Chairman's Statement

Introduction

I am pleased to present my first Chairman's Statement following my appointment, in December 2005, on the completion of the acquisition of Rensburg VCT plc, where I was previously Chairman.

This has been an eventful year for the Company with not just the acquisition of Rensburg VCT plc, but also a prospectus issued to raise additional funds. Also, the Board was streamlined and a revised management contract entered into with Rensburg Sheppards Investment Management Limited, with a consequent reduction in costs going forward.

During the year under review, the market background was broadly favourable although, like last year, most of the positive action has 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. However, our performance, as measured by our increase in net asset value, appears satisfactory in relation to our benchmark, the AIM index which increased by only 2.6% in the year. The diverse nature of the portfolio as a whole is reflected in our performance when compared to the FTSE 100 and FTSE All Share indices which increased by 16.6% and 18.4%, respectively.

We are pleased to welcome those new shareholders who subscribed to the Offer for Subscription dated 21 December 2005 ('the 2005 Offer') and which closed on 5 April 2006, having raised £6.2 million of gross funds.

Net Asset Value (NAV)

NAV at 28 February 2006 was 77.67 pence per share (2005: 76.32 pence per share), a 5.7% (2005: 4.5%) increase before allowing for the dividend of 3.0 pence per share paid during the year.

Investments

At the year end the Company had 43 qualifying investments in AIM and unquoted companies which cost £14.8 million and were valued at £15.4 million as well as a number of non-qualifying investments which cost £10.5 million and were valued at £11.6 million. During the period we sold over £3.2 million of qualifying and non-qualifying investments realising a net gain of £99,000 (2005: net loss of £363,000).

We continue to invest in established companies in growth industries. During the year we invested £1.3 million in nine VCT qualifying companies, details of which can be found in the Manager's Report and £1.1 million in non-qualifying investments. Since the year-end we have made no further qualifying investments as we feel that most current equity issues are over priced and are of relatively poor quality. We therefore intend to invest our cash resources in unit trusts and blue-chip equities until suitable qualifying investment opportunities emerge, as they inevitably will. The Company currently fully qualifies as a VCT and as the new money raised in the recent Offer is disregarded in assesssing compliance with the 70% qualifying investment test until the first accounting period that ends three years after the raising of the additional funds, we are under no pressure to drop our high standards.

Results

The profit on ordinary activities before tax in the year was £5.0 million (2005: loss of £538,000). However, this figure is substantially inflated by the dividend-in-specie of £3.6 million from the acquisition of Rensburg VCT plc, without which profit on ordinary activities before tax would be £1.4 million. This includes increases in fair value investments that, under FRS 26 now pass through the Income Statement whereas, in the past, these would have passed through the Statement of Total Recognised Gains and Losses. Earnings per share were 20.1 pence (2005: loss per share of 2.6 pence) but again this was heavily influenced by the dividend-in-specie and would have been 5.5 pence per share net of this amount.

The major reason for the acquisition of Rensburg VCT plc was to drive down costs and this should lead to an improved performance in future years. In particular the revised agreement with our managers, Rensburg Sheppards Investment Management Limited, should produce annual cost savings of around £250,000 compared to the combined costs of both companies during last year.

Dividend

In addition to the interim dividend of 1.0 pence per share paid in December 2005 we now propose, subject to shareholders' approval, to pay a final dividend of 2.0 pence per share (2005: 2.0 pence per share) on 31 July 2006 to shareholders on the register at close of business on 30 June 2006, except, as stated in the Offer document, in respect of those shares issued in connection with the 2005 Offer which were issued after 1 March 2006. The total dividend for the year is therefore 3.0 pence per share (2005: 3.0 pence per share). Including the current proposed final dividend we will have paid a total of 17.0 pence per share to shareholders since inception of the VCT. Shareholders in Rensburg VCT plc will have previously received dividends of 39.08 pence per share assuming they subscribed to the initial public offer in 1996, including a special dividend of 0.58 pence per share on completion of its acquisition by Rensburg Aim VCT plc.

VCT Status

The Board continues to be mindful of achieving and maintaining its VCT qualifying status. HM Revenue and Customs have confirmed that the Company's provisional approval has matured into full approval and the Company has continued and intends to continue to meet conditions to maintain full approval for the foreseeable future. The net funds raised in any one accounting period is disregarded in assessing whether the Company has satisfied the requirement that at least 70% of its total investments are qualifying investments until the first accounting period that ends three years after the raising of the additional funds. Your Board is therefore confident that the Company should maintain its VCT qualifying status in the future.

Share buy-back

During the year we repurchased 1,691,288 (2005: 527,595) ordinary shares at a cost of £1.1 million (2005: £285,000). 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. Currently we will repurchase ordinary shares at no more than a 10% discount to the 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 has already had the effect of improving our share price in the market, relative to our NAV. At 28 February 2006 the share price was 68 pence per share compared to 58 pence per share a year previously, a 17.2% increase.

Share issues

Shareholders will be aware of the changes to the VCT legislation announced in the Government's March Budget statement. The main change was the reduction in the initial income tax benefit on acquiring VCT shares from 40% to 30%. Also, the size of qualifying company in which we can invest has been drastically reduced for new money raised after 5 April 2006. This will not affect our existing funds, as all of the monies raised were prior to this date. We take a negative view of the Budget changes and it is unlikely that we will embark on further fund raising in the current year. However, we would like to have the authority to undertake a 10% 'top-up' issue should the opportunity arise in the future.

The Company's Articles of Association require the Directors to propose an ordinary resolution at the 2009 AGM, to the effect that the Company shall continue to be a Venture Capital Trust. To allow for the fact that new investors wish to be assured that the VCT will continue for the duration of their 'qualifying' holding period (which is a minimum of three years) it is proposed that this date be changed so that the resolution need not be proposed until the 2010 AGM. Shareholders should note that we currently intend to make a tender offer, circumstances permitting, to shareholders after the publication of the 2009 Report and Accounts, details of which were set out in the 2005 Offer.

Outlook

At 30 April 2005, our unaudited NAV was 78.0 pence per share before provision for the payment of the dividend referred to above. Global stock markets have enjoyed a remarkable run over the past three years, although this has been principally driven by the resources sector as oil and commodity prices have surged. This brings with it inflationary dangers although good management of interest rates by the US, UK and European Central Banks has lessened this risk and allowed continued, albeit modest growth in the key world economies. However, over the past few weeks sentiment has changed for the worse and valuations have come under pressure. In particular AIM company shares have suffered as they are perceived to be more risky and adversely prone to interest rate increases. It is too early to say if this is the start of a downturn or a 'blip'. Results from most of our investee companies, both in the qualifying and non-qualifying portfolios have generally been favourable and this bodes well for the future. Also acquisition activity has been quite high which benefits prices and produces valuable cash injections for the portfolio from time to time.

Shareholder communications

Shareholders wishing to keep in touch with our progress should visit our website **www.rensburgaimvct.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.

William M. Cran
Chairman

31 May 2006