



Renaissance US Growth Investment Trust PLC

# Half Yearly Report

for the period ended 30 September 2008

*FINDING VALUE / ADDING VALUE / REALISING VALUE*





## Summary of results and financial highlights

			% change	
	<b>30 Sept 2008</b>	31 March 2008	31 March 2008 to 30 Sept 2008	30 Sept 2007
Total net assets and shareholders' funds	<b>£48,409,000</b>	£56,261,000	(13.96)	£65,313,000
Net assets per Ordinary share ("NAV") – pence	<b>253.33</b>	294.42	(13.96)	340.90
– US cents	<b>451.55</b>	585.16	(22.83)	694.54
Mid market price per Ordinary share	<b>219.00p</b>	253.00p	(13.44)	304.50p
Discount to NAV	<b>13.55%</b>	14.07%		10.68%
Exchange rate – US\$/£	<b>1.78245</b>	1.98750		2.03735
Russell 2000 Index (total return)	<b>2,936.63</b>	2,952.45	(0.54)	3,433.95
Russell 2000 Index (total return) – Sterling adjusted	<b>1,647.94</b>	1,485.51	10.93	1,685.50
S&P 500 Index (total return)	<b>1,861.44</b>	2,088.42	(10.87)	2,385.72
S&P 500 Index (total return) – Sterling adjusted	<b>1,044.58</b>	1,050.78	(0.59)	1,170.99

## Interim management report

### Introduction

The Directors present the Company's interim management report for the six months ended 30 September 2008. Neither the interim management report nor the financial statements for the six months ended 30 September 2008 have been audited or subject to review by the Company's Auditor.

### Performance

For the six months ended 30 September 2008, the Russell 2000 Index increased 10.9% in Sterling and decreased 0.5% in Dollars. For the six months ended 30 September 2008, your Company's net asset value declined 14.0% in Sterling and 22.8% in Dollars. All asset classes have been adversely affected by the global credit crunch. Credit is cyclical and when contracting drives asset prices lower during the painful de-leveraging process. Your manager believes that the companies in this portfolio are undervalued and are growing rapidly.

### Core holdings

At 30 September 2008, the top ten holdings made up approximately 52% of the net asset value compared to 43% at 31 March 2008. The top ten lists at 31 March and 30 September are as follows:

<b>30 September 2008</b>	<b>% of net assets</b>	<b>31 March 2008</b>	<b>% of net assets</b>
1. Bovie Medical	8.7%	1. Fushi Copperweld	7.4%
2. Cover-All Technologies	8.2%	2. Bovie Medical	6.3%
3. Zhongpin, Inc.	8.0%	3. Zhongpin, Inc.	5.7%
4. Fushi Copperweld	6.2%	4. Integrated Security Systems	4.2%
5. Dynamic Green Energy	4.6%	5. Points International	4.2%
6. SinoHub, Inc.	4.4%	6. Cover-All Technologies	3.9%
7. China Greenscape	3.8%	7. A-Power Energy Systems	3.4%
8. China New Cities Development	3.5%	8. Comtech Group	2.9%
9. HeySpace International	3.2%	9. SIMTEK Corporation	2.5%
10. Duoyuan Digital Printing	2.6%	10. China Greenscape Company	2.2%

Three of the top ten holdings, China New Cities Development Ltd, Dynamic Green Energy Ltd and SinoHub Inc. are new portfolio holdings which are discussed below. Five holdings left the top ten list. SIMTEK Corporation was sold for a modest profit. A-Power Energy Systems, COGO Group, Integrated Security Systems and Points International all suffered price declines which caused them to drop out of the top ten list. We expect some of these holdings to rejoin the top ten list as their current depressed stock prices recover. HeySpace International and Duoyuan Digital Printing are new entrants to the top ten list, as a result of us making follow-on investments in both of these companies.

We wrote extensively about HeySpace International (Private) in the 31 March 2008 Annual Report. HeySpace is a social network and digital entertainment company based in China. The company is performing well and intends to do a full marketing initial public offering as soon as the markets permit. Duoyuan Digital Printing (Private) recently informed us that a major investment bank seeks to take them public possibly as early as Q1 2009. Our cost basis in Duoyuan Digital is \$3.42 per share. In late September the company reported its fiscal year ended June 2008. The company earned \$1.06 per share. Revenue was up 32%, gross profit 50% and net earnings up 89% from the same period last year. We believe both HeySpace and Duoyuan Digital will continue to grow much faster than most of their domestic and international peers.

