Renaissance

Pre-IPO Fund

Consolidated Financial Statements 2010
International Financial Reporting Standards
Consolidated Financial Statements and Report of the Independent Auditors for the year ended 31 December 2010

Contents

Company information

Directors	David Blair (appointed on April 11, 2006) Dermot Butler (appointed as Alternate Director by David Blair on January 29, 2008) James Keyes (appointed on July 9, 2009) Igor Stychinsky (appointed on June 9, 2009, resigned on August 24, 2010) John Elder (appointed September 22, 2010)
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 Fund Services (Ireland) 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
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Listing Sponsor	Appleby Securities (Bermuda) Ltd. 41a Cedar Avenue PO Box HM 1179 Hamilton HM EX Bermuda

Investment manager's report

Activity in the initial public offering ("IPO") and merges and acquisitions ("M&A") market began to recover in the second half of 2010, but the pool of funds available for investing in private companies remains modest. The M&A market showed signs of recovery as well but deal volumes are still about 50% below the level of 2007.

In 2010, only one exit took place – the fund sold the shares of EPAM Systems at a 30% discount to cost. The sale took place in January 2010 and the cash was distributed to shareholders. The decision to sell EPAM was taken in the context of the Renaissance Pre-IPO Fund (further the "Fund") being scheduled to be liquidated by May 2011. The manager intended to dispose of about 90% of the assets including 64% until the first half of 2010 (EPAM, Lubel, Probusinessbank, Golden league, UCP, Pleasure Machine).

However, the sale of all assets, except EPAM, could not be completed for the reasons stated below.

During 2010 the Investment Manager was focused on looking for investors and monitoring portfolio companies and the restructuring of some of the investments (Lubel, Pleasure Machine).

Lubel. The exit was expected through a put option in May 2010. The investment manager submitted the put option to Lubel shareholders, but they could not meet the liabilities under the option. While this option was not conditional on the sale of Lubel, the shareholders made it clear that they will not have funds to meet current liabilities until the company is sold. The put option was extended on new terms until April 28, 2011. The new terms included the pre-payment of USD 2,500,000 received at the end of December 2010 and a 2:1 Lubel share pledge (two shares pledged for each share owned by the Fund). The outcome of this activity was that shareholders could not buy out the shares on April 28, 2011. Currently, fund management is taking steps to transfer the title of ownership of the pledged shares and has taken legal action against the shareholders. Fund management is also looking for a buyer for the shares.

Pleasure Machine. The buyer has to pay for the shares in Pleasure Machine by the end of June 2010. The terms of the agreement state that if the purchaser does not effect the payments, the shares of the company which the Fund pledged to a creditor will be exchanged for the shares free of encumbrance. This was done in July 2010. The Investment Manager negotiated another sale of shares by February 2010 and then decided to submit the right of claim to the company and commence litigation. The company has not yet satisfied this claim.

Golden League. In May 2010, the Investment Manager agreed terms to sell all of its shares to a buyer. Over the summer of 2010, the investment manager tried to complete the deal but finally, the buyer decided not to acquire the shares due to internal reasons. Golden League used the funds raised in 2009 to support a very successful drilling campaign in 2010; reserves were increased by about 40% and the remaining shares in Bolotostoje deposit were acquired (March 2011). This allowed an increase in resources from 482,000 ounces to about 960,000 ounces. However, irrespective of the efforts of management and all the shareholders, the latter could not either raise new funds or find a purchaser for the existing shares. The interest in gold exploration and even gold-producing companies in Russia remains very low.

Probusinessbank. The bank had a very successful 2010. It showed good financial results and its strategy, launched in the second half of 2009, aiming to increase the efficiency of the wide network of branches, was rewarded. In spring 2010, Probusinessbank announced that it plans to make an IPO, which was later postponed until autumn 2010 and finally cancelled. During autumn/winter, the investment manager worked out an alternative to an exit - placement of the existing shares. This project is still ongoing in 2011.

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

At 31 December 2010, the investment portfolio is concentrated in the following sectors:

Food retail	31.9%
Mining	30.2%
Finance	19.8%
IT	12.3%
Industries	4.0%
Others	1.8%

In May 2010 the investment manager extended the Fund until May 25, 2011. Subsequently, shareholders in the Fund have voted to further extend the Fund to June 30, 2013.

