

**RENAISSANCE CAPITAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

(Registered Number: 3059237)



# RENAISSANCE CAPITAL LIMITED

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## **RENAISSANCE CAPITAL LIMITED**

### **DIRECTORS**

Stephen Armstrong Jennings (Chairman)  
Bruce Mark Gardner  
Sir Michael Alexander (Appointed 1 February 2000)

### **COMPANY SECRETARY**

Jose Manuel Abaroa (Appointed 21 April 2000)

### **AUDITORS**

PricewaterhouseCoopers  
1 Embankment Place  
London WC2N 6NN

### **BANKERS**

The Chase Manhattan Bank, NA  
125 London Wall  
London EC2Y 5AJ

### **REGISTERED OFFICE**

18<sup>th</sup> Floor  
1 Angel Court  
Copthall Avenue  
London EC2R 7HJ  
Registered Number: 3059237

## **RENAISSANCE CAPITAL LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements of the Company for the year ended 31 December 2000.

#### **Principal activity**

The Company is the international sales, trading and investment banking arm of Renaissance Capital. It specialises in Russian equity sales and trading and is responsible for all sales and trading activities with international (non-Russian) clients.

#### **Review of business and future developments**

The directors consider the level of business and the year end financial position to be satisfactory within the context of the long-term strategy of the Company.

At 29<sup>th</sup> of December 2000 the Company sold their wholly owned subsidiary RC Securities, Inc., a NASD regulated broker dealer with activities in the United States, to Renaissance UK Holdings Limited. No profit or loss was made on this transaction.

The Company is registered with the Securities and Futures Authority and is an authorised person for the purposes of acting as an introducing broker.

On 19<sup>th</sup> January 2001, the Company obtained a substantial upgrade to a full-service "Category A" ISD licence from the SFA. The expanded licence permits the Company to perform broker/dealer services by trading as a principal, and to engage in corporate finance activities for the Group's investment banking business in Europe.

#### **Results for the period**

During the year the Company made a profit of \$366,000 (1999: loss of \$77,000).

Equity shareholders' funds at the end of the year were \$3,616,000 (1999: \$3,250,000)

#### **Dividends**

The directors do not recommend the payment of a dividend (1999 - \$nil).

#### **Directors and directors' interests**

The directors who held office at the date of this report and during the period were as follows:

Stephen Jennings (Chairman)  
Bruce Gardner  
Sir Michael Alexander (appointed 1<sup>st</sup> February 2000)

No director at 31 December 2000, or at any time during the year, had any interest in the shares of the company or any other group company which is required to be notified to the company or disclosed under the Companies Act 1985.

## RENAISSANCE CAPITAL LIMITED

### REPORT OF THE DIRECTORS (continued)

#### Statement of directors' responsibilities

The directors are required by UK Company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed and that it is appropriate to prepare the financial statements on the going concern basis.

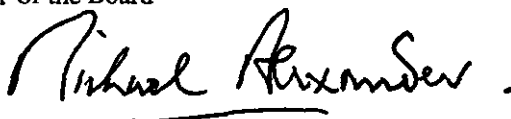
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditors

During the year the company's auditors, Ernst & Young, resigned from office. The directors appointed PricewaterhouseCoopers in their place to fill the casual vacancy.

PricewaterhouseCoopers have indicated their willingness to continue in office and resolutions concerning their re-appointment as auditors and authorising the directors to set their remuneration will be proposed at the annual general meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read "Michael Alexander", with a horizontal line underneath the name.

Sir Michael Alexander  
Director  
20 March 2001

## AUDITOR'S REPORT TO THE MEMBERS OF RENAISSANCE CAPITAL LIMITED

We have audited the financial statements on pages 6 to 12, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We have read the other information contained in the Annual Report and have considered the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

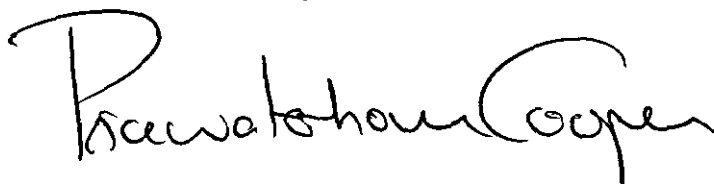
### Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

20 March 2001

**RENAISSANCE CAPITAL LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2000**

	Note	2000 \$000	1999 \$000
Turnover	2	4,194	2,025
Operating expenses		(3,860)	(2,116)
<b>Operating profit/(loss)</b>		<b>334</b>	<b>(91)</b>
Interest receivable and similar income	3	45	20
<b>Profit before tax</b>		<b>379</b>	<b>(71)</b>
Tax on profit/(loss) on ordinary activities	6	(13)	(6)
<b>Retained profit/(loss) for the financial year</b>	12	<b>366</b>	<b>(77)</b>

All the amounts above are derived from continuing activities.