## Interim management report

(continued)

### New investments

Company	Sector	Amount	Instrument
ChinaCast Education	e-Learning	\$998,400	Common Stock
China New Cities Development Ltd	City planning	\$3,000,000	Preferred Stock
Dynamic Green Energy	Solar energy	\$4,000,000	Convertible Debt
SinoHub, Inc.	Business services	\$2,000,000	Common stock and Warrants
<b>Total</b>		<b>\$9,998,400</b>	

For the six months ended September 2008, your Company invested approximately \$10 million in four new companies. These companies, with a brief description of the businesses, are as follows:

**China New Cities Development Ltd (Private) ("CNC")** plans, finances and develops turnkey infrastructure projects for major municipalities in China. CNC is led by Dr. Jianwu Shi, China's most respected City Planner who has been instrumental in the planning of over 30 new cities including the famous Pudong region of Shanghai. CNC partners with leading city planning institutes, construction consortiums and development banks to deliver turnkey solutions. CNC leads the implementation of the first-phase of site planning, development and foundational infrastructure, including pipelines, sewers, electronic grids, public lighting and roads. Typical projects include new cities and city extensions, industrial parks, large-scale mixed-use developments and general urban renewal projects. CNC applies a "build and transfer" model, a variation on public-private partnerships in wide use throughout the world. China is in the early and accelerating stage of urbanisation. Experts estimate up to 500 million peasants will move to urban areas over the next 20 years and 221

new urban centers with populations greater than 1 million will be built by 2030. CNC is profitable with a large and increasing backlog. For the three months ending 31 March 2008, CNC reported earnings of \$8.5 million on revenues of \$25.4 million and backlog of \$396 million up from \$60 million on December 2007. We anticipate CNC to be quoted by the end of Q2 2009. CNC has signed a definitive agreement to merge with InterAmerican Acquisition Group, Inc. (OTC: IAQG).

**ChinaCast Education Corporation (NASDAQ: CAST)** is a leading provider of for-profit post secondary education and e-learning services in China. China Cast provides e-learning and training services to educational institutions, government agencies, and corporate enterprises in the People's Republic of China (PRC). The company's Post Secondary Education Distance Learning Services division enables universities and other higher learning institutions to provide distance learning services. Its packages include the hardware, software, and broadband satellite network services, which allow university students located at remote classrooms around the country to interactively participate in live lectures broadcast from a main campus. This

division serves 15 universities with approximately 128,000 students in 300 remote classrooms. The K-12 Educational Services division broadcasts multimedia educational content to approximately 6,500 primary, middle and high schools in China in partnership with educational content companies and educational institutions. Its educational content packages assist teachers in preparing and teaching course content. The Vocational/ Career Training Services division, in partnership with various government departments and corporate enterprises, has deployed training centres in China to provide job-skills training to recent graduates, employees of state-owned enterprises and corporate employees. The Daily English Language Training Centers division provides spoken English training to students, workers and government/ corporate customers. The company was founded in 1999 and is headquartered in Beijing. For the three months ended June 2008 the company reported earnings of \$3.8 million on revenues of \$10.8 million, up 111% and 94%, respectively, over the same period last year.

## Interim management report

(continued)

**Dynamic Green Energy Ltd (Private) (“DGE”)** operating mainly in China is a differentiated, technology-driven solar energy company engaged in the rapidly expanding global solar power industry. The Company is currently one of China’s most experienced and largest photovoltaic (“PV”) module assemblers. Among its customers are some of the world’s most technologically advanced solar companies, including SunPower Corporation (NASDAQ: SPWRA). DGE is currently expanding its operations to become a fully integrated PV producer by including ingot, wafer and cell production. The Company has established a strategic partnership with SunPower Corp and Blue Square Energy of Delaware, a world leader in solar power innovations. DGE plans to begin PV cell production from upgraded metallurgical grade (“UMG”) raw silicon. UMG silicon is less pure and significantly less expensive than the current solar-grade polysilicon used in over 90% of PV cells manufactured today. DGE has developed a proprietary silicon purification technology that efficiently produces this raw material. By combining these technologies, DGE expects to produce PV cells with relatively high efficiencies at a cost per watt that is 50% less than that of conventional polysilicon PV cells. DGE was established in 1993. In June 2008, your Company participated with two well known solar energy manufacturers to invest \$35 million to enable the transition into a fully integrated PV cell manufacturer. The investor group paid a reasonable price of 6.5 times estimated March 2009 earnings. For the second quarter ended September 2008, the company reported earnings of \$3.7 million on revenues of \$16.0 million. This profitable company is led by Ding Kongxian, who owns approximately 28% of the company.