The financial crisis hit the financial results of most of the portfolio companies hard. But, in 2010 most of them were able to show significant improvement in both margins and business growth. However, we decided to review the value of Golden League and Sakaras downwards, based on subsequent events. Golden League was valued downward based on a new, wider sample of comparable companies. Sakaras was valued based on its financial results and comparable companies and not based on the amount due from the redemption of the shares as the company could not redeem in time (May 2011). A change of valuation approach was the primary driver to decrease the value of the investment.

Based on analysis of the financial position of Pleasure Machine and uncertainty in respect of repurchase arrangements with shareholders of the company we decided to value the investment as USD Nil.

For revaluation of the other Fund's investments the Investment Manager used the following methods:

- The Market approach. Valuation was based on EV/Sales and EV/EBITDA multiples of comparable listed companies;
- 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

The Board of Directors
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, 2010, 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.

This report is made solely to the directors, as a body. Our audit work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the directors as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial position of Renaissance Pre-IPO Fund as at December 31, 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young Ltd.

June 30, 2011

Consolidated Statement of Financial Position as at December 31, 2010

(in thousands of US Dollars)

	Notes	2010	2009
Assets			
Cash and cash equivalents		2,772	3,272
Amounts due from broker		23	7
Financial assets designated at fair value through profit or loss	5	2,093	8,331
Other accounts receivable	6	12,086	-
Loans and receivables	7	26,558	25,092
Investment securities available for sale	6	42,209	60,444
Other assets		-	9
Total assets		85,741	97,155
Liabilities			
Management fee payable	8	521	3,269
Current tax liabilities	10	22	10
Accounts payable and accrued expenses		554	490
Total liabilities excluding net assets attributable to shareholders		1,097	3,769
Net assets attributable to shareholders	9	84,644	93,386
Number of participating shares in issue	9	1,324,932	1,324,932
Net asset value per participating share (in US dollars)	9	63.89	70.48

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

David Blair
Director

James Keyes
Director

John Elder
Director

June 30, 2011

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended December 31, 2010

(in thousands of US Dollars)

	Notes	**2010**	**2009**
Results from operations			
Dividend income		797	845
Interest income		3,053	61
Net loss on financial assets designated at fair value through profit or loss	5	(6,238)	(2,082)
Net realized gain on investment securities available for sale	6	3,116	1,809
Net foreign exchange (loss)/ gain		(31)	98
Total operating income/(loss)		**697**	**731**
Management fee	8	(2,040)	(1,877)
Administration fee		(171)	(156)
Impairment of investment securities available for sale	6	(248)	-
Other operating expenses		(277)	(166)
Total expenses		**(2,736)**	**(2,199)**
Finance costs			
Distributions to shareholders	9	(7,950)	-
Decrease in net assets attributable to shareholders from operations before income tax		**(9,989)**	**(1,468)**
Income tax expense	10	(13)	(76)
Decrease in net assets attributable to shareholders from operations		**(10,002)**	**(1,544)**
Other comprehensive income/ (loss) for the year		1,260	(2,372)
Total comprehensive loss for the year		**(8,742)**	**(3,916)**

The accompanying notes 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, 2010

(in thousands of US Dollars)

	Notes	**Number of participating shares**	**Net assets attributable to shareholders (calculated in accordance with IFRS)**
January 1, 2009	**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**
Net gain on investment securities available for sale	6	-	1,260
Decrease in net assets attributable to shareholders from operations		-	(10,002)
Total loss for the year		-	**(8,742)**
December 31, 2010	**9**	**1,324,932**	**84,644**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended December 31, 2010

(in thousands of US Dollars)

