

**RenShares Utilities Limited**  
Consolidated financial statements  
For the year ended 31 December 2008

Consolidated financial statements for the year ended 31 December 2008

**Contents**

Directors and other information .....	1
Investment manager's report .....	3
Independent auditors' report .....	5
Consolidated income statement .....	7
Consolidated balance sheet .....	8
Consolidated statement of changes in net assets attributable to shareholders .....	9
Consolidated cash flow statement .....	10
Notes to the consolidated financial statements .....	11

## RenShares Utilities Limited

---

### Directors and other information

<b>Directors</b>	Alexander Kotchoubey (resigned 27 June 2008) Yves Guntern (appointed 27 June 2008, resigned 8 May 2009) David Blair James Keyes
<b>Registered office</b>	C/o Appleby Corporate Services (BVI) Ltd Palm Grove House PO Box 3190 Road Town Tortola British Virgin Islands
<b>Investment manager</b>	Renaissance Capital Investment Management Limited Palm Grove House P.O. Box 3190 Road Town Tortola British Virgin Islands
<b>Custodians</b>	LLC Renaissance Broker Moscow City, Naberezhnaya Tower, Block C Krasnopresnenskaya nab.18 Moscow 123317 Russia  Renaissance Advisory Services Ltd. Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
<b>Administrator, registrar, transfer agent and company secretary</b>	Custom House Fund Services (Ireland) Limited 25 Eden Quay Dublin 1 Ireland
<b>Independent auditor</b>	Ernst & Young LLC Sadovnicheskaya Nab., 77, bld. 1 Moscow 115035 Russia

RenShares Utilities Limited

---

Directors and other information (continued)

**General legal counsel**

Akin Gump Strauss Hauer & Feld  
City Point, Level 32  
1 Ropemaker Street  
London  
EC 2Y 9AW  
United Kingdom

**British Virgin Islands counsel**

Appleby Spurling Hunter  
Palm Grove House  
PO Box 3190  
Road Town  
Tortola  
British Virgin Islands

## Investment Manager's report

Throughout 2008 the Investment Manager continued with the strategy of decreasing the Fund's exposure to generation assets while gradually increasing it to distribution assets, the same strategy pursued by the Fund in 2007.

The Investment Manager sees significant value in the Russian energy distribution companies ("discos"). Throughout 2008 as well as this year discos were in the process of switching from cost plus ratification, the method which was used to regulate them before, to Regulated Asset Base (RAB) tariff method. The later is a much more efficient way to regulate natural monopolies as it allows for a proper and transparent return on capital invested. In particular according to the Russian regulation, the companies switching to RAB are allowed 6% return on capital base this year increasing to 12% already in 2011. The transfer to RAB ratification is done on a region by region basis. It commenced in the middle of last year and so far 9 regions out of 72 have had the transfer completed. By the end of 2009 two of the largest distribution companies, one from Moscow and one from St. Petersburg are expected to convert to RAB with the remaining regions to convert to RAB next year.

The current average value of RAB, for the first nine companies to switch to the new method, is 2.1 times book value of assets according to the Russian accounts. At the same time those companies currently trade on the secondary market at 0.5 times book value of assets implying a significant upside from current levels.

As the market situation calms down and as the remaining companies switch to RAB (and we expect that for the remaining companies switching to RAB the average RAB value to book will stay around similar levels to that for the first 9) the discos should appreciate in price.

Up till now the Fund managed to successfully exit from the majority of its positions in generation assets including OGK-3, TKG-10, Novosibirskenergo and Bashkirenergo. At the same time the Fund did not manage to sell all of its generation assets. In particular, at the end of 2008 and beginning of 2009 the Fund was planning to exit from 3 positions in generation companies ("gencos") by participating in the buy backs which either had been called already or were expected to be called as a result of the purchases by strategic investors of stakes in the gencos exceeding 30% (which necessitates making a buyback offer under the Russian law). In particular, both TKG-4 and TKG-2 have called a buy back in the summer of 2008 with offers closing in October of last year. Following the acquisition of TKG-14 by Energopromsbit last May, that company was expected to call a buy back in September last year.

However, days before the buyback offers for both TKG-4 and TKG-2 were to close, strategic investors that purchased those companies announced that they are cancelling them. The justifications for doing so in either of the two cases were far from transparent. Following that in November last year Energopromsbit said that it will not be making a buyback offer for TKG-14 either.

In all of these three cases the Fund is either participating or planning to participate in legal actions to force the buyers to make good on their buy back obligations. At the moment these companies make up 5.7% of the Fund's NAV. Should the legal action prove successful there is a significant upside as currently these three TGKs trade at levels substantially below those that were to be used during the buy backs. However, at this time the probability of a positive outcome of these legal proceedings is hard to estimate.

Investment Manager's report (continued)

In addition to the above mentioned TGKs the Fund also has some other residual positions in Russian gencos from which the Fund could not exit through the mandatory buy back as those companies either failed to privatize in time (TGK-12), were only partially privatized (TGK-11), or their privatization did not impose on the new strategic investors the obligation to call an immediate buy back (TGK-7). By now the Fund has opportunistically disposed the majority of those holdings. However, some residual holdings in these gencos, in total accounting for just 2.6% of the Fund's NAV, are still being held by the Fund. The Fund intends to continue divesting them opportunistically into the market.

In accordance with Fund's prospectus starting with 2008 every year the Fund is to hold an Annual General Meeting ("AGM") to decide on whether it should be prolonged. To that effect in September of 2008 the Fund held an AGM which decided on extending the Fund for a year. In 2008 the Fund continued to distribute some of the proceeds received from the sale of generation assets to investors. In particular in August 2008 the Fund did a voluntary buy back of shares, distributing approximately US\$ 75 million of capital to investors.

## Independent auditors' report

To the shareholders and Board of Directors of RenShares Utilities Limited

We have audited the accompanying consolidated financial statements of RenShares Utilities Limited (the Fund), which comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, consolidated statement of changes in net assets attributable to shareholders and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

Our 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 whether the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Emphasis of matter*

Without qualifying our opinion, we draw attention to Note 21 of the consolidated financial statements which indicates that the Fund's term may end in 2009. Continuation of operations of the Fund depends upon the decisions of the shareholders of the Fund. These outstanding decisions indicate the existence of a material uncertainty which may cast significant doubt about the Fund's ability to continue as a going concern.

*Ernst & Young LLC*

9 June 2009



## RenShares Utilities Limited

---

### Consolidated income statement

*for the year ended 31 December 2008*  
*(stated in United States dollars)*

	Notes	2008 US\$	2007 (restated) US\$
<b>Income</b>			
Interest income	9	1,578,772	2,122,127
Dividend income		897,090	2,137,582
Net (loss) / gain on financial instruments at fair value through profit or loss	14	(321,743,496)	220,904,873
<b>Total operating (loss) / income</b>		<b>(319,267,634)</b>	<b>225,164,582</b>
<b>Expense</b>			
Interest expense	10	(2,908,595)	(3,590,206)
Management fees	11	(5,539,682)	(7,511,324)
Performance fees reversal / (charge)	11	25,210,576	(20,186,066)
Custodian fees reversal / (charge)	12	525,408	(333,088)
Directors fees reversal / (charge)		15,415	(15,098)
Administration fees	12	(477,738)	(600,356)
Organisation fees		-	(28,583)
Other operating expenses		(193,367)	(120,927)
<b>Total reversal / (expenses)</b>		<b>16,632,017</b>	<b>(32,385,648)</b>
<b>(Loss) / profit before tax</b>		<b>(302,635,617)</b>	<b>192,778,934</b>
Income tax expense	16	(482,242)	-
<b>(Decrease) / increase in net assets attributable to shareholders from operations</b>		<b>(303,117,859)</b>	<b>192,778,934</b>

The accompanying notes form part of the consolidated financial statements.

## RenShares Utilities Limited

### Consolidated balance sheet

as at 31 December 2008  
(stated in United States dollars)

	Note	2008 US\$	2007 (restated) US\$
<b>Assets</b>			
Cash and cash equivalents	5	4,284,956	469,842
Due from brokers	6	12,177,831	-
Loans receivable	7	51,184,134	-
Interest receivable on securities lending	9	-	1,947,373
Financial assets at fair value through profit or loss	14	57,324,754	602,356,628
Other assets		1,565	7,500
<b>Total assets</b>		<b>124,973,240</b>	<b>604,781,343</b>
<b>Liabilities</b>			
Due to brokers	6	-	(50,095,993)
Borrowings	8	-	(24,080,000)
Management and performance fees payable	11	(614,553)	(29,010,022)
Other accounts payable and accrued expenses	12	(518,608)	(1,058,614)
<b>Total liabilities excluding net assets attributable to shareholders</b>		<b>(1,133,161)</b>	<b>(104,244,629)</b>
<b>Net assets attributable to shareholders</b>	15	<b>123,840,079</b>	<b>500,536,714</b>
<b>Shares in issue - Class A</b>	13	<b>105,955,205</b>	<b>132,125,899</b>
<b>Net asset value per share (US\$)</b>	15	<b>1.17</b>	<b>3.79</b>

The accompanying notes form part of the consolidated financial statements.

Signed and authorised for release on behalf of the Board of Directors of the Fund on 9 June 2009.