**SinoHub, Inc. (OTC: SIHI)** provides supply chain management (SCM) and vendor managed inventory (VMI) services to electronic product manufacturers, and component suppliers and distributors in China. Its SCM platform integrates online supply chain management software systems, logistics service centres in distribution/manufacturing cities and service teams with knowledge in electronics. The company’s SCM services include import and export services, procurement and warehouse services and delivery services. SinoHub’s VMI services include order fulfillment and procurement services. For the three months ended 30 June 2008, the company reported earnings of \$540,000 on revenues of \$13.2 million. The company was founded in 2000 and is headquartered in Shenzhen, the People’s Republic of China.

### Follow on investments

For the six months ended 30 September 2008 your Company made five follow-on investments for a total of approximately \$5.3 million.

Your Company invested \$750,000 into the common stock of Asian Financial Inc., which owns Duoyuan Digital Printing Technology Co. Ltd, \$750,000 into the series C preferred of China Greenscape Co. Ltd, \$2.3 million into the common stock of Cover-ALL Technologies, Inc., \$750,000 into the class A preferred of HeySpace International, \$776,000 into the common stock of Skystar Bio Pharmaceutical Company.

We wrote extensively about China Greenscape in the March 2008 annual report. Since then the company has entered a definitive agreement to merge with publicly-traded Shine Media

Acquisition, which your Company also owns. This will give your Company a cost basis of \$4.75 million in this exciting growth company. China Greenscape is one of a select few companies in China that has the scale necessary to meet the central government’s mandated greenery needs of cities and urban development zones. In August, China Greenscape reported a backlog of over \$234 million and Q2 2008 earnings of \$9.1 million, up 88% over the same period last year. Your Company also added to its holding in Cover-All Technologies, Inc. (NASDAQ: COVR). Cover-All provides software products, services and solutions to the property and casualty insurance industry. Its software products and services focus on the functions required to market, underwrite, rate, issue, print, bill, and support the life cycle of insurance policies. In August, Cover-All reported strong second quarter and six month results with six month revenues up 42% and net income up 514% over the same period last year. The company has made significant progress and appears very well positioned for strong future growth. Finally, we made a follow-on investment in Skystar Bio Pharmaceutical Company (NASDAQ: SKBI). Skystar engages in the development, manufacture and distribution of vaccines and medicines for poultry, birds, livestock and domestic pets in China. Its products include bio-pharmaceuticals, veterinary drugs, fodder and feed additives and micro-organism products. Skystar recently reported a superb third quarter ended September 2008. Revenues were up 85% and earnings were up 217% over the same period last year. For the quarter the company earned \$3.5 million on \$10.1 million in revenues.

## Interim management report

(continued)

### Disposals

Your Company rationalised the portfolio by completing sales in thirteen companies including Access Integrated Technologies, Adstar, Inc., American Oriental Bioengineering, Canadian Phoenix Resources, China Agritech, China Security & Surveillance, GeoCan Energy, Pro-Dex, SIMTEK Corporation, Spanish Broadcasting Systems, Terra Nova Financial Group, TXCO Resources and US Home Systems. The combined approximate cost of these positions was \$11.1 million. The sale proceeds were approximately \$9.8 million for a combined approximate realised loss of \$1.3 million.

### Margin account

On 21 May 2008 the Company entered into a \$6.5 million margin account with Citi Smith Barney. A further \$2.0 million

was drawn down on 30 May 2008, bringing the margin facility to a total of \$8.5 million.

### Outlook, risks and uncertainties for the second half of the year

The primary risks and uncertainties faced by the Company over the next six months revolve more around macro-economic factors than our investment strategy or holdings. Generally the holdings of the Company are valued at extremely attractive prices. The unprecedented response to the global credit crisis, namely the injection of liquidity from central banks and direct capital investments from governments, would seem to bode well for equity prices going forward. Credit markets appear to be stabilising; however, some believe hedge fund redemptions and thus security liquidations

have further to go. One thing is for certain, Investment conservatism will replace the leveraged hedge fund strategies of the past. We believe that investing in entrepreneurial growth companies continues to be one of the best strategies available today.

26 November 2008

*For further information,  
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## Responsibility Statement

The Directors confirm that to the best of their knowledge:

(a) the condensed set of financial statements, which has been prepared in accordance with applicable accounting standards in the United Kingdom, gives a true and fair view of the assets, liabilities, financial position and profit of the Company as required by the Disclosure and Transparency Rules ("DTR") 4.2.4R;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R being an

indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R being related party transactions that have taken place in the first six months of the current financial year and that have materially

affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

This half yearly report was approved by the Board of Directors on 26 November and the above responsibility statement was signed on its behalf by the Chairman.

