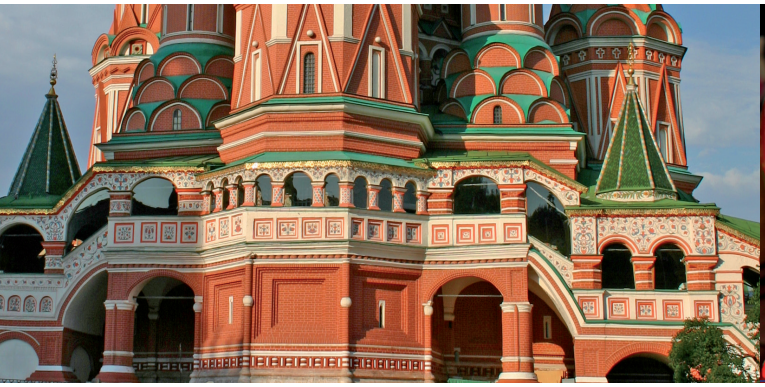
Semi-Annual Report 2011



ENR RUSSIA INVEST

Contents

Letter to Shareholders

Dear shareholders,

For the period January 1, 2011 to June 30, 2011 ENR Russia Invest SA ("ENR" or the "Company") and its subsidiaries generated CHF 1.89 million in revenue. With total expenses of CHF 1.54 million, the consolidated net profit for the reporting period amounted to CHF 345'779. At June 30, 2011 our IFRS based consolidated net asset value was CHF 105.84 million (CHF 105.49 million at June 30, 2010).

During the reporting period the USD declined by some 10.67% against our reporting currency, the Swiss Franc. The Rouble also declined by 2.3% against the Swiss Franc. This had a negative impact on the CHF value of our Russian assets.

In the half-year 2011 we have invested CHF 6.78 million into fixed income instruments of known Russian companies. On the private equity front ENR continues with a leading role in assisting Transterm Holdings Cyprus Limited (previously named Naftrans Limited) ("Transterm") with the disposal of its remaining asset and to recover funds owing to it under a settlement agreement. ENR, during July 2011, also received a further USD 1.02 million in cash from Transterm.

Together with Pristav Collection Agency, Russia's leading debt collection business, we have evaluated a number of non-performing loan portfolios ("NPL's") offered for sale by Russian financial institutions. We also participated in several bid processes and will continue to evaluate and bid for interesting NPL portfolios at appropriate pricing levels.

Our fixed income instruments continue to provide ENR with reasonable returns and with investment exposure to the oil and gas, financial services, transport and retail sectors of the Russian economy and to the Baltic region.

Share prices of Russian electricity sector companies declined during the reporting period. Russian and world equity markets will take time to settle down after the recent volatility triggered by growth, debt and fiscal challenges in Euro zone countries and in the United States.

The share price of Eastern Property Holdings Limited, a company focusing on the Russian real estate sector, performed well and increased 33.82% in CHF terms during the reporting period.

Based on the aggregate value of our fixed income, listed equity and private equity investments ENR was 79.01 % invested at the half year. Cash on hand represented 20.99% of our assets at June 30, 2011.

During July 2011 the Company approved updated investment guidelines, which came into force on August 10, 2011. The updated investment guidelines are set-out in the annexure at the back of this interim report and should provide the Company with some flexibility when considering new potential investments.

In times where the economic outlook is uncertain, we will remain cautious when considering investment opportunities. On the private equity front we continue to consider interesting potential investment opportunities, especially in consumer focused operations and businesses servicing or providing products to the infrastructure industry. Strong management, market relevance and good growth potential are important factors to consider.

We are pleased that Mr. Urs Maurer-Lambrou has joined our board of directors in the second quarter 2011 and look forward to his input. Mr. Maurer-Lambrou is a Swiss based attorney at law, specializing in corporate and securities law, and has extensive experience with investment companies.

August 31, 2011

Gustav Stenbolt
Chairman
ENR Russia Invest SA

Economic and Political Review

Russian Federation

President Medvedev at the recent St Petersburg International Economic Forum called for economic diversification, decentralisation and a reduction in state control of the economy. He launched a USD 10 billion Russian Direct Investment Fund (up to USD 10 billion of government funds available over five years for co-investment with foreign direct investors investing in Russia's modernisation). New long term visas for certain investors and greater specialisation of Russian commercial courts were announced.

President Medvedev also proposed measures to address Russia's investment climate, including: Further privatisation of government interests in non-strategic and non-infrastructure Russian companies; Accountability for bureaucrats for mistakes; Immediate termination of employment for bureaucrats accused of corruption; Better selection criteria for appointment of judges and mechanisms for disciplinary procedures against them; Widening of Moscow city borders into the Moscow Region and moving certain government offices outside Moscow city borders; Removal of barriers and limits on GDR issuance; and Proposed legislative measures to improve Russia's financial services infrastructure and increase foreign investment in the country.

Statistics from Russian State Statistics Service ("Rosstat") showed positive Q1 2011 growth in the manufacturing sector (from a low base) of 12.9% Year-on Year ("YoY") and in the transport sector of 5.1% YoY. In May 2011 investment in fixed assets grew by 7.4% YoY and unemployment fell to 6.4%. Annual rolling inflation ("CPI") was 9.6%. The Bank of Russia's ("CBR") year-end target is 7.0%. There was a contraction of real fixed investment spending where an increase in social security tax to 34% from 26% may have impacted on small and medium enterprises investment. CBR trade figures released in June showed that April 2011 exports continued to grow on the back of high oil prices, reaching USD 46.1 billion and that the April imports was USD 26.8 billion. In turn, industrial production grew 5.7% YoY, real wages increased 4.2% YoY and retail sales remained at 5.6% YoY.

During July the Ministry of Finance issued its budget forecasts for 2012 to 2014. Government expenditure will rise from 12.2 trillion Roubles in 2012 to 14.3 trillion Roubles in 2014. Budget revenues are expected to increase over that period, but the Ministry of Finance projected a budget deficit of 3.1% of Gross Domestic Product ("GDP") in 2012, falling to 2.3% of GDP in 2014. The Government assumed 3.5%, 4.2% and 4.6% GDP growth for 2012, 2013 and 2014, respectively. Inflation is expected to decelerate

gradually to 5.0% in 2014. The fiscal framework anticipates an average oil price of USD 95 per barrel over the next three years and the budget balances at an oil price of USD 125 per barrel, heightening the sensitivity to external shocks.

Moscow's two main stock exchanges, the MICEX and RTS took a further step towards merging by signing documents committing themselves to the proposed tie-up. Under the proposed transaction MICEX will own 75% of the new exchange, with the smaller RTS owning the remaining 25%. The Rouble denominated MICEX exchange is currently government owned. The USD denominated RTS exchange is privately owned. On the banking front, the Bank of Moscow, Russia's 5th largest bank, received a record USD14 billion bailout from the CBR in July, following the discovery of some 295 billion Roubles of problem loans on the bank's books.

In June the Chinese President Hu Jintao met key Russian officials in Moscow. Despite expectations, a final deal to supply gas to China was not concluded. Gazprom's CEO, Mr. Alexei Miller announced that Gazprom plans to start building a gas pipeline with throughput capacity of 60bcm, linking the Chayanda field with the Sakhalin-Khabarovsk-Vladivostok (SKV) pipeline. Mr. Miller noted that Gazprom is likely to increase exports to Europe in 2011 by 22%, compared with 138bcm in 2010, while Bloomberg reported that Mr. Miller's deputy, Mr. Alexander Medvedev, estimated that FY11 exports to Europe would be 158-159bcm.

President Medvedev and a number of Russian Ministers visited Hanover for a German-Russian summit. During the visit 15 agreements were signed between respective ministries including agreements on energy efficiency, environmental protection and film production. The German development bank, KfW, and its Russian equivalent VEB also agreed to launch a €1 billion fund to support high-tech innovation and energy efficiency projects by small and medium-sized businesses.