	2010	2009
Cash flows from operating activities		
Decrease in net assets attributable to shareholders from operations	(10,002)	(1,544)
Adjustments to reconcile net change in net assets attributable to shareholders to net cash generated from operating activities		
Distribution to shareholders	7,950	-
Non-cash:		
Impairment of investment securities available for sale	1,260	-
Net changes in operating assets and liabilities:		
Decrease in financial assets designated at fair value through profit or loss	6,238	4,630
(Increase)/ decrease in amounts due from broker	(16)	144
Decrease in investment securities available for sale	18,235	23,190
Increase in loans receivable	(1,466)	(25,092)
Increase of other accounts receivable	(12,086)	-
Decrease/ (increase) in other assets	9	(6)
Increase/ (decrease) in current tax liabilities	12	(307)
(Decrease)/ increase in management fee payable	(2,748)	1,878
Increase in accounts payable and accrued expenses	64	349
Net cash provided by operating activities	**7,450**	**3,242**
Cash flows used in financing activities		
Distributions paid to shareholders	(7,950)	-
Net cash flows used in financing activities	**(7,950)**	**-**
Net (decrease)/ increase in cash and cash equivalents	**(500)**	**3,242**
Cash and cash equivalents at the beginning of the year	**3,272**	**30**
Cash and cash equivalents at the end of the year	**2,772**	**3,272**

Supplementary information:		
Interest received	1,553	3
Dividends received	446	611

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Financial Statements

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, which was done in 2009 and 2010.

On May 10, 2010 by the extraordinary general meeting of the members of the Fund its maturity has been extended for the third time till June 30, 2013.

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. For example financial assets designated at fair value through profit or loss, investment securities available for sale have been measured at fair value.

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").

2.1 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.

2.2 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, 2010 and 2009.

The 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. These financial instruments are acquired principally for the purposes of generating profit from short-term fluctuation in price. 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.

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, as set out in the Fund's offering memorandum. 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available for sale. 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.

(iii) Initial measurement

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.

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.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

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.

(iv) 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”.

(v) 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.

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.

(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.

(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) Participating 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.

The Fund has issued one class of non-voting participating shares and one class of Management shares. The Management shares are subordinate to all other classes of instruments and as such the non-voting participating shares do not meet the criteria of an equity instrument under IAS 32 and are classified as a financial liability.

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

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 traded 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 revenue 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 revenue 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.

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

The Fund is exempted from tax on income, profits or capital gains in the Cayman Islands. Income tax expense may arise on a level of the Subsidiary registered in Cyprus (Note 10).

However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(N) Segment information

For management purposes, the Fund is organised into one main operating segment, which invests in equity securities, and related derivatives. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the consolidated financial statements of the Fund as a whole.

(O) Future changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing January 1, 2010:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective January 1, 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective July 1, 2009 including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items effective July 1, 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners
- Improvements to IFRS (May 2008)
- Improvements to IFRS (April 2009)

The adoption of these standards and interpretations had no impact of the consolidated financial statements or performance of the Fund.

(P) Standards, Interpretations and amendments issued but not yet effective

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduced a partial exemption of disclosure requirements for government-related entities. The Fund does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation — Classification of Rights Issues

The amendment to IAS 32 is effective for annual periods beginning on or after February 1, 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Fund after initial application.

Amendments to IFRS 7 Financial Instruments: Disclosures

The Amendments were issued in October 2010 and are effective for annual periods beginning on or after July 1, 2011. The amendments introduce additional disclosure requirements for transferred financial assets that are not derecognized. The Fund expects that these amendments will have no impact on the Fund's consolidated financial position.

Amendments to IAS 12 Income Taxes – Deferred tax: Recovery of underlying assets

In December 2010 the IASB issued amendments to IAS 12 effective for annual periods beginning on or after January 1, 2012. IAS 12 has been updated to include a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The Fund now evaluates the impact of the adoption of these amendments.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the Board's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the Board will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of IFRS 9 is not expected to have a material effect on the classification and measurement of the Fund's financial assets.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Fund.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Fund.

Improvements to IFRS (issued in May 2010)

The IASB issued Improvements to IFRS, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011.

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Fund expects no impact from the adoption of the amendments on its financial position or performance. The adoption of the amendment to IFRS 7 is expected to have a limited impact on the disclosure of credit risk.

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, 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.