*Ernest Fenton*  
Chairman

## Income statement (unaudited)

for the six months ended 30 September 2008

	Six months ended 30 September 2008 (unaudited)			Six months ended 30 September 2007 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value through profit and loss	–	(7,212)	(7,212)	–	4,108	4,108
Exchange (losses)/gains on capital items	–	(157)	(157)	–	112	112
Income	191	–	191	642	–	642
Investment Management fee (see note 5)	(408)	–	(408)	(407)	–	(407)
Investment Manager's performance fee (see note 5)	–	–	–	–	(630)	(630)
Other expenses	(212)	–	(212)	(169)	–	(169)
<b>Net (loss)/gain before finance costs and taxation</b>	<b>(429)</b>	<b>(7,369)</b>	<b>(7,798)</b>	66	3,590	3,656
Finance costs	(54)	–	(54)	–	–	–
<b>Net (loss)/gain before taxation</b>	<b>(483)</b>	<b>(7,369)</b>	<b>(7,852)</b>	66	3,590	3,656
Taxation on ordinary activities	–	–	–	(1)	–	(1)
<b>Net (loss)/gain on ordinary activities after taxation for the period</b>	<b>(483)</b>	<b>(7,369)</b>	<b>(7,852)</b>	65	3,590	3,655
<b>Return per Ordinary share</b> (see note 2)	pence <b>(2.53)</b>	pence <b>(38.56)</b>	pence <b>(41.09)</b>	pence 0.34	pence 18.65	pence 18.99

The total column of this statement is the profit and loss account of the Company. The supplementary revenue return and capital return columns have been prepared in accordance with the AIC's SORP. Revenue and capital return per share figures shown are also supplementary information.

The accounts have been prepared using the accounting standards and policies adopted at the previous year end.

All revenue and capital items in the above statement derive from continuing operations. No operations were discontinued during the period.

There are no recognised gains and losses other than those reflected in the Income statement for the period, accordingly no statement of recognised gains and losses has been prepared.

These accounts are unaudited and are not the Company's statutory accounts.

The notes on pages 13 to 15 form part of these accounts.

Year ended 31 March 2008 (audited)			
Revenue £'000	Capital £'000	Total £'000	
–	(5,181)	(5,181)	(Losses)/gains on investments at fair value through profit and loss
–	220	220	Exchange (losses)/gains on capital items
934	–	934	Income
(849)	–	(849)	Investment Management fee (see note 5)
–	–	–	Investment Manager's performance fee (see note 5)
(394)	–	(394)	Other expenses
<hr/>			
(309)	(4,961)	(5,270)	<b>Net (loss)/gain before finance costs and taxation</b>
<hr/>			
–	–	–	Finance costs
<hr/>			
(309)	(4,961)	(5,270)	<b>Net (loss)/gain before taxation</b>
<hr/>			
(2)	–	(2)	Taxation on ordinary activities
<hr/>			
(311)	(4,961)	(5,272)	<b>Net (loss)/gain on ordinary activities after taxation for the financial year</b>
<hr/>			
pence	pence	pence	
(1.62)	(25.83)	(27.45)	<b>Return per Ordinary share</b> (see note 2)

## Reconciliation of movements in shareholders' funds (unaudited)

for the six months ended 30 September 2008

Six months ended 30 September 2008	Share premium		Capital redemption	Special reserve	Capital reserve	Capital reserve	Revenue reserve	Total
	capital	account	reserve		realised	unrealised		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2008</b>	<b>4,777</b>	<b>5,995</b>	<b>554</b>	<b>6,296</b>	<b>45,736</b>	<b>(4,407)</b>	<b>(2,690)</b>	<b>56,261</b>
Net return after taxation for the financial period	-	-	-	-	(6,835)	(534)	(483)	(7,852)
<b>At 30 September 2008</b>	<b>4,777</b>	<b>5,995</b>	<b>554</b>	<b>6,296</b>	<b>38,901</b>	<b>(4,941)</b>	<b>(3,173)</b>	<b>48,409</b>

Year ended 31 March 2008	Share premium		Capital redemption	Special reserve	Capital reserve	Capital reserve	Revenue reserve	Total
	capital	account	reserve		realised	unrealised		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2007</b>	<b>4,833</b>	<b>5,995</b>	<b>498</b>	<b>6,955</b>	<b>40,833</b>	<b>5,457</b>	<b>(2,379)</b>	<b>62,192</b>
Repurchase of Ordinary shares	(56)	-	56	(659)	-	-	-	(659)
Net return after taxation for the year	-	-	-	-	4,903	(9,864)	(311)	(5,272)
<b>At 31 March 2008</b>	<b>4,777</b>	<b>5,995</b>	<b>554</b>	<b>6,296</b>	<b>45,736</b>	<b>(4,407)</b>	<b>(2,690)</b>	<b>56,261</b>

