Renaissance Pre-IPO Fund

Consolidated Financial Statements

For the year ended December 31, 2009

Contents

Notes to the Consolidated Financial Statements

Directors	David Blair (appointed on April 11, 2006) Sarah Moule (resigned on July 9, 2009) Jennifer Eve (appointed as Alternative Director to Sarah Moule on January 24, 2008; resigned on July 9, 2009) Andrey Movchan (resigned on March 19, 2009) Dermot Butler (appointed as Alternate Director by David Blair on January 29, 2008) James Keyes (appointed on July 9, 2009) Rod Barker (appointed on March 19, 2009; resigned on May 31, 2009) Igor Stychinsky (appointed on June 9, 2009)
Registered office	Appleby Corporate Services (Cayman) Ltd Clifton House P.O. Box 1350 GT 75 Fort Street Grand Cayman KY1-1104 Cayman Islands
Investment manager	Renaissance Capital Investment Management Limited Jayla Place Wickhams Cay I Road Town Tortola VG1110 British Virgin Islands
Prime broker	Renaissance Advisory Services Limited Canon's Court 22 Victoria Street Hamilton, HM 12 Bermuda
Administrator, registrar, transfer agent	Custom House Administration and Corporate Services Ltd 25 Eden Quay Dublin 1, Ireland
Secretary	Reid Services Limited PO Box 1350 GT 75 Fort Street Grand Cayman, Cayman Islands
Custodian	ING Bank (Eurasia) ZAO 36 Krasnoproletarskaya Moscow 127473 Russian Federation

Independent Auditors	Ernst & Young Ltd. 62 Forum Lane Camana Bay P.O. Box 510 Grand Cayman KY1-1106 Cayman Islands
General legal advisors	
United States Law	Akin Gump Strauss Hauer & Feld City Point, Level 32 One Ropemaker Street London EC 2Y 9AW United Kingdom
Bermuda Law	Appleby Canon's Court 22 Victoria Street P.O. Box HM 1179 Hamilton HM EX Bermuda
Cayman Islands Law	Appleby Clifton House P.O. Box 1350 GT 75 Fort Street Grand Cayman, Cayman Islands
Listing Sponsor	Appleby Securities (Bermuda) Ltd. 41a Cedar Avenue PO Box HM 1179 Hamilton HM EX Bermuda

Activity in the initial public offering ("IPO") and merges and acquisitions ("M&A") market has almost stopped, and there was only one small IPO in Russia and the CIS in 2009. The M&A market also remained very still.

None of the planned exits took place during 2009. The reason was that many IPOs and strategic sales were postponed due to the crisis, as well the Investment Manager didn't want to make any "fair sales". Unfortunately some protective structures also did not work out as the value of the underlying assets to be received through their execution fell and it wouldn't provide any liquidity due to the market conditions.

During 2009 the Investment Manager was mostly concentrated on the monitoring of portfolio companies and the restructuring of some of the investments.

In December 2009 the Investment Manager completed the restructuring of protection mechanisms built into certain investments, including Victoria Group (Put Option restructured into debt) and Verysell Group (CLN restructured into Redeemable Preferred Shares).

Golden League completed a new share issue in favor of an institutional investor at the end of December 2009. The company received cash to continue its exploration program. As a result of the transaction the Fund's shareholding approximately doubled due to anti-dilution provisions built into the initial subscription agreement signed by the Fund and the company. The Investment Manager believes its position in Golden League is now much more attractive for potential buyers.

At the end of November 2009 the Fund sold Pleasure Machine to the controlling shareholder of the company with deferred payment. The Investment Manager expects to receive cash (approximately USD 1,000) at the end of June 2010. This price is 60% below the cost, but this is the best solution given the fact that the company could not replace the bridge loan with equity finance.

The Fund has built a well-diversified portfolio of companies operating in different sectors of the economy.

As at December 31, 2009, the investment portfolio is concentrated in the following sectors:

Food retail	27%
Mining	26%
IT	21%
Financial services	19%
Chemical	4%
Entertainment	1%
Real estate	1%
Automotive	1%

Some of the Fund's investments incorporate price floor protection in the form of put options for a non-liquidity event (i.e. in the event that an IPO does not proceed within an agreed timeframe), the use of loan and redeemable preferred shares structures, thus reducing the overall portfolio risk. Currently, around 60% of the Fund's portfolio is protected by one of the above mentioned mechanisms.

The Investment Manager hopes to exercise most of the protection mechanisms till the Fund's liquidation date.

Initially the Fund closed on August 28, 2006 and was due to liquidate by August 28, 2009. Due to dramatically changed market conditions as a result of the global financial crisis, it was voted to extend the Fund till May 2010, and subsequently till May 2011.

The Investment Manager hopes to exit from at least 85% of its investments till the liquidation date. Remaining investments could be distributed among the Fund's shareholders in kind or the shareholders could vote to extend the Fund's term. The decision to extend the Fund's life should be supported by 75% of the Fund's shareholders. The Investment Manager is going to take the Fund's shareholders' meeting in the beginning of 2011 and do a roadshow until the end of 2010 to monitor the preferences.

The financial crisis hit hard the financial results of most portfolio companies. Sales and EBITDA reduced significantly, financial leverage increased. These factors decreased the fair values of some companies. As in the previous year the Investment Manager limited the use of Income Approach due to the high level of economic uncertainty and inability to produce reliable medium-term financial forecasts. The Investment Manager used the Income Approach for revaluation of UCP Methanol Project, because the company received the project financing to realize its business plan. For revaluation of the other Fund's investments the Investment Manager used the following methods:

1) the Market approach. Valuation was based on EV/Sales and EV/EBITDA multiples of comparable listed companies;
2) the Cost approach. The valuation of some companies was based on the value of their Net Assets as of December 31, 2009;
3) those investments, which have built-in protection mechanisms were valued based on the discounted projected cash stream, which would be received had such mechanisms been exercised.

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Independent Auditors' Report

To the Board of Directors of Renaissance Pre-IPO Fund

We have audited the accompanying consolidated financial statements of Renaissance Pre-IPO Fund (the "Fund") which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to shareholders and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Renaissance Pre-IPO Fund as at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd.