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, 2010, based on the results of regular impairment assessment, the Fund estimates certain investments available for sale as impaired. Respective impairment charge amounted to USD 248 (2009: USD Nil) 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, 2010 and 2009 financial assets designated at fair value through profit or loss comprised ordinary shares of the following issuers:

	2010	2009
	USD	**USD**
Quoted equity securities		
GAZ OJSC	565	388
Arzamas Instrument Plant Limited	192	177
	757	**565**
Unquoted equity securities		
Sakaras Holding Limited	1,336	6,797
Pleasure Machine CJSC	-	969
	1,336	**7,766**
	2,093	**8,331**

The decrease of fair value of the financial assets designated at fair value through profit or loss amounted to USD 6,238 in 2010 was recognized within "Net loss on financial assets designated at fair value through profit or loss" (2009: USD 2,082).

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 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 was 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%. Decrease in value of the investment by USD 5,461 during 2010 is related to different valuation assumption: management of the Fund no longer believes that Sakaras will redeem the shares, therefore the redeemable preferred shares are expected to be converted into ordinary shares. Valuation of the ordinary shares was performed using guideline companies' method.

As of December 31, 2009, the Fund exercised significant influence over Pleasure Machine CJSC. The Fund designated the investments in companies in which it holds more than 20 per cent and less than 50 per cent 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.

During the year ended December 31, 2010 the Fund transferred 69,062 ordinary shares of Pleasure Machine CJSC sold during the year 2009 in exchange for the right of claim to Pleasure Machine CJSC in amount of USD 500 that resulted in a decrease in percentage of ownership from 25% to 18.75% as of December 31, 2010. Fair value of the investment as of December 31, 2010 and December 31, 2009 was estimated based on discounted cashflow method, and amounted to USD Nil (2009: USD 969) due to significant deterioration in the company's financial position and financial performance.

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

	December 31, 2010		December 31, 2009	
	Cost	Fair value	Cost	Fair value
	USD	USD	USD	USD
Ordinary unquoted shares				
Lubel Coal Company Ltd.	15,033	6,418	15,033	18,938
Devenny Holding Ltd.	10,665	7,843	10,665	5,675
Karavan Real Estate Ltd.	12,302	571	12,302	735
UCP Chemicals AG	7,952	2,661	7,952	3,958
Golden League Ltd.	5,013	4,857	5,013	5,609
EPAM Systems Inc.	-	-	11,499	7,729
	50,965	**22,350**	**62,464**	**42,644**
Unquoted equity participation note				
Rekha Holdings Ltd.	15,065	19,859	15,065	17,800
	66,030	**42,209**	**77,529**	**60,444**

In January the Fund sold all of its shares of EPAM Systems Inc. whose fair value as of December 31, 2009 amounted to USD 7,729 for USD 8,050. As a result of this disposal the Fund recognised a net realised gain of USD 3,116 which comprised of a recovery of the unrealised loss previously recognised within other comprehensive income and gain from excess of sale consideration over the fair value of the investment as of the date of its disposal.

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.

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 membership interest purchase agreement, this amount should have been paid by August 17, 2010. As obligation of the writers of the call option were not repaid on maturity, the Fund renegotiated the terms of repayment, and changed the maturity date of settlements under put option agreements to April 28, 2011.

The writers of the put option paid to the Fund amount of USD 2,500 as a settlement under the updated membership interest purchase agreement in December 2010.

As of December 31, 2010 the receivable under the put option agreement was classified as other accounts receivable and amounted to USD 12,086.

As of December 31, 2010, the fair value of the investment in Lubel Coal Company amounted to USD 6,418 and represented fair value of the Fund's stake in the company.

The Fund and the writers of the put option signed a security deed in accordance with which the writers of the put option pledged 7.46% of the ordinary shares of Lubel Coal Company Ltd. as a security of obligations under a membership interest purchase agreement.

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, 2010 the Fund identified an objective evidence of impairment of certain investment securities available for sale and recognized respective impairment charge amounted to USD 248 within the consolidated statement of comprehensive income (2009: USD Nil).

