RENAISSANCE

Pre-IPO Fund

Consolidated Financial Statements 2013
International Financial Reporting Standards
Consolidated Financial Statements and Report of the Independent Auditors for the year ended December 31, 2013

Contents

Fund Information

Directors	David Blair (appointed on April 11, 2006) James Keyes (appointed on July 9, 2009) 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	(From November 12, 2013) Renaissance Managers Limited 190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
	(Before November 12, 2013) Renaissance Asset Managers (Guernsey) Limited Hirzel Court St Peter Port Block F GY1 2NH Guernsey
Administrator, registrar, transfer agent	TMF Custom House Global Fund Services Limited Smartcity Malta, SCM 01, Floor 4, Ricasoli, SCM 1001 Malta
Secretary	Reid Services Limited PO Box 1350 GT 75 Fort Street Grand Cayman, Cayman Islands
Independent auditors	Ernst & Young Ltd. 62 Forum Lane Camana Bay P.O. Box 510 Grand Cayman KY1-1106 Cayman Islands

Fund Information (continued)

General legal advisors

Bermuda Law	Appleby (Bermuda) Limited Canon's Court 22 Victoria Street P.O. Box HM 1179 Hamilton HM EX Bermuda
Cayman Islands Law	Appleby (Cayman) Limited Clifton House P.O. Box 1350 GT 75 Fort Street Grand Cayman, Cayman Islands
Listing Sponsor	Appleby Securities (Bermuda) Ltd. 41a Cedar Avenue PO Box HM 1179 Hamilton HM EX Bermuda

Investment Manager's Report

(in thousands of US dollars unless otherwise stated)

The Renaissance Pre-IPO Fund (the "Fund") raised USD 132.5 million in 2006 to capitalize on the growth opportunities in the potential investment into private companies prior to any public offering. The Fund invested in a wide range of enterprises from commodities through to the financial sector in Russia and the Commonwealth of Independent States ("CIS"). The Fund's strategy at inception was to build a diversified portfolio comprising fast-growing companies with sound strategies and strong management teams looking for ways to strengthen their performance and market share ahead of an IPO or a private sale. Currently the Fund is in divestment stage. As of December 31, 2013, the Fund had seven equity investments in its portfolio representing mostly minority equity stakes in Russian regional and Moscow-based banks with strong regional presence.

Overall, 2013 was a mixed year for the global asset classes that we track; with the MSCI World Index +24.10%, the MSCI Emerging Markets Index down -4.98% and the JPM Aggregate Bond Index down -2.62%. Along with other emerging markets Russia had a difficult year, as of the end of 2013, the Russian market (RTS) was down -5.52% and the MICEX financials index (rebased into USD) was down some -6.15%. From a macro perspective, this was a result of both the loss of appetite for emerging markets alongside Russia specific concerns of rising inflation, lack of structural reforms and falling reserves.

In addition to the broad macro-economic factors additional Russia specific factors included the political and economic turmoil witnessed in the region in late 2013 and early 2014, including the developments in Ukraine that continue to have a negative impact on the Russian economy, including weakening of the rouble and making it harder to raise international funding. At present, there is an ongoing threat of further sanctions against Russia and Russian officials the impact of which, if they were to be implemented, is at this stage difficult to determine. In 2013 and currently in 2014 there are no individuals or entities within the Funds that have been specifically targeted.

The financial markets are uncertain and volatile. These and other events may have a significant impact on Russian Banking sectors' operations and financial position, the effect of which is difficult to predict.

The Russian banking sector demonstrated lower profitability than the previous year: the profits decreased by 1.8% from the record-high 1 trillion rubles in 2012 to 994 billion rubles in 2013. The ROA and ROE fell from 2.3% to 1.9% and from 18.2% to 15.2% respectively. The equity growth rate slowed from 16.6% to 15.6%, the average capital adequacy ratio decreased from 13.7% to 13.5%. For some large private banks the adequacy ratio has reached 11% from above (the minimal limit set by the Central Bank is 10%). This is principally due to the Russian consumer sector declining as a result of declining growth and rising inflation in the Russian economy.

Additionally the appointment of a new Head of the Russian Central Bank who has increased the regulatory oversight on the Russian banking sector has seen the number of banks losing licenses' increase over previous years. In 2013, no position in the Fund had their license revoked.

As of the end of 2013, the retail loan growth slowed from 40% to 27%, the corporate sector loans growth stayed on the same level. The quality of retail loan portfolios worsened as the impaired loans rose from 4.5% to 5.2%, corporate loans impairment stayed the same as in 2012 (4%), but for some large banks, it has exceeded 10%.

The high concentration of the banking sector hinders the development of medium-sized players. Top-20 banks form more than 70% of the assets, where 60% are the state-owned banks. The situation on the Russian equity market is still difficult and volatile. Shares of the financial institutions continue to be traded with significant discount to book equity and at a higher discount to other emerging markets

The worsening economic situation had a direct influence on the sector and the Funds ability to exit positions. During 2013, the Fund was actively seeking buyers for a number of assets and these discussions were proceeding as previously communicated to investors.

Of the seven investments, two comprise a significant proportion of the Fund's assets. A Russian Bank (Probusiness Bank) and a Ukrainian coal company (Lubel).