June 30, 2010

Consolidated Statement of Financial Position

as at December 31, 2009

(in thousands of US Dollars)

	Notes	2009	2008
Assets			
Cash and cash equivalents		3,272	30
Amounts due from broker		7	151
Financial assets designated at fair value through profit or loss	5	8,331	12,961
Loans and receivables	7	25,092	-
Investment securities available for sale	6	60,444	86,006
Other assets		9	3
Total assets		97,155	99,151
Liabilities			
Management fee payable	8	3,269	1,391
Current tax liabilities		10	317
Accounts payable and accrued expenses		490	141
Total liabilities excluding net assets attributable to shareholders		3,769	1,849
Net assets attributable to shareholders	9	93,386	97,302
Number of redeemable shares in issue	9	1,324,932	1,324,932
Net asset value per redeemable share (in US dollars)	9	70.48	73.44

Signed and authorized for release on behalf of the Directors of the Fund

David Blair
Director

James Keyes
Director

Igor Stychinsky
Director

June 30, 2010

The accompanying notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended December 31, 2009
(in thousands of US Dollars)

	Notes	2009	2008
Results from operations			
Dividend income		845	375
Interest income		61	731
Net loss on financial assets designated at fair value through profit or loss	5	(2,082)	(4,241)
Net realized gain on investment securities available for sale	6	1,809	51
Net foreign exchange gain/(loss)		98	(7)
Other income		-	80
Total operating income/(loss)		**731**	**(3,011)**
Performance fee reversal	8	-	6,373
Management fee	8	(1,877)	(2,628)
Administration fee		(156)	(231)
Impairment of investment securities available for sale	6	-	(26,016)
Other operating expenses		(166)	(479)
Total expenses		**(2,199)**	**(22,981)**
Finance costs			
Distributions to shareholders	9	-	(22,988)
Decrease in net assets attributable to shareholders from operations before income tax		**(1,468)**	**(48,980)**
Income tax expense	10	(76)	(24)
Decrease in net assets attributable to shareholders from operations		**(1,544)**	**(49,004)**
Other comprehensive income for the year		**(2,372)**	**(11,679)**
Total comprehensive income for the year		**(3,916)**	**(60,683)**

The accompanying notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets Attributable to Shareholders for the year ended December 31, 2009

(in thousands of US Dollars)

	Notes	Number of redeemable shares	Net assets attributable to shareholders (calculated in accordance with IFRS)
January 1, 2008		**1,324,932**	**157,985**
Net unrealised loss on investment securities available for sale	6	-	(11,679)
Decrease in net assets attributable to shareholders from operations		-	(49,004)
Total loss for the year		**-**	**(60,683)**
December 31, 2008	9	**1,324,932**	**97,302**
Net unrealised loss on investment securities available for sale	6	-	(2,372)
Decrease in net assets attributable to shareholders from operations		-	(1,544)
Total loss for the year		**-**	**(3,916)**
December 31, 2009	9	**1,324,932**	**93,386**

The accompanying notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for the year ended December 31, 2009
(in thousands of US Dollars)

	2009	2008
Cash flows from operating activities		
Decrease in net assets attributable to shareholders from operations	(1,544)	(49,004)
Adjustments to reconcile net change in net assets attributable to shareholders to net cash generated from operating activities		
Distribution to shareholders	-	22,988
Non-cash:		
Impairment of investment securities available for sale	-	26,016
Net changes in operating assets and liabilities:		
Decrease in financial assets designated at fair value through profit or loss	4,630	4,241
Decrease in amounts due from broker	144	26,547
Decrease/(increase) in investment securities available for sale	23,190	(13,835)
Increase in loans receivable	(25,092)	-
Decrease in investment securities held to maturity	-	4,061
Increase in other assets	(6)	(3)
Decrease in performance fee payable	-	(6,373)
(Decrease)/increase in current tax liabilities	(307)	24
Increase in management fee payable	1,878	706
Increase/(decrease) in accounts payable and accrued expenses	349	(132)
Net cash provided by operating activities	**3,242**	**15,236**
Cash flows used in financing activities		
Distributions paid to shareholders	-	(22,988)
Net cash flows used in financing activities	**-**	**(22,988)**
Net increase/(decrease) in cash and cash equivalents	**3,242**	**(7,752)**
Cash and cash equivalents at the beginning of the year	30	7,782
Cash and cash equivalents at the end of the year	**3,272**	**30**

Supplementary information:

Interest received	3	1,211
Interest paid	-	164
Dividends received	611	375

The accompanying notes on pages 11 to 42 are an integral part of these consolidated financial statements.

(in thousands of US Dollars)

1. Principal Activities

These consolidated financial statements include the financial statements of Renaissance Pre-IPO Fund and its 100% owned subsidiary Agrera Investments Limited (the "Subsidiary"), together referred to as the "Fund".

Renaissance Pre-IPO Fund was incorporated under the laws of the Cayman Islands on April 4, 2006, as a closed-end limited liability exempted company. It has voluntarily registered with the Cayman Islands Monetary Authority pursuant to the Mutual Funds Law on May 26, 2006. Its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, Grand Cayman, KY1-1104, Cayman Islands.

Agrera Investments Limited was incorporated in Cyprus as a private limited liability company on September 16, 2005.

The initial investment objective of the Fund is to achieve medium term capital growth through investments in listed and unlisted equity and equity-related securities and other instruments in companies that are located in Russia or other states of the former Soviet Union and are planning to undertake an initial public offering. Investments may also be made in companies that derive a substantial portion of their revenue from, or have substantial assets in Russia, or other states of the former Soviet Union. Considering the short term of its maturity, the Fund will not make any new investments. For some of the investments, the Fund is preparing an exit strategy.

The Fund makes all investments through the Subsidiary.

The Fund's investment activities are managed by Renaissance Capital Investment Management Limited (the "Investment Manager"). The Fund's custodian and administrator is ING Bank (Eurasia) ZAO and Custom House Administration and Corporate Services Ltd, respectively.

In accordance with the Offering Memorandum, the Fund has a term of three years from the commencement date of May 25, 2006, provided that the Directors may extend the term for up to two successive one-year periods. On March 4, 2010 by the decision of Directors the maturity of the Fund has been extended for the second time for one year till May 25, 2011.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies in Note 3.

The consolidated financial statements are presented in United States Dollars ("US Dollars"), which is the functional and presentation currency of the Fund, as management considers that the US Dollars reflects the economic substance of the underlying events and circumstances of the Fund.

Financial information presented in US Dollars has been rounded to the nearest thousand ("USD").

(in thousands of US Dollars)

2. Basis of Preparation (continued)

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC"). The accounting policies applied in preparation of the consolidated financial statements and detailed below have been applied consistently to the years presented.

Basis of consolidation

The consolidated financial statements comprise financial statements of Renaissance Pre-IPO Fund and its subsidiary – Agrera Investments Limited (Cyprus). The Fund owns 100% of the Subsidiary at December 31, 2009 and 2008.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Fund obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

3. Summary of Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(A) Financial instruments

(i) Classification

The Fund classifies its financial assets and financial liabilities into the categories below in accordance with IAS 39. The Fund determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss is sub-divided into:

Financial instruments held for trading

Financial assets and liabilities at fair value are classified as held for trading if they are acquired or incurred for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading. The financial assets and liabilities at fair value held for trading are measured at fair value. Gains or losses on financial assets and liabilities at fair value held for trading are recognized in the consolidated statement of comprehensive income.

Derivative financial instruments entered into by the Fund do not meet the hedge accounting criteria as defined by IAS 39. Consequently, hedge accounting is not applied by the Fund.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(A) Financial instruments (continued)

Financial instruments designated as at fair value through profit or loss

These include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund. The financial information about these financial assets is provided internally on that basis to the Directors.

Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as investments at fair value through profit or loss or investments held to maturity.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Fund has the positive intention and ability to hold them to maturity.

Investments intended to be held for an undefined period are not included in this classification. Held to maturity investments are subsequently measured at amortised cost. Gains and losses are recognised in the consolidated statement of comprehensive income when the investments are impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category amounts relating to reverse repurchase agreements, cash collateral on securities borrowed and other short-term receivables.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(A) Financial instruments (continued)

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(iv) Initial measurement

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value. All transaction costs for such instruments are recognised directly in consolidated statement of comprehensive income.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated as at fair value through profit or loss. Embedded derivatives separated from the host contract are carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

(v) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value (see B below). Subsequent changes in the fair value of those financial instruments are recorded in "Net gain/ (loss) on financial assets designated at fair value through profit or loss". Interest earned and dividend revenue elements of such instruments are recorded separately in "Interest income" and "Dividend income", respectively. Dividend expenses related to short positions are recognised in "Dividends on securities sold, but not yet repurchased".

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(A) Financial instruments (continued)

After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of net assets attributable to shareholders until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in net assets attributable to shareholders is included in the consolidated statement of comprehensive income. However, interest calculated using the effective interest method is recognised in the consolidated statement of comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortization process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortization process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(B) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Where the Fund has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or asking price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(C) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in consolidated statement of comprehensive income as "Impairment of interest bearing assets".

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the "Impairment of interest bearing assets".

Interest revenue on impaired financial asset is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

For available for sale financial investments, the Fund assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of comprehensive income – is removed from net assets attributable to shareholders and recognised in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income; increases in their fair value after impairment are recognised directly in net assets attributable to shareholders.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the consolidated statement of comprehensive income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income, the impairment loss is reversed through the consolidated statement of comprehensive income.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(D) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

(E) Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at each period end.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in the consolidated statement of comprehensive income as part of the “Net gain/ (loss) on financial assets and liabilities at fair value through profit or loss”. Foreign exchange differences on other financial instruments are included in the consolidated statement of comprehensive income as “Net foreign exchange gain/(loss)”.

(F) Due to and due from broker

Amounts due to broker are negative balances on brokerage accounts. Interest on negative brokerage account balances is recognised as interest expense in the consolidated statement of comprehensive income as it is accrued.

Amounts due from broker include positive balances on brokerage accounts and margin accounts. Margin accounts represent cash deposits held with broker as collateral against open derivative contracts. Interest on positive brokerage account balances is recognised as interest income in the consolidated statement of comprehensive income as it is accrued.

(G) Redeemable shares

The shares are not redeemable at the option of the shareholders. In case of winding-up of the Fund the shares carry a right to a return of the nominal amount paid up in respect of such shares and surplus assets remaining.

Shares are classified as financial liabilities according to IAS 32.

The liabilities arising from the redeemable shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(G) Redeemable shares (continued)

For the purpose of calculating the net assets attributable to shareholders in accordance with the Fund's Offering memorandum, the value of securities which are quoted or dealt in on any stock exchange is based on the last trade price.

This valuation of net assets value is different from the IFRS valuation requirements. The difference between the two valuations is reported in the Note 9.

The Fund's net asset value per share is calculated by dividing the net assets attributable to shareholders (calculated in accordance with redemption requirements) by the number of shares in issue.

(H) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, demand deposits, short-term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as "Cash and cash equivalents".

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(I) Interest income and expense

Interest income and expense are recognised in the consolidated statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

(J) Dividend income and expense

Dividend income is recognised when the Fund's right to receive the payment is established. Dividend income is presented net of any non-recoverable withholding taxes.

Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

(K) Net gain/ (loss) on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as "held at fair value through profit or loss" and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting year.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(K) Net gain/ (loss) on financial assets and liabilities at fair value through profit or loss (continued)

Realised gains and losses on disposals of financial instruments classified as "at fair value through profit or loss" are calculated using the First-In, First-Out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

(L) Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis. Legal and audit fees are included within "Other operating expenses".

(M) Income taxes

There are no taxes on income, profits or capital gains in the British Virgin Islands. Income tax expense may arise on a level of the Subsidiary registered in Cyprus (Note 10).

(N) Future changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Fund has early adopted the following standards and amendments as of January 1, 2009:

- IFRS 8 *Operating Segments;*
- IAS 1 (Revised 2007) *Presentation of Financial Statements;*
- *Amendments to* IFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

The principal effect of these changes is as follows:

IFRS 8 Operating Segments

This standard is effective for accounting periods beginning on or after January 1, 2009, it requires disclosure of information about the Fund's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Fund. For management purposes, the Fund is organised into one business unit. The Fund determined that this operating segment was the same as the business segment previously identified under IAS 14 *Segment Reporting*.

IAS 1 (Revised 2007) Presentation of Financial Statements

The standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and is effective for accounting periods beginning on or after January 1, 2009.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(N) Future changes in accounting policies (continued)

The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Fund has no instruments classified as equity and therefore a statement of changes in equity is not presented. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

Adoption of the revised standard did not have a material effect on the financial performance or position of the Fund as the Fund has no instruments classified as equity and therefore, has neither "profit or loss" nor "total comprehensive income" as defined by the revised standard.

Amendments to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments.

The amendments to IFRS 7 were issued in March 2009 and become effective for annual periods beginning on or after January 1, 2009, with early application permitted. The Fund has adopted these amendments with effect from January 1, 2009.

The amendments to IFRS 7 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs)(Level 3).

In addition, the amendments revise the specified minimum liquidity risk disclosures including: the contractual maturity of non derivative and derivative financial liabilities, and a description of how this is managed.

In the first year of application, comparative information is not required. However, the Fund has voluntarily disclosed comparative information.

The following standards, amendments and interpretations are effective for 2009 but had no impact on the financial position or performance of the Fund:

Amendment to IAS 23 Borrowing Costs

IAS 23 Borrowing Costs issued in March 2007 supersedes IAS 23 Borrowing Costs (revised in 2003). The main change from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(N) Future changes in accounting policies (continued)

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to IAS 32 and IAS 1 were issued by the IASB in February 2008 and became effective for annual periods beginning on or after January 1, 2009 with early application permitted. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendments to IAS 1 require disclosure of certain information relating to puttable instruments classified as equity.

The Fund's shares do not meet the definition of puttable instruments classified as equity instruments under the amendments. Hence, the amendments to IAS 32 and IAS 1 had no material impact on the consolidated financial performance or position of the Fund.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement

These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 Customer Loyalty Programmes addresses accounting by the entity that grants loyalty award credits to its customers.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 Agreements for the Construction of Real Estate provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 Hedges of a Net Investment in a Foreign Operation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(N) Future changes in accounting policies (continued)

IFRIC 18 Transfer of Assets from Customers

The IFRIC issued IFRIC Interpretation 18 in January 2009. IFRIC 18 provides guidance on accounting for transfers of assets, where cash is used to purchase those items of plant, property and equipment, which an entity receives from a customer, which is either used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services. The Interpretation is effective prospectively to transfers of assets from customers received on or after July 1, 2009.