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

	Unrealized gain/(loss) on investment securities available for sale
	USD
January 1, 2009	**11,887**
Net unrealised loss on investment securities available for sale	(2,372)
December 31, 2009	**9,515**
Net unrealised gain on investment securities available for sale	3,807
Net realized loss on investment securities available for sale	(2,795)
Impairment of investment securities available for sale	248
December 31, 2010	**10,775**

7. Loans and Receivables

As at December 31, 2010 and 2009 the Fund has the following loans and receivables outstanding.

	Maturity	Interest rate	2010	2009
			USD	**USD**
Victoria Alliance Ltd.	January 31, 2011	12%	13,878	11,985
Panato Holdings Ltd.	January 31, 2011	12%	12,680	13,073
Kyverdale Ltd.	February 2, 2010	5%	-	34
			26,558	**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 participating 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, 2010 the Fund's net assets amounted to USD 83,792 (2009: USD 93,386) which was less than the total aggregate issue price for the participating 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 participating 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 2010 a management fee of USD 2,040 (2009: USD 1,877) was incurred. As of December 31, 2010, the management fee payable amounted to USD 521 (2009: USD 3,269).

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 participating shares of US Dollar 0.01 each.

The Investment Manager owns 100% of the Management shares.

As of December 31, 2010 and 2009, 100 Management shares have been issued at US Dollar 0.01 each and 1,324,932 profit participating, non-voting participating shares have been issued at US Dollar 0.01 each.

The Fund does not have any externally imposed capital requirements.

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 participating shares.

Rights of the participating shares

The participating 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 participating shares, at their sole discretion.

Winding Up

The participating 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 participating 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 participating 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 January 27, 2010 the Fund declared a dividend in respect of the financial year ended December 31, 2009 in the amount of US Dollar 6 per share. Total amount of dividends declared is USD 7,950 (2009: USD Nil).

Capital management

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its Offering memorandum;
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other capital markets and by using various investment strategies and hedging techniques;
- To maintain sufficient liquidity to meet the expenses of the Fund;
- To maintain sufficient size to make the operation of the Fund cost-efficient.

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;
- Other adjustments for expense accruals have been recorded.

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.

	2010	2009
	USD	**USD**
Net assets as reported to shareholders	**81,108**	**87,734**
Net loss on financial assets designated at fair value through profit or loss	(5,651)	(4,506)
Net gain on investment securities available for sale	9,182	10,194
Adjustment of income tax expense	-	(10)
Other adjustments	5	(26)
Adjusted net assets per consolidated financial statements	**84,644**	**93,386**
Net asset value per participating share as reported to shareholders (in US Dollars)	**61.22**	**66.22**
Adjustments per participating share (in US Dollars)	2.67	4.26
Net asset value per participating share per these consolidated financial statements (in US Dollars)	**63.89**	**70.48**

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).

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:

USD	**2010**	**2009**
Accounting loss before tax	**(9,989)**	**(1,468)**
Theoretical income tax expense at the statutory rate (0%)	-	-
Tax charge calculated at domestic rate applicable to the Subsidiary	(1,010)	(5,678)
Tax effect of non deductible expenses less tax exempt income	1,021	5,688
Tax (recovery)/ charge for the year	**11**	**10**
Adjustment of income tax for prior periods	2	66
Income tax expense	**13**	**76**

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. In 2010 the Russian Government continued to take measures to support the economy in order to overcome the consequences of the global financial crisis. Despite some indications of recovery there continues to be uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Fund's future financial position, results of operations and business prospects.

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 2010 and 2009 the Fund's investment portfolio comprised listed and unlisted equities which it intends to dispose in indefinite period of time in accordance with exist strategy adopted by the Investment Manager.

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.

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	Maximum exposure
	December 31, 2010	December 31, 2009
	USD	USD
Cash and cash equivalents	2,772	3,272
Amounts due from broker	23	7
Other accounts receivable	12,086	-
Loans and receivables	26,558	25,092
Total credit risk exposure	**41,439**	**28,371**

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, 2010	**High rated***	**Low rated**	**Not rated**	**Total**
	USD	USD	USD	USD
Cash and cash equivalents	2,772	-	-	2,772
Amounts due from broker	-	-	23	23
Other accounts receivable	-	-	12,086	12,086
Loans and receivables	-	-	26,558	26,558
Total	**2,772**	**-**	**38,667**	**41,439**

As at December 31, 2009	**High rated***	**Low rated**	**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**

*Equivalent to investment rating grade with Standard and Poor's, Moody's or Fitch

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.

