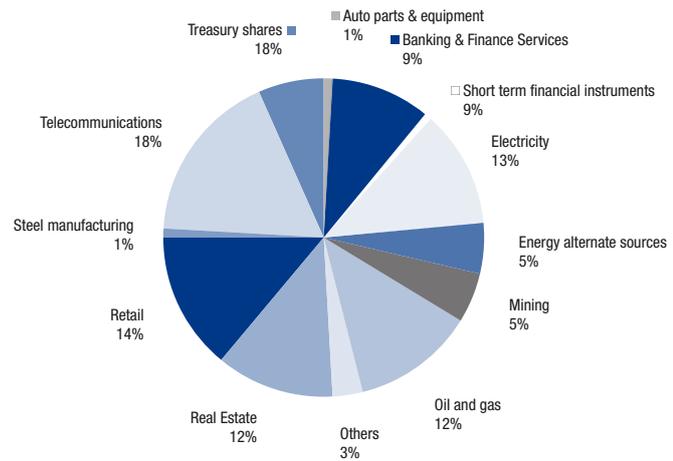
Fixed line telecom

Although the long awaited privatization of the fixed line telecom operators failed to materialize in 2006 (and now appears unlikely to occur until after the presidential elections) companies in the sector performed well in terms of share price appreciation. While operational efficiency remains well below Eastern European telecom companies, margins have nevertheless been steadily improving, due to more sensible management and capital investment, particularly digitalization. Furthermore, raising voice and data volumes combined with little pricing pressure has supported double digit revenue growth and surging corporate earnings. The sector accounts for approximately 18% of the listed equity portfolio of ENR. As financial multiples remain compelling and asset valuations are at a significant discount to their emerging market peers we intend to maintain this heavy exposure.

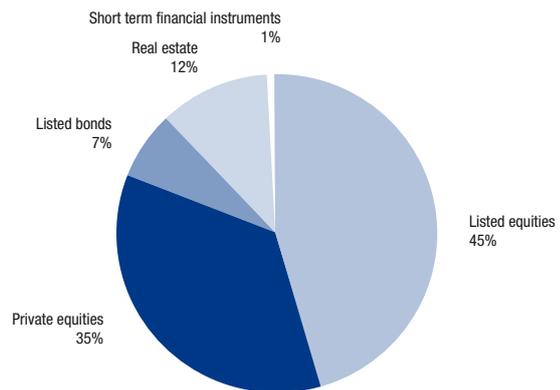


Portfolio

31.12.2006 Investment allocation by sector



31.12.2006 Investment portfolio allocation by asset class





Net Asset Value

Determination of the Net Asset Value as of December 31, 2006

	2006		2005	
	Following IFRS presentation	Representing the existing shareholder's economic interest	Following IFRS presentation	Representing the existing shareholder's economic interest
	CHF	CHF	CHF	CHF
Assets				
Treasury stock - at market value	-	30'492'449	-	12'183'433
Cash, investments and other assets	557'552'935	557'552'935	450'011'125	450'011'125
Total assets	557'552'935	588'045'384	450'011'125	462'194'558
Liabilities				
Derivative financial Instruments	4'069'250	4'069'250	3'318'010	3'318'010
Convertible bonds	47'972'498	49'134'688	48'511'743	49'945'798
Other liabilities	20'782'332	20'782'332	24'883'313	24'883'314
Total liabilities	72'824'080	73'986'270	76'713'066	78'147'122
Shareholders' equity				
Share capital	80'530'750	80'530'750	80'026'800	80'026'800
Capital paid in excess of par value (share premium)	38'012'733	40'297'131	37'368'272	39'933'418
Equity component of convertible bonds	1'434'224	-	1'434'224	-
Treasury stock - at cost	(17'012'216)	-	(1'839'688)	-
Retained earnings	381'763'364	393'231'234	256'308'451	264'087'218
Total shareholders' equity	484'728'855	514'059'115	373'298'059	384'047'436
Total liabilities and shareholders' equity	557'552'935	588'045'384	450'011'125	462'194'558
Total number of shares outstanding		1'610'615		1'600'536
Net Asset Value per share		CHF 319.17		CHF 239.95
Number of treasury shares		124'068		56'068

Note

The net asset value per share («NAV») 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 outstanding.

The main differences between the two calculations is due to applying the IFRS standards versus the Swiss GAAP standards. The differences are particularly prominent in the calculation and booking of treasury shares, convertible bonds, and in reclassifying the shareholders' equity.



Consolidated Result

The Company's shareholders' equity at the year end on a consolidated basis amounted to CHF 484.7 million which represents an increase of 29.9% or CHF 111.4 million compared to 2005.

The increase in shareholders' equity mainly resulted from gains and income from investments of CHF 168.7 million, investment losses and expenses of CHF (43.3) million (which result in net income of CHF 125.5 million), increase of share-Capital and Capital paid in excess of par value of CHF 0.8 million, treasury shares and options on treasury shares movements CHF (-14.8) million.

Parent Company

As of December 31, 2006 the Parent Company recorded shareholders' equity of CHF 174 million compared to CHF 170.8 million at December 31, 2005. Total assets represent CHF 293.9 million.

The net gain for the year 2006 is CHF 1.9 million. The retained earnings as of December 31, 2006 amounted to CHF 51.4 million (including reserve for own shares of CHF 23.1 million).

Financial Statements

Consolidated Balance Sheet

Consolidated Balance Sheet as of December 31, 2006

	Note	2006	2005
Assets		CHF	CHF
Cash and cash equivalents	6	76'539'763	30'012'875
Accounts receivable		15'996'919	1'945'581
Investment in associates at fair value through profit or loss	5	465'016'253	418'052'669
Total assets		557'552'935	450'011'125
Liabilities			
Bank Overdraft	6	1'373'980	1'848'534
Derivative financial instruments	5	4'069'250	3'318'010
Accounts payable and accrued expenses	7.1	18'098'397	22'226'334
Current taxes liabilities	7.2	1'309'955	808'445
Convertible bonds	7.3	47'972'498	48'511'743
Total liabilities		72'824'080	76'713'066
Shareholders' Equity			
Share Capital	8.1	80'530'750	80'026'800
Capital paid in excess of par value (share premium)		38'012'733	37'368'272
Treasury stock	8.2	(17'012'216)	(1'839'688)
Equity component of convertible bonds	7.3	1'434'224	1'434'224
Retained earnings		381'763'364	256'308'451
Total shareholders' equity		484'728'855	373'298'059
Total liabilities and shareholders' equity		557'552'935	450'011'125
Number of shares issued and fully paid	8.1	1'610'615	1'600'536
Nominal		CHF 50.00	CHF 50.00

The notes on page 18 to 41 are an integral part of these consolidated financial statements

Consolidated Statement of Income

Consolidated Statement of Income for the year ended December 31, 2006

	Note	2006	2005
		CHF	CHF
Revenue			
Interest income		2'866'253	2'423'994
Dividends		9'658'944	4'309'157
Realised gains on sale of investments at fair value through profit or loss	5	64'352'116	43'889'199
Unrealised gain on investments at fair value through profit or loss	5	85'782'423	116'070'972
Realised gains on derivative financial instruments	5	5'210'635	4'026'384
Exchange gain net		844'767	4'037'465
Other income		-	10'457
Total revenue		168'715'138	174'767'628
Expenses			
Realised losses on sale of investments at fair value through profit or loss	5	9'947'806	1'951'005
Realised losses on derivative financial instruments	5	-	34'745'799
Unrealised loss on derivative financial instruments	5	4'069'250	3'318'010
Management fees	9	9'607'649	6'313'671
Performance fees	9	14'263'166	14'708'987
Administrative fees		693'822	786'695
Directors' fees and expenses		221'475	178'346
Investment bank and professional fees		1'297'378	798'275
Bank charges and interest expenses		132'956	198'852
Interest on convertible bonds		2'337'195	473'697
Taxes other than on income		46'595	95'776
Other expenses		142'933	260'829
Total expenses		42'760'225	63'829'942
Profit before tax		125'954'913	110'937'686
Income taxes	7.2	(500'000)	(916'610)
Profit for the year attributable to equity holders of the Company		125'454'913	110'021'076
Earnings per share for profit attributable to equity holders of the Company during the year			
Weighted average number of outstanding shares		1'536'695	1'299'162
Basic earnings per share		CHF 81.64	CHF 84.69
Diluted earnings per share		CHF 72.29	CHF 69.90

The notes on page 18 to 41 are an integral part of these consolidated financial statements

Financial Statements

Consolidated Cash Flow Statements

Consolidated Cash Flow Statements for the year ended December 31, 2006

	Note	2006	2005
		CHF	CHF
Cash flows from operating activities			
Profit before tax		125'954'913	110'937'686
Adjustments for :			
Interest income		(2'866'253)	(2'423'994)
Dividend income		(9'658'944)	(4'309'157)
Bank charges and interest expenses		132'956	198'852
Interest on convertible bonds		2'337'195	473'697
Fair value adjustment on investment portfolio	5	(81'713'173)	(112'752'962)
Operating income before working capital changes		34'186'694	(7'875'878)
Movement in working capital :			
Purchase of investments	5	(432'344'389)	(333'938'516)
Sale of investments	5	467'845'218	272'555'809
Accounts receivable		(13'559'424)	(818'020)
Accounts payable and accrued expenses		(4'127'937)	9'547'438
Provision for taxes other than income		1'510	(377'837)
Income tax paid	7.2	-	(584'000)
Dividends received		9'658'944	4'309'157
Interest received		2'374'339	2'619'791
Interest paid on convertible bond		(1'875'000)	(1'409'422)
Bank charges and interest expenses		(132'956)	(198'852)
Net cash flow from / (used in) operating activities		62'026'999	(56'170'330)
Cash flow from financing activities			
Costs related to the increase of share capital	8	(153'843)	-
Issue / (Reimbursement) of convertible bonds	7.3	-	48'897'245
Repurchase of convertible bond		-	(5'573'795)
Purchase of treasury stock	8	(17'056'126)	(349'758)
Sales of treasury stock	8	1'924'912	5'719'822
Purchase of options on own shares		(12'065'500)	(5'344'226)
Sale of options on own shares		12'325'000	3'406'220
Net cash flows from financing activities		(15'025'558)	46'755'508
Net change in cash and cash equivalents		47'001'442	(9'414'822)
Cash and cash equivalents at the beginning of the year		28'164'341	37'579'163
Cash and cash equivalents at the end of the period	6	75'165'783	28'164'341

The notes on page 18 to 41 are an integral part of these consolidated financial statements



Consolidated Statements of Changes in Equity

Consolidated Statements of Changes in Equity for the year ended December 31, 2006

	Share Capital	Share premium	Treasury shares	Retaining earnings	Equity component of convertible bonds	Minority Interests
	CHF	CHF	CHF	CHF	CHF	CHF
Balance as at December 31, 2004	64'203'550	23'727'154	(3'274'650)	146'287'375	1'859'074	232'802'503
Increase of share capital	15'823'250	15'358'742	-	-	-	31'181'992
Equity impact of repurchase of convertible bond	-	(1'801'479)	-	-	-	(1'801'479)
Reversal of equity component of convertible bond 2008	-	1'859'074	-	-	(1'859'074)	-
Equity component convertible bond 2010	-	-	-	-	1'434'224	1'434'224
Purchase of treasury shares	-	-	(4'122'073)	-	-	(4'122'073)
Sale of treasury shares	-	162'787	5'557'035	-	-	5'719'822
Purchase of options on own shares	-	(5'344'226)	-	-	-	(5'344'226)
Sale of option on own shares	-	3'406'220	-	-	-	3'406'220
Net income for the year	-	-	-	110'021'076	-	110'021'076
Balance as at December 31, 2005	80'026'800	37'368'272	(1'839'688)	256'308'451	1'434'224	373'298'059
Increase of share capital	503'950	343'648	-	-	-	847'598
Purchase of treasury shares	-	-	(17'056'126)	-	-	(17'056'126)
Sale of treasury shares	-	41'313	1'883'599	-	-	1'924'912
Purchase of options on own shares	-	(12'065'500)	-	-	-	(12'065'500)
Sale of option on own shares	-	12'325'000	-	-	-	12'325'000
Net income for the year	-	-	-	125'454'913	-	125'454'913
Balance as at December 31, 2006	80'530'750	38'812'733	(17'012'216)	381'763'364	1'434'224	484'728'855

The notes on page 18 to 41 are an integral part of these consolidated financial statements

Financial statements

Notes to the consolidated statement as of December 31, 2006

Note 1 Incorporation and activity

ENR Russia Invest SA, Geneva (hereinafter, the "Company") is an investment holding company incorporated as a limited company under the laws of Switzerland. The company's registered office is 2-4, Place du Molard, Geneva, Switzerland. The company has no employees.

