RENAISSANCE

Pre-IPO Fund

Financial Statements 2016
International Financial Reporting Standards

Financial Statements and Report of the
Independent Auditor’s for the year ended December 31, 2016

Contents

Fund Information

Directors	David Blair (appointed on April 11, 2006) James Keyes (appointed on July 9, 2009) John Elder (appointed September 22, 2010)
Registered office	Estera Trust (Cayman) Limited (formerly Appleby Corporate Services (Cayman) Ltd) Clifton House P.O. Box 1350 GT 75 Fort Street Grand Cayman KY1-1104 Cayman Islands
Investment manager	(From November 12, 2013) Renasset Managers Limited 190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands (Before November 12, 2013) Renaissance Asset Managers (Guernsey) Limited Hirzel Court St Peter Port Block F GY1 2NH Guernsey
Administrator, registrar, transfer agent	Custom House Global Fund Services Limited Smartcity Malta, SCM 01, Floor 4, Ricasoli, SCM 1001 Malta
Secretary	Reid Services Limited PO Box 1350 GT 75 Fort Street Grand Cayman, Cayman Islands
Independent auditors	Ernst & Young Ltd. 62 Forum Lane Camana Bay P.O. Box 510 Grand Cayman KY1-1106 Cayman Islands

Fund Information (continued)

General legal advisors

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

Investment Manager's Report

(in thousands of US Dollars)

The Renaissance PreIPO Fund (the "Fund") raised USD 132.5 million in 2006 to capitalize on the growth opportunities in the potential investment into private companies prior to any public offering. The Fund invested in a wide range of enterprises from commodities through to the financial sector in Russia and the Commonwealth of Independent States ("CIS"). The Fund's strategy at inception was to build a diversified portfolio comprising fast-growing companies with sound strategies and strong management teams looking for ways to strengthen their performance and market share ahead of an IPO or a private sale.

As at 31.12.2016 the Fund was terminated and as of the moment of the release of the financial statements is undergoing liquidation. All the investments held by the Fund are valued at nil.

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Independent Auditors' Report

To the Shareholders and Board of Directors of Renaissance Pre-IPO Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Renaissance Pre-IPO Fund (hereinafter "the Fund") which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in net assets attributable to shareholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Fund's Board of Directors made the decision to liquidate the Fund. Accordingly, the Fund prepared the financial statements for the year ended December 31, 2016 on a liquidation basis.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report

Other information

Other information consists of the information included in the Fund's 2016 financial statements, other than the financial statements and the notes to them, and our auditors' report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditors' report is Rohan Small.

Ernst + Young Ltd.

13 September 2017

Statement of Financial Position as at December 31, 2016

(in thousands of US Dollars)

	Notes	2016	2015 (restated*)
Assets			
Cash and cash equivalents	5	56	364
Financial assets at fair value through profit or loss	6	-	676
Other assets		-	5
Total assets		**56**	**1,045**
Liabilities			
Management fee payable	8	1,089	2,289
Accounts payable and accrued expenses		65	55
Total liabilities excluding net assets attributable to shareholders		**1,154**	**2,344**
Net assets attributable to shareholders	9	**(1,098)**	**(1,299)**
Total liabilities and net assets attributable to shareholders		**56**	**1,045**
Number of participating shares in issue	9	**1,324,932**	**1,324,932**
Net asset value per participating share (in US dollars)	9	-	-

** Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 4.*

Signed and authorized for release on behalf of the Directors of the Fund on September 12, 2017.

John Elder

Director

David Blair

Director

See accompanying notes to financial statements.

Statement of Comprehensive Income for the year ended December 31, 2016

(in thousands of US Dollars)

	Notes	**2016**	**2015 (restated*)**
Income			
Dividend income		1,025	1,203
Total income		**1,025**	**1,203**
Expenses			
Management fee	8	-	(338)
Net loss on financial assets and liabilities at fair value through profit or loss	6	(676)	(8,404)
Liquidation expenses		-	(16)
Administration fee		-	(27)
Net foreign exchange loss		(3)	-
Other operating expenses		(145)	(83)
Total expenses		**(824)**	**(8,868)**
Operating profit/(loss) before income tax expense		**201**	**(7,665)**
Income tax expense		-	-
Increase/(decrease) in net assets attributable to shareholders from operations		**201**	**(7,665)**
Other comprehensive income/(loss) for the year		**-**	**-**
Increase/(decrease) in net assets attributable to shareholders		**201**	**(7,665)**

** Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 4.*

See accompanying notes to financial statements.