Six months ended 30 September 2007	Share premium		Capital redemption	Special reserve	Capital reserve	Capital reserve	Revenue reserve	Total
	capital	account	reserve		realised	unrealised		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2007</b>	<b>4,833</b>	<b>5,995</b>	<b>498</b>	<b>6,955</b>	<b>40,833</b>	<b>5,457</b>	<b>(2,379)</b>	<b>62,192</b>
Repurchase of Ordinary shares	(43)	-	43	(534)	-	-	-	(534)
Net return after taxation for the financial period	-	-	-	-	300	3,290	65	3,655
<b>At 30 September 2007</b>	<b>4,790</b>	<b>5,995</b>	<b>541</b>	<b>6,421</b>	<b>41,133</b>	<b>8,747</b>	<b>(2,314)</b>	<b>65,313</b>

The notes on pages 13 to 15 form part of these accounts.

**Balance sheet** (unaudited)

as at 30 September 2008

	<b>As at 30 Sept 2008 (unaudited) £'000</b>	As at 31 March 2008 (audited) £'000	As at 30 Sept 2007 (unaudited) £'000
<b>Fixed assets</b>			
Investments at fair value through profit and loss	<b>49,515</b>	53,012	62,717
<b>Current assets</b>			
Debtors	<b>215</b>	186	464
Cash at bank	<b>3,475</b>	3,502	3,139
	<b>3,690</b>	3,688	3,603
<b>Creditors – amounts falling due within one year</b>			
Creditors and accruals	<b>868</b>	439	1,007
<b>Net current assets</b>	<b>2,822</b>	3,249	2,596
<b>Long term liabilities</b>			
Bank margin facility	<b>3,928</b>	–	–
<b>Total net assets</b>	<b>48,409</b>	56,261	65,313
<b>Share capital and reserves</b>			
Called up share capital (see note 6)	<b>4,777</b>	4,777	4,790
Share premium account	<b>5,995</b>	5,995	5,995
Capital redemption reserve	<b>554</b>	554	541
Special reserve	<b>6,296</b>	6,296	6,421
Capital reserve – realised	<b>38,901</b>	45,736	41,133
Capital reserve – unrealised	<b>(4,941)</b>	(4,407)	8,747
Revenue reserve	<b>(3,173)</b>	(2,690)	(2,314)
<b>Equity shareholders' funds</b>	<b>48,409</b>	56,261	65,313
<b>Net asset value – pence per Ordinary share including current period revenue</b> (see note 3)	<b>253.33p</b>	294.42p	340.90p

The notes on pages 13 to 15 form part of these accounts.

## Statement of cash flows (unaudited)

for the six months ended 30 September 2008

	<b>Six months ended 30 Sept 2008 (unaudited) £'000</b>	Six months ended 30 Sept 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
<b>Operating activities</b>			
Investment income received	<b>69</b>	393	529
Deposit interest received	<b>33</b>	67	158
Other income received	<b>–</b>	14	19
Investment management fees paid	<b>(485)</b>	(598)	(832)
Secretarial fees paid	<b>(28)</b>	(27)	(54)
Other cash (payments)/receipts	<b>(141)</b>	64	(349)
<b>Net cash outflow from operating activities</b>	<b>(552)</b>	(87)	(529)
<b>Taxation</b>			
Irrecoverable overseas tax	<b>(1)</b>	(1)	(2)
<b>Total taxation paid</b>	<b>(1)</b>	(1)	(2)
<b>Capital expenditure and financial investment</b>			
Purchases of investments	<b>(9,837)</b>	(9,161)	(19,938)
Sales of investments	<b>6,767</b>	7,136	14,250
Purchase of treasury bills	<b>–</b>	(51,867)	(66,488)
Sales of treasury bills	<b>–</b>	56,079	75,125
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b>(3,070)</b>	2,187	2,949
<b>Net cash (outflow)/inflow before financing</b>	<b>(3,623)</b>	2,099	2,418
<b>Financing</b>			
Repurchase of Ordinary shares for cancellation	<b>(125)</b>	(534)	(534)
Loan margin facility	<b>3,928</b>	–	–
Foreign exchange losses on loan	<b>(330)</b>	–	–
Loan interest payable on margin facility	<b>(54)</b>	–	–
<b>Net cash inflow/(outflow) from financing</b>	<b>3,419</b>	(534)	(534)
<b>(Decrease)/increase in cash</b>	<b>(204)</b>	1,565	1,884

The notes on pages 13 to 15 form part of these accounts.