  
**James Keyes**  
Director

  
**David Blair**  
Director

## RenShares Utilities Limited

---

### Consolidated statement of changes in net assets attributable to shareholders

*for the year ended 31 December 2008*  
*(stated in United States dollars)*

	Note	Number of redeemable shares US\$	Net assets attributable to shareholders (calculated in accordance with IFRS) US\$
<b>Balance at 1 January 2007</b>		<b>131,402,443</b>	<b>313,272,770</b>
Issue of redeemable shares		29,179,924	103,039,088
Redemption of redeemable shares		(26,012,296)	(99,975,034)
Repurchase of redeemable shares (treasury shares) (restated)		(2,444,172)	(8,579,044)
Decrease in net assets attributable to shareholders from transactions in redeemable shares (restated)			(5,514,990)
Increase in net assets attributable to shareholders from operations (restated)			192,778,934
<b>Balance at 31 December 2007 (restated)</b>	13	<b>132,125,899</b>	<b>500,536,714</b>
Redemption of redeemable shares		(26,667,262)	(74,974,874)
Sale of repurchased redeemable shares (treasury shares)		496,568	1,396,098
Decrease in net assets attributable to shareholders from transactions in redeemable shares			(73,578,776)
Decrease in net assets attributable to shareholders from operations			(303,117,859)
<b>Balance at 31 December 2008</b>	13	<b>105,955,205</b>	<b>123,840,079</b>

The accompanying notes form part of the consolidated financial statements.

## RenShares Utilities Limited

### Consolidated cash flow statement

for the year ended 31 December 2008  
(stated in United States dollars)

	<b>2008</b>	<b>2007</b> <b>(restated)</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities</b>		
(Decrease) / increase in net assets attributable to shareholders from operations	(303,117,859)	192,778,934
Adjustments to reconcile (decrease)/ increase in net assets attributable to shareholders from operations to net cash from operating activities		
Interest expense	2,908,595	3,590,206
Net changes in operating assets and liabilities		
Decrease / (increase) in financial assets at fair value through profit or loss	545,031,874	(270,655,801)
(Increase) in loans receivable	(51,184,134)	-
Decrease / (increase) in interest receivable on securities lending	1,947,373	(1,947,373)
(Increase) in due from broker	(12,177,831)	-
Decrease / (increase) in other assets	5,935	(7,500)
(Decrease) / increase in accounts payable	(28,935,475)	16,564,622
(Decrease) / increase in due to broker	(50,095,993)	44,769,991
<b>Net cash provided by / (used in) operating activities</b>	<b>104,382,485</b>	<b>(14,906,921)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	19,000,000	356,000,000
Repayment of borrowings	(43,000,000)	(332,000,000)
Interest paid	(2,988,595)	(3,510,206)
Proceeds from the issue of redeemable shares	-	103,039,088
Payments on redemption of redeemable shares	(74,974,874)	(99,975,034)
Proceeds from sale of redeemable shares (treasury shares)	1,396,098	-
Repurchase of redeemable shares (treasury shares)	-	(8,579,044)
<b>Net cash flows (used in) / provided by financing activities</b>	<b>(100,567,371)</b>	<b>14,974,804</b>
Net increase in cash and cash equivalents	3,815,114	67,883
Cash and cash equivalents at the beginning of the year	469,842	401,959
<b>Cash and cash equivalents at the end of the year</b>	<b>4,284,956</b>	<b>469,842</b>
<b>Operating cash flows from interest, dividends and tax</b>		
Interest received	3,526,146	174,754
Dividends received net of withholding tax	897,090	2,137,582
Income tax paid	(415,303)	(30,422)

The accompanying notes form part of the consolidated financial statements.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **1. Incorporation and background information**

RenShares Utilities Limited (the “Group” or the “Fund”) was incorporated as a limited liability company under the laws of the British Virgin Islands on November 30, 2004. The Fund is a closed-ended investment vehicle under British Virgin Islands law and as such is not a regulated entity under the Mutual Funds Act (as amended) of the British Virgin Islands. Shares of the Fund are listed on the Bermuda Stock Exchange and Russian Trading System Stock Exchange.

Two classes of shares, Class RenNet and Class RenGen, were initially offered for sale. Each class invests via wholly owned subsidiaries, RenNet Limited and RenGen Limited, respectively. Such subsidiaries have been established to assist each Class in utilising tax efficiencies, where available. Both subsidiaries were incorporated in Cyprus as private limited companies in accordance with the provisions of the Companies Law, Cap.113, on 30 December 2004. In August 2005, Class RenNet was merged with Class RenGen, and the assets of RenNet Limited were transferred to RenGen Limited.

These consolidated financial statements present the consolidated balances and results of the Fund and its subsidiaries.

The investment objective of the Group is to achieve medium-term capital appreciation through investment in companies engaged in electricity generation, transmission, distribution and related businesses in Russia. Most of the Fund’s investments are listed and traded on stock exchange markets in Russia.

The Russian Federation has been experiencing political and economic change which has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in Russia involve risks, which do not typically exist in other markets. The accompanying consolidated financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

The Fund’s registered office is C/o Appleby Corporate Services (BVI) Limited, Palm Grove House, PO Box 3190, Road Town, Tortola, British Virgin Islands.

The Fund’s investment activities are managed by Renaissance Capital Investment Management Limited (the “Investment Manager”). The Fund’s custodians are LLC Renaissance Broker and Renaissance Advisory Services Limited. The Fund’s administrator is Custom House Fund Services (Ireland) Limited (the “Administrator”).

The consolidated financial statements of the Group for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 9 June 2009.

# RenShares Utilities Limited

---

## Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### **2. Significant accounting policies**

#### **(a) Basis of preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities that have been measured at fair value.

The functional and presentation currency of the Group is United States dollars, reflecting the fact that the redeemable shares of the Fund are issued in United States dollars and the Group's investing activities are primarily conducted in United States dollars.

#### **(b) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies detailed below have been applied consistently by the Group and are consistent with those used in previous periods. The consolidated financial statements are presented in United States dollars (US\$).

#### **(c) Taxation**

There are no taxes on income, profits or capital gains in the British Virgin Islands. Taxes may arise in Cyprus for the company's subsidiaries, or in Russian Federation, mainly in relation to dividend income.

#### **(d) 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.

*Financial assets and liabilities at fair value through profit or loss*

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

*Financial assets and liabilities held for trading:* Financial assets held for trading include equity securities, investments in managed funds and debt instruments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. Derivative financial instruments entered into by the Fund do not meet the hedge accounting criteria as defined by IAS 39.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

## **2. Significant accounting policies (continued)**

### **(d) Financial instruments (continued)**

*Financial instruments designated at fair value through profit or loss upon initial recognition:* These include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document. The financial information about these financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Financial assets and liabilities that are not at fair value through profit or loss include loans and receivables, accounts payable and accrued expenses, due to / from broker, redemptions payable, subscriptions pending and financial liabilities arising on redeemable shares.

#### (ii) Recognition

The Fund recognizes financial assets and liabilities on the date it becomes party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognized using trade date accounting. From this date any gains or losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

#### (iii) Measurement and fair value measurement principles

All financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition all instruments classified at fair value through profit or loss are re-measured at fair value.

#### *Fair value consideration:*

Financial instruments which have a quoted market price in an active market are measured based on quoted bid prices for long securities and quoted offer prices for short securities. If the market for a financial instrument is not active, fair value is established by using a valuation technique. 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. Investments in other unlisted open-ended investment funds are recorded at the net asset value per share as reported by administrators of such funds.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

## **2. Significant accounting policies (continued)**

### **(d) Financial instruments (continued)**

Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial instruments at fair value through profit or loss'.

The policy set out above regarding quoted securities which is based on IAS 39 requirements differs from the valuation policy as set out in the offering documents of the Fund, which states that investments in securities are stated at the market value of securities which are quoted on active market based on the last traded price on each valuation day. The policy is used to calculate the net asset value on each valuation day. See reconciliation at Note 15.

#### (iv) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognising in accordance with IAS 39. The Fund uses the first-in-first-out method to determine realised gains and losses on derecognition.

### **(e) Net gain or loss on financial instruments at fair value through profit or loss**

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

### **(f) Option contracts**

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right but not the obligation, to purchase from (call option) or sell to (put option) the writer of a specified underlying instrument at a specified price on or before a specified date. The Fund may enter into exchange traded and over the counter option contracts to meet the requirements of its risk management and trading activities.

The premium on purchased put options that are exercised is subtracted from the proceeds of the sale of the underlying security or foreign currency in determining the realised gain or loss. The premium on purchased call options that are exercised is added to the cost of securities or foreign currency purchased. Premiums paid on the purchase of options that expire unexercised are treated as realised losses. Gains and losses associated with the revaluation of options are recognised as unrealised appreciation or depreciation on investments. Fair value of options is determined according to accounting policies for financial assets and liabilities at fair value through profit or loss.



## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **2. Significant accounting policies (continued)**

##### **(g) Foreign currency translation**

The Fund's functional currency is the US dollar. However, it transacts business in currencies other than the US dollar. Assets and liabilities denominated in currencies other than the US dollar are translated into US dollar at the rates in effect at the balance sheet date. Income and expense items denominated in currencies other than the US dollar are translated into US dollar at the rates in effect during the period. Gains and losses resulting from the translation to US dollar are reported in the income statement.

##### **(h) Dividend revenue and expense**

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

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

##### **(i) Interest revenue and interest expense**

Interest income and expense is recognised in the income statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

##### **(j) Expenses**

All expenses are recognised in the income statement on an accruals basis.

##### **(k) Impairment of financial assets**

The Funds assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation 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 assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as a '*Credit loss expense*'.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **2. Significant accounting policies (continued)**

##### **(k) Impairment of financial assets (continued)**

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

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.

##### **(l) Due to and due from brokers**

Amounts due to brokers are negative balances on brokerage accounts.

Amounts due from the brokers include positive balances on brokerage accounts and margin accounts.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

Interest on positive brokerage account balances is recognised as interest income and interest on negative brokerage account balances is recognised as interest expense in the consolidated income statement as it is accrued.