The company invests, through its wholly-owned subsidiaries (hereinafter, together, the "Group"), in a diversified portfolio composed traditionally of equity and equity-related securities of companies in the Commonwealth of Independent States (CIS) and the Baltic States.

The Company has its primary listing on the SWX Swiss exchange. The consolidated financial statements as of December 2006 were approved by the Board of Directors on April 27, 2007.

Note 2 Basis for the presentation of the consolidated financial statements

The consolidated financial statements of the Group, which include the accounts of ENR Russia Invest SA and its subsidiaries at December 31, 2006, are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.10.

Amendments to published standards effective in 2006

IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)

This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The application of this amendment has not a significant impact on the classification of financial instruments, as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not early adopted, as follows:

IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

Note 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.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

3.2 Fully consolidated companies

The consolidated financial statements comprise ENR Russia Invest and the following wholly-owned subsidiaries:

Name of subsidiary	Incorporated in	Cur.	2006	2005	% Holding
ENR Russia Limited	Limassol, Cyprus	€	1'000	1'000	100.00%
ENR Holdings Limited	Limassol, Cyprus	€	3'310'000	3'310'000	100.00%
ENR Investment Limited	Limassol, Cyprus	€	3'846'000	3'846'000	100.00%
ENR Overseas Limited	Limassol, Cyprus	€	1'833'000	1'833'000	100.00%
ENR One LLC	Moscow, Russia	RUB	10'000	10'000	100.00%
ENR Russia Invest Finance Ltd.	Grand Cayman, Cayman	USD	1'000	1'000	100.00%
ENR Securities Limited	Grand Cayman, Cayman	USD	1'000	0.1	100.00%

The financial statements of the Company and the subsidiaries are drawn up to December 31, 2006

3.3 Recognition of revenues and expenses

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

3.3.1 Interest

Interest is recognized 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 recognized in the statement of income as they arise.

3.3.3 Dividends

Dividends are recognized 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

3.4.1 Transactions and balances

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.

3.4.2 Functional and presentation currency

The financial statements of the wholly-owned subsidiaries and the parent company are maintained in Swiss Francs, which represent their functional and presentation currency.

3.5 Investment portfolio

The Group has classified its investment securities as carried at fair value through profit and loss.

The fair value through profit and loss category has two sub-categories: "investments held for trading" and those designated at fair value through profit and loss at inception. An investment is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Management determines the appropriate classification of its investments at the time of purchase. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. Derivative financial instruments are held for trading purposes and are classified under a separate heading. Transactions are recorded on the trade date basis.

Financial assets carried at fair value through profit or loss are initially recognised at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Fair value is determined on the basis of bid price for actively-traded investments. For illiquid investments, fair value is determined by management on the basis of different elements: last arm's length transaction, external valuations, discounted cash flows or other recognized valuation techniques.

For private equity investments, the Company usually obtains independent valuations from valuation experts. These are evaluated by the Board of Directors who then decides on the fair value to be reflected in the financial statements. Because of the nature of the estimates underlying these valuations, such as the future cash flows, the discount rate applied, etc. the actual values achieved upon sale of such investments may significantly differ from the fair values in the financial statements.

The Board of Directors is responsible for these fair values. Changes in value are charged or credited in the statement of income.

Gains and losses arising, from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise.

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3.6 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group does not designate any derivatives as qualifying for hedge accounting.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within unrealised gain or loss on derivatives financial instruments. Realised gains or losses on derivatives are recognised in the income statement respectively under "realised gains on derivatives financial instruments" and "realised losses on derivatives financial instruments".

3.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.8 Treasury shares (See also Note 8.2)

As treasury shares are purchased, the amount of consideration paid is deducted from equity. Consideration received from the sale of treasury shares are included in equity. The subsequent resale of treasury shares does not give rise to a profit or loss for the Company. Any gains and losses are recognised in the shares premium.

3.9 Taxation (See also Note 7.2)

The Company provides for taxes when profits are earned.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets arising from carried forward losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on invest-

ments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3.10 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Fair value of financial instruments and derivatives

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives or private equity investments) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

The valuation techniques used for the determination of the fair value of the main private equity investments are described in note 5.1 to 5.4.

b) Investment in associates :

The Boards of Directors considers the Group as a venture capital similar organisation. Consequently IAS 28 - Investment in associate does not apply to investments that would otherwise be associates or interests of venturers in jointly controlled entities. Those investments are classified as financial investment at fair value through profit and loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Those investments are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they occur.

3.11 Risk management policies

The Company's risks at the end of the period under review are concentrated in its listed and unlisted 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 Offering Circular and Listing Memorandum dated April 12, 2002.

3.11.1 Currency risk

Investments are usually not denominated in Swiss Francs, the functional and presentation 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.

Note 3.11.2 - Summary exposure to currency risk

2006						
Assets	CHF	USD	EUR	CAD	GBP	TOTAL
Cash and cash equivalents	6'517'341	65'077'120	466	1'860'191	3'084'645	76'539'763
Accounts receivable	1'463'865	14'533'054	-	-	-	15'996'919
Investments at fair value through profit or loss	-	458'217'736	1'129'988	5'259'900	408'629	465'016'253
Total assets	7'981'206	537'827'910	1'130'454	7'120'091	3'493'274	557'552'935
Liabilities	CHF	USD	EUR	CAD	GBP	TOTAL
Bank Overdraft	20'784	1'353'196	-	-	-	1'373'980
Derivative financial instruments	(315'958'000)	320'027'250	-	-	-	4'069'250
Accounts payable and accrued expenses	18'098'397	-	-	-	-	18'098'397
Provision for taxes	1'309'955	-	-	-	-	1'309'955
Convertible bonds	47'972'498	-	-	-	-	47'972'498
Total liabilities	(248'556'366)	321'380'446	-	-	-	72'824'080
Total net assets/equity	256'537'572	216'447'464	1'130'454	7'120'091	3'493'274	484'728'855

2005						
Assets	CHF	USD	EUR	CAD	GBP	TOTAL
Cash and cash equivalents	29'368'197	644'678	-	-	-	30'012'875
Accounts receivable	759'426	1'186'155	-	-	-	-
Investments at fair value through profit or loss	-	409'085'689	-	7'313'027	1'653'953	418'052'669
Total assets	30'127'623	410'916'522	-	7'313'027	1'653'953	450'011'125
Liabilities	CHF	USD	EUR	CAD	GBP	TOTAL
Bank Overdraft	627'362	653'225	-	567'804	143	1'848'534
Derivative financial instruments	(173'022'010)	176'340'020	-	-	-	3'318'010
Accounts payable and accrued expenses	17'618'060	4'608'274	-	-	-	22'226'334
Provision for taxes	808'445	-	-	-	-	808'445
Convertible bonds	48'511'743	-	-	-	-	48'511'743
Total liabilities	(105'456'400)	181'601'519	-	567'804	143	76'713'066
Total net assets/equity	135'584'023	229'315'003	-	6'745'223	1'653'810	373'298'059

CHF	CHF	USD	EUR	CAD	GBP
Exchange rate as at 31.12.2006 against CHF	1.00000	1.22070	1.60967	1.04898	2.38909
Exchange rate as at 31.12.2005 against CHF	1.00000	1.31794	1.55458	1.12823	2.26259

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3.11.3 Liquidity risk

A significant percentage of the Company's investments are considered to be readily realizable as they are listed on recognized exchanges. A liquidity risk exists for the investments held in the special situations and illiquid shares category due to the low market volumes on these investments. The Company has the ability to borrow in the short term to ensure settlement, although no such borrowings have been made.

3.11.4 Credit risk

Credit risk is the risk that a 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. The maximum credit exposure in the event the counterparties fail to perform their obligations as at the balance sheet

date in relation to each class of recognized financial assets, is the carrying amount of those assets on the balance sheet.

3.11.5 Market risk

The Company's exposure to market risk for changes in market prices relates primarily to the shares held within the fair value through profit or loss category. The Company does not use derivative financial instruments to hedge its market risk.

3.11.6 Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's convertible bonds issued and the bonds at the fair value through profit or loss. The Company does not use derivative financial instruments to hedge its interest rate risk.

Interest rate risks as at 31.12.2006

CHF	Up to 1 year	1-5 year	Overs 5 years	Non-interest bearing	Total
Assets					
Cash and bank balances	76'539'763	-	-	-	76'539'763
Investments at fair value through profit or loss	-	28'856'694	4'937'976	431'221'584	465'016'253
Other assets	-	-	-	15'996'919	15'996'919
Total assets	76'539'763	28'856'694	4'937'976	447'218'503	557'552'935
Liabilities					
Bank overdraft	1'373'980	-	-	-	1'373'980
Derivative financial instruments	4'069'250	-	-	-	4'069'250
Convertible bonds	197'917	47'972'498	-	-	48'170'415
Other liabilities	-	-	-	19'210'435	19'210'435
Total Liabilities	5'641'147	47'972'498	-	19'210'435	72'824'080
Interest sensitivity	70'898'616	(19'115'804)	4'937'976	428'008'068	484'728'855

Interest rate risks as at 31.12.2005

CHF	Up to 1 year	1-5 year	Overs 5 years	Non-interest bearing	Total
Assets					
Cash and bank balances	30'012'875	-	-	-	30'012'875
Investments at fair value through profit or loss	-	21'648'286	13'249'994	383'154'389	418'052'669
Other assets	-	-	-	1'945'581	1'945'581
Total assets	30'012'875	21'648'286	13'249'994	385'099'970	450'011'125
Liabilities					
Bank overdraft	1'848'534	-	-	-	1'848'534
Derivative financial instruments	3'318'010	-	-	-	3'318'010
Convertible bonds	1'001'440	47'510'303	-	-	48'511'743
Other liabilities	-	-	-	23'034'779	23'034'779
Total Liabilities	6'167'984	47'510'303	-	23'034'779	76'713'066
Interest sensitivity	23'844'891	(25'862'017)	13'249'994	362'065'191	373'298'059

The table below summarises average effective interest rates for monetary financial instruments:

	31.12.2006 (% P.A.)				31.12.2005 (% P.A.)			
	CHF	USD	EUR	GBP	CHF	USD	EUR	GBP
Assets								
Cash and bank balances	1.1250	3.6250	2.6250	3.1875	0.7300	3.7200	2.0400	4.4800
Investment at fair value through profit or loss		14.4551				13.8000		
Liabilities								
Bank Overdraft	3.6250	7.1880	4.2690	6.9375	2.7500	6.1250	4.1250	6.3750
Convertible bonds	4.9210				4.2300			

4 Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the weighted average number of shares outstanding during the year, adjusted for the effect of shares resulting from conversion of the convertible bond.