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

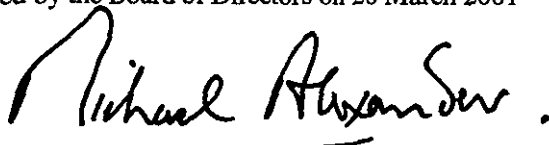
The notes on pages 8 to 12 form an integral part of these financial statements.

# RENAISSANCE CAPITAL LIMITED

## BALANCE SHEET as at 31 December 2000

	Note	2000 \$000	1999 \$000
<b>Fixed assets</b>			
Tangible fixed assets	7	184	339
Investments	8	-	1,820
		<b>184</b>	<b>2,159</b>
<b>Current assets</b>			
Debtors	9	329	278
Cash at bank and in hand		<b>4,301</b>	<b>1,070</b>
		<b>4,630</b>	<b>1,348</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(1,198)</b>	<b>(257)</b>
<b>Net current assets</b>		<b>3,432</b>	<b>1,091</b>
<b>Net assets</b>		<b>3,616</b>	<b>3,250</b>
<b>Capital and reserves</b>			
Equity shareholders' funds:			
Called up share capital	11	4,006	4,006
Profit and loss account	12	(390)	(756)
<b>Total equity shareholders' funds</b>		<b>3,616</b>	<b>3,250</b>

Approved by the Board of Directors on 20 March 2001



Sir Michael Alexander  
Director

The notes on pages 8 to 12 form part of these financial statements

**RENAISSANCE CAPITAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2000**

**1. Principal accounting policies**

The accounts are drawn up in United States dollars, being the currency in which the majority of the company's transactions are denominated.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**a) Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**b) Turnover**

Turnover, which excludes value added tax, comprises the invoiced value of management fees charged to a fellow group company.

In the opinion of the directors, the company has only one class of business, that of providing brokerage services, and operates in a market which is not delineated by geographical bounds.

**c) Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

- Leasehold improvements – 5 years
- Fixtures and Fittings – 5 years
- Computers and Communications Equipment – 3 years

**d) Taxation**

Provision is made for corporation tax at current rates on profits as adjusted for tax purposes. Deferred tax is provided using the liability method on timing differences between the accounting tax treatment of income and expense where it is considered probable that a liability to tax will crystallise.

**e) Foreign currencies**

Assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange ruling at the balance sheet date. All foreign exchange gains or losses are charged to the profit and loss account. The exchange rate used to convert sterling balances into US dollars at the balance sheet date was 1.4930 (1999 – 1.6117).

## RENAISSANCE CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2000 (continued)

#### f) Operating leases

Costs in respect of operating leases are charged to the profit and loss account during the year in which they are incurred.

#### g) Cashflow statement

The company is exempt from the requirements of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is wholly owned subsidiary undertaking of Renaissance Capital Holdings Limited for which consolidated statements are publicly available (see note 14).

#### h) Related party disclosures

The company is exempt from the disclosure requirement of Financial Reporting Statement No 8 regarding transactions with other group entities, as the consolidated financial statements in which the company is ultimately included are publicly available (see note 14). All transactions with other group entities are on an arms' length basis.

## 2. Turnover

Turnover consists of fees relating to management services provided to a fellow subsidiary undertaking, Renaissance Capital Investments (Cyprus) Ltd and of rental income on a sub-lease of a corporate apartment to an employee.

## 3. Interest receivable and similar income

All interest receivable relates to interest on bank and deposit accounts held with third parties.

## 4. Directors and employee information

The average monthly number of persons (including directors) employed by the Company during the year:

	2000	1999
Administration	8	5
Sales	5	3
<b>Total</b>	<b>13</b>	<b>8</b>
<b>Staff costs</b>	<b>2000</b>	<b>1999</b>
	<b>\$000</b>	<b>\$000</b>
Wages & salaries	1,805	760
Social security costs	104	63
Other pension costs	71	49
	<b>1,980</b>	<b>872</b>

None of the company's directors received any qualifying emoluments during the year (1999 - \$nil). The company contributes to the personal pension plans held by some of its employees.