##### **(m) Cash and cash equivalents**

Cash and cash equivalents comprises placements in bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash and margin commitments rather than for investment or other purposes.

##### **(n) Redeemable shares**

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

Shares are classified as financial liabilities according to IAS 32.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **2. Significant accounting policies (continued)**

##### **(n) Redeemable shares (continued)**

For the purpose of calculating the net assets attributable to shareholders in accordance with the Fund's redemption requirements, the value of securities which are quoted or dealt in on any stock exchange is based on the last traded price. This valuation of net assets value is different from the IRFS valuation requirements. The difference between the two valuations is presented in the Note 15 as 'Adjustment to bid market prices'.

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.

##### **(o) Consolidation of subsidiaries**

Subsidiaries are those enterprises controlled by the Fund. Control exists when the Fund has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled enterprises are eliminated to the extent of the Fund's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

##### **(p) Repurchase, reverse repurchase, securities lending and securities borrowing transactions**

Securities sold under agreement to repurchase at a specified future date (repos) are not derecognised from the Balance Sheet as the Fund retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the Balance Sheet with a corresponding obligation to return it (Cash collateral on securities lent and repurchase agreements), reflecting its economic substance as a loan to the Fund. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest method. When the counterparty has the right to sell or repledge the securities, the Fund reclassifies those securities in its balance sheet to 'Financial assets at fair value through profit or loss pledged as collateral'.

# RenShares Utilities Limited

---

## Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### **2. Significant accounting policies (continued)**

#### **(p) Repurchase, reverse repurchase, securities lending and securities borrowing transactions (continued)**

Conversely, securities purchased under agreements to resell at a specified future date (reverse repos) are not recognised in the Balance Sheet unless they are subsequently sold to third parties (in which case, the obligation to return the securities is recorded as a short sale within trading liabilities and measured at fair value with any gains or losses included in 'Net gain or loss on financial instruments at fair value through profit or loss'). The corresponding cash paid is derecognised and a corresponding receivable is recorded in the Balance Sheet reflecting the Fund's right to receive it back (Cash collateral on securities borrowed and reverse repurchase agreements). The difference between the purchase and resale prices is treated as interest revenue and is accrued over the life of the agreement using the effective interest method.

Securities lent to counterparties are not derecognised from the Balance Sheet as the Fund retains substantially all the risks and rewards of ownership. Cash received as collateral is recognised in the Balance Sheet with a corresponding obligation to return it (Cash collateral on securities lent and repurchase agreements). When the counterparty has the right to sell or repledge the securities, the Fund reclassifies those securities in its Balance Sheet to 'Financial assets at fair value through profit or loss pledged as collateral'.

Securities borrowed are not recognised in the Balance Sheet, unless they are subsequently sold to third parties (in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in 'Net gain or loss on financial instruments at fair value through profit or loss'). Cash delivered as collateral is derecognised and a corresponding receivable is recorded in the Balance Sheet reflecting the Fund's right to receive it back (Cash collateral on securities borrowed and reverse repurchase agreements).

#### **(q) Changes in accounting policies and disclosures**

(i) Standards, amendments and interpretations effective on 1 January 2008 but not relevant to the Fund's operations:

IFRIC 12: Services concentration arrangements; and

IFRIC 14, IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction.

(ii) Standards, amendments and interpretations issued but not effective on 1 January 2008 and have not been early adopted by the Fund:

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

## **2. Significant accounting policies (continued)**

### **(q) Changes in accounting policies and disclosures (continued)**

#### **Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and obligations Arising on Liquidation**

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

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

This amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items was issued on July 2008 and is applicable for annual periods beginning on or after 1 July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

#### **Amendment to IAS 1 Presentation of financial statements**

The amendment is part of the IASB's annual improvement project published in May 2008. The amendment clarifies that some rather than all financial and liabilities classified as held for trading in accordance with IAS 39 Financial instruments: Recognition and measurement are examples of current assets and liabilities respectively.

#### **Amendments to IAS 23 Borrowing Costs**

IAS 23 *Borrowing Costs* issued in March 2007 will supersede IAS 23 Borrowing Costs (revised in 2003). IAS 23 is effective for accounting periods beginning on or after 1 January 2009, with early application permitted. The main change from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

## **2. Significant accounting policies (continued)**

### **(q) Changes in accounting policies and disclosures (continued)**

#### **IFRIC 16 Hedges of a Net Investment in a Foreign Operation**

IFRIC 16 Hedges of a Net Investment in a Foreign Operation is effective for accounting periods beginning on or after 1 October 2008 with early application permitted. The Interpretation applies to an entity that hedges the foreign currency risk arising from its net investment in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

#### **IFRS 8 Operating Segments**

This standard requires disclosure of information about the Fund's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Fund.

For management purposes, the Fund is organised into one business unit. The Fund determined that this operating segment was the same as the business segment previously identified under IAS 14 Segment Reporting.

There are a number of minor amendments to IFRS 7 Financial instruments: Disclosures; IAS 8 Accounting policies, changes in accounting estimates and errors; IAS 10 Events after the reporting period and IAS 18 Revenue (all effective from 1 January 2009), which are part of the IASB's annual improvement project published in May 2008.

The Fund will apply above amendments from 1 January 2009. The Directors expect that adoption of the above pronouncements will have no material impact to the consolidated financial statements with the exception of the amendments to IAS 32, the possible impact of which is still under the Fund's consideration.

(iii) Standards, amendments and interpretations issued but not effective on 1 January 2008 and not relevant to the Fund's operations:

#### **Amendment to IFRS 2 Share-based Payments—Vesting Conditions and Cancellations**

This amendment to Share-based payments was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The standard restricts the definition of "vesting conditions" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

## **2. Significant accounting policies (continued)**

### **(q) Changes in accounting policies and disclosures (continued)**

(iii) Standards, amendments and interpretations issued but not effective on 1 January 2008 and not relevant to the Fund's operations (*continued*):

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

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

#### **IAS 1 (Revised 2007) Presentation of Financial Statements**

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

The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with the non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit and loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Fund intends to present one single statement of comprehensive income.

The Fund has no equity instruments or any component of 'other comprehensive income'.

#### **IFRIC 13 Customer Loyalty Programmes**

IFRIC 13 Customer Loyalty Programmes is effective for accounting periods on or after July 2008 with early application permitted. The Interpretation addresses accounting by the entity that grants loyalty award credits to its customers.

#### **IFRIC 15 Agreements for the Construction of Real Estate**

IFRIC 15 Agreements for the Construction of Real Estate is effective for accounting periods beginning on or after 1 January 2009 with early application permitted. The Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

# RenShares Utilities Limited

---

## Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### **2. Significant accounting policies (continued)**

#### **(q) Changes in accounting policies and disclosures (continued)**

Amendments that are part of IASB's annual improvement project published in May 2008 (not addressed above): IFRS 5 Non-current assets held-for-sale and discontinued operations; IAS 16 Property, Plant and Equipment; IAS 20 Accounting for Government Grants and Disclosures of Government Assistance; IAS 27 Consolidated and Separate Financial Statements; IAS 28 Investment in Associates; IAS 29 Financial Reporting in Hyperinflationary Economies; IAS 31 Interest in Joint ventures; IAS 34 Interim Financial Reporting: Earnings per share disclosure in interim financial reporting; IAS 36 Impairment of Assets: Disclosure of estimates used to determine recoverable amount; IAS 38 Intangible Asset Advertising and promotional activities; IAS 40 Investment Property; IAS 41 Agriculture.

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The key judgement relates to the selection of valuation policy for financial assets and liabilities (including assessment of impairment issues, fair value determination and methods used).

#### **Fair value of financial instruments**

When the fair value of financial assets and financial liabilities cannot be derived from active markets, it is 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.

Further information on the risks related to the investments is included in Note 19.

#### **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 in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Fund uses its experienced judgment to adjust observable data for a group of loans or receivables to reflect current circumstances.



## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### 4. Opening balances reclassifications and restatement

##### *Reclassifications*

The following reclassifications have been made to the 2007 balances to conform to the 2008 presentation:

	As previously reported	Reclassification	As reclassified
	US\$	US\$	US\$
<b>Consolidated balance sheet</b>			
<b>Assets</b>			
Cash and cash equivalents	-	469,842	469,842
Due from brokers	30,452	(30,452)	-
<b>Liabilities</b>			
Cash overdraft	(49,422,717)	49,422,717	-
Due to brokers	-	(50,095,993)	(50,095,993)
Borrowings	(24,000,000)	(80,000)	(24,080,000)
Management and performance fees payable	-	(29,010,022)	(29,010,022)
Other accounts payable and accrued expenses	-	(1,058,614)	(1,058,614)
Accounts payable and accrued expenses	(30,382,522)	30,382,522	-
<b>Consolidated income statement</b>			
Interest expense	-	3,590,206	3,590,206
Other operating expenses	3,711,133	(3,590,206)	120,927

##### *Restatement of previously issued 2007 financial statements:*

In course of the preparation of the consolidated financial statements for the year ended 31 December 2008 the Group identified the following prior period errors:

a) As of 31 December 2007 and for the year then ended the Group erroneously classified repurchased treasury shares as financial assets at fair value through profit or loss. As a result, as of 31 December 2007 the carrying value of financial assets at fair value through profit or loss and net assets attributable to shareholders were overstated by US\$9,439,881. Net gain on financial instruments at fair value through profit or loss for the year ended 31 December 2007 was overstated by US\$860,837. In addition, the number of shares in issue was overstated by 2,444,172 shares.

b) As of 31 December 2007, the Group did not accrue the interest receivable for securities lending. As a result interest receivable as of 31 December 2007 and interest income for the year ended 31 December 2007 were understated by US\$1,947,373.