	2006		2005	
Net Profit	CHF	125'454'913		110'021'076
Weighted average number of ordinary shares in issue	NBR	1'536'695		1'299'162
Basic earnings per shares	CHF	81.64		84.69
Diluted earnings per share				
Convertible bonds (2005-2010)	CHF	50'000'000		50'000'000
		Each block of CHF 5'000 is convertible into 23.119249 shares		Each block of CHF 5'000 is convertible into 23.119249 shares
Convertible bonds (2003-2008)	CHF	-		1'025'000
				Each block of CHF 5'000 is convertible into 49.183553 shares
Interest expenses	CHF	2'337'195		473'697
Adjusted net profit	CHF	127'792'108		110'494'773
Number of ordinary shares resulting from conversion of bonds	NBR	231'192		281'526
Number of shares used to calculate the diluted earnings	NBR	1'767'887		1'580'688
Diluted earnings per shares	CHF	72.29		69.90

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Investment Portfolio

5.1 Detail of investment at fair value through profit or loss

Securities	Balance as of 1. 1. 2006		Additions
	Quantity	CHF	CHF
AMTEL-VREDESTEIN - GDR SP. - REG. S	360'000	5'124'190	-
AZOT	-	-	1'077'234
BASHKIRENERGO-\$US	2'375'000	2'050'236	-
BELON OJSC	-	-	1'235'263
CENTRAL TELECOMMUNICAT-PFD \$	10'000'000	6'062'570	-
CHELYABENERGO	40'000'000	1'423'386	-
CHELYABINSK PIPE WORKS -\$US	15'847'616	21'512'956	-
CHELYABINSK ZINC PLANT - GDR -	-	-	1'044'588
COMSTAR-UNITED REG. S - GDR SPONS. -	-	-	25'383'578
CONSOLIDATED PUMA MINERALS CORP.	500'000	654'373	303'203
CONSOLIDATED PUMA MINERALS CORP. WTS 26.12.2006	250'000	-	-
EASTERN PROPERTY HOLDINGS LTD.	312'178	37'025'457	-
EUROPEAN MINERALS CORP.	250'000	270'775	-
EVRAZ GROUP REG. S - GDR SPONS.	142'000	3'368'680	-
GAZPROM OAO	-	-	39'447'750
GAZPROM OAO-SPON ADR REG S	213'000	20'127'864	22'738'876
INTERNATIONAL MARKETING & SALES GROUP	300'000	1'323'615	125'997
KIROVNENERGO-PFD	2'000'000	47'446	-
KOLA TRANSMISSION GRIDS	-	-	-
KOLENERGO	466'632	123'000	243'539
KONDOPOGA PULP & PAPER-\$ BRD	79'314	4'703'935	-
KORSHUNOVSKY MINING & PROCESSING	1'000	1'041'181	-
KOSTROMA GRES	8'500'000	2'957'480	-
KUBANENERGO	-	-	18'108'174
KUZBASSRAZREZUGOL COAL	-	-	775'417
LENENERGO-PFD \$US	750'000	197'693	197'693
LUKOIL HOLDING	-	-	5'233'463
LUKOIL HOLDING - ADR SPONS.	52'000	4'012'631	17'422'349
LUKOIL - NIZHNEGORODNEFT. PFD	-	-	596'069
MECHEL STEEL GROUP OAO-ADR	47'900	1'262'596	304'463
MIKHAYLOVSKY GOK PFD	694	243'299	-
MOBILE TELESYSTEMS - ORDINARY SHARES	390'000	3'418'103	14'404'519
MOBILE TELESYSTEMS - ADR SPONS.	150'000	6'919'238	4'451'628
MOSCOW HEAT DISTRIBUTION COMPANY	-	-	558'380
MURMANSKAYA	466'632	12'780	-
NORILSK NICKEL JSC - MMC	25'000	1'976'925	9'557'421
NORILSK NICKEL JSC - ADR SPONS.	25'000	3'130'131	2'589'772
NOVATEK - GDR SPONS. - REG. S	-	-	4'844'882
7 NOVEMBER COAL MINES PFD	-	-	17'482
NOVOLIPETSK IRON & STEEL - GDR - REG. S	200'000	3'769'337	-
NOVOROSSIYSK SEA SHIPPING PFD	500'000	612'847	-
OGK-2 (SECOND GENERATION WHOLESALE ELECTRICITY)	-	-	1'721'355
OGK-3 (THIRD GENERATION WHOLESALE ELECTRICITY)	62'615'784	2'261'171	11'022'256

Withdrawals		Gains		Losses		Balance as of 31.12. 2006	
CHF	Realized CHF	Unrealized CHF	Realized CHF	Unrealized CHF	Quantity	CHF	
-	-	-	-	(3'146'658)	360'000	1'977'532	
(1'426'319)	349'086	-	-	-	-	-	
-	-	2'098'466	-	-	2'375'000	4'148'702	
-	-	-	-	(70'814)	26'315	1'164'449	
-	-	956'455	-	-	10'000'000	7'019'025	
(243'451)	65'528	2'044'324	-	-	35'000'000	3'289'787	
(29'568'501)	8'055'545	-	-	-	-	-	
(1'037'127)	-	-	(7'461)	-	-	-	
(16'021'116)	356'606	1'931'860	(440'020)	-	1'120'000	11'210'909	
-	-	623'761	-	-	750'000	1'581'337	
-	-	-	-	-	-	-	
(252'432)	159'528	-	-	-	310'310	36'932'553	
-	-	-	-	(34'755)	250'000	236'021	
(2'460'600)	88'290	285'365	-	-	42'000	1'281'735	
(39'290'479)	1'135'536	-	(1'292'807)	-	-	-	
(50'139'405)	7'272'665	-	-	-	-	-	
-	-	-	-	(1'040'982)	325'000	408'629	
-	-	50'210	-	-	2'000'000	97'656	
-	-	34'177	-	-	466'632	34'177	
(244'769)	-	-	-	(2'150)	466'632	119'620	
(5'614'316)	910'382	-	-	-	-	-	
-	-	-	-	(269'698)	1'000	771'482	
(2'957'480)	-	-	-	-	-	-	
(12'072'116)	-	-	-	(26'358)	185'000	6'009'700	
(974'898)	199'481	-	-	-	-	-	
(197'693)	-	855'161	-	-	750'000	1'052'854	
(5'322'687)	93'508	-	(4'284)	-	-	-	
(21'300'785)	806'139	-	(940'333)	-	-	-	
-	-	-	-	(335'144)	7'500	260'925	
(1'311'506)	301'957	-	-	(81'388)	19'600	476'122	
-	-	2'379	-	-	694	245'678	
(3'806'908)	285'904	1'522'938	-	-	1'516'200	15'824'557	
(14'013'266)	2'642'400	-	-	-	-	-	
-	-	3'142	-	-	20'000'000	561'522	
-	-	-	-	(9'932)	466'632	2'848	
(12'036'742)	1'403'566	-	(901'170)	-	-	-	
(5'586'537)	27'393	-	(160'759)	-	-	-	
(5'133'784)	629'990	-	(341'088)	-	-	-	
-	-	-	-	(12'014)	28	5'469	
(5'520'009)	1'750'672	-	-	-	-	-	
(521'374)	-	-	(91'473)	-	-	-	
(2'703'775)	991'098	12'042	-	-	126'666	20'719	
(18'939'489)	5'660'168	-	(4'106)	-	-	-	

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Securities	Balance as of 1. 1. 2006		Additions
	Quantity	CHF	CHF
OGK-5 (FIFTH GENERATION WHOLESALE ELECTRICITY)	47'500'000	3'130'131	1'344'479
OMSKSHINA	31'100	5'328'472	-
OSKOL ELEKTROMETALL-RTS BRD\$	12'500	3'459'619	-
OVOCA GOLD PLC	-	-	1'100'748
PETERSBURG ENERGY RETAIL COMPANY PFD	750'000	-	-
PETERSBURG TRUNK GRID PFD	750'000	-	-
POLYUS GOLD	-	-	1'413'889
POLYUS GOLD - ADR SPONS.	-	-	541'906
POLYUS GOLD - ADR - TECH.	-	-	540'360
POLYUS ZOLOTO	-	-	-
PROMSTROIBANK ST PETERSBURG	3'050'000	4'461'920	1'622'695
PYATEROCHKA - GDR SPONS. - REG. S	30'000	571'331	-
RASPADSKAYA	-	-	17'218'793
RAZREZ BORODINSKY	150	194'235	-
ROSNEFT-SAKHALINMORNEFT PFD	135'000	1'779'233	-
ROSTELECOM-PFD	1'200'000	2'688'618	-
ROSTOV POWER GENERATION COMPANY PFD	-	-	1'322'148
SAKHALINENERGO	2'200'000	147'874	-
SAMARAENERGO	9'050'000	1'669'843	417'461
SAMARAENERGO-PFD	3'200'000	497'658	4'977
SARATOVENERGO	-	-	24'897'229
SBERBANK	352'000	9'858'266	10'444'639
SEVERSTAL - GDR SPONS. - REG. S	-	-	4'666'412
SIBACADEMBANK PFD	-	-	1'217'442
SIBIR ENERGY PLC	430'000	3'553'567	-
SIBIRTELECOM-\$US	9'000'000	871'824	-
SIBIRTELECOM-\$US PFD	246'050'000	19'781'177	-
SINARSKY TUBE WORKS-\$US	156'631	14'078'651	-
SISTEMA AFK REG. S - GDR SPONS.	168'019	5'203'855	-
SURGUTNEFTEGAZ-PFD \$US	7'275'000	8'523'809	-
SURGUTNEFTEGAZ-SP ADR PREF	62'000	7'395'017	2'659'326
SVERDLOVENERGO \$US	460'000	151'564	-
SVERDLOVENERGO-PFD \$US	500'000	131'795	131'795
SVERDLOVSK ENERGY RETAIL	460'000	151'564	-
SVERDLOVSK TRUNK GRID	460'000	48'501	-
SVERDLOVSK TRUNK GRID PFD	-	-	-
TGC-4 (TERRITORIAL GENERATION COMPANY N° 4)	-	-	185'409
TGC-5 (TERRITORIAL GENERATION COMPANY N° 5)	-	-	105'436
TGC-8 (TERRITORIAL GENERATION COMPANY N° 8)	-	-	1'322'148
TGC-9 (TERRITORIAL GENERATION COMPANY N° 9)	-	-	123'228
TNK-BP HOLDING	923'305	3'431'573	-
TNK-BP HOLDING PFD	1'945'350	6'178'936	-
TULENERGO	4'000'000	173'969	-



Withdrawals		Gains		Losses		Balance as of 31.12.2006	
CHF	Realized CHF	Unrealized CHF	Realized CHF	Unrealized CHF	Quantity	CHF	
(5'128'456)	1'807'052	1'485'032	-	-	17'500'000	2'638'238	
(979'763)	123'095	-	-	(2'209'725)	26'100	2'262'079	
(4'183'609)	723'991	-	-	-	-	-	
-	-	29'241	-	-	4'680'000	1'129'988	
-	-	18'311	-	-	750'000	18'311	
-	-	64'087	-	-	750'000	64'087	
(2'362'148)	948'259	-	-	-	-	-	
(1'502'705)	960'799	-	-	-	-	-	
(540'360)	-	-	-	-	-	-	
(479'856)	479'856	-	-	-	-	-	
(2'179'146)	716'222	1'819'333	-	-	3'050'000	6'441'024	
(571'331)	-	-	-	-	-	-	
-	-	-	-	(3'630'571)	6'150'000	13'588'222	
(296'186)	101'951	-	-	-	-	-	
(2'794'289)	1'015'057	-	-	-	-	-	
(2'722'985)	34'367	-	-	-	-	-	
(1'322'148)	-	-	-	-	-	-	
-	-	389'234	-	-	2'200'000	537'108	
(1'669'843)	-	-	-	(196'514)	9'050'000	220'947	
(497'658)	53'617	-	-	-	3'200'000	58'594	
(23'356'870)	241'004	-	-	(1'500'096)	230'415'629	281'268	
(25'071'341)	6'462'825	1'998'228	-	-	60'500	3'692'618	
-	-	-	-	(638'102)	300'000	4'028'310	
-	796'713	-	-	-	1'100'000	2'014'155	
(4'490'950)	937'383	-	-	-	-	-	
(599'792)	91'228	128'835	-	-	3'750'000	492'095	
-	-	3'976'763	-	-	246'050'000	23'757'941	
(15'407'204)	1'328'554	-	-	-	-	-	
(5'485'881)	282'026	-	-	-	-	-	
(10'660'664)	2'136'855	-	-	-	-	-	
(5'453'847)	-	529'467	(676'850)	-	32'000	4'453'114	
(345'676)	194'112	-	-	-	-	-	
(131'795)	-	429'727	-	-	500'000	561'522	
-	-	-	-	(64'528)	460'000	87'036	
-	35'728	-	-	-	460'000	84'228	
-	-	48'828	-	-	500'000	48'828	
-	-	2'150'900	-	-	765'563'764	2'336'309	
-	-	179'408	-	-	233'345'001	284'844	
-	-	3'042'254	-	-	3'575'327'000	4'364'402	
-	-	360'169	-	-	1'320'000'000	483'397	
(2'443'210)	-	-	(988'363)	-	-	-	
(5'200'551)	-	-	(978'386)	-	-	-	
(280'422)	106'453	-	-	-	-	-	