Probusiness Bank

The Fund is actively participating, along with all minority shareholders (acting in a coordinated fashion to improve impact) respect to a potential spin-off of part of the bank. The Fund received a detailed proposal from the banks management. This proposal was accepted by the minorities and as a result the spin-off is proceeding. Cash will be realized in late 2014

This is in addition to the minority investors acting together to hold a joint offering of their equity in the remaining non spun-off businesses. This stake sale is obviously dependent on the spin-off talks.

Investment Manager's Report (continued)

(in thousands of US dollars unless otherwise stated)

Lubel

In April 2011, the shareholders with whom the Fund had a Put Option agreement could not meet the liabilities under the extended agreement. As this was already the third time they could not serve the obligation, the Investment Manager decided to file the claim to the Arbitration court of New York and require the counterparty to pay or transfer the pledged shares. In December 2011 the Fund received a positive award from the American Arbitration Association, which satisfied most claims:

- The Tribunal confirmed that the transfer of the pledged shares does not discharge the liability of the respondents and confirmed the total amount due as of April 28, 2011 equal to USD 19,188 plus 12% interest compounded annually from April 28, 2011 to the date payment is made. Payment must be made within 30 days of the respondents receiving the award (i.e., by January 18, 2012). Since no payment was received, the Fund can have the order confirmed by a New York court, thereby converting it into a legally enforceable judgment;
- The Tribunal declared that the Fund may proceed to sell both the security shares and the put option shares on any commercially reasonable terms, with the respondents to be credited pro rata with the sales proceeds as an offset to the award, and any excess over the amount of the award to be paid to the respondents;
- The respondents' application for emergency relief was denied;
- The Tribunal also awarded the Fund with costs of USD 550 of expenses on this legal proceeding.

Until now, we have for strategic purposes decided to take a soft approach on enforcement of this claim. Until the payment is made or the Fund is able to recover the amount due in process of disposal of shares of Lubel, it continues accruing 12% per annum. This soft approach we turned aggressive in early 2014 with the start of enforcement proceedings in the New York courts.

In 2012, the Fair value of shares discounted using effective interest rate, which is considered to be a recoverable amount as of December 31, 2012 was below the total amount receivable from shareholders of Lubel. As a result, the Fund recognized impairment of other accounts receivable. In 2013, the Fund recognized interest income in amount of USD 558.

Overall, the divestment process is significantly hampered by the decline in issuance into public markets and M&A activity seen in Russia because of the situation described above. This drop in deal flow is specifically apparent in non-Russian corporates taking or increasing their exposure to Russia and as such, the potential universe of buyers significantly reduced.

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Independent Auditors' Report

The Board of Directors
Renaissance Pre-IPO Fund

We have audited the accompanying financial statements of Renaissance Pre-IPO Fund (the "Fund") which comprise the consolidated statement of financial position as at December 31, 2013, 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 information.

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 financial statements are free from material misstatement.

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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Renaissance Pre-IPO Fund as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd.

September 26, 2014

Consolidated Statement of Financial Position as at December 31, 2013

(in thousands of US Dollars)

	Notes	2013	2012
Assets			
Cash and cash equivalents		284	56
Amounts due from broker		2	32
Financial assets designated at fair value through profit or loss	5	–	662
Loans and receivables	7	–	19
Other accounts receivable	8	15,785	15,227
Investment securities available-for-sale	6	20,579	19,789
Other assets		15	7
Total assets		**36,665**	**35,792**
Liabilities			
Management fee payable	9	1,850	943
Accounts payable and accrued expenses		493	447
Total liabilities excluding net assets attributable to shareholders		**2,343**	**1,390**
Net assets attributable to shareholders	10	**34,322**	**34,402**
Total liabilities and net assets attributable to shareholders		**36,665**	**35,792**
Number of participating shares in issue	10	1,324,932	1,324,932
Net asset value per participating share (in US dollars)	10	**25.90**	**25.97**

Signed and authorized for release on behalf of the Directors of the Fund on September 26, 2014

Director

David Blair

Director

James Keyes

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

Consolidated Statement of Comprehensive Income for the year ended December 31, 2013

(in thousands of US dollars)

	Notes	**2013**	**2012**
Results from operations			
Dividend income		13	35
Interest income		560	2,335
Net (loss)/gain on financial assets designated at fair value through profit or loss	5	(157)	180
Net foreign exchange loss		(5)	(3)
Other income	8	–	550
Total operating income		**411**	**3,097**
Management fee	9	(907)	(943)
Administration fee		(30)	(31)
Impairment of investment securities available for sale	6	–	(2,865)
Recovery of allowance/(allowance) for loan and accounts receivable impairment	7, 8	144	(8,614)
Other operating expenses		(343)	(604)
Total expenses		**(1,136)**	**(13,057)**
Decrease in net assets attributable to shareholders from operations before income tax		**(725)**	**(9,960)**
Income tax expense	11	(1)	(22)
Decrease in net assets attributable to shareholders from operations		**(726)**	**(9,982)**
Other comprehensive income for the year	6	646	1,060
Total comprehensive loss for the year		**(80)**	**(8,922)**

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, 2013

(in thousands of US dollars)