## Notes

for the six months ended 30 September 2008

### 1. Basis of preparation

This financial information has been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the Accounting Standard Board's ("ASB") Statement on Half Yearly Financial Reports, applicable accounting standards in the United Kingdom and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2003 and revised in December 2005 and in accordance with accounting policies set out in the statutory accounts for the year ended 31 March 2008. All of the Company's activities are continuing and the accounts are prepared on a going concern basis.

### 2. Return per Ordinary share

The calculations of return per Ordinary share are based on 19,109,008 Ordinary shares being the weighted average number of shares in issue during the six months ended 30 September 2008 (six months ended 30 September 2007: 19,251,992 and year ended 31 March 2008: 19,205,362).

### 3. Net asset value per Ordinary share

The calculations of net asset value per Ordinary share are based on 19,109,008 Ordinary shares being in issue at 30 September 2008 (30 September 2007: 19,159,008 Ordinary shares and 31 March 2008: 19,109,008 Ordinary shares).

### 4. Income

	<b>Six months to 30 Sept 2008 (unaudited) £'000</b>	Six months to 30 Sept 2007 (unaudited) £'000	Year to 31 March 2008 (audited) £'000
Income from US investments			
Government stocks	–	201	245
Convertible debenture stocks-unlisted	<b>78</b>	115	218
Convertible debenture stocks-unlisted (reinvested)	<b>75</b>	50	80
Convertible preference shares-unlisted	<b>13</b>	197	216
<hr/>			
Other income:	<b>166</b>	563	759
Other income receivable	–	14	19
Bank interest receivable	<b>25</b>	65	156
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	<b>191</b>	642	934
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## Notes

for the six months ended 30 September 2008 (*continued*)

### 5. Investment Management fee

The Investment Management fee is charged 100% to revenue. Investment Management fees of £408,000 (six months ended 30 September 2007: £407,000; year ended 31 March 2008: £849,000) have been charged to the Income statement. At 30 September 2008, £189,000 (six months ended 30 September 2007: £217,000; year ended 31 March 2008: £209,000) was due for payment to the Investment Manager in respect of Investment Management fees.

A performance fee may also become payable at the end of each year and this is charged 100% to capital. No performance fee has been accrued (30 September 2007: £630,000; year ended 31 March 2008: nil) based on the best estimate of the fee that would be due at the balance sheet date.

### 6. Called Up Share Capital

	<b>30 Sept 2008 (unaudited)</b>	30 Sept 2007 (unaudited)	31 March 2008 (audited)
	£'000	£'000	£'000
Authorised:			
40,000,000 Ordinary shares of 25p	<b>10,000</b>	10,000	10,000
<hr/>			
Allotted, called up and fully paid:			
19,109,008 (Sept 2007: 19,159,008, March 2008: 19,109,008)			
Ordinary Shares of 25p	<b>4,777</b>	4,790	4,777

### 7. Share buybacks

During the period, no Ordinary shares were repurchased for cancellation.

### 8. Effective tax rate

The tax charge for the six months ended 30 September 2008 is nil (six months ended 30 September 2007: nil; year ended 31 March 2008: nil) based on an effective tax rate of 0% for the year ending 31 March 2009. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the company status as an Investment Trust and there is expected to be an excess of management expenses over taxable income.

## Notes

for the six months ended 30 September 2008 (*continued*)

### 9. Reconciliation of net return before finance costs and taxation to net cash outflow from operating activities

	<b>Six months ended 30 Sept 2008 (unaudited) £'000</b>	Six months ended 30 Sept 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Net return before finance costs and taxation	<b>(7,798)</b>	3,656	(5,270)
Net capital return	<b>7,369</b>	(3,590)	4,961
Stock dividends/interest received	<b>(83)</b>	(144)	(177)
(Decrease)/increase in creditors and accruals	<b>(38)</b>	642	14
Increase in prepayments and accrued income	<b>(2)</b>	(21)	(57)
Investment Manager's performance fee charged to capital	–	(630)	–
	<hr/>		
Net cash outflow from operating activities	<b>(552)</b>	(87)	(529)

### 10. Related party transactions

The Investment Manager RENN Capital Group Inc., is regarded as a related party of the Company. The amounts paid to the Investment Manager are disclosed in note 5.