Improvements to IFRSs

In May 2008 the IASB has issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments to the following standards did not have any impact on the accounting policies, consolidated financial position or performance of the Fund.

The following standards, amendments and interpretations are not effective and are not expected to have material impact on the financial position or performance of the Fund:

IFRS 3 (Revised 2008) Business Combinations and IAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and became effective for financial years beginning on or after July 1, 2009. IFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Application of the revised standards will become mandatory for the Fund's 2010 consolidated financial statements.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

This amendment to IAS 39 *Financial Instruments: Recognition and Measurement* was issued on July 31, 2008 and is applicable for annual periods beginning on or after July 1, 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters

The revised standard was issued in July 2009 and becomes effective for financial years beginning on or after January 1, 2010. The amendment provides relief from the full retrospective application of IFRS in certain circumstances.

(in thousands of US Dollars)

3. Summary of Accounting Policies (continued)

(N) Future changes in accounting policies (continued)

IFRS 2 Share-based Payments – Group cash-settled share-based payment transactions

The revised standard was issued in July 2009 and is effective for annual periods beginning on or after January 1, 2010. It provides guidance on that to be in the scope of IFRS 2, an award must be a "share-based payment transaction", and part of a "share-based payment arrangement".

IFRIC Interpretation 17 Distributions of Non-Cash Assets to Owners

The IFRIC issued IFRIC Interpretation 17 in November 2008. IFRIC 17 provides guidance on how to account for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. An entity shall apply this Interpretation prospectively for annual periods beginning on or after July 1, 2009.

Improvements to IFRSs

In April 2009 the IASB has issued a second omnibus of amendments to its standards and interpretations. The following amendments are not expected to have any impact on the accounting policies, financial position or performance of the Fund.

4. Significant Accounting Judgments and Estimates

The preparation of the Fund's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

(in thousands of US Dollars)

4. Significant Accounting Judgments and Estimates (continued)

Impairment of loans and receivables

The Fund regularly reviews its loans and receivables to assess impairment. The Fund uses its experienced judgment to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Fund estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Fund uses its experienced judgment to adjust observable data for a group of loans or receivables to reflect current circumstances.

Impairment of investments

The Fund holds investments in several companies, including publicly-traded securities and other securities that do not trade in an active market. Future adverse changes in market conditions, poor operating results, or the inability of certain development-stage companies to find additional financing could result in losses that may not be reflected in an investment's current carrying value, thereby requiring an impairment charge in the future. The Fund regularly reviews its investments to determine if there have been any indicators that the value may be impaired. These reviews require estimating the outcome of future events and determining whether factors exist that indicate impairment has occurred.

As of December 31, 2008, based on the results of regular impairment assessment, the Fund estimates certain investments available for sale as impaired. Respective impairment charge amounted to USD 26,016 was removed from the net assets attributable to shareholders and recognized within the Fund's consolidated statement of comprehensive income (Note 6).

5. Financial Assets Designated at Fair Value through Profit or Loss

As at December 31, 2009 and 2008 financial assets designated at fair value through profit or loss comprised ordinary shares of the following issuers:

	2009	2008
Quoted equity securities		
GAZ OJSC	388	150
Arzamas Instrument Plant Limited	177	23
	565	**173**
Unquoted equity securities		
Brava Limited	-	11,880
Sakaras Holding Limited	6,797	-
Pleasure Machine CJSC	969	908
	7,766	**12,788**
	8,331	**12,961**

Decrease of fair value of the financial assets designated at fair value through profit or loss amounted to USD 2,082 in 2009 was recognized within "Net loss on financial assets designated at fair value through profit or loss" (2008: USD 4,241).

(in thousands of US Dollars)

5. Financial Assets Designated at Fair Value through Profit or Loss (continued)

In April 2009, the Fund and Brava Limited ("Brava") entered into a Share Repurchase and Shareholders Agreement Termination Agreement and the Deed of Assignment pursuant to which the Fund transferred to Brava the total number of ordinary shares it held in Brava and Brava transferred to the Fund 10,000,000 'A' Loan Notes of Sakaras Holdings Limited ("Sakaras") for the total amount of USD 10,000 and all rights under it. Following the transfer the Fund ceased to be the shareholder in Brava and became the direct holder of the USD 10,000 'A' Loan Certificate issued by Sakaras.

The total debt of Sakaras to the Fund under the 'A' Loan Certificates amount up to USD 14,400, of which USD 3,000 has been repaid as of December 31, 2009. The remaining amount of USD 11,400 debt will be converted into redeemable preferred shares of Sakaras with a dividend rate of 5% per annum.

The shares may be redeemed until June 30, 2011. In case Sakaras does not redeem the shares, it is obliged to convert the shares into ordinary shares and/or into a new class of shares. In this case the Fund's stake in Sakaras will amount to 20%, and management of the Fund believes that Sakaras will redeem the shares to avoid the major shareholder of Sakaras losing control over the company.

As of December 31, 2009 and 2008, the Fund exercised significant influence over Pleasure Machine CJSC. The Fund designates the investments in companies in which it holds more than 20 % and less than 50 % upon initial recognition, as at fair value through profit or loss in accordance with the exemption provided by IAS 28 "Investments in Associates" for investment companies and venture capital organizations.

Refer to Note 13 for detailed disclosure of fair value of financial assets designated at fair value through profit or loss.

6. Investment Securities Available for Sale

	2009		2008	
	Cost	Fair value	Cost	Fair value
Ordinary unquoted shares				
Victoria Group OJSC	-	-	23,191	26,386
Lubel Coal Company Ltd.	15,033	18,938	15,033	17,450
Devenny Holding Ltd.	10,665	5,675	10,080	11,790
Karavan Real Estate Ltd.	12,302	735	12,302	819
UCP Chemicals AG	7,952	3,958	7,952	2,162
Golden League Ltd.	5,013	5,609	5,013	2,835
EPAM Systems Inc.	11,499	7,729	11,499	4,934
	62,464	42,644	85,070	66,376
Unquoted equity participation note				
Rekha Holdings Ltd.	15,065	17,800	15,065	19,630
	77,529	60,444	100,135	86,006

In December 2009, the investment in Victoria Group OJSC has been restructured. The equity shares were converted into two separate loans of USD 11,958 and USD 13,042 (Note 7). At the moment of restructuring, the cost value of the investment amounted up to USD 23,191. The realized gain recognised as a result of the restructuring comprised USD 1,809.

(in thousands of US Dollars)

6. Investment Securities Available for Sale (continued)

During 2009 two shareholders of Devenny Holdings Ltd. sold their shares to existing shareholders. Dividends to the Subsidiary previously declared by Devenny in 2007 were repaid in shares and in cash in amount of USD 240.