## RenShares Utilities Limited

### Notes

as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)

#### 4. Opening balances reclassifications and restatement (continued)

These errors were corrected by restating the comparative information for the year ended 31 December 2007:

	<b>For the year ended and as of 31 December 2007</b>		
	<b>As previously reported</b>	<b>Amount of correction</b>	<b>As restated</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Consolidated balance sheet</b>			
Financial assets at fair value through profit or loss	611,796,509	(9,439,881)	602,356,628
Interest receivable on securities lending	-	1,947,373	1,947,373
Net assets attributable to shareholders	508,029,222	(7,492,508)	500,536,714
<b>Consolidated income statement</b>			
Net gain on financial instruments at fair value through profit or loss	221,765,710	(860,837)	220,904,873
Interest income`	174,754	1,947,373	2,122,127
<b>Consolidated statement of changes in net assets attributable to shareholders</b>			
Repurchase of redeemable shares (treasury shares)	-	(8,579,044)	(8,579,044)
Increase in net assets attributable to shareholders from operations	191,692,398	1,086,536	192,778,934

#### 5. Cash and cash equivalents

	<b>2008</b>	<b>2007 (restated)</b>
	<b>US\$</b>	<b>US\$</b>
Cash on bank accounts	4,284,956	469,842
	<b>4,284,956</b>	<b>469,842</b>

Cash is held in the highly reliably banks, for details of currency and counterparty risk exposure refer to Note 19.

#### 6. Due to / from brokers

	<b>2008</b>	<b>2007 (restated)</b>
	<b>US\$</b>	<b>US\$</b>
Cash on brokerage account	12,177,831	(50,126,445)
Other receivable / (payables)	-	30,452
<b>Total due to / (from) brokers</b>	<b>12,177,831</b>	<b>(50,095,993)</b>

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### 6. Due to / from brokers (continued)

Cash on brokerage account is represented by cash balance on Renaissance Advisory Services Limited account. Broker charges interest on positive account balance of 2% p.a. Interest payable on negative balance was 8% p.a. until February 2008 and then 12% p.a. afterwards.

#### 7. Loans receivable

	<b>2008</b>	<b>2007 (restated)</b>
	<b>US\$</b>	<b>US\$</b>
Renaissance Advisory Services LTD	50,966,667	-
Renaissance Capital Investment Management LTD	217,467	-
	<b>51,184,134</b>	<b>-</b>

A loan to Renaissance Advisory Services Limited was granted in the amount of US\$50,000,000 at the interest rate of 8% p.a., with a maturity of 2 March 2009. As of 31 December 2008 interest accrued amounted to US\$966,667.

In 2008 a loan to Renaissance Capital Investment Management Limited was granted in the amount of US\$4,000,000 at the interest rate of 16% p.a. The loan was partially repaid during the year. As of 31 December 2008 the outstanding principal amount is US\$158,776 and interest accrued is US\$58,691. The loan matures on 30 June 2009.

#### 8. Borrowings

As at 31 December 2007 borrowings are represented by loans payable including interest accrued in the amount of US\$24,080,000. The loan was provided to the Group, by Renaissance Advisory Services Limited at the interest rate of 8% p.a.. Loan was fully repaid in January 2008.

#### 9. Interest income

	<b>2008</b>	<b>2007 (restated)</b>
	<b>US\$</b>	<b>US\$</b>
Interest on bank accounts	36,245	37,984
Interest on positive brokerage account balance	511,310	136,770
Interest on loans receivable	1,031,217	-
Interest on securities lending	-	1,947,373
	<b>1,578,772</b>	<b>2,122,127</b>

In 2007 the Group lent TKG-10 securities. Interest income on securities lending comprised US\$1,947,373 and was received in 2008.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### 10. Interest expense

	<b>2008</b>	<b>2007</b> <b>(restated)</b>
	<b>US\$</b>	<b>US\$</b>
Interest on negative brokerage account balance	(2,576,315)	(1,350,799)
Interest on borrowings	(332,280)	(2,239,407)
	<b>(2,908,595)</b>	<b>(3,590,206)</b>

#### 11. Management and performance fees payable

	<b>2008</b>	<b>2007</b> <b>(restated)</b>
	<b>US\$</b>	<b>US\$</b>
Management fees payable	(614,553)	(1,978,060)
Performance fees payable	-	(27,031,962)
	<b>(614,553)</b>	<b>(29,010,022)</b>

Under the terms of the investment management agreement, the Investment Manager is paid a fee equal to 1.5% of the net asset value as at close of business on each business day. The fee is accrued daily and payable quarterly in arrears. During the year to 31 December 2008, fees of US\$5,539,682 (2007: US\$7,511,324) were incurred of which US\$614,553 (2007: US\$1,978,060) were outstanding at year end.

The Group will also pay to the Investment Manager a performance fee equal to 10% of the increase in the net asset value per share over and above the hurdle amount. The hurdle amount is equal to the original offer price per share plus 15% per annum (cumulative and compounded annually). Performance fees are payable on redemption or repurchase of shares. Performance fee provision for 2007 amounted to US\$20,186,066 and performance fee payable as of 31 December 2007 amounted to US\$27,031,962. During the year to 31 December 2008 performance fee of US\$1,821,386 was paid to the Investment Manager at the redemption of 26,667,262 redeemable shares. As the criteria for performance fee accrual at the end of 2008 were not met, the outstanding performance fee accrual amounting to US\$25,210,576 was reversed and payable at year end was nil.

#### 12. Other accounts payable and accrued expenses

	<b>2008</b>	<b>2007</b> <b>(restated)</b>
	<b>US\$</b>	<b>US\$</b>
Tax payable	(386,517)	(319,578)
Audit fees	(52,000)	(39,374)
Administration fees	(20,998)	(97,275)
Directors fees	-	(30,000)
Custody fees	-	(525,408)
Other fees and expenses	(59,093)	(46,979)
	<b>(518,608)</b>	<b>(1,058,614)</b>

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **12. Other accounts payable and accrued expenses (continued)**

From the date of incorporation to 31 December 2008 under the terms of the administration agreement, an administration fee is paid to the Group's administrator, Custom House Fund Services (Ireland) Limited ("Custom House") and will be payable monthly in arrears based on the daily net asset value. The administration fee is accrued at a rate of 0.2% of the net asset value to US\$50 million. This falls to 0.15% if such net asset value is between US\$50 million and US\$200 million, 0.10% if between US\$200 million and US\$400 million and 0.075% if the net asset value exceeds US\$400 million. During the year to 31 December 2008, fees of US\$477,738 (2007: US\$600,356) were incurred, of which US\$20,998 (2007: US\$97,275) were outstanding at year end.

Custody fees were accrued since the date of incorporation to 31 December 2007, amount of fees accrued comprised US\$ 525,408; there were no payments of custody fees for that period. Under the terms of Investment Deed agreement between the Fund and Renaissance Advisory Services Limited custody fees are not charged on the securities held of Russian issuers. During the period since the date of incorporation to 31 December 2008 the Fund held only investments in Russian securities. Custody fees accrued for prior periods in the amount of US\$ 525,408 were reversed in 2008.

#### **13. Redeemable shares**

The authorised share capital of the Fund is as follows:

	<u>2008</u>	<u>2007</u>
	US\$	US\$
Authorised		
100 Founder shares (US\$ 0.01 each)	1	1
200,000,000 Class RenGen shares (US\$0.01 each)	2,000,000	2,000,000
	<u>2,000,001</u>	<u>2,000,001</u>

The Founder Shares have been issued to the Investment Manager. The Founder Shares carry no right to any dividend and on liquidation they will rank pari passu inter se for return of the nominal amount paid up on them after the return of the nominal amount paid up on the redeemable shares.

All redeemable participation shares participate equally in such net assets of the Fund as are represented by the Fund on liquidation and in any dividends and other distributions attributable to the Fund as may be declared. There is currently only one series of shares in issue.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **13. Redeemable participating shares (continued)**

The movement in redeemable participation shares for the period, including the impact of treasury shares (see Note 15), is detailed in the table below.

	<b>Issued and fully paid</b>	<b>Treasury shares</b>	<b>Total outstanding shares</b>
<b>Balance at 1 January 2007</b>	<b>131,402,443</b>	-	<b>131,402,443</b>
Issue of redeemable shares	29,179,924	-	29,179,924
Redemption of redeemable shares	(26,012,296)	-	(26,012,296)
Repurchase of redeemable shares (treasury shares) (restated)	-	(2,444,172)	(2,444,172)
<b>Balance at 31 December 2007 (restated)</b>	<b>134,570,071</b>	<b>(2,444,172)</b>	<b>132,125,899</b>
Redemption of redeemable shares	(26,667,262)	-	(26,667,262)
Sale of redeemable shares (treasury shares)	-	496,568	496,568
<b>Balance at 31 December 2008</b>	<b>107,902,809</b>	<b>(1,947,604)</b>	<b>105,955,205</b>

#### **Capital Management**

As a result of the ability to issue and redeem shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemption of shares.

Refer to 'Financial Risk Management' (Note 19) for the policies and processes applied by the Fund in managing its capital.

#### **14. Financial assets at fair value through profit or loss**

The Group maintains positions in a variety of financial instruments as dictated by its investment management strategy. According to its investment strategy the Group intends to take advantage of investment opportunities in companies which are engaged in electricity generation, transmission, distribution and related businesses in Russia.

The Group may invest in equity or equity related securities, including unlisted securities. Although the Group generally invests in equity or equity related securities, it may, where the Investment Manager deems it suitable, reduce or maintain its holdings of equity and/or equity related securities and invest in debt instruments.