### 11. Annual continuation vote

The Articles of Association provide for shareholders to vote for the continuation of the Company at each Annual General Meeting. While the Directors do not think it is likely, it is possible that the shareholders might vote against the continuation of the Company. Furthermore, should the continuation vote not be passed, the illiquid nature of some of the Company's investments means that it is likely to take a considerable length of time to dispose of the portfolio in its entirety.

Through the Investment Manager, the Company's stockbroker and its investor relations advisers, the Board ensures that excellent communication regarding the Company's performance and long-term direction is maintained with major shareholders, whose opinions are duly considered by the Board.

### 12. Financial information

The financial information contained in this half yearly report does not constitute full statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the six months ended 30 September 2008 and 30 September 2007 has not been audited.

The information for the year ended 31 March 2008 has been extracted from the latest published audited accounts. Those accounts have been filed with the Registrar of Companies and include the report of the auditors which was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

## Investment portfolio

as at 30 September 2008

	Sector	Book Cost US\$'000	Market Value		% of net assets
			US\$'000	£'000	
<b>Corporate investment</b>					
<i>US unlisted convertible debentures</i>					
iLinc Communications	Technology services	500	500	281	0.58
Integrated Security Systems	Security services	1,150	690	387	0.80
Obsidian Enterprises	Diversified manufacturing and services	110	110	62	0.13
Petrohunter Energy Corporation	Oil and gas services	2,000	2,000	1,122	2.32
Pipeline Data	Business services	1,500	1,500	842	1.74
<b>Total US unlisted convertible debentures</b>		<b>5,260</b>	<b>4,800</b>	<b>2,694</b>	<b>5.57</b>
<i>US unlisted loan notes</i>					
CaminoSoft Corporation	Network storage	400	400	224	0.46
Dynamic Green Energy 7% promissory	Electrical components and equipment	4,000	4,000	2,244	4.64
Integrated Security Systems – 7% promissory	Security services	200	120	67	0.14
Integrated Security Systems – 8% promissory	Security services	1,550	670	375	0.77
<b>Total US unlisted loan notes</b>		<b>6,150</b>	<b>5,190</b>	<b>2,910</b>	<b>6.01</b>
<i>US unlisted convertible preference shares</i>					
Anchorfree*	Wireless communications	2,500	2,110	1,184	2.45
BPO Management Services	Business services	2,500	458	257	0.53
Celsia Technologies	Commercial services	526	16	9	0.02
China Greenscape	Forest products	3,250	3,250	1,823	3.77
China Infracore Development	City planning and infrastructure development	3,000	3,000	1,683	3.48
eOriginal Holdings*	Internet software	6,142	539	302	0.62
HeySpace Corporation	Internet software & services	2,750	2,750	1,543	3.19
iLinc Communications	Technology services	200	84	47	0.10
Integrated Security Systems	Security services	150	4	2	0.00
Ronco Corporation	Consumer products	1,061	13	7	0.01
Riptide Worldwide	Software	500	90	50	0.10
<b>Total US unlisted convertible preference shares</b>		<b>22,579</b>	<b>12,314</b>	<b>6,907</b>	<b>14.27</b>
<i>US unlisted equities</i>					
Asian Financial	Industrial machinery	2,250	2,250	1,262	2.61
Business Process Outsourcing	Office services & supplies	20	79	44	0.09
Murdoch Security & Investigations	Security products	1,250	1,275	715	1.48
<b>Total unlisted equities</b>		<b>3,520</b>	<b>3,604</b>	<b>2,021</b>	<b>4.18</b>

## Investment portfolio

as at 30 September 2008 (continued)