	Notes	**Number of participating shares**	**Net assets attributable to shareholders (calculated in accordance with IFRS)**
January 1, 2012	**10**	**1,324,932**	**43,324**
Net gain on investment securities available for sale	6	–	1,060
Decrease in net assets attributable to shareholders from operations		–	(9,982)
Total loss for the year		**–**	**(8,922)**
December 31, 2012	**10**	**1,324,932**	**34,402**
Net gain on investment securities available for sale	6	–	646
Decrease in net assets attributable to shareholders from operations		–	(726)
Total loss for the year		**–**	**(80)**
December 31, 2013	**10**	**1,324,932**	**34,322**

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

Consolidated Statement of Cash Flows for the year ended December 31, 2013

(in thousands of US dollars)

	2013	2012
Cash flows from operating activities		
Decrease in net assets attributable to shareholders from operations	(726)	(9,982)
Adjustments to reconcile net change in net assets attributable to shareholders to net cash (used in)/provided by operating activities		
Non-cash:		
Net gain on investment securities available for sale	646	1,060
Impairment of investment securities available for sale	–	2,865
(Recovery of allowance) / allowance for loan and accounts receivable impairment	(144)	–
Net changes in operating assets and liabilities:		
Decrease/(increase) in financial assets designated at fair value through profit or loss	662	(180)
Decrease in amounts due from broker	30	12
(Increase)/decrease in investment securities available for sale	(646)	1,806
Decrease/(increase) in loans receivable	19	(43)
Increase/(decrease) of other accounts receivable	(558)	2,889
(Increase)/decrease in other assets	(8)	22
Increase in management fee payable	907	676
Decrease in dividends payable	–	(95)
Increase in accounts payable and accrued expenses	46	360
Decrease in current tax liabilities	–	(5)
Net cash flows provided by/(used in) operating activities	**228**	**(615)**
Net increase/(decrease) in cash and cash equivalents	**228**	**(615)**
Cash and cash equivalents at the beginning of the year	**56**	**671**
Cash and cash equivalents at the end of the year	**284**	**56**

Supplementary information

	2013	2012
Interest received	2	2
Dividends received, net of withholding tax	31	10

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

(in thousands of US dollars)

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 Fund. 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 Investment Limited was incorporated in Cyprus as a private limited liability Fund on September 16, 2005.

The Fund is listed on Bermuda Stock Exchange.

The initial investment objective of the Fund was 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 Commonwealth of Independent States (“CIS”) and are planning to undertake an initial public offering (“IPO”). Investments might 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 CIS. Considering the short term of its maturity, the Fund will not make any new investments. For majority of the investments, the Fund is following an exit strategy. The Fund makes all investments through the Subsidiary.

Up to November 12, 2013 the Fund’s investment activities were managed by Renaissance Asset Managers (Guernsey) Limited (the “Investment Manager”). On that date a new investment manager was appointed by the Fund – Renaissance Managers Limited.

In accordance with the Offering memorandum, the Fund had a term of three years from the commencement date of May 25, 2006, provided that the Directors might extend the term, which was done in 2009 and 2010. On May 13, 2011 the Fund’s maturity was extended to June 30, 2013 by the extraordinary general meeting of the shareholders.

On July 16, 2013 the Fund’s term was extended to December 31, 2014 by the extraordinary general meeting of the shareholders. The latest extension was made on July 9, 2014 amending the Fund’s term to December 31, 2015.

The consolidated financial statements of the Fund as at and for the year ended December 31, 2013 (the “consolidated financial statements”) were authorized for issue on September 26, 2014.

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”) unless otherwise stated. This is the functional and presentation currency of the Fund. The Fund’s performance is evaluated and its liquidity is managed in US dollar.

Financial information presented in US dollars has been rounded to the nearest thousand (“USD”).

Preparation of the consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are detailed in Note 4.

2.1 Statement of Compliance

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 Fund owns 100% of the Subsidiary at December 31, 2013 and 2012.

Subsidiaries are those entities in which the Fund has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Fund and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Fund.

(in thousands of US dollars)

3. Summary of Significant 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 *Financial Instruments: Recognition and Measurement* ("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 Assets and Liabilities 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. 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. Hedge accounting is not applied by the Fund.

Financial instruments designated as at fair value through profit or loss upon initial recognition

These include financial assets and liabilities that are not held for trading, including equity securities and debt instruments.

These financial assets and liabilities are designated on the basis that they are part of a group of financial assets and liabilities which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category loans and amounts relating to short-term receivables and other assets.

Other financial liabilities

The Fund includes in this category other accounts payable and accrued expenses and interest bearing borrowings. The Fund determines the classification of liabilities at initial recognition.

(II) Recognition

The Fund recognises financial assets and liabilities on the date it becomes 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 recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated. Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the statement of comprehensive income.

Loans and receivables, investment securities available-for-sale and other financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue.

(IV) Subsequent Measurement

After initial measurement, the Fund measures financial instruments which are designated at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "Net gain/(loss) from financial instruments designated at fair value through profit or loss" in the consolidated statement of comprehensive income. Interest earned and dividend revenue elements of such instruments are recorded separately in "Interest income" and "Dividend income", respectively.

(in thousands of US dollars)

After initial recognition investment securities available-for-sale 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 consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortization process.

(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 expired.

(B) Fair Value Measurement Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

An analysis of fair values of financial instruments and further details how they are measured are provided in Note 14.

(in thousands of US dollars)

(C) Impairment of Financial Assets

At each reporting date the Fund assesses 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.