Ukraine

In June the Ukrainian parliament adopted changes to the country's 2011 budget where planned budget revenue was increased to UAH 299 billion (23.2% of GDP) and planned expenditure was increased to UAH 334 billion (26% of GDP). As a result, Ukraine's planned budget deficit has declined from UAH 38.8 billion to UAH 35.5 billion (2.7% of GDP).

GDP growth forecasts increased from 4.2% to 4.7% in 2011, on the back of higher metals prices and a strong performance by consumer-oriented sectors. After 4.5% YoY growth in the first

quarter 2011, seasonally adjusted real GDP slowed to 3.8% YoY in the second quarter of 2011. Metals output increased 3.7% from June to July, after a 4.5% reduction in June due to a furnace outage at the Krivorizhsteel plant, which was fixed in July. YoY industrial production growth was unchanged in July at 8.7%. The increase in spending is largely earmarked for social purposes, such as an 11% plus increase in salaries during 2011. Overall, the most important change to the 2011 budget is the planned reduction of the budget deficit from 3.1% to 2.7% of GDP. The adaptation of budget changes and pension reform discussions are positive signs of Ukraine's willingness to fulfill International Monetary Fund ("IMF") requirements.

Kazakhstan

In June Kazakhstan announced an agreement with China to expand export pipeline capacity to 65bcm by adding a third line (25bcm) by 2013. Duing July Kazakh President Nursultan Nazarbayev announced that new industrial projects created by the Accelerated Industrialization Program for 2011 to 2014 will contribute to the 7% GDP growth forecasts for 2011. As part of the program 75 new industrial projects have been planned for the next five years until 2014. Since the start of the program, more than USD 5 billion of investment has been made, creating some 25'000 jobs. The government has provided an extensive stimulus package (including low-interest loans and tax relief) to attract private investment to the program, and has set aside one-third of its 2011 budget expenditure for industrial investment. Year-end inflation is estimated at around 7.8%.

The economy grew 6.5% in 1Q11, mostly driven by high net exports and a revival in consumption. However, the government will need to attract substantial volumes of foreign investments and further liberalise the economy. Support for stable, high growth rates will mostly come from the high prices of Kazakhstan's main export goods (oil, metals and grain) and stronger domestic demand.

On 1 July, Kazakhstan abolished transport controls within the Customs Union ("CU") between Russia, Belarus and Kazakhstan, after unifying trade tariffs with Russia and Belarus. The CU has around 167 million people, a USD 2 trilion combined GDP, and an annual trade turnover of over USD 900 billion. Kazakhstan has started to attract some foreign investors interested in gaining access to the Russian market where several industrial projects have been launched in regions near the Russian border. New tariffs will give greater protection to the production of motor vehicles, furniture, tobacco, garments, food and beverages, wood, leather and textiles (aver-

age tariff level above 15%), whilst they will remain much lower for intermediate inputs and capital equipment (a 0%-2% tariff level on average). The introduction of the CU coincides with the new five-year term won by President Nursultan Nazarbayev in April this year.

Belarus

The Belarus government has been in discussions with the IMF to evaluate the condition of its economy. Following discussions IMF representatives have made preliminary suggestions to help stabilize the situation, being a transition to a floating exchange rate regime and unification of all exchange rates; liberation of price information on the consumer market; reduction of the budget deficit; and limitations on monetary emission. Talks are underway to discuss a cooperation agreement with the IFM.

Belarus signed a number of credit agreements with the Export-Import Bank of China in aggregate representing USD 1.05 billion, with the goal of refinancing a number of joint projects (construction of a factory producing cellulose, reconstruction of roads and the electrifications of parts of the railroads). Belarus will receive more than USD 1 billion in loans from Chinese banks to finance infrastructure and industrial projects. The Industrial and Commercial Bank of China and Eximbank will provide a USD 654 million loan that will be used on a USD 700 million cellulose plant project. Chinese banks will also lend USD 340 million for a project to improve roads and provide financing for a railroad electrification project.

In July Belarusian Prime Minister Mikhail Myasnikovich announced that Belarus is negotiating with Russian companies on the sale of seven strategic companies in Belarus. Through these acquisitions Russian oil companies could increase their margins by operating refineries closer to end customers in Europe and Belarusian refineries would allow Russian companies to partially hedge the Urals/Brent spread, which should be captured by refiners' margins.

Portfolio Investments

Transterm Holdings Cyprus Limited (ex Naftrans Limited)

Pursuant to the June 30, 2010 settlement agreement (see note 5.2 of the condensed interim financial statements and below), Naftrans Limited agreed to change its name. The name change to "Transterm Holdings Cyprus Limited" was registered on June 8, 2011. In this semi-annual report we refer to the new name.

During 2003 to 2006, ENR invested USD 30 million in Transterm. In March 2008, Transterm sold all its Georgian operating assets to the KazMunaiGas group for cash. Subsequently, ENR received a special dividend of USD 10 million from Transterm out of KazMunaiGas sale proceeds. ENR also received a further USD 21.3 million via a non repayable loan from Transterm.

Transterm commenced with a disposal process of certain remaining assets and to recover certain funds owing to it (concluded a settlement agreement with the debtor for the recovery of these funds). As part of the settlement agreement the previous managing shareholder of Transterm and another small shareholder ceased to be Transterm shareholders. As a result ENR's shareholding in Transterm increased to 22.66%. In first half 2011, Transterm implemented a capital reduction against which non-repayable loans it had used to make cash distributions to its shareholders have been set-off. Consequently, ENR's accounts payable reduced by CHF 26.16 million (refer to note 5.2 and note 8.1 of the condensed interim financial statements).ENR, via settlement proceeds and the sale of a remaining Transterm asset should, over time, receive the balance due to ENR. During second half 2010, Transterm received a first payment under the settlement agreement and made a distribution to its shareholders via non repayable loans where ENR received USD 6.80 million in cash. At half year 2011, the net book value attributable to Transterm was CHF 6.06 million. As will be seen from note 13 - 'Subsequent Event', Transterm received further proceeds under the settlement agreement and, during July 2011, made a further distribution to its shareholders, also via non repayable loans. ENR received USD 1.02 million.

Equities

Further to the 2008 unbundling of the Russian electricity company Unified Energy Systems, ENR received shares in electricity companies. ENR continues to hold shares in Moscow United Electricity Distribution CO JSC; RAO Eastern Energy System JSC; Federal Grid Company of UES OJSC; IDGC Holding (Interregional Distribution Grid Company of Volga); INTER RAO UES JSC; Kuzbassenergo (some shares sold in first half 2011 - refer to note 5.1 of the condensed interim financial statements); Moscow Power JSC (Mosenergo); Federal Hydrogeneration Company JSC; Territorial Generation Companies No1; No2: No6; No9; and No11; Quadra Power Generation JGC; and First Generation Company of Wholesale Electricity Market OJSC (WGC-1). At June 30, 2011 the aggregate value of ENR's shares in Russian electricity sector companies was CHF 6.56 million.

ENR holds shares of Eastern Property Holdings Limited ("EPH"), a Russian focused real estate development company listed on the SIX Swiss Exchange in Switzerland. EPH is positioned to benefit from a recovery of the Russian real estate market, which could occur over the medium term. EPH is managed by a Valartis group subsidiary. As ENR is also managed by a different Valartis group subsidiary, the investment in EPH is not taken into account by ENR for its management fee calculations (refer to note 10.1 of the condensed interim financial statements). At June 30, 2011, the value attributed to the EPH investment was CHF 15.09 million.

