

Chairman's Statement

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Introduction

My third year as Chairman of the Company has proved the most difficult and a tale of two halves. After a strong first half, the credit crunch crisis took its toll in the second half of the year, following the US sub prime debt and UK's Northern Rock debacles, which resulted in lower valuations, not just for equities but also fixed interest securities, with a consequent fall in the value of holdings across our portfolio. The contrast between the two halves is illustrated by the post tax profit of £1,563,000 for the six months to 31 August 2007 and the post tax loss for the year of £2,912,000, a turnaround of more than £4.4 million which was almost entirely due to increased risk aversion in both the equity and debt markets and resulted in lower valuations in virtually all the financial and property markets.

During the year under review, companies 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, performed well, and this was a reversal of the previous year when they lost ground. Higher energy prices and world wide demand for commodities, especially in metals, boosted the share prices of companies in this sector, both on the main market and on AIM. Despite this, our performance was relatively strong compared to our benchmark, the FTSE AIM All-Share index, which decreased 7.5% in the year to 29 February 2008. With 39% of net assets in unit trusts and blue chip equities our own relative performance is also heavily influenced by the FTSE 100 and FTSE All-Share indices, which only decreased 4.7% and 5.8% respectively.

During the year no new shares were issued and the Company repurchased 998,892 shares (2.4% of the shares at 28 February 2007) costing £0.7 million.

Shareholders will be pleased to note that from 1 October 2008, VAT will no longer be payable in respect of fees to the management company. We estimate that this will save the Company some £37,000 in the current financial year and £88,000 in a full year.

Net Asset Value

Net Asset Value (NAV) at 29 February 2008 was 67.44 pence per share (2007: 79.37 pence per share), a 6.2% decrease (2007: 6.1% increase) after adjusting for the dividend of 7.0 pence per share paid in respect of the year.

Investments

At the year end, the Company had 49 qualifying investments in AIM and unquoted companies which cost £15.3 million and were valued at £13.9 million. We also held non-qualifying investments, principally in blue-chip equities, costing £13.1 million and valued at £13.5 million. During the year we sold over £9.1 million of both qualifying and non-qualifying investments including Computer Software Group and Oasis Healthcare, realising total net gains over historic cost of £2,134,000 (2007: £592,000).

We continue to invest in established companies in growth industries. During the year we invested £4.0 million in 14 VCT qualifying companies, a considerable increase on 2007 when we invested £1.7 million in 5 qualifying companies. We also invested £1.7 million in non-qualifying investments, mainly in blue-chip equities. Since the year-end we have invested £1.0 million in VCT qualifying investments in two established companies.

Results

The loss on ordinary activities before tax for the year was £2.9 million (2007: profit of £2.1 million). Losses per share were 6.96 pence (2007: earnings per share of 4.98 pence). It is important to note that this loss represents the unrealised reduction in the valuation of the underlying investments and is not a realised loss. As and when valuations improve this loss will be eroded and we are hopeful a positive result can be achieved for the current year, as was the case in 2007.

Dividend

During the year we paid out £2,921,000 (2007: £1,147,000) in dividends. In addition to the interim and special dividends of 1.0 pence and 3.0 pence per share respectively paid in December 2007 we now propose, subject to shareholders' approval, to pay a final dividend of 3.0 pence per share (2007: 3.0 pence per share) on 30 July 2008 to shareholders on the register at the close of business on 4 July 2008. The total dividend for the year is therefore 7.0 pence per share (2007: 4.0 pence per share), a yield of 12.2% on the mid share price at 30 April 2008. Including the current proposed final dividend we will have paid a total of 28.0 pence per share to shareholders since the inception of the VCT. Previous shareholders in Rensburg VCT plc, which merged with the Company in December 2005, will have received dividends of 52.08 pence per share including the current proposed final dividend assuming they subscribed to the initial public offering in 1996.

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 in 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 HM Revenue & Customs have confirmed that we fully qualify as a VCT. We have until 28 February 2009 to invest the remaining funds raised in the 2006 offer. The directors are confident that we will maintain our VCT qualifying status in the future.

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Share Buy-Back

During the year we repurchased 998,892 (2007: 1,674,707) ordinary shares at a cost of £0.7 million (2007: £1.2million). As I have stated previously, the secondary 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 investments we have continued with our previously stated policy of purchasing our own shares where this is in the interests of all shareholders. Additionally we have undertaken to attempt to close the wide discount between our NAV and the bid price offered by the market. Our current policy is to 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 for cancellation.

Unfortunately market makers are not always prepared to narrow their spread sufficiently, especially in recent volatile conditions, and at 29 February 2008 the middle share price was 57.5 pence per share representing a discount of 14.7% to NAV, compared to 11.1% the year previously.

As I said in last years Chairman's Statement, shareholders are advised that, due to increased levels of compliance and associated costs, we can only buy shares via the stock market in the usual way through an investment manager or stockbroker, as with other listed shares.

Share Issues

We are also mindful of our intention, subject to circumstances at the time, to make a tender offer to all shareholders in the summer of 2009 to acquire up to 30% of the share capital, which could result in a considerable outflow of funds. We therefore propose to seek authority to undertake a 10% 'top-up' issue to raise

new funds, which we currently envisage will take place at the end of the 2008/2009 tax year, or at the time of making the tender offer. It is important to note that should shareholders take up an offer to acquire new shares in the Company, then these new shares would (currently) be eligible for an income tax saving of 30% of the cost of the new shares, providing they are then held for a minimum of five years.

New Articles of Association

The Companies Act 2006 has now been implemented in part and the changes introduced by this legislation have implications for all companies, making changes to their articles of association desirable. Rather than attempt to amend the existing articles it is more cost efficient to adopt the new standard articles 'en bloc' and therefore we are proposing to do this at the AGM. We also feel that as an ongoing business and a listed Company there is no longer any need for an article requiring the Board to put forward a resolution to continue the Company. As shareholders will be aware the date set out in the articles by which this resolution has to be put to shareholders has already been moved several times to enable the Company to raise new money under VCT rules without the limitation imposed by this resolution, as clearly investors will not subscribe if the minimum period for shares to be held to retain income tax benefits may not be met. The Board is, as ever, mindful of acting in the best interests of all shareholders and should the Company reach a point when cessation is the best course, the Board will then put a suitable resolution forward.

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 annual accounts, half-yearly accounts and also the latest NAV and share price. Our

share price and NAV are also quoted daily in the *Financial Times* under 'Investment Companies'.

Outlook

Global stock markets have recovered some of their poise, but we are clearly not yet 'out of the woods', as higher inflation and a downturn in consumer demand is likely to continue to affect corporate earnings and hence share prices over the coming year. Debt financed acquisitions and 'public to private' deals are unlikely to feature strongly this year, reducing possible exit routes from our investments. Despite this, recent 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.

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

30 May 2008