Impaired debts together with the associated impairment 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 impairment account.

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. When 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.

(D) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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. Assets and liabilities are presented gross in the statement of financial position.

(E) Foreign Currency Translations

Transactions during the reporting 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 the reporting date.

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 designated 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) Amounts Due to and Due from Brokers

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.

(in thousands of US dollars)

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 10.

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 current accounts, demand deposits, short-term deposits in banks with original maturities of three months or less.

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 when applicable.

(I) Interest Revenue and Interest Expense

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

(J) Dividend Income

Dividend revenue is recognized when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in consolidated statement of comprehensive income.

(K) Net Gain/(Loss) on Financial Assets Designated 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 "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.

(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 exempt from all forms of taxation as there are no taxes on income, profits or capital gains in the Cayman Islands. However, the Subsidiary is liable for income tax in Cyprus on its taxable income (which excludes capital gains on trading of securities either of a revenue or capital nature) at a flat rate of 12.5% (2012: 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).

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted at the reporting date.

(N) Segment Information

For management purposes, the Fund is organised into one main operating segment, which invests in equity securities, debt instruments. 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 financial statements of the Fund as a whole.

(in thousands of US dollars)

(O) Changes in Accounting Policies and Disclosures

New and Amended Standards and Interpretations

During the current period the Fund adopted all the new and revised accounting standards that are relevant to its operations and are effective for the accounting year beginning on January 1, 2013, as follows:

The nature and the impact of each new standards and amendments are described below:

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net losses or gains on available-for-sale financial assets) upon would be presented separately from items that will not be reclassified. The amendment affects presentation only and has not impact on the Fund's consolidated financial position or performance.

IAS 1 Clarification of the Requirement for Comparative Information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position, presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments have no impact on the Fund's consolidated financial position or performance.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32. As the Fund is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Fund.

IFRS 10 Consolidated Financial Statements and Investment Entities Amendments

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of the Subsidiary held by the Fund.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not impacted the consolidated financial statements of the Fund as the Fund has no such arrangements.

IFRS 12 Disclosures of Interest in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements. The amendments affect presentation only and have no impact on the Fund's consolidated financial position or performance.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Fund.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. The Fund provides these disclosures in Note 8.

(in thousands of US dollars)

Amendments to IAS 19 Employee Benefits

The IASB has published amendments to IAS 19 *Employee Benefits*, effective for annual periods beginning on or after January 1, 2013, which involve major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. These amendments had no impact on the Fund's financial position.

IAS 27 Separate Financial Statements (revised)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This standard has not impacted the consolidated financial statements of the Fund.

IAS 28 Investments in Associates and Joint Ventures (revised)

Following the adoption of IFRS 11 and IFRS 12, IAS 28 explains how to apply the equity method to investments in joint ventures in addition to associates. This revision to IAS 28 has not impacted the consolidated financial statements of the Fund.

Recoverable Amount Disclosures for Non-financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units ("CGUs") for which an impairment loss has been recognised or reversed during the period. This amendment has not impacted the financial statements of the Fund.

(P) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt applicable standards when they become effective.

IFRS 9 Financial Instruments – Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to January 1, 2015. The Fund does not expect that the adoption of IFRS 9 will have material financial impact in future financial statements.

Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after January 1, 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The Fund now evaluates the impact of the adoption of the amendments.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

The amendments clarify the meaning of "currently has a legally enforceable right to set off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to impact the Fund's financial position or performance and are effective for annual periods beginning on or after January 1, 2014. These amendments are not expected to be relevant to the Fund, since there are no such arrangements.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. These amendments are not expected to be relevant to the Fund.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014 are not expected to be relevant to the Fund.

(in thousands of US dollars)

4. Significant Accounting Judgments and Estimates

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

Going Concern

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

Functional Currency

The primary objective of the Fund is to generate returns in US dollar, its capital-raising currency. The term of the Fund is limited and thus its liquidity is managed on a regular basis in US dollar in order to handle the acquisition of its shares at the end of the Fund's term. The Fund's performance is evaluated in US dollar. Therefore, the management considers the US dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the fund performs sensitivity analysis.

Impairment of Investments Available for Sale

The Fund holds investments in several companies that do not trade in an active market. Future adverse changes in market conditions, poor operating results 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.

Allowance for Loan Impairment

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, or national or local economic conditions that correlate with defaults on assets. Management uses its experienced judgment to adjust available data to reflect current circumstances.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

(in thousands of US dollars)

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

As at December 31, 2013 and 2012 financial assets designated at fair value through profit or loss comprised ordinary shares of the following issuers:

	2013	2012
	USD	**USD**
Quoted equity securities		
GAZ OJSC	–	662
Arzamas Instrument Plant Limited	–	–
	–	**662**

In September 2013 the shares of Arzamas Instrument Plant Limited and GAZ OJSC were disposed. The realized loss from the deal amounted to USD 157.

As of December 31, 2012 fair value of the Fund's investment in Sakaras Holding Limited and Pleasure Machine CJSC was USD Nil. Decrease in fair value resulted from significant deterioration in the financial position and financial performance of these companies. As of December 31, 2013 the Fund did not identify improvements of these companies financial position and financial performance, thus fair value remained USD Nil.