In December 2007 the Fund sold 124,151 ordinary shares of JSCB Probusinessbank to Rekha Holdings Ltd, a related party. On the same date the Fund purchased an Equity Linked Note issued by the same related party, under which the Fund retains the right to receive any dividends and other distributions arising from the JSCB Probusinessbank shares and the right to receive any proceeds resulting from the disposal of those shares by the related party. In these consolidated financial statements this equity participation note was recognized at fair value of the underlying asset.

As at December 31, 2009 the Fund identified no objective evidence of impairment of investment securities available for sale and recognized no respective impairment charge within the consolidated statement of comprehensive income (2008: USD 26,016).

As at December 31, 2009 a decrease of fair value of unimpaired investment securities available for sale amounted to USD 2,372 (2008: USD 11,679) and has been recognised within the other comprehensive income.

Movements in unrealized gains/ (losses) on investment securities available for sale were as follows:

	Unrealized gain/(loss) on investment securities available for sale
January 1, 2008	**23,566**
Net unrealised loss on investment securities available for sale	(11,679)
December 31, 2008	**11,887**
Net unrealised loss on investment securities available for sale	(2,372)
December 31, 2009	**9,515**

During 2009 the Fund recognized realised gains of USD 1,809 related to investment securities available for sale in the consolidated statement of comprehensive income (2008: USD 51).

As of December 31, 2008 the Fund has also entered into a number of call option agreements related to investments available for sale. In accordance with the terms of these contracts, the investments may be re-acquired from the Fund if certain conditions are met. As of December 31, 2008 it was not likely that these options would be exercised, accordingly, management estimated the fair value of these financial instruments to be zero. As of December 31, 2009 the Fund had no call option agreements.

(in thousands of US Dollars)

7. Loans and Receivables

As at December 31, 2009 the Fund has the following loans and receivables outstanding (2008: nil).

	Maturity	Interest rate	2009
Victoria Alliance Ltd.	January 31, 2011	12%	11,985
Panato Holdings Ltd.	January 31, 2011	12%	13,073
Kyverdale Ltd.	February 2, 2010	5%	34
			25,092

8. Performance and Management Fees

The Fund pays the Investment Manager a performance fee equal to 20% of all amounts otherwise distributable to the shareholders (whether as dividends, distributions or upon liquidation) in excess of the aggregate issue price for the redeemable shares. Such performance fee, if owed, will be payable within 30 days of the date of any distribution, unless the Directors decide otherwise.

As of December 31, 2009 the Fund’s net assets amounted to USD 93,386 (2008: USD 97,302) which was less than the total aggregate issue price for the redeemable shares.

The Fund pays the Investment Manager a management fee equal to 2% per annum of the total capital invested, provided that such fees will not exceed 2% of the aggregate issue price for the redeemable shares. Management fees are generally paid quarterly in arrears or at such other times as the Directors, with the consent of the Investment Manager, may determine.

During the year 2009 management fee of USD 1,877 (2008: USD 2,628) were incurred. As of December 31, 2009 management fee payable amounted to USD 3,269 (2008: USD 1,391).

9. Net Assets Attributable to Shareholders

Incorporation and share capital

The Fund's authorized share capital is USD 50. The Fund is authorised to issue 100 non-participating voting Management shares of US Dollar 0.01 each and 4,999,900 profit participating, non-voting Redeemable shares of US Dollar 0.01 each.

The Investment Manager owns 100% of the Management shares.

As of December 31, 2009 and 2008, 100 Management shares have been issued at US Dollar 0.01 each and 1,324,932 profit participating, non-voting Redeemable shares have been issued at US Dollar 0.01 each.

The Fund does not have any externally imposed capital requirements.

(in thousands of US Dollars)

9. Net Assets Attributable to Shareholders (continued)

Rights of the Management shares

The Management shares carry one vote each at annual and general meetings of the Fund and have no rights to any dividends. On liquidation of the Fund the nominal amount paid up on the Management shares will be returned after the return of the nominal amount paid up on the Redeemable shares.

Rights of the Redeemable shares

The Redeemable shares have no voting rights, are not redeemable at the option of the shareholder. The Fund's Directors may declare and pay dividends on the Redeemable shares, at their sole discretion.

Winding Up

The Redeemable shares carry a right to a return of the nominal amount paid up in respect of such shares in priority to any return of the nominal amount paid up in respect of Management shares, and an exclusive right to share in surplus assets remaining after the return of the nominal amount paid up on the Redeemable shares and Management shares.

Distributions

Distributions from the Fund may be made at any time as determined by the Directors. The Fund is not required to distribute the net proceeds of investments disposed of by the Fund and may reinvest all or a part of such net proceeds in new investments. The Fund will be entitled to withhold from any distributions amounts necessary to create, in its discretion, appropriate reserves for expenses and liabilities of the Fund as well as for any required tax withholdings.

All distributions will be paid out to the holders of redeemable shares pro rata in proportion to their shareholding. The Directors may determine whether and to what extent a distribution will be made in the form of dividends or as a partial compulsory redemption of shares.

On April 9, 2008 the Fund's Directors authorized a distribution in the form of dividends. The distribution amounted to USD 22,988 ($17.35 per share).

Reconciliation of audited net assets to net assets as reported to shareholders

In accordance with the terms of the Offering memorandum the Fund reports its net assets on a monthly basis. As a result of the preparation of these consolidated financial statements certain adjustments have been recorded to the net assets as previously reported in order to comply with IFRS. These differences are:

- A net unrealized loss on financial assets designated at fair value through profit or loss and investment securities available for sale has been recognized;
- An impairment charge of investment securities available for sale has been recognized;
- A reversal of performance fee has been recognised; and
- Other adjustments for expense accruals have been recorded.

(in thousands of US Dollars)

9. Net Assets Attributable to Shareholders (continued)

Reconciliation of audited net assets to net assets as reported to shareholders (continued)

The table below provides a reconciliation of the net assets attributable to shareholders as previously reported to the net assets attributable to shareholders as disclosed in these consolidated financial statements.

	2009	2008
Net assets as reported to shareholders	**87,734**	**133,671**
Unrealized loss on financial assets designated at fair value through profit or loss	(4,506)	(1,645)
Unrealized gain/ (loss) on investment securities available for sale	10,194	(14,594)
Impairment of investment securities available for sale	-	(26,016)
Reversal of performance fee	-	6,041
Adjustment of income tax expense	(10)	(24)
Other adjustments	(26)	(131)
Adjusted net assets per consolidated financial statements	**93,386**	**97,302**
Net asset value per Redeemable share as reported to shareholders (in US Dollars)	**66.22**	**100.89**
Adjustments per Redeemable share (in US Dollars)	4.26	(27.45)
Net asset value per Redeemable share per these consolidated financial statements (in US Dollars)	**70.48**	**73.44**

10. Income Tax Expense

The operations of the Fund are subject to multiple taxation jurisdictions, as follows.