In 2008 and 2007 the Group's investment portfolio comprises listed and unlisted equity securities and derivatives.

## RenShares Utilities Limited

### Notes

as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)

#### 14. Financial assets at fair value through profit or loss (continued)

The following table shows financial instruments by class recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

<b>31 December 2008</b>	<b>Valued at quoted market price</b>	<b>Valuation technique- market observable inputs</b>	<b>Valuation technique- non-market observable inputs</b>	<b>Total</b>
	US\$	US\$	US\$	US\$
Financial assets held for trading - listed equity securities	55,323,540	-	-	<b>55,323,540</b>
Designated at fair value through profit or loss	-	-	2,001,214	<b>2,001,214</b>
	<b>55,323,540</b>	-	<b>2,001,214</b>	<b>57,324,754</b>

<b>31 December 2007 (restated)</b>	<b>Valued at quoted market price</b>	<b>Valuation technique- market observable inputs</b>	<b>Valuation technique- non-market observable inputs</b>	<b>Total</b>
	US\$	US\$	US\$	US\$
Derivative financial assets	-	688,258	-	<b>688,258</b>
Financial assets held for trading - listed equity securities	596,168,370	-	-	<b>596,168,370</b>
Designated at fair value through profit or loss	-	-	5,500,000	<b>5,500,000</b>
	<b>596,168,370</b>	<b>688,258</b>	<b>5,500,000</b>	<b>602,356,628</b>

#### Net gain/(loss) on financial instruments at fair value through profit or loss

	<b>2008</b>	<b>2007 (restated)</b>
	US\$	US\$
Net loss on derivative financial assets	(688,258)	(8,695,774)
Net gain / (loss) on financial assets held for trading	(317,556,452)	229,600,647
Net loss on financial assets designated at fair value through profit or loss	(3,498,786)	-
	<b>(321,743,496)</b>	<b>220,904,873</b>

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### 14. Financial assets at fair value through profit or loss (continued)

##### Net gain/(loss) on financial instruments at fair value through profit or loss (continued)

As of 31 December 2008 and 2007 the Group has investments in the Foundation Heat and Power Inc. ("FHP") which is designated at fair value through profit or loss. The Group owns 8.23% of equity interest in FHP. FHP is not listed therefore fair value estimation could not be established by using quoted prices and was measured using valuation techniques based on price of recent transactions.

As of 31 December 2007 derivative financial assets were represented by two put-option contracts on equities of RAO Unified Energy System of Russia, with expiration dates 11 January 2008 and 5 March 2008 and total notional amount of US\$ 84,993,775. Options were not exercised at the expiration date.

#### 15. Reconciliation of net asset value as per IFRS to net asset value as reported to shareholders

	<b>2008</b>	<b>2007 (restated)</b>
	US\$	US\$
<b>Net assets as reported to shareholders</b>	<b>134,350,953</b>	<b>519,738,745</b>
IAS 39 adjustment re bid prices	(4,245,780)	(11,709,523)
Fair value revaluation of unquoted investments	(3,498,786)	-
Adjustment on treasury shares	(2,415,097)	(9,439,881)
Adjustment of interest receivable	-	1,947,373
Tax accrual	(351,211)	-
<b>Adjusted net assets as per the IFRS consolidated financial statements</b>	<b>123,840,079</b>	<b>500,536,714</b>
	<b>2008</b>	<b>2007 (restated)</b>
Total number of redeemable shares in issue	107,902,809	134,570,071
Number of redeemable shares excluding treasury shares held by the Fund	105,955,205	132,125,899
Net asset value per redeemable share as reported to shareholders, US\$	1.25	3.86
Effect of adjustments per redeemable share, US\$	(0.08)	(0.07)
<b>Adjusted net asset value per redeemable share, as per the IFRS consolidated financial statements, US\$</b>	<b>1.17</b>	<b>3.79</b>



## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **15. Reconciliation of net asset value as per IFRS to net asset value as reported to shareholders (continued)**

##### IAS 39 Adjustment to Bid price

Valuation of quoted securities in accordance with IFRS differs from the valuation policy as set out in the offering documents of the Fund which states that investments in securities are stated at market value based on the last traded price on each valuation day. This policy is used to calculate the net asset value on each valuation date, which is reported to shareholders.

##### Fair value revaluation of unquoted investments

For the purpose of reporting to shareholders investment in Foundation Heat and Power Inc. was accounted at US\$ 5,500,000 as of 31 December 2008. According to IAS 39 criteria fair value of investment was reliably measured and comprised US\$ 2,001,214 (refer to Note 14).

##### Adjustment on treasury shares

As of 31 December 2008 and 31 December 2007 the Fund held its redeemable shares. According IAS 32 (para.33) if an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Though above IFRS treatment is addressed to equity instruments, it is also applicable to the Fund whose shares are classified as liabilities with the difference that items required by the IFRS to be recognized directly in equity will be presented as movement in a statement of changes in net assets attributable to shareholders.

Refer to Statement of changes in net assets attributable to holders of redeemable shares.

##### Adjustment of interest receivable

Interest received in 2008 but related to transaction that took place in 2007 was recognised in 2007 for IFRS purposes (refer to Note 4).

See below a reconciliation between the net assets as reported to shareholders and the adjusted net assets as per the IFRS consolidated financial statements:

#### **16. Taxation**

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

##### *BVI*

RenShares Utilities Limited is registered in the BVI as tax exempt company.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### 16. Taxation (continued)

##### *Cyprus*

The Fund's subsidiary is subject to corporation tax under the laws of Cyprus on its taxable profits at the rate of 10%.

Under certain conditions interest may be subject to defence contributions at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax burden of 15%. Dividends received from abroad are subject to defence contributions at the rate of 15% if the interest of shareholding in the company from which dividends are received is less than 1%.

	<b>2008</b>	<b>2007</b>
	<b>US\$</b>	<b>(restated)</b>
	<b>US\$</b>	<b>US\$</b>
<b>Accounting profit / (loss) before tax</b>	<b>(302,635,617)</b>	<b>192,778,934</b>
Tax (benefit) / charge calculated at domestic rates applicable to the Fund's subsidiaries	(32,783,205)	22,046,683
Tax effect of expenses not deductible for tax purposes	45,737,686	-
Tax effect of income exempt for tax purposes	(12,960,451)	(22,031,054)
Tax effect of 50% of interest on loans - exempt	(47,500)	-
Unrecognised income tax asset	53,470	-
Income tax charge	-	15,629
Penalties for non provisional payments (10% of tax payable)	-	1,563
Special defence contribution	130,427	320,637
<b>Tax charge for the year</b>	<b>130,427</b>	<b>337,829</b>
Tax underprovision	-	(337,829)
Tax accrual for prior periods	351,815	-
<b>Taxation charge</b>	<b>482,242</b>	<b>-</b>

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **17. Related parties**

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 2008 and 2007.

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

- Investment Manager - Renaissance Capital Investment Management Limited
- Other entities under common control

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

Entities of RCHL Group with which the Fund had operations in 2008 and 2007:

- Renaissance Advisory Services Limited (Bermuda), broker and custodian of the Fund
- Renaissance Securities Trading Limited (Bermuda)
- Renaissance Securities (Cyprus) Limited
- Directors

## RenShares Utilities Limited

### Notes

as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)

#### 17 Related parties (continued)

The table below presents the transactions and balances with the related parties identified above.

		2008	2007
		US\$	(restated) US\$
<b>Related party balances</b>			
<b>Assets</b>			
Due from brokers			
	<i>Other entities under common control</i>	12,177,831	-
Loans receivable			
	<i>Investment Manager</i>	217,467	-
	<i>Other entities under common control</i>	50,966,667	-
Interest receivable on securities lending			
	<i>Other entities under common control</i>	-	1,947,373
Derivative financial assets			
	<i>Other entities under common control</i>	-	688,258
<b>Liabilities</b>			
Due to brokers			
	<i>Other entities under common control</i>	-	(50,095,993)
Borrowings			
	<i>Other entities under common control</i>	-	(24,080,000)
Management and performance fees payable			
	<i>Investment Manager</i>	(614,553)	(29,010,022)
Other accounts payable and accrued expenses			
	<i>Directors</i>	-	(30,000)
<b>Related party transactions</b>			
<b>Income</b>			
Interest income			
	<i>Other entities under common control</i>	1,477,963	2,084,143
	<i>Investment Manager</i>	64,565	-
Interest expense			
	<i>Other entities under common control</i>	(2,908,595)	(3,590,206)
<b>Expenses</b>			
Management fees			
	<i>Investment Manager</i>	(5,539,682)	(7,511,324)
Performance fees reversal / (charge)			
	<i>Investment Manager</i>	25,210,576	(20,186,066)
Directors fees reversal / (charge)			
	<i>Directors</i>	15,415	(15,098)

In 2008 the Fund sold 496,568 treasury shares to Investment Manager, proceeds comprised US\$ 1,396,098.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **18. Fair values of financial instruments**

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

*Assets for which fair value approximates carrying value*

For financial assets and financial liabilities that are liquid or having a short-term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is applied to due to / from brokers, cash on bank accounts and other short-term receivables / payables.

*Financial instruments recorded at fair value*

Please refer to Note 14 for determination of fair value of financial instruments by class recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

#### **19. Financial Risk Management**

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

According to its investment strategy the Fund intends to take advantage of investment opportunities in companies which are engaged in electricity generation, transmission, distribution and related businesses in Russia.

The Fund may invest in equity or equity related securities, including unlisted securities. Although the Fund generally invests in equity or equity related securities, it may, where the Investment Manager deems it suitable, reduce or maintain its holdings of equity and/or equity related securities and invest in debt instruments.