Fixed Income

Lukoil is a leading vertically integrated oil and gas group and its business comprises of exploration and production of oil and gas, production of petroleum products and petrochemicals and the marketing of these outputs. It has around 1% of global oil reserves and 2.2% of global oil production and dominates the Russian energy sector, with 17.8% of total Russian oil production and 18.2% of Russian oil refining. Lukoil's proven hydrocarbon reserves at January 1, 2011 comprised 17.3 billion barrels of oil equivalent. Lukoil also operates a large number of retail stations in Russia. During the reporting period ENR disposed part of its Lukoil fixed income instruments with a maturity date of June 2022 (refer to note 5.1 of the condensed interim financial statements). At June 30, 2011 ENR holds USD based fixed income instruments issued by the Lukoil group.

TNK-BP is a leading Russian oil company and is among the top ten privately-owned oil companies in the world in terms of crude oil production. It is a vertically integrated Russian oil group with a diversified upstream and downstream portfolio in Russia and Ukraine. Its major upstream operations are located primarily in West Siberia, the Volga-Urals and East Siberia. Principal refining assets are located in Ryazan, Saratov, Nizhnevartovsk and Lisichansk. TNK-BP operates a retail network of approximately 1,500 filling stations in central Russia and Ukraine working under the BP and TNK brands, with a strong position in the Moscow retail market. At June 30, 2011 ENR holds USD based fixed income instruments issued by the TNK-BP group.

VTB group is one of the largest universal banking and financial services groups in Russia (during the reporting period ENR increased its position in a fixed income instrument issued by this group - refer to note 5.1 of the condensed interim financial statements), offering a wide range of corporate, retail and investment banking services. VTB Capital is the investment banking arm of the group offering, amongst other things, debt and equity arrangement services, private investment, operations in the global commodities markets, asset management and advising clients on merger and acquisition deals in Russia and abroad. ENR owns CHF and USD based fixed income instruments of the VTB group.

Russian Railways has the second largest rail network in the world comprising 85,200 km of track (43,000 km of which is electrified). It carries over 1.1 billion passengers and 1.1 billion tones of freight annually and is responsible for 43 % of Russia's total freight traffic (including pipelines) and more than 41 % of passenger traffic. Rolling stock includes 20,100 goods and

passenger locomotives; 624,900 goods wagons; 24,100 long-distance passenger carriages and 15,600 short-range passenger carriages. Services rendered include freight transportation; long-distance passenger transport; suburban passenger transport; infrastructure services; locomotive propulsion services; repair and maintenance of rolling stock and infrastructure development. ENR owns RUB and USD denominated fixed income instruments issued by the Russian Railways group (during the reporting period ENR acquired a USD based fixed income instrument issued by this group - refer to note 5.1 of the condensed interim financial statements).

The Magnit group comprises of entities operating in the retail trade under the "Magnit" brand. Magnit is one of the leading food retail networks in Russia (4,394 convenience stores and 66 hypermarkets). Magnit focuses on cities and towns with a population of less than 500,000 inhabitants and most stores are located in the Southern, Central and Volga regions. It operates an in-house logistics system consisting of 12 distribution centers, employing automated stock replenishment systems and a fleet of 3,454 vehicles. ENR has invested in a RUB based fixed income instrument of this group.

Gazprom is the world's largest gas business engaged in natural gas, gas condensate and oil prospecting, production, transmission, processing and marketing both inside and outside Russia. Major business lines are geological exploration, production, transportation, storage, processing and marketing of hydrocarbons and generation and marketing of heat and electric power. Gazprom possesses some of the largest natural gas reserves in the world and produces some 17% of global gas production. Gazprom also owns the gas trunk lines integrated in the Unified Gas Supply System of Russia. ENR owns USD denominated fixed income instruments issued by the Gazprom group (during the reporting period ENR acquired a fixed income instrument of this group - refer to note 5.1 of the condensed interim financial statements).

Sberbank is the largest credit institution in Russia and the CIS, accounting for 27% of the aggregate Russian banking assets and 26% of banking capital. According to "The Banker magazine", as of July 1, 2010, Sberbank was ranked 43th in the world in terms of Tier 1 capital. As of January 1, 2011 Sberbank accounted for 48% of retail deposits, 32% of consumer loans and 31% of corporate loans in Russia. ENR owns USD based fixed income instruments issued by the Sberbank group (during the reporting period ENR acquired a fixed fixed income instrument of this group - refer to note 5.1 of the condensed interim financial statements).

Russian Agricultural Bank is state-owned bank and regulated by the CBR. It is one of the leading financial institutions providing lending support to Russian agribusiness. It has a network of 78 regional branches and over 1500 additional offices covering the whole of Russia (the second largest regional branch network in the country). During the reporting period ENR acquired RUB and USD based fixed income instruments issued by the Russian Agricultural Bank (refer to note 5.1 of the condensed interim financial statements).

Vnesheconombank is a state-owned bank and supports the development of the Russian economy, extending credits and loans (jointly with private financial institutions) and providing guarantees and insuring credit. During the reporting period ENR acquired a CHF denominated fixed income instrument issued by Vnesheconombank (refer to note 5.1 of the condensed interim financial statements).

The Novatek group is the largest independent natural gas producer and the second-largest natural gas producer in Russia after the Gazprom group. It is principally engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons and in 2010, accounted for approximately 6% of the natural gas produced in Russia. During the reporting period ENR acquired a USD denominated fixed income instrument issued by this group (refer to note 5.1 of the condensed interim financial statements).

Lithuania is the largest and most southern of the three Baltic republics. After reasonable growth in 2007 and 2008, the economy faced a deep recession in 2009. Statistics Lithuania reported that GDP grew by 1.3% in 2010 and the Lithuania's Central Bank estimated that in 2011 and 2012 the real GDP should increase by 3.1% and 4.1%, respectively. During the reporting period ENR disposed of one of the Lithuanian government issued fixed income instruments with a maturity date of June 2020 (refer to note 5.1 of the condensed interim financial statements). At June 30, 2011 ENR continues to hold a USD denominated fixed income instrument issued by the Lithuanian government.

ENR has an investment in the Valartis Russia & CIS Fixed Income Fund. The fund seeks total returns through investments in fixed income securities in Russia and other members of the CIS seeking both capital appreciation and income through an active strategy, depending on the global and local environments and opportunities in the market. The fund's investment manager selects fixed income securities issued by companies, federal, municipal, regional governments and agencies that enjoy both high yields as well as a potential for capital appreciation, experiencing fundamental credit improvement and have a positive outlook. Generally, the fund's investment manager seeks exposure to euro bonds denominated in USD, EUR, CHF. The fund concentrates on a short list of some 100 issuers and runs an average portfolio comprising 20 to 30 entities. As this fund is managed by a Valartis group entity, ENR does not pay management fees to its investment manager on the value of the position held in the Valartis Russia & CIS Fixed Income Fund (refer to note 10.1 of the condensed interim financial statements).

Financial Statements

Determination of the Net Asset Value and Attributable Net Asset Value as of June 30, 2011

(Currency-CHF)

	30.06.2011		31.12.2010	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets				
Treasury stock - at market value	–	1,520,450	–	1,558,050
Cash, investments and other assets	107,303,450	107,303,450	133,953,498	133,953,498
Total assets	107,303,450	108,823,900	133,953,498	135,511,548
Liabilities				
Total liabilities	1,464,779	1,464,779	28,460,606	28,460,606
Shareholders' Equity				
Share capital	32,790,585	32,790,585	32,790,585	32,790,585
Capital paid in excess of par value (share premium)	75,447,951	75,447,951	75,447,951	75,447,951
Treasury stock - at cost	– 1,552,228	–	– 1,552,228	–
Retained losses	– 815,483	– 847,261	– 1,161,436	– 1,155,614
Non controlling interests	– 32,154	– 32,154	– 31,980	– 31,980
Total shareholders' equity	105,838,671	107,359,121	105,492,892	107,050,942
Total liabilities and shareholders' equity	107,303,450	108,823,900	133,953,498	135,511,548
Number of shares outstanding		2,644,402		2,644,402
Net asset value per share		40.60		40.48
Attributable net asset value per share		40.61		40.49
Number of treasury shares		47,000		47,000

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 issued.

