Chairman's Statement

Introduction

My fourth year as Chairman of the Company has proved to be the most difficult since its establishment.

Despite this, our performance was relatively strong compared to our benchmark, the FTSE AIM All-Share Index, which decreased 61.9% in the year to 28 February 2009. With 32.4% 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 decreased 34.9% and 35.6% respectively.

During the year no new shares were issued and the Company repurchased 625,812 shares (1.5% of the shares at 29 February 2008) costing £0.4 million.

Net Asset Value

Net Asset Value (NAV) at 28 February 2009 was 41.00 pence per share (2008: 67.44 pence per share), a 33.3% decrease (2008: 6.2% decrease) after adjusting for the dividend of 4.0 pence per share paid in respect of the year. This compares to the decline of 61.9% in the FTSE AIM All-Share index and is therefore a creditable result in the dire economic climate that prevailed through much of the year.

Investments

At the year end, the Company had 44 qualifying investments in AIM and unquoted companies which cost £16.8 million and were valued at £9.4 million. We also held non-qualifying investments, principally in blue-chip equities, costing £9.3 million and valued at £6.4 million. During the year, we sold over £5.1 million of both qualifying and non-qualifying investments, realising total net losses over historic cost of £682,000 (2008: gains of £2,134,000).

We continue to invest in established companies in growth industries. During the year we invested £2.3 million in five VCT qualifying companies (2008: £4.0 million in 14 VCT companies). We also invested £1.0 million in non-qualifying investments, mainly in blue-chip equities.

Results

The loss on ordinary activities before tax for the year was £9.4 million (2008: loss of £2.9 million). Losses per share were 22.95 pence (2008: losses per share of 6.96 pence). It is important to note that £9.5 million (2008: loss of £4.2 million) of this loss represents the unrealised reduction in the valuation of the underlying investments and is not a realised loss.

Dividend

During the year we paid out £1,635,000 (2008: £2,921,000) in dividends. In addition to the interim dividend of 1.0 pence paid in December 2008 we now propose, subject to shareholders' approval, to pay a final dividend of 2.0 pence per share (2008: 3.0 pence per share) on 29 July 2009 to shareholders on the register at the close of business on 10 July 2009. The total dividend for the year is therefore 3.0 pence per share (2008: 7.0 pence per share including a special dividend of 3.0 pence), a yield of 12.2% on the mid share price at 30 April 2009. Including the current proposed final dividend we will have paid a total of 31.0 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 55.08 pence per share, assuming they subscribed to the initial public offering in 1996. It is important to note that all dividends are tax free in the hands of shareholders.

VAT

As mentioned in the Half-Yearly Report, shareholders will be pleased to note that, following the JP Morgan Claverhouse case ruling, VAT is no longer charged on the management fees payable to our investment manager. In addition claims have been lodged by our managers to recover VAT paid in previous periods. A £381,000 credit has been recognised in the income statement during the period which represents a prudent estimate of the amount that is expected to be received. The exact timing of the receipt of this amount is difficult to determine but the Directors intend to distribute the total received to shareholders in due course.

Capital Reduction

The Company will seek approval from shareholders at the AGM to apply to court to convert the undistributable share premium reserve into a distributable reserve in order to maintain the dividend policy.

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 were separate 70% tests to be satisfied. At the year end we had satisfied all the relevant qualifying tests and we need to ensure that we continue to do so in the future. Our qualifying percentage in accordance with ICTA 2007 (s.274) shows 82.3% invested. I am pleased to report that HM Revenue & Customs have confirmed that we fully qualify as a VCT. The Directors are confident that we will maintain our VCT qualifying status in the future.

Share Buy-Back

During the year we repurchased 625,812 (2008: 998,892) ordinary shares at a cost of £0.4 million (2008: £0.7 million). The secondary market in VCT shares is still very limited, with demand being concentrated on new share issues which attract valuable tax breaks.

As stated in the half-yearly report, although we would have liked to maintain the buy-back policy the board believes, in these extreme market conditions, it is not in the interests of the Company and its shareholders to do so and has therefore suspended buy-backs until further notice.

Chairman's Statement

continued

We will, however, be asking shareholders to renew the Board's power to purchase the Company's shares in the market for cancellation, so that the policy may be re-instated if and when market conditions stabilise.

At 28 February 2009 the middle share price was 26.5 pence per share representing a discount of 35.4% to NAV, compared to 14.7% the previous year. The wider discount reflects both market volatility and reduced share liquidity during the year.

Furthermore, we are mindful that in 2006, we stated our intention to make a tender offer to shareholders (for up to 30% of each holding) following the 2009 AGM, subject to market conditions at the time. However, as indicated at the time of the half-yearly report the Board decided to postpone the tender offer to try and maximise eventual returns to shareholders. The board will keep this matter under review and in the meantime the board will endeavour to maintain its policy of paying an interim and final dividend each year.

Share Issues

Although we do not propose to issue any new shares at present, the board is seeking shareholder approval to do so in the future, should the opportunity arise.

Shareholder Communications

Shareholders wishing to keep in touch with our progress should visit our website at www.rensburgaimvct.co.uk. This contains publicly available information including annual accounts, half-yearly accounts and also the latest NAV and share price. We no longer subscribe to the Financial Times share price service in view of the cost.

Outlook

Market conditions appear to have stabilised recently, with the FTSE AIM All-Share Index increasing 23.2% in the two months to 30 April 2009. However, the FTSE 100 and FTSE All-Share Indices only increased by 10.8% and 12.6% respectively in this period. The NAV of the Company was 46.26 pence per share as at 30 April 2009, a 12.8% increase from the year end figure equating to a £2.1 million increase in total net assets. As I write, it does feel that the worst phase of the rapid fall in equity prices in recent living memory is behind us but it is too early to see the 'green shoots of recovery'. Although there will be further setbacks, I hope stock markets will now resume an upward track. The majority of our investee companies are soundly financed and whilst we have seen an implosion in share prices, there is every reason to be optimistic that these will recover in due course. We are therefore confident of 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.

W. M. Cran
Chairman

19 May 2009