Cayman Islands

Renaissance Pre-IPO Fund is registered in the Cayman Island as tax exempt company.

Cyprus

Income tax is provided for in accordance with Cyprus income tax regulations. The Fund is liable for income tax in Cyprus on the Cyprus taxable income of the Subsidiary (which excludes capital gains on trading of securities either of a revenue or capital nature) at a flat rate of 10%. All expenses wholly and exclusively incurred in the production of taxable income are deductible for Cypriot tax purposes (expenses relating to the trading of securities will not be allowed for tax purposes).

(in thousands of US Dollars)

10. Income Tax Expense (continued)

Cyprus (continued)

A reconciliation of income tax benefit/(expense) calculated at domestic rate applicable to the Subsidiary, to income tax benefit/(expense) at the Fund's effective income tax rate is as follows:

	2009	2008
Accounting loss before tax	**(1,468)**	**(48,980)**
Tax charge calculated at domestic rate applicable to the Subsidiary	(5,678)	(3,809)
Tax effect of non deductible expenses less tax exempt income	5,688	334
Tax charge for the year	**10**	**(3,475)**
Adjustment of income tax for prior periods	66	24
Unrecognized income tax asset	-	3,475
Income tax expense	**76**	**24**

11. Commitments and Contingencies

Legal

In the ordinary course of business, the Fund is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Fund.

The management is unaware of any significant actual, pending or threatened claims against the Fund.

Operating environment

As previously noted, the Fund's activity is mainly focused on investments in entities located in the Russian Federation.

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in a decline in the gross domestic product, capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity to Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Fund's investees and other counterparties, which could affect the fair value of the financial position, results of operations and business prospects of the Fund's investees and, consequently, affect the fair value of the Fund's investments.

(in thousands of US Dollars)

11. Commitments and Contingencies (continued)

Operating environment (continued)

Also, the investees of the Fund may have been affected by the deterioration in liquidity, which could in turn impact their ability to repay the amounts due. Due to the fall in prices in global and Russian securities markets, the Fund experienced a significant decrease in the fair value of investments. To the extent that information is available, the Fund has reflected revised estimates of expected future cash flows in its fair value assessments.

While management believes it is taking appropriate measures to support the sustainability of the Fund's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Fund's results and financial position in a manner not currently determinable.

12. Financial Risk Management

General

The Fund maintains positions in a variety of derivative and non-derivative financial instruments as dictated by its investment management strategy.

According to its investment strategy the Fund intends to invest in companies which are planning to undertake an initial public offering ("IPO") in the next few years. Initially, the Fund intends to hold such investments until the IPO and sell them in or following the IPO. However, considering the short term of its maturity, the Fund will currently not make any new investments. For some of the existing investments, the Fund will look for exit strategies.

The Fund may also invest in forward contracts, futures, options, and other types of derivatives, may purchase securities on margin, may sell securities short and may engage in repurchase transactions, stock borrowing, lending and other similar transactions. The Fund may also occasionally invest in government and corporate debt instruments, when deemed appropriate and as a substitute for cash positions. Investment by the Fund in structured and other derivative products may include, without limitation, contracts the value of which derives from a security that is subject to restrictions on ownership by foreign persons.

In 2009 and 2008 the Fund's investment portfolio comprised listed and unlisted equities, unlisted debt instruments which it intends to hold for an indefinite period of time.

Asset allocation is determined by the Fund's Investment Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund's Compliance Controller. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager will rebalance the portfolio to fall in line with the target asset allocations.

(in thousands of US Dollars)

12. Financial Risk Management (continued)

General (continued)

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are credit risk, liquidity risk and market risk.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Fund are discussed below.

Credit risk

Credit risk represents the potential loss that the Fund would incur if counterparty to a financial instrument failed to perform pursuant to the terms of their obligations to the Fund. Credit risk is generally higher when a non-exchange-traded financial instrument is involved, because the counterparty is not backed by an exchange clearing house.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Maximum exposure 2009	Maximum exposure 2008
Cash and cash equivalents	3,272	30
Amounts due from broker	7	151
Loans and receivables	25,092	-
Total credit risk exposure	**28,371**	**181**

Amounts in the above table are based on the carrying value of all accounts.

The credit quality of financial assets is managed based on international credit ratings of counterparties, determined by Standard and Poor's, Moody's or Fitch. The table below shows the credit quality by class of asset for consolidated statement of financial position lines, based on the Fund's credit risk monitoring approach.

As at December 31, 2009	**A+/A-1**	**Aaa.ru, B1/B-**	**Not rated**	**Total**
Cash and cash equivalents	3,163	109	-	3,272
Amount due from broker	-	-	7	7
Loans and receivables	-	-	25,092	25,092
Total	**3,163**	**109**	**25,099**	**28,371**

As at December 31, 2008	**A+/A-1**	**Aaa.ru, B1/B-**	**Not rated**	**Total**
Cash and cash equivalents	20	10	-	30
Amount due from broker	-	-	151	151
Total	**20**	**10**	**151**	**181**

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Credit risk (continued)

Transactions involving derivative financial instruments are usually with counterparties with whom the Fund signed master netting agreements. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. The impact of the master netting agreements is to reduce credit risk. The credit risk associated with derivative financial assets subject to a master netting arrangement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realized.

The exposure to counterparty credit risk reduced by master netting arrangements may change significantly within short period of time as a result of transactions subject to the arrangement, Master netting agreements are used for all type the transactions except pre-IPO and buy-out deals. The corresponding assets and liabilities have not been offset on the consolidated statement of financial position.

The counterparty credit risk is managed through the internal developed system of counterparty limits. Adherence to those limits is monitored by the Investment Manager on a daily basis. Counterparty limits bound the maximum amount of all unsettled trades (exposure) for all products with each respective counterparty.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Non-delivery risk, prepayment risk and pre-settlement risk, incurred in non-exchange-settled transaction, are subject to monitoring. The risks are aggregated and utilised against counterparty limit. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Prime broker of the Fund is Renaissance Advisory Services Limited. The Fund monitors the credit ratings and financial positions of the brokers used to further mitigate this risk. At the reporting date no unsettled transactions were in place.

Substantially all of the assets of the Fund are held by ING Bank (Eurasia) ZAO. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial position of the custodian the Fund uses.

Substantially all of the cash held by the Fund is held by Royal Bank of Scotland (Isle of Man) to facilitate redemption and other payments. The Fund also established a bank account with Raiffeisen Bank to facilitate any payments or proceeds received in US Dollars Roubles. Bankruptcy or insolvency of the banks may cause the Fund's rights with respect to the cash held by the Banks to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial position of the banks.