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

Attributable net asset value per share is the consolidated NAV, less the aggregate value of all minority interests, reflecting the economic value attributed to shareholders, divided by the number of shares issued.

Consolidated Results

The consolidated shareholders' equity, based on IFRS representation, at the end of the reporting period amounted to CHF 105.84 million (December 31, 2010: CHF 105.49 million).

The consolidated net profit for the 2011 half year is CHF 345'779 (2010 half year: Consolidated net profit of CHF 35'283). The consolidated retained losses as of June 30, 2011 amounted to CHF 815'484 (December 31, 2010: CHF 1'161'436). For more details, see the consolidated statement of changes in equity for the half year ended June 30, 2011.

Condensed consolidated statement of financial positions as of June 30, 2011 (unaudited)

(Currency-CHF)

	Note	30.06.2011	31.12.2010
Assets			
Current assets			
Cash and cash equivalents	6	22,102,122	23,974,180
Forward foreign exchange contracts and financial futures contracts	5	571,399	830,772
Accounts receivable and accrued interest	7	1,439,223	965,344
Total current assets		24,112,744	25,770,296
Non-current assets			
Investments at fair value through profit or loss	5	83,190,706	108,183,201
Total assets		107,303,450	133,953,498
Liabilities			
Accounts payable and accrued expenses	8.1	1,218,075	28,069,615
Financial futures contracts	5	2,828	130,381
Provision for taxes	8.2	243,876	260,610
Total liabilities		1,464,779	28,460,606
Shareholders' Equity			
Share capital	9	32,790,585	32,790,585
Capital paid in excess of par value (share premium)		75,447,951	75,447,951
Treasury stock		– 1,552,228	– 1,552,228
Retained losses		– 815,483	– 1,161,436
Non controlling interests		– 32,154	– 31,980
Total shareholders' equity		105,838,671	105,492,892
Total liabilities and shareholders' equity		107,303,450	133,953,498
Number of shares issued and fully paid	9	2,644,402	2,644,402
Nominal value (in CHF)		12.40	12.40

The notes on pages 20 to 35 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income for the period ended June 30, 2011 (unaudited)

(Currency-CHF)

	Note	30.06.2011	30.06.2010
Revenue			
Interest income		1,698,539	1,873,751
Dividend income		10,246	5,110
Realised (losses) / gains on sale of investments at fair value through profit or loss, net	5.1	– 2,741,386	163,141
Changes in fair value on investments at fair value through profit or loss, net	5.1	– 3,381,776	3,999,744
Realised gains / (losses) on forward foreign exchange contracts and futures, net	5.1	5,232,498	– 5,378,444
Unrealised (losses) / gains on forward foreign exchange contracts and futures, net	5.1	– 131,819	1,460,511
Exchange gain / (loss), net		1,202,392	– 1,059,762
Total revenue		1,888,693	1,064,051
Expenses			
Management fees	10	925,751	884,381
Administrative fees		141,512	77,238
Directors' fees and expenses		53,406	68,541
Travel expenses		26,659	–
Legal and professional fees		303,035	123,864
Bank charges and interest expenses		4,385	11,088
Other expenses		88,166	– 136,344
Total expenses		1,542,914	1,028,768
Profit for the year before tax		345,779	35,283
Profit for the year after tax		345,779	35,283
Total comprehensive Profit for the year		345,779	35,283
Attributable to			
Equity holders of the Company		345,953	37,860
Non controlling interests		– 174	– 2,577
Earnings per share for profit attributable to equity holders of the Company during the period:			
Weighted average number of outstanding shares	4	2,597,402	2,597,402
Basic earnings per share (in CHF)	4	0.133	0.015
Diluted earnings per share (in CHF)	4	0.133	0.015

The notes on pages 20 to 35 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the period ended June 30, 2011 (unaudited)

(Currency-CHF)

	Note	30.06.2011	30.06.2010
Cash Flows from Operating Activities			
Profit before tax		345,779	35,283
Adjustments for:			
Interest income		– 1,698,539	– 1,873,751
Dividend received		– 10,246	– 5,110
Interest paid		–	11,088
Foreign currency translation effects on cash and cash equivalents		12,523	–
Fair value adjustment on investment portfolio	5	3,513,594	– 5,485,184
Operating income before working capital changes		2,163,111	– 7,317,674
Movement in working capital:			
Investment portfolio movement, net	5	– 5,024,928	– 3,592,669
Change in accounts receivable		– 473,879	349,488
Change in accounts payable and accrued expenses		– 232,624	2,455,003
Dividend received		10,246	5,110
Interest received		1,698,539	1,873,751
Interest expenses		–	– 11,088
Net cash flow used in operating activities		– 1,859,535	– 6,238,079
Cash Flows from Financing Activities			
Increase of share capital		–	–
Sale of treasury stock		–	–
Purchase of treasury stock		–	–
Dividend paid to non controlling interests		–	–
Net cash flow used in financing activities		–	–
Foreign currency translation effects on cash and cash equivalents		– 12,523	–
Net change in cash and cash equivalents		– 1,872,058	– 6,238,079
Cash and cash equivalents at beginning of the year	6	23,974,180	18,659,402
Cash and cash equivalents at the end of the year	6	22,102,122	12,421,323

The notes on pages 20 to 35 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity for the period ended June 30, 2011 (unaudited)

(Currency-CHF)

	Share capital	Share premium	Treasury stock	Retained earnings	Total	Non controlling interests	Total share-holders' equity
Balance as at 1 January 2010	32,790,585	75,447,951	– 1,552,228	– 485,353	106,200,955	– 54,434	106,146,521
Total comprehensive income	–	–	–	35,283	35,283	– 2,577	32,706
Balance as at 30 June 2010	32,790,585	75,447,951	– 1,552,228	– 450,070	106,236,238	– 57,011	106,179,227
Balance as at 1 January 2011	32,790,585	75,447,951	– 1,552,228	– 1,161,436	105,524,872	– 31,980	105,492,892
Total comprehensive income				345,953	345,953	– 174	345,779
Balance as at 30 June 2011	32,790,585	75,447,951	– 1,552,228	– 815,483	105,870,825	– 32,154	105,838,671

The notes on pages 20 to 35 are an integral part of these condensed consolidated financial statements.

Condensed notes to the consolidated financial statements as of June 30, 2011

1. Incorporation and activity

ENR Russia Invest SA, Geneva (hereinafter, the "Company") is an investment company founded on May 18, 2007 for an unlimited duration. On May 25, 2007 it was registered with the Commercial Register of the Canton of Geneva under the reference number CH-660-1263007-3 and the company name is ENR Russia Invest SA. The Company is 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 is trading under Swiss security number 3447695 with ISIN number of the shares CH0034476959 and the ticker symbol of the shares is RUS.

2. Basis for the presentation of the condensed consolidated financial statements

These condensed financial statements are the unaudited condensed interim consolidated financial statements for the half year period ended June 30, 2011 of the Company and its subsidiaries (collectively "the Group"), and which are prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2010, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

3. Significant accounting policies

3.1 Accounting policies

Except as described below, the accounting policies are consistent with those of the annual financial statements of the Company for the year ended December 31, 2010, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Standards, amendments and interpretations to existing standards that are effective in 2011

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2011. The amendments do not have an impact on the financial position, result of operations and cash flows:

IFRS 3 - Business Combinations: The measurement options available for non-controlling interest ("NCI") have been amended. Only components of NCI that constitute a present ownership interest that entitles

their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

Interpretations and amendments to standards becoming effective in 2011 but not relevant to the Group

IAS 32 – Classification of Rights Issues (effective for financial years beginning after February 1, 2010)
Following the amendment of this standard, rights issues for the purchase of shares in the company in a foreign currency may be classified as equity instruments under certain circumstances. The management does not expect the amendment to be relevant for the Group.