Refer to Note 14 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, 2013		December 31, 2012	
	Cost	**Fair value**	**Cost**	**Fair value**
	USD	**USD**	**USD**	**USD**
Ordinary unquoted shares				
UCP Chemicals AG	7,952	2,164	7,952	2,301
Golden League Ltd.	5,257	840	5,013	541
Karavan Real Estate Ltd.	12,302	–	12,302	–
	25,511	**3,004**	**25,267**	**2,842**
Unquoted equity participation note				
Rekha Holdings Ltd.	15,065	17,575	15,065	16,947
	40,576	**20,579**	**40,332**	**19,789**

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 of December 31, 2012 the Fund identified objective evidence of impairment of Golden League Ltd. and Karavan Real Estate Ltd. and recognized respective impairment loss of USD 2,865 in the consolidated statement of comprehensive income.

As of September 16, 2013 outstanding loan balance payable to the Fund by Golden League Ltd. amounting to USD 244 was converted into Golden League Ltd. shares with the recovery of allowance of USD 144 recognized in the consolidated statement of comprehensive income.

In January 23, 2014 the Fund entered into an agreement with a third party to sell all shares held in Golden League Ltd. for USD 840. In May 2014 the transaction was completed.

(in thousands of US dollars)

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

	Unrealized gain/(loss) on investment securities available for sale
	USD
January 1, 2012	**961**
Net unrealized loss on investment securities available for sale	(1,805)
Impairment of investment securities available for sale	2,865
December 31, 2012	**2,021**
Net unrealized gain on investment securities available for sale	646
December 31, 2013	**2,667**

Net gain on investment securities available for sale, amounting to USD 646 was recognised within "Other comprehensive income/(loss) for the year" (2012: net gain on investment securities available for sale, amounting to USD 1,060).

7. Loans and Receivables

As of December 31, 2012 outstanding balance of loans and receivable was USD 19 and comprised accounts receivable representing dividends receivable from the Fund's investee.

	Maturity	Interest rate	2013	2012
			USD	**USD**
Golden League Ltd.	December 31, 2012	12%	–	–
			–	–

As of December 31, 2012 the Fund had a loan with a carrying amount of USD 228 from Golden League Ltd. that was not repaid at scheduled maturity. Based on the Fund's assessment of recoverability 100% allowance for loan impairment was recognized in consolidated statements of comprehensive income During 2013 the outstanding loan balance payable to the Fund by Golden League Ltd. was converted into Golden League Ltd. shares (Note 6). Interest income accrued for 2013 amounted to USD Nil (2012: USD 24).

8. Other Accounts Receivable

As of December 31, 2013 and 2012 the Fund had a receivable ("Lubel receivable") under the put option agreement with shareholders of Lubel Coal Company Ltd. (the "writers of the put option") with a carrying value of USD 15,785 (2012: USD 15,227).

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. As obligation of the writers of the put option was 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. Besides, 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 thousands of US dollars)

On renegotiated maturity date the writers of the put option failed to repay their obligation to the Fund. As a result the Fund filed a claim to the International Arbitration Tribunal (the “Tribunal”). In December 2011 according to the decision of the Tribunal the writers of the put option were obliged to repay their obligations in amount of USD 19,189 during 30 days after the Tribunal’s decision (the Award). It was decided that the interest of 12% per annum will be accrued from April 28, 2011 up to the date of actual repayment. In accordance with the Tribunal’s decision the Fund is awarded the cost of arbitration and arbitration fees, including reasonable legal fees and expenses incurred in the arbitration. Total amount of reimbursement established by the Tribunal amounted to USD 550 and was recognized by the Fund in consolidated statement of comprehensive income as “Other income” in the year 2012. The amount was added to amount receivable from writers of the put option. Total amount receivable was USD as of December 31, 2013 USD 25,915 (2012: USD 23,613).

Shares of Lubel Coal Company Ltd. pledged to the Fund were transferred to the Fund in order to sell them together shares owned by the Fund as of December 31, 2010 aiming the repayment of receivable from writers of the put option. In case if the consideration received from sale of mentioned shares of Lubel Coal Company Ltd. is higher than the amount of receivable, the Fund is obliged to transfer the surplus to the writers of the put option. In case if consideration received is lower, the writers of the put option are obliged to reimburse the difference to the Fund.

For the year ended December 31, 2013 the Fund recognized interest income within consolidated statement of comprehensive income in amount of USD 558 (2012: 2,309). For the year ended December 31, 2012 based on the Fund’s assessment of impairment of the total amount receivable from writers of the put option the Fund recognized allowance for impairment within consolidated statement of comprehensive income in amount of USD 8,386. The recoverable amount was determined based on the estimated fair value of the shares of Lubel Coal Company Ltd, held by the Fund, as well as expected recoveries from the Award. Total charge of allowance for accounts receivable and loan impairment amounted to USD Nil (2012: USD 8,614 and included allowance for impairment of loan issued to Golden League Ltd. (Note 7)).

Fair value of shares of Lubel Coal Company Ltd. held by the Fund aiming to be disposed for repayment of receivable from writers of the put option was USD 15,785 (2012: USD 17,017). It was calculated using valuation model based on market non-observable inputs (Note 14).

9. 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, 2013 the Fund’s net assets amounted to USD 35,249 (2012: USD 34,402) which was less than the total aggregate issue price for the participating shares. As a result no performance fees were recognized.