Statement of Financial Position
as at December 31, 2016

(in thousands of US Dollars)

	Notes	**Number of participating shares**	**Net assets attributable to shareholders (calculated in accordance with IFRS)**
January 1, 2015 (restated*)		**1,324,932**	**6,366**
Decrease in net assets attributable to shareholders from operations		–	(7,665)
Total loss for the year		**–**	**(7,665)**
December 31, 2015 (restated*)	**9**	**1,324,932**	**(1,299)**
Increase in net assets attributable to shareholders from operations		–	201
Total profit for the year		**–**	**201**
December 31, 2016	**9**	**1,324,932**	**(1,098)**

** Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 4.*

See accompanying notes to financial statements.

Statement of Financial Position
as at December 31, 2016

(in thousands of US Dollars)

	2016	2015 (restated*)
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to shareholders from operations	201	(7,665)
Adjustments to reconcile net change in net assets attributable to shareholders to net cash (used in)/provided by operating activities		
Non-cash:		
Fair value decrease in financial assets designated at fair value through profit or loss	676	8,404
Dividend income	(1,025)	(1,203)
Net changes in operating assets and liabilities:		
Decrease in other assets	5	6
Decrease in management fee payable	(1,200)	(462)
Increase/(decrease) in accounts payable and accrued expenses	10	(25)
Dividend received	1,025	1,203
Net cash flows provided (used in)/by operating activities	**(308)**	**258**
Cash flows from investing activity		
Proceeds from sale of securities available-for-sale	-	-
Net cash from investing activity	**-**	**-**
Financing activities		
Distributions paid to shareholders	-	-
Net cash flows used in financing activities	**-**	**-**
Effect of exchange rates changes on cash and cash equivalents	-	-
Net (decrease)/increase in cash and cash equivalents	**(308)**	**258**
Cash and cash equivalents at the beginning of the year	**364**	**106**
Cash and cash equivalents at the end of the year	**56**	**364**

** Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 4.*

See accompanying notes to financial statements.

Notes to the Financial Statements

(in thousands of US Dollars)

1. Corporate Information

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

As at December 31, 2016 and 2015 the Fund fully owns Agrera Investments Limited and Melado Enterprises Limited (hereinafter the "Subsidiaries"). Subsidiaries were incorporated in Cyprus as private limited liability companies.

The Fund is listed on Bermuda Stock Exchange.

The initial investment objective of the Fund was to achieve medium term capital growth through investments in listed and unlisted equity and equity-related securities and other instruments in companies that are located in Russia or other states of the Commonwealth of Independent States ("CIS") and are planning to undertake an initial public offering ("IPO"). Investments might also be made in companies that derive a substantial portion of their revenue from, or have substantial assets in Russia, or other states of the CIS. Considering the short term of its maturity, the Fund will not make any new investments. For all of the investments, the Fund is following an exit strategy. The Fund makes all investments through the Subsidiaries.

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

In accordance with the Offering memorandum, the Fund had a term of three years from the commencement date of May 25, 2006, provided that the Directors might extend the term, which was done in 2009 and 2010. On May 13, 2011 the Fund's maturity was extended to June 30, 2013 by the extraordinary general meeting of the shareholders. On July 9, 2014 the Fund's term was extended to December 31, 2015 by the extraordinary general meeting of the shareholders. The latest extension was made on December 22, 2016 amending the Fund's term to December 31, 2016 (for further details please refer to Note 2.1).

The financial statements of the Fund as at and for the year ended December 31, 2016 (the "financial statements") were authorized for issue on September 12, 2017.

2. Basis of Preparation

2.1 Statement of Compliance

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

2.2 General

Liquidation basis

As at December 31, 2015 the Fund's management had the intention to liquidate the Fund in the foreseeable future since the Fund sold or written down to zero its investments and its liabilities exceed its assets. As a result, the Fund has changed its basis of accounting as at December 31, 2015 from the going concern basis to the liquidation basis.