IAS 24 - Related Party Transactions (Amendment)
The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset.

IAS 17 - 'Leases', amendment (effective for financial periods beginning on or after January 1,2010). This amendment deletes much of the existing wording in the standard to the effect all leases of land (where title does not pass) were operating leases.

The Group is not subject to minimum funding requirements in Euroland. The amendment to the interpretation therefore had no effect on the financial position or performance of the Group.

Standards, amendments and interpretations that are not yet effective and not expected to have significant impact on the Group's financial statements

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments Classification and measurement	January 1, 2013
Amendment: IFRS 1*	Additional exemptions for first-time adopters	July 1, 2011
Amendment: IFRS 7*	Recovery of underlying assets	July 1, 2012
Amendment: IAS 12*	Extinguishing financial liabilities with equity instruments	January 1, 2012

*Not expected to be relevant to the Group.

IFRS 9 - Financial Instruments: Classification and Measurement. IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognizing. The completion of this project is expected in early 2011. The directors will quantify the effect on the Group in conjunction with the other phases, when issued, to present a comprehensive picture.

Early adoption of standards

In 2011, the Group did not early adopt any new or amended standards and do not plan to early adopt any of the standards issued not yet effective.

3.2 Fully consolidated companies

The condensed consolidated financial statements comprise the Company and the following subsidiaries:

Name of subsidiary	Incorporated in	Currency	2010	% Voting	Currency	2009	% Voting
ENR Investment Limited	Limassol, Cyprus	EUR	6,576,660	100.00%	EUR	6,576,660	100.00%
Panariello Enterprises Limited	Nicosia, Cyprus	EUR	7,435	77.00%	EUR	7,435	77.00%
ENR Private Equity Limited	Grand Cayman, Cayman Islands	USD	500	100.00%	USD	500	100.00%

In the consolidated Company accounts the participation in Panariello is consolidated. The Company has an effective economic interest of 70.12 % in Panariello. Therefore, under the shareholders' equity section of the consolidated balance sheet, a non controlling interest is shown, which comprises the third party shareholders' 23 % equity interest in Panariello, as well as the 6.88 % economic interest held by Valartis International Ltd. For an explanation of the ownership structure and economic interests of the Company and Valartis International Ltd in Panariello, see note 10.4.

These condensed financial statements of the Company and the subsidiaries are drawn up to June 30, 2011.

4. Earnings per share attributable to equity holders of the Company

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

		30.06.2011		30.06.2010
Earnings per share basic and diluted				
Net profit attributable to equity holders	CHF	345,953	CHF	37,860
Weighted average number of ordinary shares outstanding 1)		2,597,402		2,644,402
Basic and diluted earnings per share	CHF	0.133	CHF	0.014

1) Represents outstanding shares (net of treasury shares)

5. Investment portfolio

in CHF

	30.06.2011	31.12.2010
Fair value of portfolio at beginning of the period	108,883,592	109,237,665
Investment Portfolio Movement for the Period		
Purchase of investments	6,784,731	7,853,331
Sale of investments	– 1,743,276	– 1,694,234
Net realised (loss) / gain on disposal of investments	– 16,527	163,141
Net investment portfolio movement for the period	5,024,928	6,322,238
Transterm Holdings Cyprus Ltd - capital reduction	– 26,635,648	–
Changes in fair value, (decrease)	– 3,513,594	– 6,676,311
Fair value of portfolio at the end of the period	83,759,278	108,883,592
The investment portfolio is represented as follows on the balance sheet:		
Designated as Fair Value Through Profit or Loss:		
Listed equity securities and bonds held for trading	77,134,753	75,246,865
Unlisted equity securities	6,055,953	32,936,337
Total designated as fair value through profit or loss	83,190,706	108,183,201
Total financial assets at fair value through profit or loss	83,190,706	108,183,201
Derivatives held for trading :		
Exchange rate forward agreements	348,113	830,772
Futures	220,458	– 130,381
Total derivatives, net	568,571	700,391
Gains /(losses) on investments at fair value through profit or loss		
Net realised (losses) / gains	– 16,527	163,141
Changes in fair value, (decrease)	– 3,381,777	– 7,138,302
Total	– 3,398,304	– 6,975,161
Gain / (losses) recognised on derivatives		
Net realised gains	5,232,498	3,131,648
Changes in fair value, (decrease) / increase	– 131,819	461,990
Total	5,100,679	3,593,638

5.1 Details of investments at fair value through profit or loss

Securities, Bonds and Fixed Income	Balance as of 01.01.2011	
	Quantity	CHF
MOSCOW UNITED ELECTRICITY DISTRIBUTION	12,313,327	574,909
RAO EASTERN ENERGY SYSTEM JSC	18,400,000	227,179
RAO EASTERN ENERGY SYSTEM JSC PREFERENCE SHARES	6,400,000	75,455
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	115,898
INTERNATIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING	20,900,000	3,442,116
INTERNATIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING PREFERENCE SHARES	6,400,000	672,288
INTER RAO UES JSC	215,675,995	319,341
KUZBASSENERGO JSC	16,961,051	208,422
MOSCOW POWER JSC (MOSENERGO)	50	5
FEDERAL HYDROGENERATION COMPANY JSC	32,708,775	1,646,627
TERRITORIAL GENERATION COMPANY NO 1 OJSC	927,579,908	606,417
TERRITORIAL GENERATION COMPANY NO 2 OJSC	314,979,184	85,973
QUADRA POWER GENERATION JGC	23,263,819	10,862
TERRITORIAL GENERATION COMPANY NO 6 OJSC	71,823,486	37,442
TERRITORIAL GENERATION COMPANY NO 9 OJSC	133,615,552	24,954
TERRITORIAL GENERATION COMPANY NO 11 HOLDING OJSC	18,400,000	50,407
TERRITORIAL GENERATION COMPANY NO 11 HOLDING OJSC PREFERENCE SHARES	6,400,000	16,793
FIRST GENERATION COMPANY OF WHOLESALE ELECTRICITY MARKET OJSC (WGC-1)	13,071,717	543,712
FIRST GENERATION COMPANY OF WHOLESALE ELECTRICITY MARKET OJSC (WGC-1) (new)	23,339,695	868,004
EASTERN PROPERTY HOLDINGS LTD.	493,000	11,278,904
MAGNIT FINANCE LLC 8.2 %, 03/12, BOND	10,000,000	306,154
RUSSIAN AGRICULTURAL BANK OJSC VIA RSHB CAPITAL SA, 7.5%, 03/13, BOND	–	–
RUSSIAN RAILWAYS 9.4 %, 12/12, BOND	29,700,000	951,807
VALARTIS RUSSIA & CIS FIXED INCOME FUND	250,000	3,216,941
GAZPROM VIA GAZ CAPITAL 9.25 %, 04/19, BOND	4,500,000	5,168,583
TNK - BP FINANCE SA 6.625 %, 03/17, BOND	4,500,000	4,538,268
VTB CAPITAL SA 7.5 %, 08/11, BOND	10,000,000	10,296,000
VTB CAPITAL SA 6.465 %, 03/15, BOND	1,000,000	968,864
LITHUANIAN REPUBLIC 6.75 %, 01/15, BOND	1,800,000	1,823,795
LITHUANIAN REPUBLIC 7.375 %, 02/20, BOND	250,000	259,130
LUKOIL INTL FINANCE B.V. 7.25 %, 11/19, BOND	5,000,000	5,100,883
LUKOIL INTL FINANCE B.V. 6.375 %, 11/14, BOND	5,000,000	4,996,437
TNK - BP FINANCE 7.25 %, 02/20, BOND	250,000	254,015
RUSSIAN RAILWAYS VIA RZD CAPITAL LTD; 5.739% , 04/17, BOND	–	–
SBERBANK (SB CAP SA) 5.4%, 03/17, BONDS	3,000,000	2,794,537
TNK - BP FINANCE 7.5 %, 07/16, BOND	4,500,000	4,674,836
LUKOIL INTL FINANCE B.V. 6.356 %, 06/17, BOND	1,500,000	1,467,597
LUKOIL INTL FINANCE B.V. 6.656 %, 06/22, BOND	3,000,000	2,843,421
TNK - BP FINANCE 7.875 %, 03/18, BOND	4,500,000	4,779,889
RUSSIAN AGRICULTURAL BANK OJSC VIA RSHB CAPITAL SA, 9%, 06/14, BOND	–	–
SBERANK VIA SB CAPITAL SA, 5.499%, 07/15, BOND	–	–
VNESHECONOMBANK VIA VEB FINANCE LTD, 3.75%, 02/16, BOND	–	–
NOVATEK FINANCE LTD, 5.326%, 02/16, BOND	–	–
GAZPROM VIA GAZ CAPITAL, 6.212%, 11/16, BOND	–	–
Sub-total listed investments at fair value through profit or loss		75,246,865
TRANSTERM HOLDINGS CYPRUS LTD (EX NAFTRANS) - preference shares *	22,000,000	24,180,213
TRANSTERM HOLDINGS CYPRUS LTD (EX NAFTRANS) - ordinary shares *	30,363,169	8,756,124
* Movement in period for Transterm represents capital reduction (see note 5.2)		
Sub-total unlisted investments at fair value through profit or loss		32,936,337
FORWARD FOREIGN EXCHANGE CONTRACTS	–	830,772
OCC US 10 YEARS FUTURES 21.09.11	– 146	– 85,472
OCC US 2 YEARS FUTURES 30.09.11	– 31	– 3,473
OCC US 5 YEARS FUTURES 30.09.11	– 199	– 41,436
Sub-total derivative financial instruments	– 376	700,391
Total investments		108,883,592

Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2011	
Purchases and Additions	Sales and Withdrawals	Gains	Losses	Gains	Losses	Quantity	CHF
–	–	–	–		– 122,951	12,313,327	451,958
–	–	–	–		– 60,366	18,400,000	166,813
–	–	–	–	–	– 21,243	6,400,000	54,212
–	–	–	–	–	– 21,697	10,173,273	94,201
–	–	–	–	–	– 1,156,471	20,900,000	2,285,645
–	–	–	–	–	– 208,330	6,400,000	463,958
–	–	–	–	–	– 80,242	215,675,995	239,099
–	– 122,296		– 15,263	–	– 25,771	5,801,111	45,092
–	–	–	–	–	– 1	50	4
	–	–	–	–	– 370,354	32,708,775	1,276,273
–		–	–	–	– 216,384	927,579,908	390,033
–	–	–	–	–	– 33,435	314,979,184	52,538
–	–	–	–	–	– 5,040	23,263,819	5,822
–	–	–	–	–	– 19,709	71,823,486	17,733
–	–	–	–	–	– 13,808	133,615,552	11,146
–			–	–	– 26,615	18,400,000	23,792
–	–	–	–	–	– 8,999	6,400,000	7,794
–	–	–	–	–	– 194,126	13,071,717	349,586
–	–	–	–	–	– 243,813	23,339,695	624,191
–	–	–		3,814,361	–	493,000	15,093,265
–	–	–	–	–	– 3,565	10,000,000	302,589
242,629	–	–	–	–	– 13,894	7,500,000	228,735
–	–	–	–	–	– 20,797	29,700,000	931,010
–	–	–	–	–	– 109,546	250,000	3,107,395
–	–	–	–	–	– 496,854	4,500,000	4,671,729
–	–	–	–	–	– 479,364	4,500,000	4,058,904
–	–	–	–	–	– 266,097	10,000,000	10,029,903
917,774	–	–	–	–	– 117,601	2,000,000	1,769,037
–	–	–	–	–	– 165,593	1,800,000	1,658,202
–	– 247,990	–	– 11,140	–	–	–	–
–	–	–	–	–	– 433,533	5,000,000	4,667,350
–	–	–	–	–	– 429,192	5,000,000	4,567,245
–	–	–	–	–	– 22,785	250,000	231,230
909,843	–	–	–		– 28,756	1,000,000	881,087
–	–	–	–	–	– 196,738	3,000,000	2,597,799
–	–	–	–	–	– 456,391	4,500,000	4,218,445
–	–	–	–	–	– 128,706	1,500,000	1,338,891
–	– 1,372,990	9,876	–	–	– 160,186	1,500,000	1,320,121
–	–	–	–	–	– 476,042	4,500,000	4,303,847
984,094	–	–	–	–	– 28,635	1,000,000	955,459
910,501	–	–	–	–	– 26,774	1,000,000	883,727
1,001,498	–	–	–	–	– 2,418	1,000,000	999,080
886,755	–	–	–	–	– 26,085	1,000,000	860,670
931,638	–	–	–	–	– 32,495	1,000,000	899,143
6,784,732	– 1,743,276	9,876	– 26,403	3,814,361	– 6,951,402		77,134,753
–	– 22,000,085	–	– 2,180,127	–	–	–	–
–	– 1,910,704	–	– 544,732	–	– 244,735	9,310,000	6,055,953
–	– 23,910,789	–	– 2,724,859	–	– 244,735	–	6,055,953
96,868,899	– 103,271,976	6,403,076	–		– 482,658	–	348,113
16,324,583	– 15,694,282	3,220,550	– 3,850,851	221,864	–	– 146	136,392
5,925,401	– 5,892,629	97,323	– 130,095	645	–	– 31	– 2,828
20,868,267	– 20,360,762	1,844,168	– 2,351,673	128,330	–	– 199	86,894
– 139,987,150	– 145,219,649	11,565,117	– 6,332,619	350,839	– 482,658	– 376	568,571
146,771,882	– 170,873,714	11,574,993	– 9,083,880	4,165,200	– 7,678,795		83,759,278

5.2 Transterm Holdings Cyprus Limited (previously Naftrans Limited)

Pursuant to the June 30, 2010 settlement agreement (see below), Naftrans Limited undertook to change its name. The change of name to Transterm Holdings Cyprus Limited" ("Transterm") was registered on June 8, 2011. We refer to the new company name in this note and elsewhere in the condensed consolidated interim report.

Transterm, through its subsidiaries, operated the Batumi oil terminal in Adjaria, Georgia on the Black Sea coast. It provided oil and oil related product rail forwarding (transported oil from Gardabani on the Azerbaijan – Georgia border to the Batumi oil terminal) and transshipment and storage of these products at the Batumi port. Later, Transterm acquired control of the Batumi Port. During 2003 to 2006 ENR invested USD 30 million in Transterm. Subsequently Transterm sold all its Georgian based operations to the KazMunaiGas group for cash. ENR received a special dividend of USD 10 million from sale proceeds and, as part of distribution arrangements, received a further USD 21.31 million from Transterm in cash as an interest free loan. This loan was only repayable if valid KazMunaiGas group claims under warranties given pursuant to the sale transaction exceeded USD 100 million. No valid KazMunaiGas group warranty claims were received.

Transterm commenced with a process to dispose of remaining assets. On June 30, 2010 it concluded a settlement agreement with a debtor for the recovery of the debt outstanding to Transterm. Via settlement proceeds and proceeds to be generated from the sale of remaining Transterm assets, ENR should receive some USD 13.96 million from Transterm over time, being the outstanding balance ENR was entitled to under the KazMunaiGas sale transaction ("KM Balance").

During the second half of 2010, Transterm received a first payment under the settlement agreement and made a distribution to its shareholders. As it did not have sufficient distributable profits to use for a dividend distribution, funds were distributed via loans to its shareholders. These loans were only repayable at the election of the borrower. ENR then received USD 6.80 million in cash, a meaningful portion of the KM Balance.