Management fees are equal to 2% per annum of the aggregate net assets value of the Fund calculated in accordance with the Offering memorandum. 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 2013 a management fee of USD 907 (2012: USD 943) was incurred. As of December 31, 2013, the management fee payable amounted to USD 1,850 (2011: USD 943).

10. 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, 2013 and 2012, 100 Management shares have been issued at US dollar 0.01 each and 1,324,932 profit participating, non-voting 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.

(in thousands of US dollars)

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.

In the year 2013 and 2012 the Fund did not declare dividends.

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.

As at December 31, 2013 and 2012, the Fund's operations were funded by issued share capital.

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.

	2013	2012
		USD
Net assets as reported to shareholders	**44,674**	**45,415**
Net loss on financial assets designated at fair value through profit or loss	–	(110)
Net gain/(loss) on investment securities available for sale	687	(2,620)
Allowance for loan impairment	(8,863)	(8,863)
Other adjustments and accruals	(2,176)	580
Adjusted net assets per consolidated financial statements	**34,322**	**34,402**
Net asset value per participating share as reported to shareholders (in US dollars)	**33.72**	**34.28**
Adjustments per participating share (in US dollars)	(7.82)	(8.31)
Net asset value per participating share per these consolidated financial statements (in US dollars)	**25.90**	**25.97**

(in thousands of US dollars)

11. 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 Fund.

Cyprus

The Subsidiary is subject to corporation tax under the laws of Cyprus on its taxable profits at the rate of 12.5% (2012: 10%). Capital gains derived on sale of securities are tax exempted (except for capital gains realized in connection with sale of shares in companies deriving their fair value or the greater part of their value from immovable property located in Cyprus). Similarly interest on borrowings to finance acquisitions of securities is not a tax allowable expense.

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

USD	**2013**	**2012**
Accounting loss before tax	**(725)**	**(9,960)**
Theoretical income tax expense at the Fund's statutory rate	–	–
Tax benefit calculated at domestic rate applicable to the Subsidiary (2013: 12.5%; 2012: 10%)	(91)	(1,512)
Tax effect of non-deductible expenses	91	1,560
Tax effect of income exempt from tax	–	(32)
Withholding tax	1	6
Tax charge for the year	**1**	**22**
Adjustment of income tax for prior periods	–	–
Income tax expense	**1**	**22**

12. Commitments and Contingencies

Operating Environment

The Fund's activity is mainly focused on investments in entities in the financial sector of the Russian Federation.

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

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in uncertainty regarding further economic growth, availability of financing and cost of capital, which could negatively affect the Fund's future financial position, results of operations and business prospects.

Management believes it is taking appropriate measures to support the sustainability of the Fund's business in the current circumstances.

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.

(in thousands of US dollars)

13. Financial Risk Management

General

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

According to its initial investment strategy the Fund intended to invest in companies which were planning to undertake an IPO in the next few years. Initially, the Fund intended to hold such investments until the IPO and sell them in or following the IPO. However, considering the remaining term to its maturity, the Fund will not make any new investments. Currently the Fund is in process of negotiation with possible investors to dispose of its investment portfolio.

In 2013 and 2012 the Fund's investment portfolio comprised unlisted equities which it intends to 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 Compliance Controller of the Investment Manager. In instances where the portfolio has diverged from target asset allocations, the 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. 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, 2013	December 31, 2012
		USD
Cash and cash equivalents	284	56
Amounts due from broker	2	32
Loans and receivables	–	19
Other accounts receivable	15,785	15,227
Total credit risk exposure	**16,071**	**15,334**

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, 2013	High rated*	Low rated	Not rated	Total
Cash and cash equivalents	70	214	–	**284**
Amounts due from broker	–	–	2	**2**
Other accounts receivable	–	–	15,785	**15,785**
Total	**70**	**214**	**15,787**	**16,071**

(in thousands of US dollars)

As at December 31, 2012	High rated*	Low rated	Not rated	Total
Cash and cash equivalents	56	–	–	**56**
Amounts due from broker	–	–	32	**32**
Loans and receivables	–	–	19	**19**
Other accounts receivable	–	–	15,227	**15,227**
Total	**56**	**–**	**15,278**	**15,334**

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

Note 8 provide further information regarding Other accounts receivable.

Major part of cash held by the Fund is held by Raiffeisen Bank to facilitate any payments or proceeds received in US dollars and rubles. The Fund also established a bank account with Royal Bank of Scotland (Isle of Man) to facilitate redemption and other payments. 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 and is tied to country of incorporation of bank or counterparty:

	December 31, 2013				December 31, 2012			
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	214	–	70	**284**	2	–	54	**56**
Amounts due from broker	–	–	2	**2**	–	–	32	**32**
Financial assets designated at fair value through profit or loss	–	–	–	**–**	662	–	–	**662**
Loans and receivables	–	–	–	**–**	–	–	19	**19**
Other accounts receivable	15,785	–	–	**15,785**	15,227	–	–	**15,227**
Investment securities available for sale	18,415	–	2,164	**20,579**	17,489	–	2,300	**19,789**
Other assets	–	–	15	**15**	–	–	7	**7**
Total assets	**34,414**	**–**	**2,251**	**36,665**	**33,380**	**–**	**2,412**	**35,792**
Liabilities								
Dividends payable	–	–	–	**–**	–	–	–	**–**
Management fee payable	–	–	1,850	**1,850**	–	–	943	**943**
Accounts payable and accrued expenses	67	14	412	**493**	42	11	394	**447**
	67	**14**	**2,262**	**2,343**	**42**	**11**	**1,337**	**1,390**
Net position	**34,347**	**(14)**	**(11)**	**34,322**	**33,338**	**(11)**	**1,075**	**34,402**

Liquidity Risk and Funding Management

In 2014 the Fund's term was extended to December 31, 2015. 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.