In 2008 and 2007 the Fund's investment portfolio comprises listed and unlisted equities, which it intends to hold for an uncertain period of time.

Asset allocation is determined by the Fund's Investment Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund's Compliance Controller. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager will rebalance the portfolio to fall in line with the target asset allocations. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach within the Fund.

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 market risk, credit risk and liquidity risk.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **19. Financial Risk Management (continued)**

##### *Excessive risk concentration*

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The Investment Manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

The nature and extent of the financial instruments outstanding at the balance sheet 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.

##### *Risk concentrations of the maximum exposure to credit risk*

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

<b>Maximum exposure</b>	<b>Notes</b>	<b>2008</b>	<b>2007 (restated)</b>
		<b>US\$</b>	<b>US\$</b>
Cash and cash equivalents	5	4,284,956	469,842
Due from brokers	6	12,177,831	-
Loans receivable	7	51,184,134	-
Interest receivable on securities lending	9	-	1,947,373
Derivative financial assets (net settled)		-	688,258
<b>Total credit risk exposure</b>		<b>67,646,921</b>	<b>3,105,473</b>

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **19. Financial Risk Management (continued)**

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity. Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Concentration of risk is managed by counterparty, by geographical region and by industry sector.

##### *Counterparty risk*

The counterparty credit risk is managed through the internal developed system of counterparty limits. The counterparty limits are established and monitored by the Investment Manager on a daily basis. The exposure to counterparty credit risk reduced by master netting arrangements may change significantly within short period of time as a result of transactions subject to the arrangement. Master netting agreements are used for all types of the transactions except pre-IPO and buy-out deals. The corresponding assets and liabilities have not been offset on the consolidated balance sheet.

Substantially all of the securities in which the Fund has investments are held by Renaissance Advisory Services (Cyprus) Limited, Prime Broker and custodian. All of the cash held for trading on brokerage accounts is held by Prime Broker. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial position of the custodian the Fund uses.

Substantially all of the cash held by the Fund is held by J.P. Morgan Chase Bank and Royal Bank of Scotland (Isle of Man) to facilitate redemption and other payments. The Fund also established a bank account with Raiffeisen Bank to facilitate any payments or proceeds received in Russian Rubles. 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.

## RenShares Utilities Limited

---

### Notes

as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)

### 19. Financial Risk Management (continued)

#### *Geographical Concentration*

The table below summarizes the Fund's concentration of credit risk by geographical distribution (based on counterparties' country of domicile):

31 December 2008, US\$	Russia and					Total
	CIS	Cyprus	BVI	USA	Other	
Cash and cash equivalents	377,556	-	-	3,842,754	64,646	4,284,956
Due from brokers	-	12,177,831	-	-	-	12,177,831
Loans receivable	-	50,966,667	217,467	-	-	51,184,134
<b>Total credit risk exposure, US\$</b>	<b>377,556</b>	<b>63,144,498</b>	<b>217,467</b>	<b>3,842,754</b>	<b>64,646</b>	<b>67,646,921</b>
<b>Total credit risk exposure, %</b>	<b>0.6%</b>	<b>93.3%</b>	<b>0.3%</b>	<b>5.7%</b>	<b>0.1%</b>	<b>100%</b>

  

31 December 2007 (restated), US\$	Russia and					Total
	CIS	Cyprus	BVI	USA	Other	
Cash and cash equivalents	436,608	-	-	5,881	27,353	469,842
Interest receivable on securities lending	-	1,947,373	-	-	-	1,947,373
Derivative financial assets	-	688,258	-	-	-	688,258
<b>Total credit risk exposure, US\$</b>	<b>436,608</b>	<b>2,635,631</b>	<b>-</b>	<b>5,881</b>	<b>27,353</b>	<b>3,105,473</b>
<b>Total credit risk exposure, %</b>	<b>14.1%</b>	<b>84.9%</b>		<b>0.2%</b>	<b>0.9%</b>	<b>100%</b>

#### *Industry Concentration*

The majority of the Fund's counterparties are financial institutions.



## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **19. Financial Risk Management (continued)**

##### Credit quality per class of financial assets:

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 based on the Fund's credit risk monitoring approach.

	<b>High rated banks</b>	<b>Low rated banks</b>	<b>Not rated</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>As at 31 December 2008</b>				
Cash and cash equivalents	4,284,956	-	-	<b>4,284,956</b>
Due from brokers	-	-	12,177,831	<b>12,177,831</b>
Loans receivable	-	-	51,184,134	<b>51,184,134</b>
<b>Total</b>	<b>4,284,956</b>	<b>-</b>	<b>63,361,965</b>	<b>67,646,921</b>
<b>As at 31 December 2007 (restated)</b>				
Cash and cash equivalents	469,842	-	-	<b>469,842</b>
Interest receivable on securities lending	-	-	1,947,373	<b>1,947,373</b>
Derivative financial assets	-	-	688,258	<b>688,258</b>
<b>Total</b>	<b>469,842</b>	<b>-</b>	<b>2,635,631</b>	<b>3,105,473</b>

None of the Fund's financial assets were considered to be past due or impaired in both 2008 and 2007.

##### *Liquidity risk and funding management*

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected.

As the Fund is a closed-ended investment fund, its shares cannot be redeemed prior to the Fund's termination. At each annual general meeting of the Fund an ordinary resolution shall be proposed for the continuation of each Class. If such resolution is not passed by a Class, the Directors are required to formulate proposals to be put to the Shareholders for the winding-up or other reorganisation or reconstruction of the relevant Class.

Therefore the Fund's constitution does not provide for any cancellation or redemption of shares prior to termination of the Fund, and therefore it has limited exposure to the liquidity risk.

The Fund's financial instruments are traded substantially on active markets. However, in some circumstances the markets in which the Fund trades can be illiquid, thereby making it difficult to acquire or dispose of investments at prices quoted on the relevant exchanges. In addition, suspension by an exchange of trading in a particular security could make it impossible for position to be realised and thereby expose the Fund's to losses.

## RenShares Utilities Limited

### Notes

as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)

#### 19. Financial Risk Management (continued)

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

*Analysis of financial liabilities by remaining contractual maturities*

The table below summarizes the maturity profile of the Fund's financial liabilities at 31 December 2008 and 2007 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

<b>Financial liabilities As at 31 December 2008</b>	<b>Less than 3 months US\$</b>	<b>3 to 12 months US\$</b>	<b>1 to 5 years US\$</b>	<b>Over 5 years US\$</b>	<b>Total US\$</b>
Management and performance fees payable	-	614,553	-	-	<b>614,553</b>
Other accounts payable and accrued expenses	20,998	111,092	-	-	<b>132,091</b>
<b>Total undiscounted financial liabilities</b>	<b>20,998</b>	<b>725,646</b>	<b>-</b>	<b>-</b>	<b>746,644</b>
<b>Financial liabilities As at 31 December 2007 (restated)</b>	<b>Less than 3 months US\$</b>	<b>3 to 12 months US\$</b>	<b>1 to 5 years US\$</b>	<b>Over 5 years US\$</b>	<b>Total US\$</b>
Management and performance fees payable	-	1,978,060	27,031,962	-	<b>29,010,022</b>
Due to brokers	50,095,993	-	-	-	<b>50,095,993</b>
Borrowings	24,080,000	-	-	-	<b>24,080,000</b>
Other accounts payable and accrued expenses	127,275	86,353	525,408	-	<b>739,036</b>
<b>Total undiscounted financial liabilities</b>	<b>74,303,268</b>	<b>2,064,413</b>	<b>27,557,370</b>	<b>-</b>	<b>103,925,051</b>

## RenShares Utilities Limited

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### 19. Financial Risk Management (continued)

#### Maturity Analysis of Assets and Liabilities

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

	Within one year	More than one year	Total
<b>As at 31 December 2008</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Cash and cash equivalents	4,284,956	-	4,284,956
Due from brokers	12,177,831	-	12,177,831
Loans receivable	51,184,134	-	51,184,134
Financial assets at fair value through profit or loss	57,324,754	-	57,324,754
Other assets	1,565	-	1,565
<b>Total assets</b>	<b>124,973,240</b>	<b>-</b>	<b>124,973,240</b>
Management and performance fees payable	614,553	-	614,553
Other accounts payable and accrued expenses	518,608	-	518,608
<b>Total liabilities</b>	<b>1,133,161</b>	<b>-</b>	<b>1,133,161</b>
	<b>123,840,079</b>	<b>-</b>	<b>123,840,079</b>
<b>As at 31 December 2007 (restated)</b>	<b>Within one year</b>	<b>More than one year</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Cash and cash equivalents	469,842	-	469,842
Interest receivable on securities lending	1,947,373	-	1,947,373
Financial assets at fair value through profit or loss	602,356,628	-	602,356,628
Other assets	7,500	-	7,500
<b>Total assets</b>	<b>604,781,343</b>	<b>-</b>	<b>604,781,343</b>
Management and performance fees payable	1,978,060	27,031,962	29,010,022
Due to brokers	50,095,993	-	50,095,993
Borrowings	24,080,000	-	24,080,000
Other accounts payable and accrued expenses	533,207	525,407	1,058,614
<b>Total liabilities</b>	<b>76,687,260</b>	<b>27,557,369</b>	<b>104,244,629</b>
	<b>528,094,083</b>	<b>(27,557,369)</b>	<b>500,536,714</b>

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### **19. Financial Risk Management (continued)**

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments, except for written options and securities sold short, equals their fair value.

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

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The investment objective of the Fund is to achieve medium-term capital appreciation from investments in electricity generating companies, namely companies which have a significant interest in the generation of electricity in Russia and in electricity network companies, namely companies which have a significant interest in the distribution and/or transmission of electricity via the Russian electricity networks.