At year-end 2010, ENR as part of "Accounts payable and accrued expenses" showed CHF 26'157'331 of loan distributions received from Transterm. This was a conservative accounting approach as these loans were not repayable and did not carry interest. During the first half of 2011, Transterm successfully implemented a capital reduction where these loans were set-off in full and no longer appear on the Transterm balance sheet. Consequently, ENR reduced its 'accounts payable' (refer to note 8.1, "Accounts payable and accrued expenses").

As a result of the capital reduction, ENR no longer holds any preference shares in Transterm and now

has 9'310'010 of the issued Transterm ordinary shares. All Transterm shareholders were equally impacted by the capital reduction and ENR still has an effective 22.66% interest in Transterm - same economic interest it had before the capital reduction was implemented.

At half year 2010, the net book value attributable to Transterm was CHF 6.06 million, being the CHF equavalent of that portion of the KM balance which was still outstanding at June 30, 2011.

Refer to note 13, 'Subsequent Events', where it is noted that Transterm received further proceeds under the settlement agreement and on July 1, 2011 made a further distribution of an aggregate USD 4.5 million to its shareholders. This was also done via non repayable loans and ENR, on July 1, 2011, received USD 1'019'700 in cash. As the receipt and loan agreement were effective July 1, 2011, it will be accounted for in the 2011 full year results. The remaining portion of the KM balance still outstanding should be generated from further settlement proceeds and the sale of the remaining Transterm asset.

At June 30, 2010 the fair value of the Transterm investment was based on the KazMunaiGas transaction value, adjusted to reflect amounts ENR received as a result of the KazMunaiGas transaction and via Transterm loan distributions up to June 30, 2011. The carrying value of this investment reflects what ENR expects to receive from further settlement proceeds and proceeds from the sale of a remaining Transterm asset. The Transterm valuation is based on a management judgment and bears inherent uncertainties due to the absence of a liquid market. Realisation of these proceeds is uncertain and depends on future developments which may materially impact expected amounts. During the reporting period, Transterm's net book value was impacted by movements in the CHF/USD rate as ENR's reporting currency is in Swiss Francs and the investment is based in USD. The realised and unrealised exchange losses are reflected in note 5.1, where the realised exhange loss is related to the adjustment in ENR's shareholding resulting from the Transterm capital reduction. At December 31, 2010 the USD/CHF exchange rate was 0.9352. The USD weakened against the CHF and at half-year 2011 the USD/CHF exchange rate was 0.8342.

5.3 Fixed income instruments

ENR has acquired a range of local and foreign currency fixed income instruments issued by Russian corporates and a sovereign bond of the Lithuanian government. In the reporting period, CHF 6.78 million was deployed to acquire fixed income instruments. All fixed instruments, save for a RUB denominated Magnit fixed income instrument which is not rated have investment ratings of "BBB" from Standard & Poor's ratings services. Fixed income instruments are denominated in USD, RUR and CHF. Details of the fixed income instruments at June 30, 2011 are contained in note 5.1. At June 30, 2011,

the aggregate fair value attributed to fixed income instruments was CHF 52.37 million (excluding Valartis & CIS Fixed Income Fund – see note 5.6 below).

5.4 Shares in Russian electricity companies

Pursuant to the 2008 unbundling of the Russian electricity company Unified Energy Systems, ENR holds shares in electricity companies covering a range of market and geographical segments in the Russian electricity sector. The fair value at June 30, 2011 attributed to these shares was based on the last available closing prices of the shares at this date. At June 30, 2011, the aggregate value of ENR's shares of electricity sector companies was valued at CHF 6.56 million.

5.5 Eastern Property Holdings Limited

EPH is a Russian focused real estate development company listed on the SIX Swiss Exchange. The fair value at June 30, 2011 attributed to the shares was based on the closing price of the EPH shares at this date and amounted to CHF 15.09 million.

5.6 Valartis Russia & CIS Fixed Income Fund

In 2009 ENR made a USD 2.5 million subscription in the Valartis Russia & CIS Fixed Income Fund. The fund seeks total returns through investments in fixed income securities in Russia and other members of the CIS seeking both capital appreciation and income through an active strategy, depending on the global and local environments and opportunities in the market. The investment manager selects fixed income securities issued by companies, federal, municipal, regional governments and agencies that enjoy both high yields as well as a potential for capital appreciation, experiencing fundamental credit improvement and have a positive outlook. There are two classes of shares in the fund. During 2009 ENR switched share classes to optimise its position. Fair value at June 30, 2011 attributed to the shares was based on the closing market price of the fund and the value of ENR's investment in the fund was CHF 3.11 million.

6. Cash and cash equivalents

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

Cash and cash equivalents include the following for the purpose of the cash flow statement:

in CHF

	30.06.2011		31.12.2010	
	Valartis Bank*	Others	Valartis Bank*	Others
Cash at bank and in hand	15,092,408	5,095,761	19,400,281	2,365,144
Money market instruments		1,913,953		2,208,755
Cash and cash equivalents	15,092,408	7,009,714	19,400,281	4,573,898
Total cash and cash equivalents		22,102,122		23,974,180

*Valartis Bank is a group-related party

7. Accounts receivable

in CHF

	30.06.2011	31.12.2010
Accrued interest	1,332,901	890,948
Other	106,322	74,396
Total receivable	1,439,223	965,344

8. Liabilities

8.1 Accounts payable and accrued expenses

in CHF

	30.06.2011	31.12.2010
Management fees	925,751	1,349,791
Transterm Holdings Cyprus Limited (see note 5.2)	–	26,157,331
Other creditors	292,324	562,493
Balance at the end of the period	1,218,075	28,069,615

8.2 Taxes

The Company pays Swiss taxes on its capital of 0.07 % (2010: 0.07 %). The Cyprus subsidiary is subject to corporation tax on taxable profits at a rate of 10% in 2011 (10% in 2010). Under certain conditions, interest may be subject to a defense contribution at the rate of 10% (then 50% of such interest will be exempt from corporation tax). In certain cases dividends received from abroad may be subject to a defense contribution at the rate of 15%. Net income from the Cayman Islands subsidiary is not taxed. No deferred taxes are calculated on unrealised gains on securities as they are tax exempt in the corresponding jurisdictionsThe movement on tax liabilities is as follows:

in CHF

	30.06.2011	31.12.2010	30.06.2010
Balance at beginning of period	260,610	530,430	530,430
Payment during the period	– 16,734	– 39,807	–
Reversal of provisions	–	– 250,000	–
Charge for the period	–	19,987	– 250,430
Balance at the end of the period	243,876	260,610	280,000
Profit / (Loss) before tax	345,779	– 653,629	35,283
Tax calculated at domestic tax rates applicable to profits in the respective countries	10,650	25,064	817
Deduction for income not subject to tax	– 10,650	– 25,064	– 817
Income tax charges	–	–	–

9. Share capital

As of June 30, 2011 the issued and authorised ordinary share capital of the Company was CHF 32.8 million (31.12.2010: CHF 32.8 million), divided into 2,644,402 (31.12.2010: 2,644,402) bearer shares with a par value of CHF 12.40 (31.12.2010: CHF 12.40) each and one voting right per share. There are no restrictions on share transfers.

Article 11 of the Company's Articles of Association contains an "Opting Out" clause regarding matters dealt with in article 32 of SESTA and waives the requirement to make a public tender offer whenever a shareholder acquires shares exceeding the threshold of 33 1/3 %, conversely 49 %, of the voting rights.