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Notes as of December 31, 2006

Securities	Balance as of 1. 1. 2006		Additions
	Quantity	CHF	CHF
TULA TRUNK GRIG COMPANY	-	-	-
TULSKAYA SALES COMPANY	4'000'000	7'908	-
UDMURTENERGO OJSC	2'892'312	1'257'934	822'019
UFANEFTEKHIM PFD	750'000	1'512'348	-
UFA OIL PROCESSING PLANT PFD	300'000	383'523	-
UNIFIED ENERGY SYSTEM	-	-	15'080'688
UNIFIED ENERGY SYSTEM PFD	10'000'000	4'718'261	-
UNIFIED ENERGY SYSTEM - ADR PFD	50'000	2'398'669	-
UNIFIED ENERGY SYSTEM - GDR	60'000	3'360'773	11'085'819
URASIA ENERGY LTD.	2'620'000	6'384'879	-
URALSVYAZINFORM	19'136'098	912'979	-
URALSVYAZINFORM PFD	235'100'000	8'985'651	2'474'082
URALSVYAZINFORM PFD - ADR	165'000	1'174'293	-
VIMPELCOM - ADR SPONS.	1'000	59'637	-
VOLGATELECOM	-	-	2'689'448
VOLGATELECOM-PFD	1'420'000	6'494'067	-
VORONEZH SINTEZKAUTCHUK	-	-	416'719
X5 RETAIL GROUP - GDR SPONS. - REG. S	-	-	571'331
ZAKHIDENERGO	-	-	35'838
SUB-TOTAL LISTED SHARES		276'747'818	287'861'817
ALB FINANCE BV	ALLIBK 9 1/4 09/13	-	2'409'661
ATF BANK JSC	ATFBP 8 1/8 10/10	-	600'098
ATF BANK JSC	ATFBP 8 7/8 11/09	-	1'215'656
ATF BANK JSC	ATFBP 9 05/11/16	-	7'250'435
AZOVSTAL CAPITAL BV FOR PJSC AZOVSTAL IRON & STEEL WORKS	AZOVTL 9 1/8 02/11	-	9'182'700
BTA FINANCE LUXEMBOURG SA	BTAS8 1/4 01/29/49	-	5'669'200
CENTERCREDIT INTERNATIONAL BV	BCCRD 8 02/02/11	-	5'098'622
CRR BV FOR URALVNESHTORGBANK	URALRU 9 09/21/07	-	1'229'838
EVRAZ GROUP S.A.	EVRAZ 8 1/4 11/15	8'000'000	10'480'454
ING BANK NV	INTNED 0 04/06/07	53'000'000	1'320'191
ING BANK NV FOR OAO COAL CO KUZBASSRAZREZUGOL	CCKRU 9 07/13/07	4'000'000	5'358'258
ING BANK NV FOR OPEN INVESTMENTS OAO	OIVS 9 1/8 11/09/07	1'000'000	1'336'138
MEGAFON SA FOR OJSC MEGAFON	MEGAFO 8 12/10/09	5'000'000	6'692'550
PETROCOMMERCE FINANCE SA FOR OJSC BANK PETROCOMMERCE	PETRRU 8 3/4 12/09	-	2'387'100
PROMSVYAZ FINANCE SA FOR JSC PROMSVYAZBANK	PROMBK 8 1/2 10/10	-	1'239'236
RENAISSANCE SECURITIES TRADING LTD FOR PM INVEST CO LTD	PMINV 10 3/4 12/08	-	6'091'350
RUSSIAN STANDARD FINANCE SA FOR CJSC RUSSIAN STANDARD BANK	RUSB 8 1/8 04/21/08	1'500'000	1'995'706
RUSSIAN STANDARD FINANCE SA FOR RUSSIAN STANDARD BANK	RUSB9 3/4 12/01/16	-	4'833'700
SIBACADEMFINANCE PLC	SIBAC 9 05/12/09	-	1'218'390
SISTEMA CAPITAL SA	SISFIN 8 7/8 01/11	2'000'000	2'769'540
SISTEMA FINANCE SA	SISFIN 10 1/4 04/08	2'500'000	3'506'076
UKRCHEM CAPITAL FOR CONCERN STIROL	CONSTI 7 7/8 08/08	-	2'526'425

Withdrawals		Gains		Losses		Balance as of 31.12.2006	
CHF	Realized CHF	Unrealized CHF	Realized CHF	Unrealized CHF	Quantity	CHF	
-	-	90'332	-	-	4'000'000	90'332	
-	-	45'803	-	-	4'000'000	53'711	
-	-	2'380'884	-	-	4'299'209	4'460'838	
-	-	44'045	-	-	750'000	1'556'393	
-	-	-	-	(17'313)	300'000	366'210	
(13'386'582)	4'333'396	1'850'105	(70'011)	-	7'800'000	7'807'597	
-	-	6'268'039	-	-	10'000'000	10'986'300	
-	-	2'865'600	-	-	50'000	5'264'269	
(14'566'391)	732'340	-	(612'541)	-	-	-	
(8'303'793)	3'405'470	1'955'987	-	-	610'000	3'442'543	
(963'647)	50'668	-	-	-	-	-	
-	-	4'292'545	-	-	300'100'000	15'752'279	
-	-	-	-	(56'437)	165'000	1'117'856	
(58'233)	-	-	(1'404)	-	-	-	
-	-	2'480'217	-	-	700'000	5'169'665	
-	-	526'179	-	-	1'420'000	7'020'246	
-	-	-	-	(168'307)	740	248'412	
(928'342)	357'011	-	-	-	-	-	
-	-	29'151	-	-	1'000	64'988	
(423'063'238)	61'641'472	49'898'981	(7'511'055)	(13'511'487)		232'064'308	
-	-	13'067	-	-	2'000'000	2'422'728	
-	-	4'759	-	-	500'000	604'857	
-	-	23'354	-	-	1'000'000	1'239'011	
(7'242'245)	-	-	(8'190)	-	-	-	
(9'189'433)	19'082	-	(12'350)	-	-	-	
(5'720'237)	51'037	-	-	-	-	-	
(5'193'771)	95'149	-	-	-	-	-	
-	-	-	-	(2'424)	1'000'000	1'227'414	
(10'344'844)	-	-	(135'610)	-	-	-	
(1'320'191)	-	-	-	-	-	-	
(10'155'623)	-	39'879	(401'868)	-	3'000'000	3'660'269	
(1'303'075)	-	-	(33'063)	-	-	-	
(6'649'839)	19'212	-	(61'923)	-	-	-	
-	-	71'658	-	-	2'000'000	2'458'758	
-	-	-	-	(4'168)	1'000'000	1'235'068	
-	-	12'150	-	-	5'000'000	6'103'500	
(1'980'362)	-	-	(15'344)	-	-	-	
-	-	104'276	-	-	4'000'000	4'937'976	
-	-	21'683	-	-	1'000'000	1'240'073	
(2'774'357)	4'817	-	-	(7'556)	2'000'000	2'567'620	
(5'991'740)	-	-	(280'931)	-	-	-	
(2'554'401)	27'976	-	-	-	-	-	

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Notes as of December 31, 2006

Securities	Balance as of 1. 1. 2006		Additions
	Quantity	CHF	CHF
VTB CAPITAL SA FOR VNESHORTORBANK	VTB 0 09/21/07	-	19'277'585
SUB-TOTAL FIXED INCOME INSTRUMENTS		33'458'913	84'391'389
TOTAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - TRADING		310'206'731	372'253'206
APATITSKAYA	466'632	12'780	-
BAM RESOURCES PLC -REG-	200'000	-	-
CHELYABINSK ENERGY GENERATION COMPANY	65'000'000	2'227'336	-
CHELYABINSK MANAGEMENT ENERGY COMPANY	65'000'000	85'667	-
CHELYABINSK TRUNK GRIDS COMPANY	40'000'000	26'359	-
IBS GROUP HOLD. REG. S - GDR SPONS. -	250'000	5'980'198	-
KIROVENERGO MANAGEMENT COMPANY PFD	2'000'000	-	-
KOLSKAYA ENERGY RETAIL COMPANY	-	-	1'230
KOLSKAYA GENERATION COMPANY	466'632	2'964	-
KUBAN ENERGY RETAIL	-	-	-
KUBAN GENERATION COMPANY	-	-	-
MEGABANK	-	-	1'609'869
MCSI HOLDING	0 % MCSI HOLDING 04/07	1'091'923	1'439'100
MCT SPECIAL OPPORTUNITIES FUND C1	-	-	6'477'041
NAFTRANS LTD, LIMASSOL, CYPRUS	8'000'000	12'142'326	28'238'100
NORTH WESTERN ENERGY MANAGEMENT PFD	750'000	-	-
PANARIELLO ENTERPRISES LTD.	3049	21'293'444	-
PETERSBURG GENERATION COMPANY PFD	750'000	-	-
POWER MACHINES OJSC	-	-	1'208'780
PRIOSKAYA TERRITORIALNAYA GENERATION COMPANY	4'000'000	185'409	-
PSKOVSKAYA GRES	12'000'000	1'708'063	-
REDBERRY RESOURCES LIMITED	50	3'426'670	-
SAMARA ENERGY DISTRIBUTION	-	-	417'461
SAMARA ENERGY DISTRIBUTION PFD	-	-	238'876
SAMARA TERRITORIAL GENERATION	-	-	417'461
SAMARA TERRITORIAL GENERATION PFD	-	-	248'829
SAMARA TRUNK COMPANY	-	-	417'461
SAMARA TRUNK COMPANY PFD	-	-	4'977
SARATOV DISTRIBUTION	-	-	1'781'364
SARATOV TERRITORIAL GENERATION	-	-	10'688'185
SARATOV TRUNK	-	-	1'781'364
SARNATUS TRADING LIMITED COMPANY	1	56'935'440	5'173'775
SEROVSKAYA TPP PFD	500'000	13'292	-
SVERDLOVSK ENERGY MANAGEMENT COMPANY	460'000	788	-
SVERDLOVSK ENERGY MANAGEMENT COMPANY PFD	500'000	659	-
SVERDLOVSK ENERGY SERVICE COMPANY	460'000	3'031	-
SVERDLOVSK ENERGY SERVICE COMPANY PFD	500'000	28'006	-