The Investment Manager is not required to maintain a balanced portfolio or to diversify risk. 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 fund may borrow on a temporary basis an aggregate amount of up to 10% of its net asset value.

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

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in Note 14 and Consolidated Schedule of Investments.

#### **Currency risk**

The Fund may invest in financial instruments denominated in currencies other than its functional currency – US Dollars (US\$). According to the Fund's investment policy, it may invest in securities and other instruments that are principally denominated in Russian Roubles. Consequently, the Fund may be exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than US \$, notwithstanding any efforts made to hedge such fluctuations. Normally, any cash balances or proceeds in Russian Roubles and other non-US\$ currencies are converted into US\$.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **19. Financial Risk Management (continued)**

##### **Currency risk (continued)**

The securities in which the Fund invests may be denominated in Russian Roubles or other currencies. At the year end, the major part of investments was denominated mainly in Russian Roubles. However, those securities are priced and traded in US\$. All settlements on securities trading are predominantly performed in US\$. Therefore the Fund is not exposed to currency risk and does not have any specific policies for managing the currency risk in what relates to active operations of the Fund.

##### Concentration of foreign currency exposure

The table below indicates the currencies to which the Fund had significant exposure at 31 December on its monetary assets and liabilities.

	<u>31 December 2008</u>	<u>31 December 2007 (restated)</u>
Monetary financial assets	% of total monetary financial assets	
RUR	0.56%	18.01%

##### Sensitivity Analysis

Sensitivity analysis calculates the effect of a reasonably possible movement of the currency rate against the US\$ on the net assets attributable to shareholders and on the 'increase (decrease) in net assets attributable to shareholders from operations', with all other variables held constant.

Sensitivity analysis is based on consideration of up and down scenario according to parameters stated in the following table.

Currency		<u>Change in currency rates</u>	
		<u>2008</u>	<u>2007 (restated)</u>
RUR	UP Scenario	-10%	4%
RUR	DOWN Scenario	-30%	-6%

Currency risk for equity instruments and bonds is measured using VaR, therefore it is not included in the sensitivity analysis.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### 19. Financial Risk Management (continued)

#### Currency risk (continued)

As only “Cash and cash equivalents” component is exposed to currency risk, the results of the sensitivity analysis show the following:

	Effect on the net assets attributable to shareholders and on the ‘increase / (decrease) in net assets attributable to shareholders from operations’	
	31 December 2008	31 December, 2007 (restated)
	US\$	US\$
Effect on cash and cash equivalents for up scenario	(37,756)	17,464
Effect on cash and cash equivalents for down scenario	(113,267)	(26,197)

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Fund primarily invests in equity securities, which are not exposed to interest rate risk.

At 31 December 2008 and 2007 the Fund has no interest-bearing financial assets and liabilities at floating rates. The Fund’s placements and borrowings are within related parties at fixed rates, the expectation of re-pricing is low. Therefore, the Fund has limited exposure to interest rate fluctuations and does not have specific policies and procedures for managing interest rate risk.

#### 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 income statement, all changes in market conditions will directly affect the Fund’s net investment gain/loss and therefore consolidated statement of changes in net assets attributable to shareholders.

Price risk is managed by the Fund’s Investment Manager by diversifying the portfolio and measured using value-at-risk (VaR) analysis. The Fund’s overall price risk exposure is monitored by Investment Manager and reported to Board of Directors.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

### **19. Financial Risk Management (continued)**

#### **Price risk (continued)**

##### *Value-at-risk (VAR)*

VAR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis. VAR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

To monitor value at risk effectively, securities are categorised in tiers:

- Tier 1
- Tier 2
- Tier 3

Breakdown is made on the basis of 3 parameters: liquidity (average daily trading volume for the last 6 months), average bid/ask spread (for 2 years), and volatility (with 2-year horizon).

Following approach is applied to the VAR calculation: VAR of the portfolio is calculated as a sum of VAR of liquid equities (Tier 1 and Tier 2 instruments and equity, equity index derivatives), VAR of liquid bonds (Tier 1 and Tier bonds and bond derivatives), and VAR of illiquid instruments (Tier 3).

VAR of the liquid instruments is calculated as follows:

- Variance-Covariance method is used for liquid equities and equity, equity index derivatives.
- The confidence level used is 99% and volatility is calculated based on historical daily close prices and yields for last 2 years. This implies that returns are assumed to be normally distributed.
- For various classes of instruments it's assumed that its correlation with other classes of instruments is equal to 100%.
- Calculation is based on the values of VAR of each individual instrument.
- For fixed income instruments modified duration is used in calculation of the VAR of each individual instrument.
- VAR of derivative instruments is calculated together with underlying equity through both delta and gamma approaches.

For each illiquid instrument (Tier 3) the Risk Management Committee determines at their discretion whether its individual VAR should be calculated in compliance with VAR computation method for liquid instruments or set equal to 30% of the market value of equities and 10% of the market value of bonds. In the latter case, it's assumed that its correlation with other instruments is equal to 100%.

## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **19. Financial Risk Management (continued)**

##### **Price risk (continued)**

Limitations of the used VAR calculation approach are the following:

- Historical data usage does not cover all possible scenarios in future, especially those which are extraordinary by nature.
- Usage of the 99% confidence level does not take into account potential loss which can occur out of that interval. Real loss can exceed calculated VAR value with the probability of 1%.
- As soon as VAR is calculated after the trade date, it does not consider risks that concern with positions opened during trade date.

The table below indicates the VAR of the Fund's financial instruments, measured as the potential loss in value during 1 day from adverse changes in equity prices with a 99% confidence level.

	<b>31 December 2008</b>	<b>31 December 2007 (restated)</b>
VAR of the portfolio, US\$	17,568,718	177,543,850
VAR/NAV ratio, (%)	14.2%	35.5%

At 31 December 2008 the Fund's overall market VAR was 17,568,718 USD (2007: 177,543,850 USD). VAR/NAV ratio for 2008 is less than for 2007 because 54% of the market value of the fund position is in cash placements.

#### **20. Commitments and contingencies**

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.

#### **21. Going concern**

In accordance with the Memorandum of the Fund at each annual general meeting of the Fund falling after 1 January 2008 an ordinary resolution shall be proposed for the continuance of each existing class of redeemable shares. If such resolution is not passed, the Directors are required to formulate proposals to be put to the shareholders for the winding-up or other reorganisation or reconstruction.

As of the date these consolidated financial statements were authorised for issue the decisions on whether to extend the term of the Fund have not been taken and therefore the termination dates of the Fund and its subsidiaries are currently uncertain. Therefore, there is a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business for the period of at least twelve month from the balance sheet date.



## RenShares Utilities Limited

---

### Notes

*as at 31 December 2008  
forming part of the consolidated financial statements  
(stated in United States dollars)*

#### **21. Going concern (continued)**

These consolidated financial statements have been prepared on a going concern basis and as such the investments are stated at fair value as at the dated of the financial statements. If the Fund would be terminated during 2009, the investments will be sold in an urgent sale and such sales value less cost to sell may differ from the fair value reported in the consolidated financial statements. Continuation of operations of the Fund depends upon the decision of the shareholders of the Fund to extend the term of the Fund.

#### **22. Events after the reporting date**

After 31 December 2008 there were no subsequent events which may influence these consolidated financial statements.

## RenShares Utilities Limited

### Consolidated Schedule of Investments

as at 31 December 2008

(stated in United States dollars)

Security	Holdings (number)	Market Value US\$	% of NAV (%)
Arkhangelsk Energy Retail Company	7,699,442	7,862	0.01%
Astrakhan Energy Retail Company	200,000	1,627	0.00%
Bashkirenergo (pref)	74,000	15,540	0.01%
Centrenergogaz-BRD	600	600,000	0.49%
Chita Energy Retail Company	82,104,028	78,246	0.06%
Chita Energy Retail Company (pref)	42,222,277	37,364	0.03%
Dagestan Energy Retail Company	1,238,000	211	0.00%
Engineering Center	9,265	9,265	0.01%
Engineering Center (pref)	1,793	897	0.00%
Federal Grid Co Unified	612,925,954	2,565,993	2.07%
Krasnoyarskenergosbyt	1,454,959	14,550	0.01%
Kuban Generation Company	20,000	20,000	0.02%
Kubanenergo	466,958	1,247,800	1.01%
Kuzbassenergo	514,696,400	1,208,767	0.98%
Lenenergo	750,680	339,820	0.28%
MRK Cenrt	90,192,158	1,169,596	0.95%
MRK of South	2,475,300,184	3,217,890	2.60%
MRK of Volga	4,751,574,376	10,835,624	8.75%
MRK Urals	924,578,176	2,681,177	2.17%
MRSC Center Privolzhya	2,429,809,016	6,880,781	5.56%
MRSK of Northern Caucasus	627,056	509,023	0.41%
MRSK of Siberia	656,862,761	1,587,359	1.28%
North-West Energy Management Company (pref)	37,800	-	0.00%
North-West MRSK	2,078,503,852	3,791,909	3.06%
OGK 2	40,000,000	349,893	0.28%
OGK 6	47,889,297	428,683	0.35%
RUSHYDRO - CLS	116,820,540	2,397,612	1.94%
Samaraenergo	23,982,706	47,965	0.04%
Samaraenergo (pref)	144,210,180	432,631	0.35%
Saratovenergo	126,253,100	25,251	0.02%
Sevkavkazenergo	3,916	27,412	0.02%
Sibirenergo	92,694	-	0.00%
Sibirenergo (pref)	331,008	-	0.00%
Smolensk Energy Repair Company	40,000	-	0.00%
Smolensk Energy Repair Company (pref)	177,000	-	0.00%
Smolenskenergosbyt	40,000	407	0.00%
Smolenskenergosbyt (pref)	177,000	1,205	0.00%
Stavropolenergosbyt (pref)	209,200	63	0.00%
Territory Generation Company - 2	3,674,615,033	387,718	0.31%
TGK 14	38,530,419,602	3,540,868	2.86%
TGK 4 (PREF)	3,842,202,256	287,704	0.23%
TGK-11	4,896,815,688	850,014	0.69%
TGK-4	38,280,858,054	8,859,982	7.16%
Tomsk Distribution Company	7,716,600	18,122	0.02%
Tomsk Energy Retail Company	7,716,600	6,041	0.01%
Tomsk Transmission Grids	7,716,600	9,260	0.01%
Tomskelektrosetremont	7,716,600	-	0.00%
Tomskenergoremont	7,716,600	-	0.00%