On December 22, 2016, the board of directors of the Fund made a formal decision to terminate the Fund as at December 31, 2016. The Fund prepared the financial statements for the year ended December 31, 2016 and 2015 on a liquidation basis. All assets and liabilities as at 31 December 2016 and 2015 are stated at their estimated net realizable value, which is deemed to be not significantly different from fair value.

The Fund accrued 16 thousand US dollars of liquidation expenses in as at December 31, 2015. No additional liquidation expenses were accrued as at December 31, 2016.

The financial statements are presented in thousands of United States dollars ("thousand US Dollar") unless otherwise stated. US Dollar is the functional and presentation currency of the Fund, as this is the Fund's capital raising currency and its performance is evaluated and its liquidity is managed in US Dollars.

Notes to the Financial Statements

(in thousands of US Dollars)

2. Basis of Preparation (continued)

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

The financial statements provide comparative information in respect of the previous period. Any changes to presentation of comparative information were made to conform to the current year presentation and have no impact on profit/loss and equity.

3. Summary of Significant Accounting Policies

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

(A) Fair value measurement principles

The Fund measures financial instruments, such as trading, at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

An analysis of fair values of financial instruments and further details how they are measured are provided in Note 7.

(B) Financial assets

Initial recognition

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

Notes to the Financial Statements

(in thousands of US Dollars)

3. Summary of Significant Accounting Policies (continued)

Date of recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Fund commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

These include equity securities and debt instruments designated at fair value at initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund. The financial information about these financial assets is provided internally on that basis to the Fund's Directors. Gains or losses on financial assets held for trading are recognised in profit or loss.

Financial assets at fair value through profit or loss are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets at fair value through profit or loss are subsequently carried at fair value. The changes in the fair value and gains or losses on derecognition are recorded in the statement of comprehensive income as "Net gain/ (loss) on financial instruments at fair value through profit or loss" in the period in which they arise.

Reclassification of financial assets

If a non-derivative financial asset classified as held for trading is no longer held for the purpose of selling in the near term, it may be reclassified out of the fair value through profit or loss category in one of the following cases:

- a financial asset that would have met the definition of loans and receivables may be reclassified to loans and receivables category if the Fund has the intention and ability to hold it for the foreseeable future or until maturity;
- other financial assets may be reclassified to available for sale or held to maturity categories only in rare circumstances.

Financial assets are reclassified at their fair value on the date of reclassification. Any gain or loss already recognized in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable.

(C) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise current accounts, demand deposits, short-term deposits in banks with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

(D) Borrowings and payables

Financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to other entities and subordinated loans. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised as well as through the amortisation process.

Notes to the Financial Statements

(in thousands of US Dollars)

3. Summary of Significant Accounting Policies (continued)

(E) Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Fund determines that the fair value at initial recognition differs from the transaction price, then:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Fund recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- in all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Fund recognises that deferred difference as a gain or loss only when the inputs become observable, or when the instrument is derecognized.

(F) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- the normal course of business;
- the event of default; and
- the event of insolvency or bankruptcy of the entity and all of the counterparties.

(G) Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. 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.

(H) Derecognition of financial assets and liabilities

Financial assets

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

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

Where the Fund has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Notes to the Financial Statements

(in thousands of US Dollars)

3. Summary of Significant Accounting Policies (continued)

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Fund's continuing involvement is the amount of the transferred asset that the Fund may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Fund's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(I) Income Taxes

The Fund is exempt from all forms of taxation as there are no taxes on income, profits or capital gains in the Cayman Islands.

No provision is made for local or foreign income taxes, since income and losses are allocated to the individual Shareholders who are responsible for reporting such and paying any taxes thereon. However, certain items of income distributed to certain Shareholders may be subject to withholding on behalf of those Shareholders. The Fund has not recorded a liability for any uncertain tax positions pursuant to the provisions of IAS 12.

(J) Share capital

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.

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

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

Net assets attributable to shareholders are calculated in accordance with the Fund's Offering Memorandum. Valuation of net assets attributable to shareholders as reported to shareholders is different from the IFRS valuation requirements. The difference between the two valuations is reported in Note 9. The Fund's net asset value per share is calculated by dividing the net assets attributable to shareholders by the number of shares in issue.