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Geographical concentration

The geographical concentration of the Fund's financial assets and liabilities is set out below:

	2009				*2008*			
	Russia and CIS	*Cyprus*	*Other*	*Total*	*Russia and CIS*	*Cyprus*	*Other*	*Total*
Assets:								
Cash and cash equivalents	109	-	3,163	3,272	10	-	20	30
Financial assets designated at fair value through profit or loss	8,331	-	-	8,331	12,961	-	-	12,961
Amounts due from broker	-	7	-	7	-	151	-	151
Loans and receivables	25,092	-	-	25,092	-	-	-	-
Investment securities available for sale	60,444	-	-	60,444	86,006	-	-	86,006
	93,976	7	3,163	97,146	98,977	151	20	99,148
Liabilities:								
Current tax liabilities	-	10	-	10	-	-	-	-
Management fee payable	-	-	3,269	3,269	-	-	1,391	1,391
Accounts payable and accrued expenses	102	388	-	490	109	32	-	141
	102	398	3,269	3,769	109	32	1,391	1,532
Net position	93,874	(391)	(106)	93,377	98,868	119	(1,371)	97,616

Liquidity risk and funding management

The Fund has a term of three years and may extend the term for up to two successive one-year periods. Prior to the expiration of the Fund's term, the net assets will not be distributed to shareholders.

Being a closed-end investment fund, the Fund's shares are not redeemable at the option of shareholders, therefore it has limited exposure to the liquidity risk.

The majority of the Fund's investments are unlisted and can be illiquid, thereby making it difficult to acquire or dispose of investments at values stated in the current consolidated financial statements. The Fund intends to hold its investments until disposed of via a private transaction with one or more investors or in or following an IPO. There is no assurance that the Fund will be able to dispose of any investments by way of an IPO. If no IPO takes place in relation to a particular investment, the Fund will seek to dispose of such investment by means of a sale on a secondary market, if any exists, or otherwise. However, there is no assurance that the Fund will be able to dispose of any investment at a price or on terms that the Fund finds acceptable.

The current liquidity requirements including payments of operating expenses and fees are managed in accordance with policies and procedures in place. The Fund uses detailed cash flow forecasting, carried out by the Treasury department, which allows to control and manage its liquidity and undertake proper measures if liquidity shortages or excessive liquidity are anticipated.

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Liquidity risk and funding management (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Fund's financial liabilities at December 31, 2009 and 2008 based on contractual undiscounted repayment obligations.

	December 31, 2009			December 31, 2008		
	Less than 3 months	Over 1 year	Total	Less than 3 months	Over 1 year	Total
Management fee payable	3,269	-	3,269	1,391	-	1,391
Tax payable	10	-	10	-	-	-
Accounts payable and accrued expenses	490	-	490	141	-	141
Total undiscounted financial liabilities	**3,769**	**-**	**3,769**	**1,532**	**-**	**1,532**

Market risk

Market risk embodies the potential for loss and includes currency risk, interest rate risk and price risk.

The Fund's strategy on the management of market risk is driven by the Fund's investment objective. The investment objective of the Fund is to achieve medium term capital growth through investments in listed and unlisted equity and equity-related securities and other instruments in companies which are located in Russia or other states of the former Soviet Union and which are planning to undertake an IPO. Investments may also be made in companies that derive a substantial portion of their revenue from, or have substantial assets in, Russia and other States of the former Soviet Union.

The Fund's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The following guidelines and policies are established:

1. The total amount of leverage will not exceed 50% of the Fund's capital;
2. The Fund may invest up to 50% of its capital into one company.

Accordingly, the Fund's portfolio may be highly concentrated and its performance may be materially and adversely affected by the performance (either positive or negative) of a single investment.

The exposure to market risk of the Fund's financial asset and liability positions is measured using value-at-risk ("VaR") analysis. The details of the method including its main assumptions and limitations are disclosed later on in this note.

Details of the nature of the Fund's investment portfolio at the reporting date are disclosed in Note 5 and Note 6 of the consolidated financial statements.

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Currency risk

The Fund may invest in financial instruments denominated in currencies other than its functional currency – US dollars. According to the Fund's investment policy, it may invest in securities and other instruments that are principally denominated in Russian roubles. Consequently, the Fund may be exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than United States dollar but the Investment Manager does not intend to seek to hedge the Fund's currency risks. If the Investment Manager were to seek to hedge against such risks there can be no assurance that such hedging transactions would be effective or beneficial.

Normally, any cash balances or proceeds in Russian roubles and other non-US Dollars currencies are immediately converted into US Dollars.

The Fund operates with instruments denominated in Russian roubles, EUR, USD. At the year end, the major part of investments was denominated mainly in Russian roubles. However, those securities are priced and traded in US Dollars. All settlements on securities trading are predominantly performed in US Dollars. Therefore the Fund is not exposed to currency risk and does have any specific policies for managing the currency risk in what relates to active operations of the Fund.

All the investments of the Fund including Rouble-denominated equities are quoted in US Dollars. The majority of the Fund's trades and settlements are performed in US Dollars.

Sensitivity Analysis

Sensitivity analysis is based on consideration of up and down scenarios according to parameters stated in the following table. Currency risk for equities is measured using VaR, therefore it is not included in the sensitivity analysis.

The results of the sensitivity analysis are as follows:

Currency	Change in currency rate in % 2009	Effect on Change of Net Assets Attributable to shareholders (before tax) 2009	Change in currency rate in % 2008	Effect on Change of Net Assets Attributable to shareholders (before tax) 2008
Russian Ruble (upper border)	15%	11	-10%	(1)
Russian Ruble (lower border)	-15%	(11)	-30%	(3)
Euro (upper border)	12%	440	-	-
Euro (lower border)	-12%	(440)	-	-
GBP (upper border)	14%	(1)	-	-
GBP (lower border)	-14%	1	-	-

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Interest rate risk

Cash and cash equivalents are represented by the current bank accounts not exposed to interest rate risk.

Interest rate risk for fixed income instruments is measured using VaR. The Fund, however, does not invest in such instruments.

Loans and receivables are granted at fixed rates and, therefore, are not materially exposed to interest rate risk.

Other price risk

Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the consolidated statement of comprehensive income, all changes in market conditions will directly affect total comprehensive income.

Price risk is managed by the Fund's Investment Manager by diversifying the portfolio and measured using VaR analysis. The Fund's overall price risk exposure is monitored by Investment Manager on a daily basis.

At December 31, 2009 and December 31, 2008 no investments in any single instrument exceeded the set limits.

Value-at-risk

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Manager using VaR analysis. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

For closed-end funds the approach to VaR calculation is as following. VaR is derived using standard deviation of the fund share return calculated using 2-year history. Thus fund share daily VaR is calculated using 99% confidence interval. Then VaR figure is interpolated to the fund portfolio which allows calculating value at risk in US Dollar.

VaR exposure is reported to top management and the Executive Director of the Fund on a daily basis.

At 31 December 2009 and 2008, the Fund's overall market VaR is set out below:

	2009	2008
VaR	1,943	1,521
VaR/ NAV ratio, %	2.08	1.56

(in thousands of US Dollars)

13. Fair Value of Financial Instruments

The following describes the methodologies and assumptions used to determine fair value of financial instruments.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Financial instruments recorded at fair value

The fair value of listed equities is based on quoted market prices or binding dealer price quotations at the reporting date (bid price), without any deduction for transaction costs.