Withdrawals		Gains		Losses		Balance as of 31.12.2006	
CHF	Realized CHF	Unrealized CHF	Realized CHF	Unrealized CHF	Quantity	CHF	
(12'207'998)	-	-	(970'336)	(1'855)	5'000'000	6'097'397	
(82'628'115)	217'274	290'826	(1'919'615)	(16'003)		33'794'669	
(505'691'353)	61'858'745	50'189'807	(9'430'670)	(13'527'489)		265'858'976	
(12'780)	-	-	-	-	-	-	
-	-	-	-	-	200'000	-	
(2'256'032)	28'696	-	-	-	-	-	
-	-	-	(85'667)	-	-	-	
-	-	-	-	(1'945)	40'000'000	24'414	
(2'020'784)	-	-	(371'295)	(585'197)	150'000	3'002'922	
-	-	-	-	-	-	-	
-	-	-	-	(91)	466'632	1'139	
(2'964)	-	-	-	-	-	-	
-	-	-	-	-	185'000	-	
(2'051'746)	2'051'746	-	-	-	-	-	
(484'281)	-	926'492	(30'499)	-	988'099	2'021'581	
(1'410'908)	-	-	(28'193)	-	-	-	
-	-	1'072'134	-	-	5'000	7'549'175	
-	-	12'720'024	-	-	30'000'000	53'100'450	
-	-	-	-	-	750'000	-	
(6'352'786)	-	4'831'782	-	-	3'049	19'772'440	
-	-	-	-	-	-	-	
(1'351'264)	142'483	-	-	-	-	-	
(185'409)	-	-	-	-	-	-	
(1'708'063)	-	-	-	-	-	-	
-	-	-	-	(252'850)	50	3'173'820	
-	-	-	-	(30'804)	9'050'000	386'657	
-	-	-	-	(17'626)	3'200'000	221'249	
-	-	-	-	(30'804)	9'050'000	386'657	
-	-	-	-	(18'361)	3'200'000	230'468	
-	-	-	-	(30'804)	9'050'000	386'657	
-	-	-	-	(367)	3'200'000	4'609	
-	-	8'063'028	-	-	205'415'629	9'844'393	
(1'312'300)	152'637	1'755'267	-	-	205'415'629	11'283'789	
-	-	2'437'661	-	-	230'415'629	4'219'025	
-	-	16'918'903	-	-	10'787	79'028'118	
(13'292)	-	-	-	-	-	-	
-	-	-	(788)	-	-	-	
-	-	-	(659)	-	-	-	
-	-	-	-	(224)	460'000	2'808	
-	-	-	-	(2'067)	500'000	25'940	

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Notes as of December 31, 2006

	Balance as of 1. 1. 2006		Additions	
Securities	Quantity	CHF	CHF	CHF
SVERDLOVSK ENERGY RETAIL PFD	500'000	4'481	15'744	
SVERDLOVSK GENERATION COMPANY PFD	500'000	123'228	1'370'668	
TGC-1 (TERRITORIAL GENERATION COMPANY N° 1)	-	-	-	
TGC-10 (TERRITORIAL GENERATION COMPANY N° 10)	-	-	-	
TULSKAYA POWER MANAGER COMPANY	4'000'000	5'272	-	
TRANS-SIBERIAN GOLD	200'000	330'338	-	
UDMURT ENERGY DISTRIBUTION	2'392'312	1'261'179	-	
UDMURT MANAGEMENT ENERGY COMPANY	2'392'312	31'529	-	
UDMURTIA TRUNK GRIDS	2'392'312	472'942	-	
VYATSKAYA ELECTRICITY & HEAT PFD	2'000'000	105'436	-	
TOTAL UNLISTED INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		107'845'938	60'091'183	
FORWARD FOREIGN EXCHANGE CONTRACTS	-	(3'318'010)	2'718'079'475	
SUB-TOTAL DERIVATIVE FINANCIAL INSTRUMENTS		(3'318'010)	2'718'079'475	
TOTAL INVESTMENTS		414'734'659	3'150'423'864	
Derivatives on currency	Expiry date	Currency Sold	Currency Sold	
Forward foreign exchange contracts	15.3.2007	USD	20'000'000	CHF
Forward foreign exchange contracts	15.3.2007	USD	245'000'000	CHF
TOTAL	-	-	-	-

Withdrawals		Gains		Losses		Balance as of 31.12.2006	
CHF	Realized CHF	Unrealized CHF	Realized CHF	Unrealized CHF	Quantity	CHF	
-	-	-	-	(331)	500'000	4'150	
(123'228)	-	-	-	-	-	-	
-	-	996'619	-	-	2'182'447'121	1'012'363	
-	-	1'461'319	-	-	1'165'931	2'831'987	
(5'267)	-	-	(5)	-	-	-	
(448'147)	117'809	-	-	-	-	-	
-	-	-	-	(1'056'758)	2'392'312	204'421	
(31'498)	-	-	(31)	-	-	-	
-	-	-	-	(34'898)	2'392'312	438'044	
(105'436)	-	-	-	-	-	-	
(19'876'185)	2'493'371	51'183'230	(517'137)	(2'063'126)		199'157'276	
(2'719'972'100)	5'210'635	-	-	(4'069'250)		(4'069'250)	
(2'719'972'100)	5'210'635	-	-	(4'069'250)		(4'069'250)	
(3'248'254'367)	69'562'751	96'541'256	(9'947'806)	(19'659'865)		460'947'003	
	Contract Forward rate		Forward rate 31.12.2005			Fair value 31.12.2005	
23'918'000	1.195900		1.20765	-		(235'020)	
292'040'000	1.192000		1.20765	-		(3'834'230)	
-	-	-	-	-		(4'069'250)	

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Notes as of December 31, 2006

CHF	31.12.2006	31.12.2005
Fair value of portfolio brought forward	414'734'659	240'599'000
Investment portfolio movement for the year		
Purchase of investments	432'344'389	333'938'641
Sale of investments	(525'567'538)	(313'522'723)
Net forward contracts	(1'892'625)	29'748'000
Net realised gain on disposal of investments	59'614'945	11'218'779
Net investment portfolio movement for the year	(35'500'829)	61'382'697
Net unrealised gain	81'713'173	112'752'962
Fair value of portfolio	460'947'003	414'734'659
CHF	31.12.2006	31.12.2005
The investment portfolio is represented as follows on the balance sheet		
Held for trading		
Listed equity securities held for trading	232'064'309	276'527'066
Listed debt securities	33'794'669	33'458'913
Total held for trading	265'858'978	309'985'979
Designated as fair value through profit or loss		
Unlisted equity securities	199'157'275	106'627'590
Unlisted debt securities	-	1'439'100
Total designated as fair value through profit or loss	199'157'275	108'066'690
Total financial assets at fair value through profit or loss	465'016'253	418'052'669
Derivatives		
Exchange rate forward agreements	(4'069'250)	(3'318'010)
Total derivatives	(4'069'250)	(3'318'010)
Gains/Losses in relation to financial assets at fair value through profit or loss		
Net realised gains / (losses)	54'404'310	41'938'194
Unrealised gains / (losses)	85'782'423	116'070'972
Total gains / losses	140'186'733	158'009'166
Gains/Losses recognised in relation to derivatives		
Net realised gains / (losses)	5'210'635	(30'719'415)
Unrealised gains / (losses)	(4'069'250)	(3'318'010)
Total gains / losses	1'141'385	(34'037'425)



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Notes as of December 31, 2006

Note 5 Liabilities

5.2 Naftrans Limited (Batumi Oil Terminal)

In July 2003 the Company took a 6.62% participation in Naftrans Limited which through its subsidiaries operates the Batumi Oil Terminal in Adjara, Georgia, and Petrotrans, a rail logistics company which transports oil from Gardabani, on the Azerbaijan/Georgia border, through Georgia to Batumi port on the Black Sea.

The terminal has been in operation since the 1890's and was privatized in 1999. Since then a complete reconstruction project, at a cost of USD 52 million has been executed by the new owners. Trans-shipment volumes increased from 4.5 million tonnes per annum in 1999 to 11.7 million tonnes in 2006.

In January 2006, the Company invested an additional USD 22 million into Naftrans Limited. As of year-end, the participation of ENR in Naftrans represents an economic interest of 15.1% on a fully diluted basis.

A shareholders agreement is in place between all shareholders, which contains a clause that the majority of profits will be distributed to the shareholders.

The market value of Naftrans Limited at year-end was determined based on a recent transaction by a third party investor who invested a substantial amount into Naftrans in December 2006.

5.3 Sarnatus Trading Limited

On 1 July 2004, the Company acquired a 15% equity stake in Sarnatus Trading Ltd, a hypermarket development company which operates the Mosmart retail chain. ENR's interest are represented by Gustav Stenbolt on the board of the company.

The value of Sarnatus has been estimated by the Company based on a sum of the parts approach. As of December 31, 2006, the value of Sarnatus is composed of the following elements:

Mosmart retail business: at 31 December 2006, Sarnatus operates 3 hypermarkets and 6 other stores in other size formats under its Mosmart brand name. Valuation multiples for Mosmart's listed peers were applied to its 2006 sales and earnings results, as well as sales forecasts for 2007.

Real estate assets: at 31 December 2006, Sarnatus was the owner of 3 operational shopping centers, and one shopping center nearing completion. Each center includes a Mosmart hypermarket, and the remaining area is rented to other shops.

Non-operating assets and the net debt position of Sarnatus at 31 December 2006 (on an unaudited basis) were taken into consideration.

In order to value its 15% stake, the Company used unaudited 2006 sales and earnings figures and its own 2007 sales and earnings projections for the valuation of the Mosmart retail business, and Knight Frank, an independent real estate consultant, for the valuation of the real estate as of 31 December 2006. The net debt position was estimated by the Company on basis of the unaudited management accounts of Sarnatus as of 31 December 2006.

5.4 Panariello Enterprises Ltd. (Cyprus) (Romanov Dvor)

In March 2003, the Company, together with Valartis International Ltd (formerly MCT International Ltd, a related party) that co-invested through a sub-participation agreement, took a 19.25% participation in this project, an office development in Romanov Pereulok, within walking distance to the Kremlin in Moscow.

The office complex has a total surface of 40'000 m², built in two phases. Phase one was finished at the end of 2003 and the commissioning report was received on 5th January 2004. The second stage has been completed and the commissioning report has been received during 2006. Moscow State University (MGU) owns approx. 1800 m² of the second stage, which we can lease on a long term basis.

The investment was made through shareholders loans and the purchase of 77% of Panariello Enterprises Ltd. (Cyprus), which in turn owns 25% of the shares in Alini Investments BV (Netherlands) that holds the rights to the properties and buildings themselves. Valuation of Panariello Enterprises Ltd. is based on an independent valuation of the building made in 2005 and adjusted for Alini Investments BV net indebtedness. The valuation was based on discounted cash flow projections using a discount rate of 10% on net income from existing leases. Management is comfortable with the valuation and is of the opinion that the main assumptions used are still valid.

The shares in Alini Investments BV remained pledged to a banking consortium lead by ZAO Raiffeisenbank, Moscow.

Note 6 Cash and cash equivalents

Cash and cash equivalent include the following for the purpose of the cashflow statement:

CHF	31.12.2006		31.12.2005	
	Valartis Bank*	Others	Valartis Bank*	Others
Cash at bank and in hands	22'111	24'885'987	941'535	652'766
Money market instruments	-	43'470'675	-	1'318'390
Fiduciary deposits	-	8'160'990	-	27'100'184
Subtotal	22'111	76'517'652	941'535	29'071'340
Bank overdraft	(1'872)	(1'372'108)	(172'667)	(1'675'867)
Cash and cash equivalents	20'239	75'145'544	768'868	27'395'473
Total cash and cash equivalents		75'165'783		28'164'341

* Valartis Bank (former OZ Bankers) is a group related parties.

Note 7 Liabilities

7.1 Accounts payable and accrued expenses

CHF	2006	2005
Pending securities settlements	-	4'608'275
Accrued management and performance fees	16'822'824	16'602'381
Interest accrued on 3.75% CV bond maturing 2010	197'917	197'917
Others creditors	1'077'656	817'761
Balance at the end of the period	18'098'397	22'226'334

7.2 Taxes

The Company pays Swiss taxes on capital of 0.07%. Net income from Cyprus subsidiaries is taxed at 4.25%. Net income from the Cayman Islands subsidiary is not taxed.