(K) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing securities classified as trading or available-for-sale, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Fund revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Notes to the Financial Statements

(in thousands of US Dollars)

3. Summary of Significant Accounting Policies (continued)

Fee and commission income and expenses

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

Dividend income

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

(L) Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

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

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

(M) Segment information

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

(N) Changes in accounting policies and disclosures

New and amended standards and interpretations

The Fund has adopted the following amended IFRS which are effective for annual periods beginning on or after 1 January 2016:

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Fund.

Notes to the Financial Statements

(in thousands of US Dollars)

3. Summary of Significant Accounting Policies (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016. These amendments affected presentation of financial statements of the Fund, please refer to Note 4.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include, in particular:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively. This amendment does not impact the Fund's accounting policy.

IFRS 7 Financial Instruments: Disclosures
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. This is consistent with the Fund's current accounting policy, and thus this amendment does not impact the Fund's accounting policy.

4. Significant Accounting Judgments and Estimates

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

In the process of applying the Fund's accounting policies, Management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the financial statements:

4.1 Assessment as Investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund's activity is mainly focused on investments in entities in the financial sector of the Russian Federation with the purpose of profit from further disposal and investment income. During the term of the Fund had several investors.

The Fund measures an investment in its subsidiaries, Melado Investment Limited and Agrera Investment Limited, at fair value through profit or loss.

Notes to the Financial Statements

(in thousands of US Dollars)

4. Significant Accounting Judgments and Estimates (continued)

The Fund's Management has also concluded that the Fund meets the additional characteristics of an investment entity: it has more than one investment and investor; it has investors that are not related parties of the Fund; the investments are predominantly in the form of equities or similar interests.

Thus, the Management has concluded that the Fund meets the definition of an investment entity.

Restatement of comparative information

The Fund has adopted amendments to IFRS 10 Consolidated Financial Statements that are effective for annual periods beginning on or after 1 January 2016. These amendments clarify that if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities, it shall consolidate that subsidiary. Investments in all other subsidiaries of an investment entity shall be measured at fair value through profit or loss.

One of its subsidiaries (Melado Enterprises Limited) is measured at fair value through profit or loss as at December 31, 2016 and 2015.

Agrera Investments Limited is engaged in holding the investments and facilitate investment-related transactions. Following the guidance in IFRS 10 effective before 1 January 2016 the Fund consolidated this subsidiary as it is engaged in providing services with respect the Fund's investment activities. The adoption of the amendments effective since 1 January 2016 has changed the treatment with respect to the consolidated subsidiary that is itself an investment entity. The Fund started to account for investments in this subsidiary at at fair value through profit or loss.

This change in accounting policy is required to be accounted for retrospectively. Accordingly, the relevant comparative figures have been restated as follows:

Notes to the Financial Statements

(in thousands of US Dollars)

4. Significant Accounting Judgments and Estimates (continued)

Restatement of comparative information (continued)

Changes in presentation and reclassifications in Statement of Comprehensive Income for the year ended December 31, 2015

	As previously reported	Deconsolidation of Agrera Investments Limited	Restated
Income/ (Loss) from operations			
Dividend income	70	1,133	1,203
Net realized (loss)/gain on investment securities available for sale	(468)	468	-
Net foreign exchange gain/ (loss)	106	(106)	-
Total income/ (loss) from operations	**(292)**	**1,495**	**1,203**
Expenses			
Management fee	(338)	-	(338)
Administration fee	(27)	-	(27)
Impairment of investment securities available for sale	(4,891)	4,891	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	-	(8,404)	(8,404)
Other accounts receivable allowance	(1,675)	1,675	-
Write - off of accounts receivable	(264)	264	-
Liquidation expenses	(16)	-	(16)
Other operating expenses	(155)	72	(83)
Total expenses	**(7,366)**	**(1,502)**	**(8,868)**
Operating loss before income tax expense	**(7,658)**	**(7)**	**(7,665)**
Income tax expense	(7)	7	-
Decrease in net assets attributable to shareholders from operations	**(7,665)**	**-**	**(7,665)**
Other comprehensive income/(loss) for the year	**-**	**-**	**-**
Decrease in net assets attributable to shareholders from operations after other comprehensive loss	(7,665)	-	(7,665)

Notes to the Financial Statements

(in thousands of US Dollars)

4. Significant Accounting Judgments and Estimates (continued)

Restatement of comparative information (continued)

