

Chairman's Statement

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Introduction

I am pleased to present the Chairman's Statement for the Company's sixth annual report and accounts. As previously reported our name was changed from BWD Aim VCT plc to Rensburg Aim VCT plc at last year's AGM and this has therefore been the first year of trading under our new name.

The recovery in most major stock markets has continued, albeit at a modest rate in the latter part of 2004 and the first quarter of this year. Whilst AIM companies have also benefited, most of the increases have been in the resources sector (minerals, oil and gas industries) which due to the nature of their 'non-qualifying' activities are not eligible for investment by VCTs. This makes our performance look weak in relation to our benchmark, the AIM index (of which the resources sector now comprises some 32.3%), which increased by 23.2% in the year to 28 February 2005. With 44.4% of the portfolio in unit trusts and blue chip equities our own performance is better measured against the performance of the FTSE 100 and FTSE All Share indices which increased by 10.6% and 11.2% respectively.

We are pleased to welcome those new shareholders who subscribed to the Offer for Subscription dated 1 February 2005, which raised £1.4 million.

Net Asset Value (NAV)

NAV at 28 February 2005 was 74.31 pence per share (2004: 74.04 pence per share), a 4.4% increase before allowing for the dividend of 3.0 pence per share in respect of the year.

Investments

At the year end the Company had 34 qualifying investments in AIM and unquoted companies which cost and were valued at £7.7 million. During the period we sold over £1.9 million of investments realising a loss of £363,000 (2004: profit of £574,000).

We continue to invest in established AIM companies in growth industries. During the year we invested £1.4 million in eight qualifying companies, details of which can be found in the Manager's Report.

Results and dividend

The total return on ordinary activities before tax in the year was a loss of £538,000 (2004: profit of £362,000). Offsetting this loss was an unrealised gain on the valuation of investments of £1.1 million (2004: gain of £2.6 million). The total return after tax (including unrealised gains) was 2.71 pence per share (2004: 14.55 pence per share).

I am pleased to report that the Company made a positive revenue return on ordinary activities after tax of £162,000 (2004: £143,000) equivalent to 0.78 pence per share (2004: 0.69 pence per share). We intend to distribute all of these revenue profits together with a proportion of reserves as a dividend. In addition to the interim dividend of 1.0 pence per share we now propose, subject to shareholders' approval, to pay a final dividend of 2.0 pence per share (2004: 1.5 pence per share) on 22 July 2005 to shareholders on the register at close of business on 1 July 2005, except in respect of those shares issued in connection with the Offer for Subscription all of which were issued after 1 March 2005.

The total dividend for the year is therefore 3.0 pence per share (2004: 2.5 pence per share) an increase of 20%. Including the current proposed final dividend we will have paid a total of 14.0 pence per share to shareholders since inception of the VCT. This is higher than all of our peer group of AIM VCTs launched in the 1999/2000 financial year*. Under VCT legislation no tax is payable on these dividends.

*Source: Tax Effective Investor (April 2005)

VCT Status

The Board continues to be mindful of achieving and maintaining its VCT qualifying status. We must invest at least 70% of the net funds raised in any one accounting period into qualifying investments within three years. As the Company has raised funds over several accounting periods there are separate 70% tests to be satisfied. I am pleased to report that over 70% of both the first and second year's fund raisings have been invested in qualifying investments to date. We have until 28 February 2008 to invest 70% of the funds raised in the recent Offer and therefore your Board remains confident that we will have no difficulty in maintaining our VCT qualifying status in the future.

Share Buy-Back

During the year we repurchased 527,595 (2004: 171,263) ordinary shares at a cost of £285,000 (2004: £97,000). Unfortunately, the market in VCT shares is still non-existent with demand being concentrated on new share issues which attract valuable tax breaks. In order to facilitate an exit for those shareholders who need to realise their investment we intend to maintain the Company's ability to act as a purchaser of its own shares where this is in the interest of all shareholders.

Additionally we have undertaken to attempt to close the current wide discount between our NAV and the bid price offered by the market. We have stated in the recent Offer that after the publication of the Interim Statement for 2005 we will repurchase ordinary shares at no more than a 10% discount to published NAV, subject to a maximum repurchase in any one year of 10% of the share capital. We will therefore be asking shareholders to renew the Board's power to purchase the Company's shares in the market. This policy should have the effect of improving our share price in the market, relative to our NAV.

Share Issues

Although the recent Offer only raised £1.4 million we did attract over 100 new shareholders. The current favourable legislation whereby investors get income tax relief of 40% against the cost of ordinary shares in a VCT is due to expire on 5 April 2006 and therefore your Board may issue a further offer towards the end of the current tax year. If the Board decides to issue a further offer the shares will be issued at a premium to the then current NAV per share so that the share issue would not dilute the existing shareholders' NAV per share. The new capital would allow us to make new investments and also provide additional funds for the repurchase of shares. If the Board decides to proceed with a prospectus, details will be sent to you as soon as possible.

VCT merger regulations

In 2004 the Inland Revenue issued regulations allowing for the merger of VCTs. We have been examining the possible implications of the new regulations on this VCT and concluded that the costs of effecting such a merger are currently prohibitive in the context of potential savings.

Outlook

At 30 April 2005 our unaudited NAV was 69.92 pence per share after provision for the payment of the dividend referred to above. Now that the General Election is out of the way and with global economies continuing to enjoy relatively benign conditions, prospects for the smaller corporate sector should continue to be favourable. The main uncertainty is a possible resurgence in inflation caused by higher oil prices and interest rates. The Chancellor may be forced to increase taxation to fund the public sector and this too will depress UK stock markets. However, corporate profitability appears to be improving at present and this is the basis of a sound and growing Stock Market.

Shareholder Communications

Shareholders wishing to keep in touch with our progress should visit our website at www.renburgaimvct.co.uk. This contains publicly available information including our annual and interim accounts, recent investments and also the latest NAV and share price. Our share price is also quoted in the Financial Times under 'Investment Companies'.

On behalf of all shareholders I would like to thank my fellow directors, our Manager and professional advisers for their continued contributions over the past year.

Richard Battersby
Chairman
18 May 2005