The movement on tax liabilities is as follows (CHF)	2006	2005
Balance at the beginning of the period	808'445	658'707
Payment during the period	(45'085)	(862'648)
Charge for the period	546'595	1'012'386
Balance at the end of the period	1'309'955	808'445

CHF	2006	2005
Profit before tax	125'954'913	110'937'686
Tax calculated at domestic tax rates applicable to profits in the respective countries	5'353'084	4'714'852
Deduction for income not subject to tax	(4'853'084)	(4'214'852)
Underprovision prior years	-	416'610
Income tax charges	500'000	916'610

Financial Statements

Notes as of December 31, 2006

Note 7 Liabilities

7.3 Convertible bonds

Convertible bonds have changed as follows (in CHF)	2006	2005
Balance at the beginning of the period	48'511'743	33'398'917
Reversal of 2004 interest accrued and expenses	-	(1'215'485)
Conversions during the period	(1'001'440)	(31'181'992)
Issue of 3.75% CV 2005-2010	-	47'463'021
Amortisation of CV 2005-2010 liability component	462'195	47'282
Balance at the end of the period	47'972'498	48'511'743

On November 23, 2005, ENR Russia Invest Finance Ltd. issued, at par value, 3 3/4% convertible bonds for CHF 50'000'000, which mature on November 23, 2010. Each bond of CHF 5'000 nominal is convertible into 23.11 bearer shares of ENR Russia Invest 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 4.23%, as if the bonds have no embedded conversion rights and the market rate of interest applied. The effective interest rate is 4.92%.

The convertible bond includes a call option which allows the group to call for the redemption of the bond at 100% in case the closing price of the shares for a period of 20 consecutive business days is at least 130 per cent of the then applicable conversion price, with a period of 60 days prior notice. The value of the option call has been estimated to CHF 405'000 and has been deducted from the liability component.

At issue, the detail of the liability and equity components were the following:

3.75% CONVERTIBLE BONDS 2005-2010	CHF
Present value of the principal (CHF 50.0 mio payable on 23.11.2010)	40'644'924
Value of interest (CHF 1.87 mio payable annually in arrears until 23.11.2010)	8'293'507
Value of call option	(405'000)
Allocation of transaction cost	(1'070'410)
Total liability component	47'463'021
Equity component	1'434'224
Proceeds of bonds issue	48'897'245

The outstanding nominal value of the bonds (excluding treasury bonds) is protected with cash and liquid securities during the whole life of the bonds. The Group has issued an unconditional and irrevocable guarantee in accordance with the article 111 of the Swiss Federal Code of Obligations up to a maximum amount of CHF 59'375'000 in favour of Valartis Bank AG on behalf of the bondholders for the due payment of all amounts payable on the bonds.

4.125% CONVERTIBLE BONDS 2003-2008

On November 7, 2005, the Group has exercised its call option on the 4.125% convertible bond 2003-2008. Based on this option, the bondholders had until January 10, 2006 to ask for conversion. On January 9, 2006 the balance of the 4.125 convertible bond 2003-2008 was converted into shares.

Details of the conversion of the 4.125% convertible bonds 2003-2008 for the financial year under review are as follows:

Month	Number of shares
January	10'079

Note 8 Share capital

As of December 31, 2006, the issued ordinary share capital of the Company was CHF 80.5 million, divided into 1'610'615 bearer share of par value CHF 50 each and one voting right per share. There are no restrictions on share transfer.

The Company has not issued any participation certificates or profit sharing certificates.

8.1 Issued Capital

	2006		2005	
	Number of shares	CHF	Number of shares	CHF
Opening Balance	1'600'536	80'026'800	1'284'071	64'203'550
Capital increase	10'079	503'950	316'465	15'823'250
Closing balance	1'610'615	80'530'750	1'600'536	80'026'800

All issued shares are fully paid in.

8.2 Treasury shares

	31.12.2006		31.12.2005	
	Number of shares		Number of shares	
Opening Balance	56'068		56'055	
Conversion of options	45'000		-	
Purchases	31'250		40'593	
Sales	(8'250)		(40'580)	
Closing balance	124'068		56'068	

Financial Statements

Notes as of December 31, 2006

Transaction in treasury shares during the year

Month	Number of shares purchased	Currency	Average price	Amount purchase
April	23'000	CHF	228.19	5'248'457
May	8'250	CHF	224.96	1'855'950
December (conversion of options)	45'000	CHF	221.15	9'951'719

Month	Number of shares sold	Currency	Average price	Amount sold
May	8'250	CHF	233.63	1'927'408

During the year the company acquired and sold put and call options on own shares. As of December 31, 2006 the company held an option to buy 25'000 own shares at the price of CHF 125 expiring on March 16, 2007. The premium paid amounts to CHF 2'125'000.

8.3 Authorised capital and conditional capital

The Company may increase its capital by up to CHF 18'873'050 through the issue of a maximum of 377'461 bearer shares each with a par value of CHF 50.

Existing Shareholders are generally entitled to preferential subscription rights. However, those can be cancelled for valid reason by the Board of Directors.

Furthermore, the Company may increase its share capital by the exercise of option or conversion rights by up to a maximum amount for CHF 18'873'050 through the issue of a maximum 377'461 bearer shares each with a par value of CHF 50. The options and conversion rights are limited to a maximum exercise period of 5 years.

Existing shareholders have no preferential subscription right with regards to the conditional capital.

	2006		2005	
	Number of shares	CHF	CHF	Number of shares
Conditional capital	377'461	18'873'050	662'700	33'135'000
Authorised increase of Capital	377'461	18'873'050	662'700	33'135'000

Note 9 Related parties, significant shareholders

Valartis International Ltd., B.V.I. (a fully owned subsidiary of Valartis Group AG, Baar, Switzerland) is the Investment Manager of the Company. The Company pays to the Investment Manager a management fee payable quarterly in arrears in Swiss Francs, of 2% par annum of the Company's average Net Asset Value, as adjusted by adding back the amount of any outstanding debt convertible into shares of the Company.

As of December 31, 2006 Valartis International Ltd., B.V.I. earned an amount of CHF 9'607'649 (2005: CHF 6'313'671) as management fees for the year, of which CHF 2'559'658 (2005: CHF 1'892'393) are payable at year-end.

In addition, the Investment Manager is entitled to receive a Performance Fee if the Company's (adjusted) NAV appreciates by an amount in excess of 10% per year, whereby the High Watermark shall be a Net Asset Value (adjusted) as of 31.12.2005.

The performance fee is 15% of the amount if the Net Asset Value increase exceeds an annual return of 10% and 20% of the amount if the Net Asset Value increase exceeds an annual return of 20%. Adjusting events include among others share splits and right issues.

As of December 31, 2006, Valartis International Ltd. is due to receive CHF 14'263'166 performance fees for the year 2006 (2005: CHF 14'709'987). This amount is included in the account payable at year-end.

In case of a termination of the investment management agreement by the Company, the Investment Manager shall be entitled to an indemnity of CHF 9'450'000.

The company bears all of its expenses, including expenses relating to its formation and organizational expenses, as well as administrative and operating expenses.

Out-of-pocket expenses incurred by the Investment Manager in carrying out the investigative and "due diligence" analysis required in pursuing likely

investment opportunities and in monitoring existing investments are borne by the Company.

Valartis International Ltd., B.V.I., is holding 6.88% of Panariello Enterprises Ltd. governed by a sub-participation agreement between ENR Investment Ltd. and Valartis International Ltd., dated May 7, 2003.

As of December 31, 2006, Hansa AG, an indirect minority shareholder of Valartis Group AG, the mother company of Valartis International Ltd. and Valartis Asset Management S.A. (the investment advisor of the Company) owns 55.43% of the share capital of ENR Russia Invest SA.

Gustav Stenbolt, who is the Delegate of the Board of MCG Holding SA, which is the major shareholder of Valartis Group AG, is a member of the investment committee and board member of ENR.

Tim Rogers and Georg von Opel are both members of the board of Valartis Group AG and member of the investment committee of ENR.

Valartis Bank AG, a fully owned subsidiary of Valartis Group issued quoted call and put options on ENR Russia Invest S.A.'s shares (see note 8.2 for detail of open position as of December 31, 2006).

As of December 31, 2006 the balance in current account with Valartis Bank AG amounted to CHF 20'239 (2005: CHF 941'535) and the overdraft to CHF 1'872 (2005 : CHF 172'667) (see note 6 for detail of position)

The remuneration for the year paid to the directors of ENR Russia Invest S.A. amounts to CHF 142'585 (2005: CHF 161'474)

Note 10 Segment reporting

Since ENR only has one sector of business activity and one geographical sector, the breakdown by segment does not apply.

Note 11 Other

The Shareholders' have the power to amend the financial statements after issue.

Report of the Group Auditors to the General Meeting of ENR Russia Invest SA, Geneva



Geneva, April 27, 2007

As auditors of the group, we have audited the consolidated financial statements (balance sheet, statement of income, cash flows statement, statement of changes in equity and notes, pages 14 to 41) of ENR Russia Invest SA for the year ended 31 December 2006.

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 International Standards on Auditing, 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 accordance with Article 20 of the Additional Rules for the Listing of Investment Companies of the SWX Swiss Exchange we draw attention to Note 5 of the consolidated financial statements. As indicated in Note 5, the financial statements include unquoted investments stated at their fair value of CHF 199 million. Because of the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values may differ from their realisable values, and the difference could be material. The fair values of these investments have been determined by the Board of Directors and have been disclosed in Note 5. We have reviewed the procedures applied by the Board of Directors in valuing such investments and have viewed the underlying documentation. While in the circumstances the procedures appear to be reasonable and the documentation appropriate, the determination of fair values involves subjective judgment which cannot be independently verified.

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 the International Financial Reporting Standards (IFRS) and the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the SWX Swiss exchange, as well as with Swiss law.

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

A handwritten signature in blue ink, appearing to read 'A. Astolfi'.

Alex Astolfi
Auditor in charge

A handwritten signature in blue ink, appearing to read 'S. Terranova'.

Simona Terranova

Parent Company Balance Sheet

Parent Company Balance Sheet as of December 31, 2006

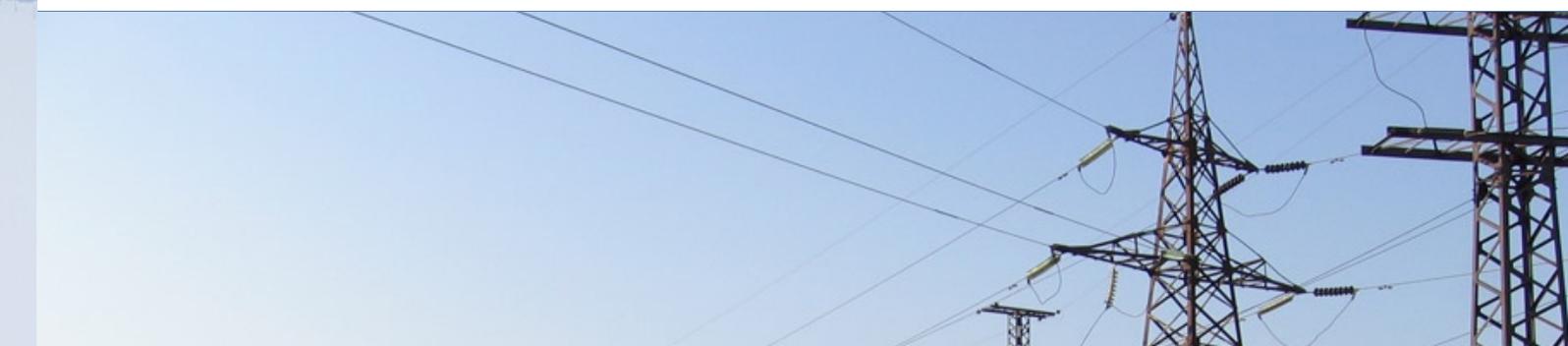
CHF	2006	2005
Current assets		
Cash & cash equivalents	35'964	745'419
Investments - current	17'298'528	217'881
Receivables from subsidiaries	228'592'366	151'747'668
Accounts receivable	9'401	11'609
Derivatives financial instruments	-	2'030'325
Total current assets	245'936'258	154'752'902
Non-current assets		
Investments - non current	48'004'138	48'002'638
Total non-current assets	48'004'138	48'002'638
Total assets	293'940'396	202'755'540
Liabilities		
Bank overdrafts	1'872	172'667
Provision for taxes	9'955	8'445
Accrued expenses	558'139	377'929
Payables to subsidiaries	119'335'811	31'350'058
Total liabilities	119'905'777	31'909'099
Shareholders' equity		
Share capital	80'530'750	80'026'800
Capital paid in excess of par value (share premium)	39'897'536	39'533'823
Legal reserve	2'165'040	-
Reserve for own shares	23'158'552	7'985'024
Retained earnings	28'282'741	43'300'795
Total shareholder's equity	174'034'619	170'846'442
Total liabilities and shareholders' equity	293'940'396	202'755'540