Changes in presentation and reclassifications in Statement of Financial Position as at December 31, 2015

	As previously reported	Deconsolidation of Agrera Investments Limited	Restated
Assets			
Cash and cash equivalents	1,419	(1,055)	364
Financial assets at fair value through profit or loss	-	676	676
Other assets	5	-	5
Total assets	**1,424**	**(379)**	**1,045**
Liabilities			
Management fee payable	2,289	-	2,289
Accounts payable and accrued expenses	434	(379)	55
Total liabilities excluding net assets attributable to shareholders	**2,723**	**(379)**	**2,344**
Net assets attributable to shareholders	**(1,299)**	**-**	**(1,299)**
Total liabilities and net assets attributable to shareholders	**1,424**	**(379)**	**1,045**
Number of participating shares in issue	**1,324,932**	**-**	**1,324,932**
Net asset value per participating share (in US dollars)	-	-	-

Notes to the Financial Statements

(in thousands of US Dollars)

4. Significant Accounting Judgments and Estimates (continued)

Restatement of comparative information (continued)

Changes in presentation and reclassifications in Statement of Cash Flows for the year ended December 31, 2015

	As previously reported	Deconsolidation of Agrera Investments Limited	Restated
Cash flows from operating activities			
Decrease in net assets attributable to shareholders from operations	(7,665)	-	(7,665)
Non-cash:			
Fair value decrease in financial assets designated at fair value through profit or loss	-	8,404	8,404
Net realized (loss)/gain on investment securities available for sale	468	(468)	-
Impairment of investment securities available for sale	4,891	(4,891)	-
Allowance for loan and accounts receivable impairment	1,675	(1,675)	-
Write - off of accounts receivable	264	(264)	-
Net foreign exchange gain/ (loss)	(106)	106	-
Dividend income	-	(1,203)	(1,203)
Net changes in operating assets and liabilities:			
Decrease of other accounts receivable	682	(682)	-
Decrease in other assets	(1)	7	6
(Decrease)/increase in management fee payable	(462)	-	(462)
Decrease in accounts payable and accrued expenses	(23)	(1)	(25)
Dividend received	-	1,203	1,203
Net cash flows provided (used in)/by operating activities	**(277)**	**535**	**258**
Cash flows from investing activity			
Proceeds from sale of securities available-for-sale	1,026	(1,026)	-
Net cash from investing activity	**1,026**	**(1,026)**	**-**
Financing activities			
Distributions paid to shareholders	-	-	-
Net cash flows used in financing activities	**-**	**-**	**-**
Effect of exchange rates changes on cash and cash equivalents	17	(17)	-
Net increase in cash and cash equivalents	**766**	**(508)**	**258**
Cash and cash equivalents at the beginning of the year	**653**	**(547)**	**106**
Cash and cash equivalents at the end of the year	**1,419**	**(1,055)**	**364**
Supplementary information to operating activities:			
Dividend income, net of withholding tax	-	1,203	1,203

All the disclosure amounts within comparative information were changed respectively.

Notes to the Financial Statements

(in thousands of US Dollars)

4. Significant Accounting Judgments and Estimates (continued)

4.2 Functional currency

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

4.3 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity, selection of peer companies and appropriate valuation multiples and model inputs such as control premium and other adjustments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

5. Cash and Cash Equivalents

Outstanding balances of Cash and cash equivalents as of December 31, 2016 and 2015 are represented by current bank accounts in large European financial institutions in total amount of 56 thousand US dollars and 364 thousand US dollars respectively. There are no amounts of restricted cash as at December 31, 2016 and 2015.

6. Financial assets at fair value through profit or loss

The Fund meets the definition of an investment entity. Therefore, it does not consolidate its Subsidiaries but, rather, recognizes them as investments at fair value through profit or loss. The Fund fully owns both Melado Enterprises Limited and Agrera Investments Limited as at December 31, 2016 and 2015.

	December 31, 2016		**December 31, 2015 (restated)**	
	Cost	**Fair value**	**Cost**	**Fair value**
Investment in subsidiaries				
Melado Enterprises Limited	3	-	3	-
Agrera Investments Limited	4	-	4	676
	7	**-**	**7**	**676**

Restrictions

The Fund receives income in the form of dividends and interest from its investments in the Subsidiaries, and there are no significant restrictions on the transfer of funds from this entity to the Fund.