Geographical concentration

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

	December 31, 2010				December 31, 2009			
Assets	***Russia and CIS***	***Cyprus***	***Other***	***Total***	***Russia and CIS***	***Cyprus***	***Other***	***Total***
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Cash and cash equivalents	-	-	2,772	2,772	109	-	3,163	3,272
Amounts due from broker	-	-	23	23	-	7	-	7
Financial assets designated at fair value through profit or loss	2,093	-	-	2,093	8,331	-	-	8,331
Other accounts receivable	-	-	12,086	12,086	-	-	-	-
Loans and receivables	26,558	-	-	26,558	25,092	-	-	25,092
Investment securities available for sale	42,209	-	-	42,209	60,444	-	-	60,444
Total assets	**70,860**	**-**	**14,881**	**85,741**	**93,976**	**7**	**3,163**	**97,146**
Liabilities								
Management fee payable	-	-	521	521	-	-	3,269	3,269
Current tax liabilities	-	22	-	22	-	10	-	10
Accounts payable and accrued expenses	160	394	-	554	102	388	-	490
	160	**416**	**521**	**1,097**	**102**	**398**	**3,269**	**3,769**
Net position	**70,700**	**(416)**	**14,360**	**84,644**	**93,874**	**(391)**	**(106)**	**93,377**

Liquidity risk and funding management

In 2011 the Fund's term was extended to 2013. 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.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Fund's liabilities at December 31, 2010 and 2009 based on contractual undiscounted repayment obligations.

	December 31, 2010			December 31, 2009		
	Less than 3 months	**Over 1 year**	**Total**	**Less than 3 months**	**Over 1 year**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Management fee payable	521	-	521	3,269	-	3,269
Tax payable	22	-	22	10	-	10
Accounts payable and accrued expenses	554	-	554	490	-	490
Total undiscounted financial liabilities	**1,097**	-	**1,097**	**3,769**	-	**3,769**

Amount of the net assets attributable to shareholders is excluded from the table above as it is not subject to liquidity risk.

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.

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, US Dollars. 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 % 2010**	**Effect on Change of Net Assets Attributable to shareholders (before tax) 2010**	**Change in currency rate in % 2009**	**Effect on Change of Net Assets Attributable to shareholders (before tax) 2009**
		USD		**USD**
Russian Ruble (upper border)	9%	-	15%	11
Russian Ruble (lower border)	-9%	-	-15%	(11)
Euro (upper border)	11%	(42)	12%	440
Euro (lower border)	-11%	42	-12%	(440)
GBP (upper border)	10%	(1)	14%	(1)
GBP (lower border)	-10%	1	-14%	1

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, 2010 and December 31, 2009 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 weekly share return calculated using 2-year history. Thus fund share weekly VaR is calculated using 99% confidence interval. Then the VaR figure is interpolated to the fund portfolio which allows calculating value at risk in US Dollar.

In comparison with 2009 methodology for VaR calculation was changed. In 2009 the Fund based its calculation on the fund share daily return. Comparative information for 2009 was updated respectively.

VaR exposure is reported to top management and the Fund's Directors on a daily basis.

At 31 December 2010 and 2009, the Fund's overall market VaR is set out below:

	2010	2009
VaR, USD	3,213	5,121
VaR/ NAV ratio, %	7.25	7.45

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, 2010 and 2009 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, 2010 the Fund did not estimate fair value of its investments based on the assumption that the respective put options would be exercised as there is significant uncertainty that those obligations of the counterparties under these contracts would be fulfilled.

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 (Note 6):

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

Financial assets designated at fair value through profit or loss (Note 5):

- Sakaras Holding Limited

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, 2010
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets designated at fair value through profit or loss	565	192	1,336	2,093
Investment securities available for sale	-	-	42,209	42,209
	565	**192**	**43,545**	**44,302**

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
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**

Financial asset in amount of USD 192 were transfers from Level 1 into Level 2 in 2010 as they ceased to be traded in an active market.