## RenShares Utilities Limited

---

### Consolidated Schedule of Investments

*as at 31 December 2008*  
*(stated in United States dollars)*

<b>Security</b>	<b>Holdings (number)</b>	<b>Market Value US\$</b>	<b>% of NAV (%)</b>
Ulianovskenergo	7,062	706	0.00%
Ulianovskenergo (pref)	13,270	664	0.00%
Volgskaya TGK	11,857,6740	830,038	0.67%
<b>Trading Portfolio</b>		<b>55,323,540</b>	
Foundation Heat & Power Inc	500,000	2,001,214	1.62%
<b>Designated at fair value through profit or loss</b>		<b>2,001,214</b>	
<b>Total investments at fair value through profit or loss</b>		<b>57,324,754</b>	

## RenShares Utilities Limited

### Consolidated Schedule of Investments

as at 31 December 2007

(stated in United States dollars)

Security	Holdings (number)	Market Value (US\$)	% of NAV (%)
Altaienergo	22,492	1,574,440	0.31%
Altaicenergo (pref)	36,256	2,266,363	0.45%
Arkhangelsk Energy Retail Company	7,699,442	774	0.00%
Arkhangelskenergo	7,699,442	462,736	0.09%
Astrakhan Energy Retail Company	200,000	404	0.00%
Bashkirenergo	11,962,292	25,120,813	5.02%
Bashkirenergo (pref)	7,4000	87,320	0.02%
Belgorodenergo	544	274,720	0.05%
Bryansk Trunk Grid Company (pref)	15,000	-	0.00%
Bryanskanegro (pref)	1,500	16,500	0.00%
Bryanskenergo	30,015	345,473	0.07%
Buryatenergo	2,151,562	860,625	0.17%
Chelyabenergo	99,666,419	8,072,980	1.61%
Chelyabenergo (pref)	36,753,114	2,719,730	0.54%
Chita Energy Retail Company	82,104,028	-	0.00%
Chita Energy Retail Company (pref)	42,222,277	-	0.00%
Chitaenergo	81,104,028	3,333,376	0.67%
Chitaenergo (pref)	42,222,277	1,524,224	0.30%
Dagenergo	395,614,917	7,358,437	1.47%
Dagestan Energy Retail Company	1,238,000	124	0.00%
Dagestan Regional Generation Company	166,418,205	29,955,277	5.98%
Engineering Center	9,265	23,163	0.00%
Engineering Center (pref)	1,793	2,690	0.00%
Kalugaenergo	461,250	1,001,374	0.20%
Kirov Trunk Electricity Grids	10,220,000	63,364	0.01%
Kirovenergo	1,720,000	99,072	0.02%
Kirovenergo (pref)	20,052,525	1,008,642	0.20%
Krasnoyarskenergobyt	1,454,959	1,921	0.00%
Kuban Generation Company	20,000	300,000	0.06%
Kubanenergo	465,147	17,024,380	3.40%
Kurskenergo	8,203,653	1,075,499	0.21%
Kuzbassencrgo	5,146,964	13,896,803	2.78%
Kuabassenergo Regional Distribution	6,086,964	4,991,310	1.00%
Kuzbassrazrezugol Coal Company	7,500,000	3,210,000	0.64%
Lenenergo	1,011,018	1,860,273	0.37%
Lenenergo (pref)	818,016	1,308,826	0.26%
Lipetskenergo	732,498	806,480	0.16%
Man trunk Grids	500,000	-	0.00%
Marienergobyt	800,000	5,315	0.00%
North-West Energy Management Company	37,800	38	0.00%
Novgorodenergo (pref)	1,701,164	884,605	0.18%
OGK 1	268,399	32,208	0.01%
OGK 2	40,000,000	6,100,000	1.22%
OGK 6	47,889,297	6,034,051	1.21%
Penza Trunk Grid Company (pref)	8,064	-	0.00%
Pcnzaenergo	11,300,000	10,848,000	2.17%
Penzaenergo (pref)	8,064	6,903	0.00%
Permenergo	700,000	9,380,000	1.87%
Petersburg Trunk Grids (pref)	37,800	4	0.00%

## RenShares Utilities Limited

### Consolidated Schedule of Investments

as at 31 December 2007

(stated in United States dollars)

Security	Holdings (number)	Market Value (US\$)	% of NAV (%)
Pskovenergo	209,359	280,750	0.06%
Riazanenergo	3,793,988	3,831,928	0.77%
Rostovenergo	399,463,289	44,819,781	8.95%
Rostovenergo (pref)	28,885,000	2,940,493	0.59%
Rostovenergo Trunk Grid Company	2,400,000	25,440	0.01%
Ryazan Energy Retail Company	623,000	29,904	0.01%
Ryazan Trunk Grids	685,000	78,227	0.02%
Samara Trunk Company	23,982,706	119,914	0.02%
Samara Trunk Company (pref)	144,360,180	577,441	0.12%
Samaraenergo	23,982,706	119,914	0.02%
Samaraenergo (pref)	144,210,180	576,841	0.12%
Saratov Trunk Company	126,253,100	315,633	0.06%
Saratov Trunk Company (pref)	219,569,028	439,138	0.09%
Saratovenergo	126,253,100	315,633	0.06%
Saratovenergo (pref)	217,569,028	435,138	0.09%
Sevkavkazenergo	3,916	78,320	0.02%
Sibirenergo	92,694	-	0.00%
Smolensk Energy Repair Company	40,000	4	0.00%
Smolensk Energy Repair Company (pref)	177,000	19	0.00%
Smolenskenergo	40,000	21,440	0.00%
Smolenskenergosbyt	40,000	2,060	0.00%
Smolenskenergosbyt (pref)	177,000	3,098	0.00%
South Generation Company - C-8	3,747,931,479	5,322,063	1.06%
Stavropol electrical generation	27,800,000	5,143,000	1.03%
Stavropolenergosbyt (Pref)	209,200	21	0.00%
Sverdlovsk Energy Service Company	135,023	12	0.00%
Sverdlovsk Trunk Grids	135,023	18,228	0.00%
Tambov Magistrai Network (pref)	3,300,000	33	0.00%
Tambovenergo (Pref)	8,531,091	366,837	0.07%
Territory Generation Company -2	3,674,615,033	3,601,123	0.72%
Territory Generation Company - 2	43,355,408	22,978	0.00%
Territory Generation Company No 6	173,315,231	194,113	0.04%
TGK-14	39,999,999,996	11,200,000	2.24%
TGK-4 (Pref)	3,885,557,664	2,331,335	0.47%
TGK-11	4,896,815,688	7,834,905	1.57%
TGK-4	38,280,858,054	45,937,030	9.18%
Tomsk Distribution Company	7,716,600	236,128	0.05%
Tomsk Energy Retail Company	7,716,600	77	0.00%
Tomsk Transmission Grids	7,716,600	77	0.00%
Tomskelektrosetremonnt	7,716,600	77	0.00%
Tomskenergoremont	7,716,600	77	0.00%
Tverenergo	6,410,850	1,811,065	0.36%
TGK-10	31,150,043	124,600,172	24.89%
Tyvaenegro-Holding	1,726,043	-	0.00%
Udmurtenergo	7,080,000	6,308,280	1.26%
Udmurtenergo (Pref)	330,000	264,330	0.05%
Ulianovskenergo	7,062	1,409	0.00%
Ulianovskenergo (Pref)	13,270	697	0.00%
Vladimir Energy Retail Company	24,000	-	0.00%
Vladimir Trunk Grids	24,000	-	0.00%
Volgogradenergo	3,997,861	5,317,155	1.06%

## RenShares Utilities Limited

### Consolidated Schedule of Investments

as at 31 December 2007

(stated in United States dollars)

Security	Holdings (number)	Market Value (US\$)	% of NAV (%)
Volgogradenergo (Pref)	221,105	265,326	0.05%
Volgskaya MRK	511,758,051	37,358,338	7.46%
Volgskaya MRK (Pref)	33,795,415	2,210,220	0.44%
Volgskaya TGK	858,576,740	92,726,288	18.53%
Vologdanergo	1,441,460	22,919,214	4.58%
Zagorskaya PSPP	20,997,300	839,892	0.17%
Zeiskaya GES	500,000	260,000	0.05%
Zeiskaya GES	242,889	127,517	0.03%
<b>Trading Portfolio</b>		<b>596,168,370</b>	
Foundation Heat & Power Inc	500,000	5,500,000	1.10%
<b>Designated at fair value through profit or loss</b>		<b>5,500,000</b>	
Options	2	688,258	0.14%
<b>Derivative financial instruments</b>		<b>688,258</b>	
<b>Total investments at fair value through profit or loss</b>		<b>602,356,628</b>	