(in thousands of US dollars)

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 Assets and Liabilities by Remaining Maturities

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled.

The Fund's contractual undiscounted repayment obligations are approximated by the carrying values of respective liabilities.

				2013				***2012***
	Less than 1 year	***More than 1 year***	***No stated maturity***	***Total***	***Less than 1 year***	***More than 1 year***	***No stated maturity***	***Total***
Assets								
Cash and cash equivalents	284	–	–	**284**	56	–	–	**56**
Amounts due from broker	2	–	–	**2**	32	–	–	**32**
Financial assets designated at fair value through profit or loss	–	–	–	**–**	–	–	662	**662**
Loans and receivables	–	–	–	**–**	–	–	19	**19**
Other accounts receivable	–	–	15,785	**15,785**	–	–	15,227	**15,227**
Investments securities available-for-sale	20,579	–	–	**20,579**	19,789	–	–	**19,789**
Other assets	15	–	–	**15**	7	–	–	**7**
	20,880	**–**	**15,785**	**36,665**	**19,884**	**–**	**15,908**	**35,792**
Liabilities								
Management fee payable	1,850	–	–	**1,850**	943	–	–	**943**
Accounts payable and accrued expenses	493	–	–	**493**	447	–	–	**447**
	2,343	**–**	**–**	**2,343**	**1,390**	**–**	**–**	**1,390**

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 defined in Note 1 of the consolidated financial statements.

The Fund's market risk is managed on a regular 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.

(in thousands of US dollars)

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 sensitivity 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 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 effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than US dollars 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, euro and 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.

As of December 31, 2013 and 2012 the monetary assets and liabilities, subject to currency risk, were not significant.

Interest Rate Risk

The Fund does not have debt securities carried at fair value, or loans and receivables at floating interest rates, and therefore is not exposed to interest rate risk.

Other Price Risk

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.

At December 31, 2013 and 2012 no investments in any single instrument exceeded the set limits.

Sensitivity Analysis

Equity price risk is the risk of unfavorable changes in the fair values of equities. The equity price risk exposure arises from the Fund's investments in equity securities. The Fund manages this risk by investing in a variety of entities.

The Fund holds both – financial instruments designated through profit or loss and financial assets available for sale. Management's best estimate of the effect on the profit or loss for a year and "Other comprehensive income" due to a reasonably possible change in equity securities, with all other variables held constant is indicated in the table below. In practice, the actual results may differ from the sensitivity analysis below and the difference could be material.

	Effect on net assets attributable to shareholders and on the change in net assets attributable to share-holders from operations for the year		***Effect on other comprehensive income for the year***	
	2013	***2012***	***2013***	***2012***
Increase in fair value of investments by 15% (2012: 10%)	3,087	120	–	1,925
Decrease in fair value of investments by 15% (2012: 10%)	(2,561)	(211)	(526)	(1,695)

(in thousands of US dollars)

14. Fair Value of Financial Instruments

Financial Instruments Recorded at Fair Value

As of December 31, 2013 and 2012 fair value of the investment securities available-for-sale and financial assets designated at fair value through profit and loss which are not traded on an active market was estimated using valuation models or based on the over-the-counter ("OTC") transactions information. The combinations of observable and non-observable inputs were used for fair value determination. There were no transfers between the levels of the fair value hierarchy during 2013. During the year 2012 financial asset with fair value of USD 662 as of December 31, 2012) were transferred from Level 2 to Level 1 as market for these securities become active.

				December 31, 2013
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Investment securities available for sale	**–**	**–**	**20,579**	**20,579**
Ordinary unquoted shares	–	–	3,004	**3,004**
Unquoted equity participation note	–	–	17,575	**17,575**
	–	**–**		

				December 31, 2012
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets designated at fair value through profit or loss	**662**	**–**	**–**	**662**
Quoted equity securities	662	–	–	**662**
Investment securities available for sale	**–**	**–**	**19,789**	**19,789**
Ordinary unquoted shares	–	–	2,842	**2,842**
Unquoted equity participation note	–	–	16,947	**16,947**
	662	**–**	**19,789**	**20,451**

As of December 31, 2013 and 2012 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, 2013	**19,789**	**–**	**19,789**
Total gain recognised in profit or loss	144	**–**	**144**
Total gain recognised directly in net assets	646	–	**646**
As at December 31, 2013	**20,579**	–	**20,579**
Total gain for the year included in profit or loss for assets held at the end of the reporting year	**144**	**–**	**144**

(in thousands of US dollars)

	Investment securities available for sale	Financial assets designated at fair value through profit and loss	Total
	USD	**USD**	**USD**
As at January 1, 2012	**21,595**	**–**	**21,595**
Total loss recognised in profit or loss	(2,866)	–	**(2,866)**
Total loss recognised directly in net assets	1,060	–	**1,060**
As at December 31, 2012	**19,789**	**–**	**19,789**
Total losses for the year included in profit or loss for assets held at the end of the reporting year	**2,866**	**–**	**2,866**

