

RENAISSANCE CAPITAL GROWTH & INCOME FUND III INC
Form 10-Q
May 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2008

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition period from _____ to _____ .

Commission file number: 0-20671

Renaissance Capital Growth & Income Fund III, Inc.
(Exact name of registrant as specified in its charter)

TX
(State or other jurisdiction
of incorporation or organization)

75-2533518
(I.R.S. Employer
Identification No.)

**8080 N. Central Expressway, Suite 210,
LB-59, Dallas, TX**
(Address of principal executive offices)

75206
(Zip Code)

Registrant's telephone number, including area code: **214-891-8294**

None
(Former name, former address and former fiscal year
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated

filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer S

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No .

As of April 30, 2008 the issuer had 4,463,967 shares of common stock outstanding.

RENAISSANCE CAPITAL GROWTH & INCOME FUND III, INC.

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PART I - FINANCIAL INFORMATION

Renaissance Capital Growth & Income Fund III, Inc.
 Statements of Assets and Liabilities
 (Unaudited)

Item 1. Financial Statements

	March 31, 2008	December 31, 2007
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,618,934	\$ 3,679,949
Investments at fair value, cost of \$43,606,917 and \$43,820,011 at March 31, 2008 and December 31, 2007, respectively	31,122,075	36,251,126
Receivables from broker	519	-
Interest and dividends receivable	154,634	141,402
Prepaid and other assets	9,571	50,663
	\$ 33,905,733	\$ 40,123,140
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 170,462	\$ 57,726
Dividend payable	-	446,397
Accounts payable - affiliate	328,531	374,734
Taxes payable on behalf of stockholders	-	1,485,135
	498,993	2,363,992
Commitments and contingencies		
Net assets:		
Common stock, \$1 par value; authorized 20,000,000 shares; 4,673,867 issued; 4,463,967 shares outstanding	4,673,867	4,673,867
Additional paid-in-capital	27,648,674	27,925,813
Treasury stock at cost, 209,900 shares	(1,734,967)	(1,734,967)
Distributable earnings	840,688	-
Net realized gain on investments retained	14,463,320	14,463,320
Net unrealized depreciation of investments	(12,484,842)	(7,568,885)
Net assets, equivalent to \$7.48 and \$8.46 per share at March 31, 2008 and December 31, 2007, respectively	33,406,740	37,759,148
	\$ 33,905,733	\$ 40,123,140

See accompanying notes

Renaissance Capital Growth & Income Fund III, Inc.
Schedules of Investments (continued)
(unaudited)

March 31, 2008

	Interest Rate	Maturity Date	Cost	Fair Value	% of Investment Assets
Eligible Portfolio Investments -					
Convertible Debentures and					
Promissory Notes					
CaminoSoft Corp. -					
Promissory note (2)	7.00%	01/19/08	\$ 250,000	\$ 250,000	0.80%
iLinc Communications, Inc. -					
Convertible promissory note	12.00	03/29/12	500,000	500,000	1.61
Integrated Security Systems, Inc. -					
Convertible promissory note (2)	6.00	09/30/08	400,000	400,000	1.29
Promissory note (2)	8.00	09/30/08	525,000	525,000	1.69
Promissory note (2)	7.00	09/30/08	200,000	200,000	0.64
Promissory note (2)	8.00	09/30/08	175,000	175,000	0.56
Promissory note (2)	8.00	09/30/08	450,000	450,000	1.45
Convertible promissory note (2)	8.00	12/14/08	500,000	500,000	1.61
Promissory note (2)	8.00	12/12/08	300,000	300,000	0.96
PetroHunter Energy Corp-					
Convertible debenture (1)	8.50	11/05/12	1,000,000	1,000,000	3.21
Pipeline Data, Inc. -					
Convertible debenture	8.00	06/29/10	500,000	500,000	1.61
Simtek Corporation -					
Convertible debenture	7.50	06/28/09	700,000	859,091	2.76
			\$ 5,500,000	\$ 5,659,091	18.19%

See accompanying notes

Renaissance Capital Growth & Income Fund III, Inc.
Schedules of Investments (continued)
(unaudited)

	March 31, 2008				%
	Shares	Cost	Fair Value		of Investment Assets
Eligible Portfolio Investments -					
Common Stock, Preferred Stock, and Miscellaneous Securities					
Advance Nanotech, Inc. -					
Common stock	5,796	\$ 11,199	\$ 1,043		0.00%
AuraSound, Inc. -					
Common stock	1,000,000	1,000,000	1,030,000		3.31
BPO Management Services, Inc. -					
Series D, preferred (2)	104,167	1,000,000	500,000		1.61
Series D2, preferred (2)	52,084	500,000	250,000		.80
CaminoSoft Corp. -					
Common stock (2)	3,620,873	5,282,384	289,670		0.93
eOriginal, Inc. -					
Series A, preferred stock (2)	10,680	4,692,207	145,462		0.47
Series B, preferred stock (2)	25,646	620,329	349,299		