Financial Statements

Parent Company Statement

Parent Company Statement of Income and Retained Earnings for the year ended December 31, 2006

	2006	2005
	CHF	CHF
Income		
Interest income	4'689'841	3'574'061
Gain on investments	448'958	92'251
Exchange gain	58'966	-
Total income	5'197'765	3'666'312
Expenses		
Loss on investments	15'424	4'048
Administrative fees	384'139	298'498
Investment bank and professional fees	2'311	116'264
Directors' fees	212'585	302'959
Publication, marketing and other expenses	142'932	241'229
Interest expenses	2'062'559	1'939'528
Bank charges and interest expenses	10'706	5'037
Taxes	46'595	227'946
Total expenses	2'877'251	3'135'508
Net income for the year	2'320'514	530'804
Retained earnings		
Retained earnings at the beginning of the year	41'135'755	43'131'535
Allocation to reserve for own shares	(15'173'528)	(361'544)
Net income for the year	2'320'514	530'804
Retained earnings at the end of the year	28'282'741	43'300'795
The Board of Directors proposes the following appropriation of the retained earnings :		
Proposal of appropriation of available earnings	2006	2005
Retained earnings available at the end of the year	28'282'741	43'300'795
Dividend CHF 7.50 per share (2005: CHF 0.00)	(12'079'613)	0
Allocation to reserve	(13'941'111)	(2'165'040)
Available retained earnings carried forward	2'262'017	41'135'755



Notes as of December 31, 2006

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

1. Controlled subsidiaries

The subsidiaries of ENR Russia Invest SA, as described in note 3.2 to the Consolidated Financial Statements.

2. Share capital

As of December 31, 2006, the issued ordinary share capital of the Company was CHF 80.5 million, divided into 1'610'615 bearer share of par value CHF 50 each and one voting right per share. There are no restrictions on share transfer.

2.1 Movements in shareholder's equity of the parent company

In CHF	Share capital	Share premium	Legal reserve	Reserve for shares	Retained earnings	Total
Balance as at January 1, 2006	80'026'800	39'533'823	-	7'985'024	43'300'795	170'846'442
Allocation to legal reserve	-	-	2'165'040	-	(2'165'040)	-
Increase of shares Capital	503'950	363'713	-	-	-	867'663
Allocation to reserve for own shares	-	-	-	15'173'528	(15'173'528)	-
Net income for the year	-	-	-	-	2'320'514	2'320'514
Balance as at December 31, 2006	80'530'750	39'897'536	2'165'040	23'158'552	28'282'740	174'034'619

2.2 Conditional capital and authorized capital

The Company may increase its capital by up to CHF 18'873'050 through the issue of a maximum of 377'461 bearer shares each with a par value of CHF 50.

Furthermore, the Company may increase its share capital by the exercise of option or conversion rights by up to a maximum amount for CHF 18'873'050 through the issue of a maximum 377'461 bearer shares each with a par value of CHF 50. The options and conversion rights are limited to a maximum exercise period of 5 years.

3. Guarantees for the convertible bonds

On November 23, 2005, ENR Russia Invest Finance Ltd. issued, at par value, 3 3/4% convertible bonds for CHF 50'000'000, which mature on November 23, 2010. Each bond of CHF 5'000 nominal is convertible into 23.11 bearer shares of ENR Russia Invest 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 4.23%, as if the bonds have no embedded conversion rights and the market rate of interest applied.

The Company has issued an unconditional and irrevocable guarantee in accordance with the article 111 of the Swiss Federal Code of Obligations up to a maximum amount of CHF 59'375'000 in favor of Valartis Bank AG on behalf of the bondholders for the due payment of all amounts payable on the bonds.

Financial Statements

Report of the Statutory Auditor to the General Meeting of ENR Russia Invest SA, Geneva



Geneva, April 27, 2007

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes, pages 43 to 45) of ENR Russia Invest SA for the year ended 31 December 2006.

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 Swiss Auditing Standards, 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 financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers SA

A handwritten signature in blue ink, appearing to read 'A. Astolfi'.

Alex Astolfi

Auditor in charge

A handwritten signature in blue ink, appearing to read 'S. Terranova'.

Simona Terranova

Financial Statements

Price Information

	Net Assets CHF (in thousands)	NAV per share CHF	Share price CHF
31.12.1995	45'958	75.31	88.69
30.6.1996	70'260	115.13	118.55
31.12.1996	69'202	113.39	109.64
30.6.1997 1)	162'998	217.33	154.00
31.12.1997	149'752	199.67	155.00
30.6.1998	65'003	86.67	91.00
31.12.1998	N/A	N/A	25.85
30.6.1999	N/A	N/A	24.20
31.12.1999	N/A	N/A	25.85
30.6.2000	30'261	40.35	34.00
31.12.2000	32'296	43.06	38.50
30.6.2001	52'710	70.28	48.10
31.12.2001	54'244	72.32	49.00
30.6.2002 2)	121'621	104.13	86.00
31.12.2002	116'444	99.69	80.00
31.3.2003	116'894	100.08	79.50
30.6.2003	145'440	124.52	95.50
30.9.2003	163'087	139.63	102.75
31.12.2003	179'524	153.70	114.50
31.3.2004	219'283	187.74	140.50
30.6.2004 3)	208'134	177.44	137.50
30.9.2004 4)	225'853	177.65	135.00
31.12.2004 5)	239'491	186.51	136.00
31.3.2005	250'862	195.36	151.00
30.6.2005 6)	261'644	197.40	149.00
30.9.2005 7)	337'346	243.98	174.00
31.12.2005 8)	383'133	239.95	184.00
31.3.2006 9)	498'298	278.34	216.00
30.6.2006	404'846	251.38	211.00
30.9.2006	425'410	264.12	203.10
31.12.2006	484'729	319.17	235.00

N° Par value Capital increase	Conversion factor	Date	Nbr of shares
1) CHF 50 Subscription price CHF 120.00	n/a	June 30, 1997	250'000
2) CHF 50 Subscription price CHF 95.80	n/a	April 26, 2002	418'000
3) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	May 5, 2004	2'016
4) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	3rd quarter 2004	101'268
5) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	November 3, 2004	12'787
6) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	2nd quarter 2005	41'313
7) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	3rd quarter 2005	57'295
8) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	4th quarter 2005	217'857
9) CHF 50 Conversion of the convertible bonds	CHF 5'000.00 for 49.18 shares	January 2006	10'079

Corporate Governance

Domicile	2-4, Place du Molard 1211 Geneva 3 Switzerland
Swiss Security number	347166
ISIN number	CH 0003471668
Market Capitalization	CHF 378.0 million as of December 31, 2006

1. Group Structure and shareholders

1.1 Group structure

The operative groupe structure of ENR Russia Invest SA is described in note 1 to the Consolidated Financial Statements. ENR Russia Invest SA is listed on the SWX Swiss exchange. The subsidiaries of ENR Russia Invest SA, as described in note 3.2 to the Consolidated Financial Statements.

1.2 Significant shareholders

Significant shareholders are disclosed in note 9 to the Consolidated Financial Statements. ENR Russia Invest SA has no knowledge of any significant shareholder agreements.

1.3 Cross-shareholdings

ENR Russia Invest SA is not aware of any cross shareholdings.

2. Capital Structure

2.1 Capital

Company's capital structure is disclosed in note 8 to the Consolidated Financial Statements.

2.2 Authorised and conditional capital

Authorised and conditional capital are disclosed in note 8.3 to the Consolidated Financial Statements.

2.3 Change in capital

Change in capital over the last 3 years are summarised in the consolidated statement of change in equity.

2.4 Shares and participation certificates

Note 8 to the Consolidated Financial Statements contains a detailed description of the Company's shares. No participation certificates have been issued.

2.5 Profit sharing certificates

The Company has not issued any profit sharing certificates.

2.6 Limitations on transferability and nominee registration

The Company's articles of association do not foresee any restrictions on the transfer of the Company's shares. As the Company has no other than bearer shares issued, there are no rules on registration in a shareholders register.

2.7 Convertible bonds and warrants/options

During 2005, the Company has issued a new convertible bonds of a total amount of CHF 50 million with a coupon of 3 3/4 % and a five year period till maturity. Further details regarding the convertible bond issue as well as the exercise conditions are described in note 7.3 to the Consolidated Financial Statements. The company has no warrants or options outstanding.

3 Board of Directors

3.1 Members of the Board of Directors

As of December 31, 2006, the Board of Directors is composed of the following members:

Dr. Christoph Löw

Non executive member, Chairman of the Board
(Swiss national, first election in 2002)

Dr. Christoph Löw is an attorney-at-law and partner of the Vischer law firm in Basle. He has studied at the university of Basel and Geneva and obtained its doctors at the Law faculty of the University of Basel.

Dr. Löw is currently a Director and Chairman of the board of Hansa AG (the major shareholder of ENR Russia Invest SA) and Director of MCG Holding SA, Pelham Investments AG and Jelmolli AG .

Gustav Stenbolt

Executive member, Vice-Chairman
(Norwegian national, first election in 2002)

Gustav Stenbolt is also founder and Chief Executive Officer of Valartis group and the General Manager of Hansa AG (the major shareholder of ENR Russia Invest SA). Prior to founding Valartis group of companies, he headed the investment management department of Unifund, a private



Corporate Governance

Swiss-based investment company. He was responsible for that company's expansion into Asia, Latin America, Eastern Europe and the former Russian Republics, actively participating in privatisation programmes in these regions.

Mr Stenbolt is currently also a director of Pelham Investments AG, Jelmoli Holding AG, Eastern Property Holdings Limited and Anglo Chinese Group. He is a graduate in economics from Fribourg University.

Walter Fetscherin

Non executive member, Board Member

(Swiss national, first election in 2004)

Mr. Fetscherin studied at the Law Faculty of the University of Zurich, Vienna and Heidelberg, including a doctorate of Law from Zurich University. In 1973 he joined the Swiss department of Foreign Affairs and has since served in diplomatic postings in Poland, Czech Republic, Canada and South Korea. Up until 2003, he served as the Swiss Ambassador to the Russian Federation, Republic of Kazakhstan and Turkmenistan, Armenia, Azerbaidjan and Georgia.

Peter Ruegg

Non executive member, Board Member until October 20, 2006

(Swiss national, first election in 2003)

3.2 Other activities and functions

See Corporate Governance, note 3.1

3.2 Cross involvement

See Corporate Governance, note 3.1

3.4 Election and term of office

Each member of the ENR Board is elected for a period of 1 year, expiring at the first ordinary General Assembly following his or her election. There is no limitation on re-election. The time of first election has been disclosed under note 3.1.

3.5 Internal organizational structure

Physical Board Meetings are held typically 4 times per year. The dura-

tion of the meetings are normally 3 hours. All board members physically attend at least 3 meetings per year. In addition, conference calls are organized occasionally.

The Board has formed the Audit committee composed of Christoph Löw and Gustav Stenbolt. Meets at least twice a year.

The Board is regularly informed on the activity of the Company by the Investment Manager who also formally reports during the directors' meetings.