The valuation of financial instruments is performed annually by the Investment Manager and reviewed by the Directors of the Fund. The valuations are subject to quality assurance procedures. The Investment Manager verifies the major inputs applied in the valuation by agreeing the information in the valuation computation to relevant documents and market information, reviews inputs for significant changes, and will consult with external appraisers if considered appropriate. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the preceding periods, if fair value changes (positive or negative) are significant, reasons for the changes are further considered. After the checks above have been performed the Investment Manager presents the valuation results to the Directors of the Fund for their review and approval. As of December 31, 2013 and 2012 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.

For the purpose of valuing the Fund's investment in UCP Chemicals AG the Fund's management applied net assets method under the cost approach. Key assumption used in fair value calculation was lack of control discount of 30% (2012: 30%) and lack of marketability discount 15% (2012: 15%).

As of December 31, 2013 increase or decrease in the discount for lack of control by 15%, which was considered a reasonably possible alternative assumption, would have caused a respective decrease or increase in fair value by USD 464, respectively (2012: USD 95).

For the purpose of valuing the Fund's investment in the equity participation note issued by Rekha Holdings Ltd. the Fund's management applied guideline companies method under market approach based on transaction multiples. The most significant key assumptions used in estimating the fair value of investment were:

	2013	**2012**
Lack of control discount	23%	23%
Price/net assets	1.02	0.95

As of December 31, 2013 increase or decrease in the discount for lack of control embedded in the price to net assets multiple by 15%, which was considered a reasonably possible alternative assumption, would have caused a respective decrease or increase in fair value by USD 224 or USD 1,926, respectively (2012: USD 216 or USD 1,857).

Financial Assets and Liabilities Not Carried at Fair Value

Cash and cash equivalents, accounts payable, accrued and prepaid expenses are liquid or have a short term maturity (less than three months), therefore it is assumed that the carrying amounts of these financial assets and liabilities approximate to their fair value.

Fair value of shares of Lubel Coal Fund Ltd. used in estimation of recoverable amount of other accounts receivable was calculated applying pricing model based on discounted cashflow method. Key assumption used in fair value calculated was forecasted coal price: as of December 31, 2013 135.2 USD/t for Block 1 and 2 and 121.7 USD/t for Block 3 (2012: 106.9 USD/t for Block 1 and 2 and 96.2 USD/t for Block 3). Increase or decrease of forecasted coal price, which is considered a reasonably possible alternative assumption, will cause respective change in fair value amounting to loss of USD 2.969 (2012: USD 5,135) and gain USD 2,969 (2012: USD 5,135) (Note 8).

(in thousands of US dollars)

15. Related Party Transactions

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

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

The Fund's related party transactions were made on terms equivalent to those that prevail in arm's length transactions in 2013 and 2012.

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

- Investment Manager – Renaissance Asset Managers (Guernsey) Limited (before November 12, 2013);
- Renaissance Managers Limited (from November 12, 2013);
- Other entities under common control;
- Directors – the list of the Fund's Directors in shown on page 3.

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

			2013			2012
	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	**943**	**–**	**–**	**267**	**–**	**–**
Management fee accrued	907	–	–	943	–	–
Management fee paid	–	–	–	(267)	–	–
Management fee payable at December 31	**1,850**	**–**	**–**	**943**	**–**	**–**
Amounts due from broker	–	–	2	–	–	32
Investment securities available for sale	–	–	17,575	–	–	16,947
Other operating expenses	–	38	38	–	31	31

16. Events after the Reporting Date

In January 23, 2014 Agrera Investments Limited completed an agreement with Dafanair International Inc. to sell shares of Golden League Limited in the amount of 24,238,795 to Dafanair International Inc.

As a result of the political tensions over the crisis in Ukraine, subsequent to December 31, 2013 the European Union, the United States and certain other countries have imposed sanctions against Russia, including sanctions on the Russian financial sector. The largest Russian state-owned banks were cut from US and EU's debt and capital markets. In April 2014 the rating agency Standard & Poor's downgraded Russia's sovereign debt rating to the lowest investment grade with a negative outlook.

Russian ruble has weakened significantly. The United States dollar / Russian ruble official exchange rate dropped from 32.66 as at January 1, 2014 to 38.34 as at the date of the consolidated financial statements.

At present, there is an uncertainty regarding introduction of further sanctions, their effect on economic growth in Russia. This uncertainty might have a significant effect on the valuation of the Fund's investments, which is not currently determinable.

In March 2014, the Fund's subsidiary has filed a petition to the United States Districted Court of New York for the motion for summary judgment entering judgment on an arbitration award and enforcing the Award.

The recoverability of the Lubel receivable (Note 8) is largely dependent on the value of Lubel Coal Company Ltd., whose major assets represent mining licenses for the coal fields in Western Ukraine. The ongoing economic crisis in Ukraine, weakening of its currency, and armed conflict between Ukrainian government and separatist movements in the Eastern Ukraine may affect the value of Lubel Coal Company Ltd. and recoverable amount of Lubel receivable. The effect may be significant and is not currently determinable.