As of December 31, 2009 and 2008 the Fund has entered into a number of put option agreements related to investments available for sale and financial assets designated at fair value through profit or loss. In accordance with terms of these contracts, the Fund has a right to dispose the shares at a fixed or determinable price if the Investees do not make IPO by a certain date.

As of December 31, 2009 fair value of the following investments was estimated based on the assumption that the respective put options would be exercised:

Investment securities available for sale:

- EPAM Systems Inc.;
- Lubel Coal Company Ltd.;

Financial assets designated at fair value through profit or loss:

- Sakaras Holding Limited

As of December 31, 2008 fair value of the following investments was estimated based on the assumption that the respective put options would be exercised:

Investment securities available for sale:

- Victoria Group OJSC;
- EPAM Systems Inc.;
- Lubel Coal Company Ltd.

Financial assets designated at fair value through profit or loss:

- Brava Limited

Fair value of put option related to the Fund's investment in Pleasure Machine CJSC amounted to nil as of December 31, 2008.

(in thousands of US Dollars)

13. Fair Value of Financial Instruments (continued)

Fair value hierarchy

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	565	-	7,766	8,331
Investment securities available for sale	-	-	60,444	60,444
	565	**-**	**68,210**	**68,775**

	December 31, 2008			
	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	173	-	12,788	12,961
Investment securities available for sale	-	-	86,006	86,006
	173	**-**	**98,794**	**98,967**

As at December 31, 2009 and 2008 some of the Fund's assets recorded at fair value were estimated using pricing models or discounted cash flow techniques, or combination of both. The investments can therefore be classified as Level 3 investments. The following table shows the movement of the investment securities classified as Level 3:

	Investment securities available for sale	Financial assets designated at fair value through profit and loss	Total
As at January 1, 2009	86,006	12,788	98,794
Total gain in profit or loss	1,809	61	1,870
Total loss recognised directly in net assets	(2,372)	-	(2,372)
Purchases	-	6,797	6,797
Disposals	(24,999)	(11,880)	(36,879)
As at December 31, 2009	**60,444**	**7,766**	**68,210**
Total gains/(losses) for the year included in profit or loss for assets held at the end of the reporting year	-	61	61

The estimated future cash flows are based on management's best estimates which are discounted to arrive at the present value of the cash flows at the reporting date using the relevant discount rate. Generally, it is the interest rate of loans received by particular investee.

(in thousands of US Dollars)

13. Fair Value of Financial Instruments (continued)

Fair value hierarchy (continued)

Where pricing models are used, inputs are based on the composition of market observable and non-observable inputs which may vary according to the specific industry that the Investee operates in, at the balance sheet date. The most significant key assumptions used in estimating the fair value of investments were:

	2009	2008
Discount rate	2.59%-20%	3%-15%
Lack of liquidity discount	15%-20%	0%-20%
Lack of control discount	0%-30%	0%-20%
EV/Sales	0.67 – 5.96	0.47 - 0.80
EV/EBITDA	4.7 – 11.9	4.7 - 6.4
EV/Reserves	35.4	39.5

The total amount of net unrealised gain/(loss) recorded in the net assets attributable to shareholders for the years ended December 31, 2009 and 2008 is attributable to investment securities available for sale whose fair value is estimated using valuation techniques with composition of market observable and non-market observable inputs.

14. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See Note 12 "Financial risk management" for the Fund's contractual undiscounted repayment obligations.

	2009			2008		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	3,272	-	3,272	30	-	30
Amounts due from broker	7	-	7	151	-	151
Financial assets designated at fair value through profit or loss	-	8,331	8,331	-	12,961	12,961
Loans and receivables	34	25,058	25,092	-	-	-
Investment securities available for sale	7,729	52,715	60,444	26,386	59,620	86,006
Other assets	9	-	9	3	-	3
Total	**11,051**	**86,104**	**97,155**	**26,570**	**72,581**	**99,151**
Management fee payable	3,269	-	3,269	1,391	-	1,391
Current tax liabilities	10	-	10	317	-	317
Accounts payable and accrued expenses	490	-	490	141	-	141
Total	**3,769**	**-**	**3,769**	**1,849**	**-**	**1,849**
Net position	**7,282**	**86,104**	**93,386**	**24,721**	**72,581**	**97,302**

(in thousands of US Dollars)

15. Related Party Transactions

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Fund's related party transactions were made on terms equivalent to those that prevail in arm's length transactions in 2009 and 2008.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

	2009			2008		
	Investment Manager	Directors	Entities under common control	Investment Manager	Directors	Entities under common control
Management fee payable at January 1	1,391	-	-	685	-	-
Management fee accrued	1,877	-	-	2,628	-	-
Management fee paid	1	-	-	-1,922	-	-
Management fee payable at December 31	**3,269**	**-**	**-**	**1,391**	**-**	**-**
Performance fee payable at January 1	-	-	-	6,373	-	-
Performance fee reversed	-	-	-	-6,373	-	-
Performance fee payable at December 31	**-**	**-**	**-**	**-**	**-**	**-**
Amounts due from broker	-	-	7	-	-	151
Accounts payable and accrued expenses	-	-	383	-	-	-
Interest income	-	-	2	-	-	498
Investment securities available for sale	-	-	17,800	-	-	19,630
Other operating expenses	-	19,132	-	-	12,357	-

During the year the Fund was involved into transactions with related parties which are classified as follows:

- Investment Manager - Renaissance Capital Investment Management Limited;
- Other entities under common control;
- Directors – the list of the Fund's Directors in shown on page 1.

(in thousands of US Dollars)

15. Related Party Transactions (continued)

Renaissance Capital Investment Management Limited belongs to Renaissance Investment Management Group ("RIM Group") which is together with Renaissance Capital Group ("RCHL Group") is under common control of Renaissance Group Holdings Limited (Bermuda).

In 2009 and 2008 the Fund had operations with its broker, Renaissance Advisory Services Limited (Bermuda), the entity of RCHL Group.

In 2009 and 2008 the Fund had no significant transactions with its Directors, except for Directors fees disclosed in the table above.

16. Events after the Reporting Date

On January 27, 2010 the Fund declared a dividend in respect of the financial year ended December 31, 2009 in the amount of USD 0.006 per share. Total amount of dividends declared is USD 7,950.

In January 2010 the Fund sold all shares of EPAM owned by the Fund as of December 31, 2009 for USD 8,050.

On March 16, 2010 in accordance with the terms of the Offering memorandum the Directors of the Fund extended its term for one year up to May 25, 2011.

On May 17, 2010 the Fund exercised its put option on the investment in Lubel Coal Company Ltd., and provided the writers of the put option with put option notice, claiming USD 20,094. In accordance with the terms of the put option agreement this amount is to be paid by August 17, 2010.