

RENAISSANCE CAPITAL GROWTH & INCOME FUND III INC  
Form 10-Q  
December 20, 2006

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

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**Form 10-Q**

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

For the quarterly period ended June 30, 2005

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 75206**  
(Address of principal executive offices) (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)

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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 December 15, 2006, the issuer had 4,463,967 shares of common stock outstanding.

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**RENAISSANCE CAPITAL GROWTH & INCOME FUND III, INC.**

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See accompanying notes



## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

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

ASSETS

	June 30, 2005	December 31, 2004
Cash and cash equivalents	\$ 5,255,675	\$ 37,278,871
Investments at fair value, cost of \$37,448,378 and \$38,096,399 at June 30, 2005 and December 31, 2004, respectively	59,203,405	76,203,302
Accounts receivable - settlement with affiliate	3,775,872	3,775,872
Interest and dividends receivable	139,280	95,689
Prepaid and other assets	221,044	33,375
	\$ 68,595,276	\$ 117,387,109

LIABILITIES AND NET ASSETS

<b>Liabilities:</b>		
Due to broker	\$ 2,131,764	\$ 27,001,414
Accounts payable	5,289	51,477
Accounts payable - affiliate	3,937,073	3,697,461
Accounts payable - dividends	-	12,054,258
	6,074,126	42,804,610
<b>Commitments and contingencies</b>		
<b>Net assets:</b>		
Common stock, \$1 par value; authorized 20,000,000 shares; 4,673,867 and 4,561,618 issued; 4,463,967 and 4,351,718 shares outstanding	4,673,867	4,561,618
Additional paid-in-capital	34,513,949	33,641,903
Treasury stock at cost, 209,900 shares	(1,734,967)	(1,734,967)
Distributable earnings	3,313,274	7,042
Net unrealized appreciation of investments	21,755,027	38,106,903
Net assets, equivalent to \$14.01 and \$17.14 per share at June 30, 2005 and December 31, 2004, respectively	62,521,150	74,582,499
	\$ 68,595,276	\$ 117,387,109

See accompanying notes

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

	Interest Rate	Due Date	June 30, 2005		% of Net Investments
			Cost	Fair Value	
Eligible Portfolio Investments - Convertible Debentures and Promissory Notes					
CaminoSoft Corp.					
Promissory notes (4)	7.00%	07/19/06	\$ 250,000	\$ 250,000	0.42%
Digital Learning Management Corp.					
-					
Convertible debenture (2)	7.00	02/27/11	1,000,000	201,342	0.34
Hemobiotech, Inc. -					
Promissory note (2)	10.00	10/27/05	250,000	250,000	0.42
iLinc Communications, Inc. -					
Convertible redeemable note (2)	12.00	03/29/12	500,000	500,000	0.84
Integrated Security Systems, Inc. -					
Promissory notes (4)	8.00	09/30/05	525,000	525,000	0.89
Promissory notes (4)	7.00	09/30/05	200,000	200,000	0.34
Promissory note (4)	8.00	09/30/06	175,000	175,000	0.30
Simtek Corporation -					
Convertible debenture	7.50				