Support

During the current year, the Fund haven't provided additional support to the Subsidiaries. The Fund has no contractual commitments or current intentions to provide any other financial or other support to its Subsidiaries.

Refer to Note 7 for detailed disclosures on fair value of the Fund's financial assets designated at fair value through profit or loss.

Principal place of business of the Subsidiaries is Russia. As at December 31, 2016 and 2015 the main assets of Agrera Investments Ltd. (Cyprus) comprise of the following non-traded investment securities available-for-sale:

Notes to the Financial Statements

(in thousands of US Dollars)

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

	December 31, 2016		December 31, 2015 (restated)	
	Cost	**Fair value**	**Cost**	**Fair value**
Ordinary unquoted shares				
Lubel coal company limited	15,033	-	15,033	-
Pleasure machine CJSC	1,757	-	1,757	-
Sakaras ltd	7,271	-	7,271	-
Karavan Real Estate Ltd.	12,302	-	12,302	-
	36,363	**-**	**36,363**	**-**
Unquoted equity participation note				
Rekha Holdings Ltd.	14,567	-	14,567	-
	50,930	**-**	**50,930**	**-**

7. Fair Value of Financial Instruments

Financial Instruments Recorded at Fair Value

As at December 31, 2016 and 2015 all the investments are classified as Level 3 investments. During the years 2016 and 2015 there were no transfers between the levels in the fair value hierarchy.

The Fund invests in the Subsidiaries which are also investment entity. The NAV of the Subsidiaries is used as an input into measuring its fair value. The investments of the Subsidiaries are not quoted in an active market.

	Level 3	
	December 31, 2016	**December 31, 2015 (restated)**
Assets		
Financial Assets at Fair Value through Profit or Loss	-	676
Total	**-**	**676**

Fair value of Agrera Investments Limited as at 31 December 2015 in amount of 676 thousand US dollars is formed by its Cash balances less Accounts payable. Dividends in amount 1,025 thousand US dollars were paid to the Fund in 2016 which resulted in decrease of fair value of investment in Agrera Investments Limited to nil US dollars.

Valuation techniques

In the absence of observable market prices, the Fund values it Subsidiaries' investments using valuation methodologies applied on a consistent basis. The fair value of investment was estimated using valuation models or based on the over-the-counter ("OTC") transactions information. Management's estimation of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate discounts for lack of control and for lack of liquidity.

Valuation process for Level 3 valuations

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

Notes to the Financial Statements

(in thousands of US Dollars)

8. Performance and Management Fees

The Fund pays the Investment Manager a performance fee equal to 20% of all amounts otherwise distributable to the shareholders (whether as dividends, distributions or upon liquidation) in excess of the aggregate issue price for the participating shares.

Such performance fee, if owed, will be payable within 30 days of the date of any distribution, unless the Directors decide otherwise.

As of December 31, 2016 and 2015, the Fund's net assets value per share (before deduction of management and performance fees) did not exceed initial issue price. The Fund did not accrue performance fee in 2016 and 2015. As of December 31, 2016 the amount of performance fee payable amounted to nil US dollars (2015: nil).

Management fees are equal to 2% per annum of the aggregate net assets value of the Fund calculated in accordance with the Offering memorandum. Management fees are generally paid quarterly in arrears or at such other times as the Directors, with the consent of the Investment Manager, may determine.

During 2016 management fee has not incurred as the aggregate net assets value was not positive (2015: 338 thousand US dollars).

As of December 31, 2016, the management fee payable amounted to 1,089 thousand US dollars (December 31, 2015: 2,289 thousand US dollars). During 2016 year 1,200 thousand US dollars of management fee was paid (2015 - 800 thousand US dollars).

9. Net Assets Attributable to Shareholders

Incorporation and Share Capital

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

The Investment Manager owns 100% of the Management shares.

As of December 31, 2016 and 2015, 100 Management shares have been issued at US Dollar 0.01 each and 1,324,932 profit participating, non-voting shares have been issued at US Dollar 0.01 each.

The Fund does not have any externally imposed capital requirements.