As at December 31, 2010 and 2009 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
	USD	USD	USD
As at January 1, 2010	**60,444**	**7,766**	**68,210**
Total loss recognised in profit or loss	(164)	(6,430)	(6,594)
Total gain recognised directly in net assets	1,744	-	1,744
Disposals	(19,815)	-	(19,815)
As at December 31, 2010	**42,209**	**1,336**	**43,545**
Total gains/(losses) for the year included in profit or loss for assets held at the end of the reporting year	**(248)**	**(6,430)**	**(6,678)**

	Investment securities available for sale	Financial assets designated at fair value through profit and loss	Total
	USD	USD	USD
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.

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:

	2010	2009
Discount rate	16%	2.59%-20%
Lack of liquidity discount	15%-25%	15%-20%
Lack of control discount	0%-20%	0%-30%
EV/Sales	0.65 – 3.5	0.67 – 5.96
EV/EBITDA	7.27 – 12.7	4.7 – 11.9
EV/Reserves	43.0	35.4

As of 31 December 2010 and 2009 fair value of the investment securities available for sale and financial assets designated at fair value through profit and loss which are traded on a non-active market are valued using pricing models. 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 reporting date.

Key assumption used in fair value calculation was lack of liquidity discount.

The potential effect of measuring the fair value of these investments in case of change of discount rate, which is considered a reasonable possible alternative assumption, would have following effect on fair value of these investments:

- Increase of discount rate by 10% would have reduced the fair value by USD 2,780 (2009: USD 2,430).
- Decrease of discount rate by 10% would have increase fair value by USD 795 (2009: USD 654).

The total amount of net unrealised gain/(loss) recorded in the net assets attributable to shareholders for the years ended December 31, 2010 and 2009 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.

	December 31, 2010			December 31, 2009		
	Within one year	More than one year	Total	Within one year	More than one year	Total
	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	2,772	-	2,772	3,272	-	3,272
Amounts due from broker	23	-	23	7	-	7
Other accounts receivable	12,086	-	12,086			
Financial assets designated at fair value through profit or loss	-	2,093	2,093	-	8,331	8,331
Loans and receivables	26,558	-	26,558	34	25,058	25,092
Investment securities available for sale	-	42,209	42,209	7,729	52,715	60,444
Other assets	-	-	-	9	-	9
Total	**41,439**	**44,302**	**85,741**	**11,051**	**86,104**	**97,155**
Management fee payable	521	-	521	3,269	-	3,269
Current tax liabilities	22	-	22	10	-	10
Accounts payable and accrued expenses	554	-	554	490	-	490
Total	**1,097**	**-**	**1,097**	**3,769**	**-**	**3,769**
Net position	**40,342**	**44,302**	**84,644**	**7,282**	**86,104**	**93,386**

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 2010 and 2009.

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

	2010			2009		
	Investment Manager	Directors	Entities under common control	Investment Manager	Directors	Entities under common control
	USD	USD	USD	USD	USD	USD
Management fee payable at January 1	**3,269**	**-**	**-**	**1,391**	**-**	**-**
Management fee accrued	2,040	-	-	1,877	-	-
Management fee paid	(4,788)	-	-	1	-	-
Management fee payable at December 31	**521**	**-**	**-**	**3,269**	**-**	**-**
Amounts due from broker	-	-	23	-	-	7
Accounts payable and accrued expenses	-	-	394	-	-	383
Interest income	-	-	2	-	-	2
Investment securities available for sale	-	-	19,859	-	-	17,800
Other operating expenses	-	12	-	-	19	-

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 3.

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 2010 and 2009 the Fund had operations with its broker, Renaissance Advisory Services Limited (Bermuda), the entity of RCHL Group.

In 2010 and 2009 the Fund had no significant transactions with its Directors, except for Directors fees disclosed in the table above.

16. Events after the Reporting Date

In 2011 maturity date of loans receivable as of December 31, 2010 from Victoria Alliance Ltd. and Panato Holdings Ltd. was prolonged to May 31, 2011. Loans were repaid in full in June 2011.

There were no other significant events after the reporting date.