# **RENAISSANCE CAPITAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2000** **(continued)**

### **5. Profit/(loss) on ordinary activities before taxation**

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2000 \$000	1999 \$000
Depreciation of tangible fixed assets	183	216
Auditors' remuneration for audit services	32	20
non-audit services	8	-
Operating lease rentals on: plant and machinery	3	3
land and buildings	264	140

### **6. Tax on profit on ordinary activities**

	2000 \$000	1999 \$000
UK Corporation tax at 30% (1999: 30.25%) on taxable profits for the year	13	6
	13	6

The Company had taxation losses carried forward in respect of the period from the date of incorporation to 31 December 1999. A deferred tax asset of \$377K (1999: - \$527K) has not been recognised in respect of these losses.

### **7. Tangible fixed assets**

	Leasehold improvements \$000	Computer and communications equipment \$000	Fixtures and fittings \$000	Total \$000
<b>Cost:</b>				
At 1 January 2000	161	467	168	796
Additions	-	18	10	28
<b>At 31 December 2000</b>	<b>161</b>	<b>485</b>	<b>178</b>	<b>824</b>
<b>Depreciation:</b>				
At 1 January 2000	63	326	68	457
Charge for the year	30	122	31	183
<b>At 31 December 2000</b>	<b>93</b>	<b>448</b>	<b>99</b>	<b>640</b>
<b>Net Book Value</b>				
At 1 January 2000	98	141	100	339
<b>At 31 December 2000</b>	<b>68</b>	<b>37</b>	<b>79</b>	<b>184</b>

# RENAISSANCE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2000 (continued)

### 8. Investments in subsidiary undertaking

	2000 \$000	1999 \$000
Cost:		
At 1 January	1,820	1,820
Disposals	(1,820)	-
At 31 December	-	1,820

On 29<sup>th</sup> of December 2000 the Company sold its wholly owned subsidiary, RC Securities, Inc., a broker dealer with activities in the United States, to Renaissance UK Holdings Limited (see Note 16). No profit or loss has been made on this transaction.

### 9. Debtors

	2000 \$000	1999 \$000
Other debtors	255	40
Prepayments and accrued income	74	58
Amounts due from group companies	-	180
	329	278

All debtors are due within one year.

### 10. Creditors: amounts falling due within one year

	2000 \$000	1999 \$000
Accruals and deferred income	1,153	225
Other taxation and social security	45	32
	1,198	257

### 11. Called up share capital

	2000 \$000	1999 \$000
Authorised		
2,433,000 Ordinary shares of £1 each:	4,006	4,006
Allotted, called up and fully paid		
2,433,000 Ordinary shares of £1 each:	4,006	4,006

# RENAISSANCE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2000 (continued)

### 12. Reconciliation of movements in shareholders' funds and movements in reserves

	Share capital	Profit and loss account	Total shareholders' funds
	\$000	\$000	\$000
At 1 January 2000	4,006	(756)	3,250
Profit for the financial year	-	366	366
<b>At 31 December 2000</b>	<b>4,006</b>	<b>(390)</b>	<b>3,616</b>

### 13. Operating lease commitments

At 31 December 2000 the Company was committed to make annual payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
Operating leases which expire:				
Within one year	54	7	2	-
In two to five years	140	123	-	3
	<b>194</b>	<b>130</b>	<b>2</b>	<b>3</b>

### 14. Controlling party and parent company

Until 29<sup>th</sup> December 2000 the immediate parent undertaking was Renaissance Capital Holdings Ltd, a limited liability company incorporated in Bermuda, by virtue of its controlling interest in the Company's equity capital. The consolidated financial statements of this group are available to the public and may be obtained from 22 Voznesensky Pereulok, 103009 Moscow, Russia and from the registered address of Renaissance Capital Limited.

On the 29<sup>th</sup> December 2000 the immediate parent undertaking changed from Renaissance Capital Holdings Ltd, a limited liability company incorporated in Bermuda, to Renaissance UK Holdings Ltd, a limited liability company registered in England and Wales, which at 31 December 2000 was the parent undertaking of the smallest group of undertakings for which group accounts are prepared.

The company's ultimate controlling party is Renaissance Holdings Management Ltd, a limited liability company incorporated in Bermuda.