3.6 Definitions of areas of responsibility

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Company's memorandum and articles of association. The day to day management, however, has been delegated to Valartis International Limited, which acts as the Company's investment manager and appoints the Company's Investment Committee and the Portfolio Management Committee (see note 4.3).

3.7 Information and control instruments

The Investment Manager reports the company's net asset value and investment portfolio to the Board of Directors on a regular basis and participates in all board meetings. Furthermore, changes in the investment strategy and major investments are discussed on the level of the Board of Directors. As a general rule, board approval is mandatory for all major new investments.

4 Investment Committee

The Investment Committee formulates the investment strategy of the Company.

4.1 Members of the Company's investment committee

The members of the investment committee are as follows :

Gustav Stenbolt

See Corporate Governance, note 3.1 «Board of Directors»

Timothy Rogers

His responsibilities include investment management, corporate analysis and securities trading. He has been with Valartis Asset Management since its inception in March 1996. He began his career with Credit Lyonnais Securities in Hong Kong and later relocated to Seoul. In 1993 he joined Unifund, a Swiss-based private investment company where he continued to focus on the emerging capital markets of Eastern Europe and Russia. He has a bachelor of arts degree with specialization in economics from the University of Alberta.

Volker Hemprich

Mr. Hemprich joined Valartis Asset Management in 2001. He is responsible for capital market transactions, structuring, compliance and financial reporting. Since joining Valartis, he has managed four public equity and convertible debt offerings for Valartis's stock listed investment vehicles and set up a range of Luxembourg based investment funds. He is also a member of the management committee of SWX listed real estate company Eastern Property Holdings Ltd. Before joining Valartis, he was a director at German fund management group VMR during three years, where he was in charge of private equity investments and a member of the company's investment committee. During that time, he was taking care of the successful introduction of several portfolio companies to the Frankfurt stock exchange. Mr. Hemprich studied international business administration in Germany, the UK and South America and graduated from European Business School, Germany. He started his professional career as an auditor with KPMG, where he later focused on advising multinational companies in direct investments for a total of four years.

Christine Spyrou-Catras

Christine Spyrou-Catras is employed by Valartis Groupe, Cyprus. She began her career with Goldman Sachs in Toronto and moved later in 1997 to Cyprus where she was head of the Robert Fleming office in charge of all administrative and client related matters. In 1999, she also became Branch Manager of Anglo Irish Bank where she opened and maintained all corporate accounts. She holds a degree in computer programming from Centennial College in Toronto.

Georg von Opel

Georg von Opel is a member of the Investment Committee. He is the owner of Hansa AG, Basel, a Swiss holding company. He studied in various universities in the USA. He is a member of the Board of Directors of Hansa AG and Jelmolli Holding AG. Hansa AG owns stocks and securities on a highly diversified worldwide basis and is invested in private equity as well as in real estate. Hansa AG started to build up a Russian portfolio in 1999.

Alexander Nikolaev

Alexander Nikolaev is Managing Director of the Moscow office of Valartis Management. He is responsible for deal sourcing and analysis of private equity investments. Prior to joining Valartis Group, he led the investment activities for Smith management in Russia. He is a graduate in law from Moscow State University.

Medina Dietz

Medina Dietz is educated in Moscow. She is currently employed by the Moscow office of Valartis Group and is involved in real estate development project since 6 years. Prior to joining Valartis Management, she was the Managing Director of Moscow branches of the western enterprises investing into commercial real estate branches in Moscow and was responsible for the business development, property management and administration of the Moscow real estate.

4.2 Other activities and vested interest

See Corporate Governance, note 4.1 «Board of Directors»

4.3 Investment management agreement

The Company has appointed Valartis International Limited, BVI, as its Investment Manager to provide overall investment management services in accordance with the terms of the Investment management Agreement dated 1st January 2004. The Investment Manager is a wholly owned subsidiary of MCG Holding SA, Geneva. Valartis Management Limited, Cyprus has been appointed as sub-advisor of the Investment Manager. Pursuant to the management agreement the Investment Manager is re-

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sponsible on a day-to-day basis for investing, reinvesting and supervising the Company's assets in accordance with its investment policies. The duties of the Investment Manager shall comprise research work with regard to appropriate investment opportunities, expert advice on investments and divestments, and the delegation of staff representing the Company, at the specific request of the Board of Directors of the Company, to the Board of Directors (or similar bodies) of the Subsidiaries and of companies constituting Strategic Investments. In addition, it shall ensure that the Company and the Subsidiaries will be properly administered, designate external advisors to the Company and the subsidiaries, pursuant to instructions and under the supervision of the Board of Directors.

The Investment Management Agreement has been concluded for an indefinite period of time. It may be terminated with a thirty day advance notice for the end of any calendar quarter. In the event of its termination by the Company, the Investment Manager is entitled to material compensation.

The Investment Manager appoints the Investment Committee composed of at least three of its (or its sub-advisor's) officers and the Portfolio Management Committee.

4.4 Portfolio Management Committee

The Portfolio Management Committee is responsible for investing the Company's assets in accordance with its investment policy and for executing investment transactions.

4.4.1 Portfolio Management Committee

The members of the Portfolio Management Committee are the followings:

Alexander Nikolaev

See Corporate Governance, note 4.1 «Investment Committee»

Christine Spyrou-Catras

See Corporate Governance, note 4.1 «Investment Committee»

Medina Dietz

See Corporate Governance, note 4.1 «Investment Committee»

5 Compensation, shareholdings and loans

5.1 Content and method of compensation

Remunerations to Directors are fixed cash compensations which are determined at an individual basis and are periodically reviewed by the Compensation Committee. It is the Company's policy not to grant compensations to Directors which are also officers of the Investment Manager. No shares, options or warrants have been allotted to the Board of Directors, the Investment Committee or the Portfolio Management Committee.

The Directors will be reimbursed for traveling, hotel and other expenses reasonably incurred in the performance of their duties as members of the Board of Directors. The Directors and officers of the Company will be covered by a Directors' and officers' liability insurance entered into by the Company.

5.2 Compensations for acting members of governing bodies

For the year 2006, the total remuneration paid to the members of the Board of Directors of the Company amounted in aggregate to CHF 142'585 which was paid to non executive members.

The Company did not pay any severance payments to persons who gave up their function in a governing body of the Company.

The remuneration of the Investment Manager is described under note 9 to the Consolidated Financial Statements.

5.3 Compensations for former members of governing bodies

During the year under review, no compensations were paid to former members of governing bodies.

5.4 Share allotment

The company did not allot any shares in the year under review.

5.5 Share ownership

Directors own 1'000 shares of ENR Russia Invest SA. The members of the Investment Committee (except the members who are also Directors) and the members of Portfolio Management Committee own no shares of ENR Russia Invest SA.

5.6 Options

The members of the Company's Board of Directors, the members of the Company's Investment Committee and the Portfolio Management Committee and parties closely linked to such persons did not hold any options on shares of the Company as of December 31, 2006.

5.7 Additional fees and remunerations

Additional fees and remunerations for legal advice of CHF 42'703.85 were paid to members of the board of directors during the year under review.

5.8 Loans to members of governing bodies

The Company did not grant any loans to members of the Board of Directors.

5.9 Highest total compensation

The highest total compensation to members of the Board of Directors amounted to CHF 50'000.00

6 Shareholders' Participation

6.1 Voting rights

The Company's statutory provisions with regards to shareholders participation rights are in line with applicable legal provisions. There are no voting rights restrictions.

6.2 Statutory quorums

Statutory quorums are in line with the applicable legal provisions.

6.3 Convocation of shareholders meetings

Statutory rules on the convocation of shareholders meetings are in line with the applicable legal provisions.

6.4 Agenda

The Company's articles of association do not foresee any rules for adding items on the agenda of the general shareholders meeting.

6.5 Inscriptions into share register

All of the company's shares have been issued in the form of bearer shares. Therefore, the company does not maintain a shareholders register.

7 Changes of control and defence measure

7.1 Duty to make an offer

Pursuant to Art. 32 of the Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 ("SESTA") an offeror who acquires directly or indirectly 33 1/3% of the voting rights of the Company will be required to make a public offer to acquire all the listed securities of the Company. Pursuant, however, to Art. 11 of the Company's Articles of Association, art. 32 SESTA shall not apply with respect to the Company. A purchaser of Shares of the Company will therefore not be obliged to make a public tender offer under Art. 32 SESTA («Opting-Out»).

7.2 Clauses on change of control

The Company has not entered into any agreements which trigger financial consequences in the case of a change of control.

8 Auditors

8.1 Duration of the mandate and term of office

PricewaterhouseCoopers is acting as the auditor of the Company since January 1st, 2005. The auditor is elected by the General Assembly for the term of a one-year duration. PricewaterhouseCoopers is also the auditor of all subsidiaries. For the Company, Alex Astofi is the auditor in charge since auditing the results for the calendar year 2006.

8.2 Auditing fees

For the audit of the financial year 2006, PricewaterhouseCoopers has charged the Group audit fees of CHF 128,013.

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8.3 Additional fees

For special reviews, the additional amount of CHF 7'747 has been charged by PricewaterhouseCoopers during the year under review.

8.4 Supervisory and control instruments

At least one member of the audit committee is in contact with the auditor in charge on an ongoing basis. Furthermore, it is the Company's policy to hold a formal audit meeting between the Board of Directors and the auditor in charge once a year.

9 Information policy

The Company has appointed Rhône-Audit Société Fiduciaire SA, a wholly owned subsidiary of Pictet & Cie, Switzerland, for the calculation of its Net Asset Value per share ("NAV") on a daily basis. The corresponding figure is communicated on a daily basis on ENR's home page (<http://www.enr.ch/>), via Bloomberg (ENR SW Equity) and in the newspaper "Finanz und Wirtschaft". Audited reports are published on an annual basis per December 31. In addition, ENR publishes an un-audited interim report each quarter. All recent reports as well as portfolio information, press releases, the investment guidelines and general corporate information are also available through the Company's website.

Furthermore, information can be obtained by contacting the Company in written, by phone or by fax:

ENR Russia Invest SA

Investor Relations

2-4, Place Molard

P.O. Box 3458

1211 Geneva 3

Tel: +41 (0)22 716 1000

Fax: +41 (0) 22 716 1001



Summary

Organization	Board of Directors	Christoph Löw Gustav Stenbolt Walter Fetscherin	Chairman Vice-Chairman Member
	Investment Committee	Gustav Stenbolt Timothy Rogers Volker Hemprich Christine Spyrou-Catras Georg von Opel Alexander Nikolaev Medina Dietz	
	Investment Manager	Valartis International Limited, B.V.I.	
	Investment Advisor	Valartis Asset Management S.A.	
	Portfolio Management Committee	Alexander Nikolaev Christine Spyrou-Catras Medina Dietz	
	Custodian	Pictet & Cie, Geneva ING Bank Eurasia A/O, Moscow	
Administrator	Rhône-Audit Société Fiduciaire S.A., Geneva		
Auditors	PricewaterhouseCoopers, Geneva		
Management Fee	2% per annum of the average Net Asset Value		
Performance Fee	15% of the amount if the Net Asset Value increase exceeds an annual return of 10% and 20% of the amount if the Net Asset Value increase exceeds an annual return of 20%		
Publication List	NAV Publication	Finanz & Wirtschaft The Financial Times Reuters : OZ Bankers Bloomberg	Twice a week Once a week Daily Daily
	Interim Report	Available upon request from the Company Available on the company web site:	www.enr.ch
	Listing	SWX Swiss Exchange	
	Ticker Symbol	Bloomberg Reuters	ENR SW ENRZ.S
	Security Number	Bearer Shares 347166 Convertible bonds 2324739	CH0003471668 CH0023247395
	Investment Policy	The investment objective of the Company is to maximize long term returns to shareholders. The investment Manager intends to achieve this by investing the Company's assets in a diversified portfolio of securities of companies with substantial activities in Russia and in other CIS and others Baltic states, and within certain limits, in debt instruments, physical commodities and privatization vouchers.	