Rights of the Management Shares

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

Rights of the Participating Shares

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

Winding Up

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

Distributions

Distributions from the Fund may be made at any time as determined by the Directors. The Fund is not required to distribute the net proceeds of investments disposed of by the Fund and may reinvest all or a part of such net proceeds in new investments.

Notes to the Financial Statements

(in thousands of US Dollars)

9. Net Assets Attributable to Shareholders (continued)

The Fund will be entitled to withhold from any distributions amounts necessary to create, in its discretion, appropriate reserves for expenses and liabilities of the Fund as well as for any required tax withholdings.

All distributions will be paid out to the holders of participating shares pro rata in proportion to their shareholding. The Directors may determine whether and to what extent a distribution will be made in the form of dividends or as a partial compulsory redemption of shares. In the years of 2016 and 2015 no distributions to shareholders were declared.

The financial statements as of December 31, 2016 have been prepared on a liquidation basis as the Fund's management has the intention to liquidate the Fund in the foreseeable future since the Fund sold or written down to zero its investments and its liabilities exceed its assets.

Capital Management

The Fund's objectives for managing capital are:

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

As at December 31, 2016 and 2015, the Fund's operations were funded by issued share capital.

Reconciliation of Audited Net Assets to Net Assets as Reported to Shareholders

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

- A net unrealized loss on financial assets designated at fair value through profit or loss has been recognized;
- Separation of dividends accrual from financial assets designated at fair value revaluation;
- Other adjustments for expense accruals have been recorded.

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

	2016	**2015 (restated)**
Net assets as reported to shareholders	**-**	**587**
Net gain/(loss) on investment securities available for sale	(1,057)	(3,076)
Dividends accrual	1,025	1,203
Other adjustments and accruals	(1,066)	(13)
Adjusted net assets per financial statements	**(1,098)**	**(1,299)**
Net asset value per participating share as reported to shareholders (in US Dollars)	**-**	**-**
Adjustments per participating share (in US Dollars)	-	-
Net asset value per participating share per these financial statements (in US Dollars)	**-**	**-**

10. Income Tax Expense

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

Notes to the Financial Statements

(in thousands of US Dollars)

11. Commitments and Contingencies

Operating Environment

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

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

The Russian economy has been negatively impacted by a decline in oil prices and sanctions imposed on Russia by a number of countries. The Rouble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Fund's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Fund's business in the current circumstances.

Legal

In the ordinary course of business, the Fund might be 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.

12. Financial Risk Management

General

The Fund is subject to all risk management policies and procedures implemented by the Investment Manager and other parties and bodies involved in managing the Fund's risk.

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

As of December 31, 2016 and 2015 the Fund sold or fully impaired all its investments.

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

Credit Risk

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

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

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

Notes to the Financial Statements

(in thousands of US Dollars)

12. Financial Risk Management (continued)

	Maximum exposure December 31, 2016	Maximum exposure December 31, 2015 (restated)
Cash and cash equivalents	56	364
Other accounts receivable	-	5
Total credit risk exposure	**56**	**369**

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

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

	A-	
	As at December 31, 2016	As at December 31, 2015 (restated)
Cash and cash equivalents	56	364
Total	**56**	**364**

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

As at December 31, 2016 and 2015 the Fund had neither past due financial assets, nor individually impaired assets.

Counterparty credit risk is managed through the internally developed system of counterparty limits. The counterparty limits are established by the Investment Manager. Adherence to those limits is monitored by the Investment Manager.

Non-delivery risk, prepayment risk and pre-settlement risk, incurred in non-exchange-settled transaction, are subject to monitoring. The risks are aggregated and utilised against counterparty limit. At the reporting date no unsettled transactions were in place.

Cash held by the Fund is held by Barclays Bank to facilitate redemption and other payments. Bankruptcy or insolvency of the financial institutions may cause the Fund's rights with respect to the cash held to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial position of the financial institutions.

Liquidity Risk and Funding Management

In 2014 the Fund's term was extended to December 31, 2015 with subsequent extension to December 31, 2016. Prior to the expiration of the Fund's term, the net assets will not be distributed to shareholders.

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

As of 31 December 2016 the Fund is a subject of significant liquidity risk as its current liabilities exceed current assets. As of 31 December 2016 the Fund has negative net assets in amount 1,098 thousand US dollars.