	30.06.2011		31.12.2010	
Issued Capital	Number of shares	CHF	Number of shares	CHF
At beginning of the period	2,644,402	32,790,585	2,644,402	32,790,585
Capital increase	–	–	–	–
Closing balance	2,644,402	32,790,585	2,644,402	32,790,585

	30.06.2011	31.12.2010
Treasury Stock	Number of shares	Number of shares
Opening balance	47,000	47,000
Purchases	–	–
Sales		
Closing balance	47,000	47,000

	30.06.2011		31.12.2010	
Conditional Capital	Number of shares	CHF	Number of shares	CHF
Conditional capital	805,307	9,985,807	805,307	9,985,807

All issued shares are fully paid in.

Article 8 of the Company's Articles of Association provides for a conditional capital pursuant to which the Company's share capital may be increased through the exercise of options or conversion rights up to a maximum amount of CHF 9,985,806.80 through the issue of a maximum of 805,307 bearer shares with a par value of CHF 12.40 each.

As of June 30, 2011, the Company has no authorised capital.

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

10. Related parties, significant shareholders

10.1 Valartis International Ltd.

Valartis International Ltd. (a wholly owned subsidiary of Valartis Group AG, Baar, Switzerland) is the Investment Manager of the Company. Based on contractual terms, the Company pays to the Investment Manager a management fee payable quarterly in arrears in Swiss Francs of 2% (plus VAT if applicable) per annum of the Company's average Attributable NAV, as adjusted by adding back the amount of any outstanding debt issued by the Company or by any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of the Company.

Considering that another Valartis group subsidiary acts as investment manager of EPH, this investment is not taken into account for purposes of the calculation of management fees.

As the Valartis Russia & CIS Fixed Income Fund is managed by another Valartis group entity and that the ENR Investment Manager forms part of the Valartis group, ENR does not pay management fees to its Investment Manager on the value of the position held in this fund.

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, based on contractual terms, are borne by the Company.

In addition, based on contractual terms, the Investment Manager is entitled to receive a performance fee equal to 17.5% (plus VAT if applicable) of the total net profits (sale proceeds less acquisition costs and transaction costs) realised by the Company on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by the Company, provided the annual hurdle rate of 8% has been reached by the Company.

in CHF

Management fees	30.06.2011	30.06.2010
Management fees for the period	925,751	884,381
Balance payable at the end of the period	925,751	439,202

10.2 Directors' fees

The remuneration paid to the directors of ENR Russia Invest SA amounted to:

in CHF

	30.06.2011	30.06.2010
W. Fetscherin	25,000	25,000
M. Amunts	25,000	–
Total	50,000	25,000

10.3 Significant shareholders as of June 30, 2011

Valartis Bank AG, Zürich, Valartis Group AG and Valartis International Ltd jointly own 57.04% (1,481,586 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company.

Paramount-Finanz AG owns 34.37% (892,703 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company.

10.4 Other

Valartis International Ltd. holds a 6.88 % economic interest in Panariello Enterprises Ltd. governed by a sub-participation agreement between ENR Investment Ltd. and Valartis International Ltd., dated March 7, 2003.

Gustav Stenbolt, who is a delegate of the Board of MCG Holding SA, the major shareholder of Valartis Group AG, is a member of the investment committee and Chairman of the Board of the Company.

11. Segment reporting

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

12. Risk management

An extensive overview of the risk factors that the Group is faced with was set out in the ENR's annual report for the year ended December 31, 2010. The Board, in cooperation with the Investment Manager, assesses the potential impact of the identified risk factors on the financial performance of the Group and implements risk management policies accordingly. Certain risk factors are dealt with in the investment guidelines, which provide the general framework under which the Group's operations are carried out.

On a day-to-day basis the Investment Manager has the operative responsibility for the Group, including the risk management functions. This role is performed under the overview of the Board.

The Board, supported by the Investment Manager, performs a review of the potential risk factors, including those that arise from the accounting and financial reporting, and assesses their potential impact on the Group's operations no less frequently than annually. Throughout the internal control system framework on financial reporting relevant control measures are defined, which reduce the financial risk. Should the risk environment change substantially, measures are taken on the level of the Board to alleviate such risks, including updating relevant risk management policies.

13. Subsequent event

Transterm Holdings Cyprus Limited (ex Naftrans Limited), on July 1, 2011, made a further distribution of an aggregate USD 4.5 million to its shareholders. This was done via non repayable loans to its shareholders and ENR, on July 1, 2011, received USD 1'019'700. As this receipt and loan agreement were effective July 1, 2011, it will be accounted for in the 2011 full year results.

Price information

in CHF

Date	Attributable Net Assets (millions)	Attributable NAV per share	Share price
31.12.2009	107.4	40.64	27.00
31.03.2010	112.2	42.42	27.65
30.06.2010	107.6	40.72	30.80
30.09.2010	101.9	38.52	28.60
31.12.2010	107.0	40.49	33.45
31.03.2011	111.1	42.07	33.90
30.06.2011	107.3	40.61	32.35

Annexure - Investment Guidelines

On 6 July 2011 the board of directors of the Company approved updated investment guidelines for the Company. Pursuant to listing rules of SIX Swiss Exchange the updated investment guidelines were published at least one month prior to their entry into force. Consequently the updated investment guidelines came into force on Wednesday, August 10, 2011 and are as follows –

1. Investment Objective

To invest in private and public companies across different industry sectors and to do so predominately in Russia and other Commonwealth of Independent States countries and in the Baltic States and to manage the asset portfolio to achieve long term capital appreciation on invested capital.

2. Investment Policy

The investment philosophy is growth-oriented and the focus is primarily on longer term strategies and capital appreciation. However, from time to time there may be certain investments which have a shorter investment horizon, reflecting specific opportunities or taking account of prevailing market conditions. At times the asset portfolio may comprise entirely of cash or cash equivalents.

3. Investment Instruments

- Investments will be done primarily through equity and/or equity related and/or debt instruments or derivatives instruments.
- Where capital resources have not been not fully invested, same may be invested in a range of investment products, money market instruments, investment instruments issued by governments, financial institutions or companies, denominated in the currency of the country where investments are made or in any freely convertible currency. The company may take temporary defensive positions if the investment manager determines that opportunities for capital appreciation are limited or that significant diminutions in value may occur.
- From time to time all or part of risks associated with investments may be hedged through the defensive use of derivative transactions, including, but not limited to, futures, options, swaps or any combination thereof.
- From time to time leverage may be used in a manner commensurate with reasonable risk management to achieve investment objectives.

4. Investment Process and Factors considered

While investment criteria may vary depending upon the type of transaction, factors taken into consideration when analysing potential investments include:

- Attractive valuations and purchase prices;
- Strength, depth and commitment of the management team;
- Existence of a coherent and realistic long term business plan;
- Relevant asset values;
- Corporate governance issues;
- Identifiable exit strategies;
- Risk management; and
- Active post-acquisition investment approach.

Investment opportunities will be identified and analysed by the investment manager or its delegates or agents within the framework of the investment guidelines. The investment manager or its delegates or agents will manage the screening process and, inter alia, conduct interviews with management and owners with the objective of aligning differing interests. The investment manager's responsibilities include valuations, market analyses, competition analyses, debt capacity calculations, bid tactics, tax optimizing holding structures, financing structures, raising of debt finance, management incentives, personnel reinforcements required, due diligence processes and the intended exit strategy. Day-to-day investment decisions will be made by the investment committee in accordance with the investment guidelines, as determined by the board of directors.

5. Amendments

The investment guidelines may be amended by the board of directors at any time, in whole or in part. Amendments will become effective upon their approval by the board of directors (after expiry of any notice period for regulatory publications which may be required). The company may from time to time impose further investment restrictions, compatible with or in the interest of investors, or, in certain circumstances, in order to comply with relevant country laws and regulations.

Resolved by the board of directors on July 6, 2011

Shareholder Information and Corporate Details

Board of Directors

Gustav Stenbolt
Walter Fetscherin
Dmitry Amunts
Urs Maurer-Lambrou

Domicile

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Investment Manager

Valartis International Limited
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Security Number

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ISIN Number

CH0034476959

Ticker Symbol

RUS

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