The maturity profile of the Fund`s financial liabilities at 31 December based on contractual undiscounted repayment obligations is approximated by the carrying values of respective liabilities disclosed in Note 13.

Notes to the Financial Statements

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Market Risk

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

The Fund's strategy on the management of market risk is driven by the Fund's investment objective. The investment objective of the Fund is defined in Note 1 of the financial statements.

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

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

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

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

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

Sensitivity Analysis

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

As of December 31, 2016 the Funds fully impaired all its investments.

As of December 31, 2015 the Fund's investment portfolio comprised investment in its Subsidiaies. The Subsidiaries invested in companies operating in the Russian Federation and Ukraine. All the investments of the Subsidiaries were fully impaired as of December 31, 2016 and 2015.

Currency Risk

As of December 31, 2016 and 2015 the monetary assets and liabilities subject to currency risk were not significant.

Interest Rate Risk

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

Other Price Risk

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

As the Fund's financial instruments were carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions directly affected total comprehensive income.

At December 31, 2016 and 2015 no investments in any single instrument exceeded the set limits.

Notes to the Financial Statements

(in thousands of US Dollars)

12. Financial Risk Management (continued)

Geographical Concentration

The geographical concentration of the Fund's assets and liabilities is set out below and is tied to country of incorporation of bank or counterparty:

	December 31, 2016				December 31, 2015 (restated)			
Assets	***Cayman Islands***	***UK***	***Other***	***Total***	***Cayman Islands***	***UK***	***Other***	***Total***
Cash and cash equivalents	-	56	-	**56**	-	364	-	**364**
Financial assets at fair value through profit or loss	-	-	-	**-**	-	-	676	**676**
Other assets	-	-	-	**-**	-	-	5	**5**
Total assets	**-**	**56**	**-**	**56**	**-**	**364**	**681**	**1,045**
Liabilities								
Management fee payable	1,089	-	-	**1,089**	**2,289**	-	-	**2,289**
Accounts payable and accrued expenses	-	-	65	**65**	-	-	55	**55**
Total liabilities	**1,089**	**-**	**65**	**1,154**	**2,289**	**-**	**55**	**2,344**
Net position	**(1,089)**	**56**	**(65)**	**(1,098)**	**(2,289)**	**364**	**626**	**(1,299)**

13. Maturity analysis of assets and liabilities

Analysis of Financial Assets and Liabilities by Remaining Maturities

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled. The Fund's contractual undiscounted repayment obligations are approximated by the carrying values of respective liabilities.

	2016	**2015 (restated)**
	Less than 1 year	***Less than 1 year***
Assets		
Cash and cash equivalents	56	364
Financial assets at fair value through profit or loss	-	676
Other assets	-	5
Total assets	**56**	**1,045**
Liabilities		
Management fee payable	1,089	2,289
Accounts payable and accrued expenses	65	55
Total liabilities	**1,154**	**2,344**
Net postion	**(1,098)**	**(1,299)**

Notes to the Financial Statements

(in thousands of US Dollars)

14. Related Party Transactions

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

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

The Fund's related party transactions were made on terms equivalent to those that prevail in arm's length transactions in 2016 and 2015.

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

- Investment Manager –Renasset Managers Limited:
- Directors – the list of the Fund's Directors in shown on page 3;
- Subsidiaries (Note 1);
- Other entities under common control.

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

	2016				2015 (restated			
	Investment Manager	Directors	Subsidiaries	Entities under common control	Investment Manager	Directors	Subsidiaries	Entities under common control
Management fee payable at January 1	**2,289**	**–**	**–**	**–**	**2,751**	**–**	**–**	**–**
Management fee accrued	–	–	–	–	338	–	–	–
Management fee paid	(1,200)	–	–	–	(800)	–	–	–
Management fee payable at December 31	**1,089**	**–**	**–**	**–**	**2,289**	**–**	**–**	**–**
Cash received	–	–	1,025	–	–	–	1,203	682
Net foreign exchange (loss)/gain	–	–	–	–	–	–	–	90
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	–	–	(676)	–	–	–	(8,404)	–
Other operating expenses	–	60	–	–	–	41	–	–

15. Events after the Reporting Date

On 31 May 2017 the Fund has transferred all shares of Agrera Investments Limited to Renasset Managers Limited in satisfaction of the Funds liability for management fees outstanding.