		Book Cost	Market Value		% of net
	Sector	US\$'000	US\$'000	£'000	assets
<i>US unlisted warrants</i>					
Asian Financial	Industrial machinery	–	50	28	0.06
AuraSound	Consumer electronics	–	280	157	0.32
BPO Management Services	Business services	–	104	58	0.12
Cover-All Technologies	Information technology	–	42	24	0.05
eOriginal Holdings*	Internet software	–	8	5	0.01
Murdoch Security & Investigations*	Security products	–	220	123	0.25
Petrohunter Energy Corporation	Oil and gas services	–	141	79	0.16
Riptide Worldwide	Software	–	80	45	0.09
Shengtai Pharmaceutical	Pharmaceuticals	–	163	91	0.19
Sinohub	Supply chain management	–	517	291	0.60
Terra Nova Financial Group	Financial services	–	3	1	0.00
Vertical Branding	Consumer products & services	–	25	14	0.03
<b>Total US unlisted warrants</b>		–	1,633	916	1.88
<i>Canadian listed equities</i>					
Dejour Enterprises	Oil and gas services	750	520	292	0.60
Hanwei Energy Services	Oil and gas services	1,075	985	553	1.14
Points International	Internet Software	1,194	1,069	600	1.24
<b>Total Canadian listed equities</b>		3,019	2,574	1,445	2.98
<i>US listed equities</i>					
Access Plans USA	Consumer services	3,259	539	302	0.62
Advance Nanotech	Technology	11	1	1	0.00
A-Power Energy Generation Systems	Construction & engineering	1,970	2,240	1,257	2.60
AuraSound	Consumer electronics	2,000	2,000	1,122	2.32
Bovie Medical Corporation	Healthcare services	2,357	7,526	4,222	8.72
CaminoSoft Corporation	Network storage	3,968	264	148	0.31
China-Biotics	Biotechnology	250	1,061	595	1.23
China Direct	Professional services	1,927	844	474	0.98
Chinacast Education Corporation	Education services	998	968	543	1.12
China Fortune Acquisition Corporation	Asset management & custody banks	1,406	1,269	712	1.47
Cogo Group	Communication equipment	1,083	1,581	887	1.83
Cover-All Technologies	Information technology	3,465	7,087	3,976	8.21
Dyadic International	Pharmaceuticals & biotechnology	750	32	18	0.04
Foothills Resources	Oil and gas services	543	33	18	0.04
Fushi International	Industrial manufacturing	1,650	5,354	3,004	6.21
Global Access Corporation	Commercial services	1,821	388	218	0.45
Global Sources	Publishing	1,368	1,007	565	1.17
Hallmark Finance Services	Insurance services	1,235	953	535	1.11
Hambrecht Asia Acquisition Corporation	Financial services	1,000	950	533	1.10
Hemobiotech	Biotechnology	1,890	1,710	959	1.98

## Investment portfolio

as at 30 September 2008 (continued)

		Book Cost	Market Value		% of net
	Sector	US\$'000	US\$'000	£'000	assets
<i>US listed equities (continued)</i>					
HLS Systems International	Systems software	2,161	1,000	561	1.16
i2 Telecom International	Telecommunications	711	396	222	0.46
iLinc Communications	Technology services	62	21	12	0.02
Integrated Security Systems	Security services	6,166	759	426	0.88
Merriman Curhan Ford Group	Investment banking & brokerage	1,922	390	219	0.45
Narrowstep	Internet software	2,000	160	90	0.19
OmniVision Technologies	Information technology	1,036	1,141	640	1.32
OneLink Corporation	Internet software	301	1	1	0.00
Riptide Worldwide	Software	2,129	318	178	0.37
Shengtai Pharmaceutical	Pharmaceuticals	1,345	1,579	886	1.83
Shine Media Acquisition Corporation	Media	1,500	1,388	778	1.61
Silverleaf Resorts	Travel and leisure	1,528	496	278	0.57
Sinohub	Supply chain management	2,000	3,235	1,815	3.75
Skystar Bio-Pharmaceuticals Company	Pharmaceuticals	2,263	2,042	1,146	2.37
Symbollon Pharmaceuticals	Biotechnology	500	17	10	0.02
Vertical Branding	Consumer products & services	1,500	925	519	1.07
Wonder Auto Technology	Automobile parts	750	1,562	877	1.81
Zhongpin	Food processing	2,747	6,906	3,875	8.00
<b>Total US listed equities</b>		<b>63,572</b>	<b>58,143</b>	<b>32,622</b>	<b>67.39</b>
<b>Total corporate investments</b>		<b>104,100</b>	<b>88,258</b>	<b>49,515</b>	<b>102.28</b>
Net current assets			5,030	2,822	5.83
Long term liabilities			(7,001)	(3,928)	(8.11)
<b>Net assets</b>			<b>86,287</b>	<b>48,409</b>	<b>100.00</b>

In addition, the Company also holds the following stocks valued at nil: Arrow Resources Development (warrants), Intrusion (warrants), Inyx (warrants).

\* Unlisted convertible preference shares and warrants convert into unlisted common stocks.

## Company information

### Directors

Ernest J Fenton (Chairman, UK)  
 G Russell Cleveland (USA)  
 Andrew C Barker (UK)  
 Steven A R Bates (UK)  
 William W Vanderfelt (Switzerland)

### Secretary and registered office

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 Tel: 01392 412122  
 Fax: 01392 253282

### Website

[www.renaissanceusgrowth.co.uk](http://www.renaissanceusgrowth.co.uk)

### Investment Manager

RENN Capital Group, Inc.  
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 8080 North Central Expressway  
 Dallas, Texas 75206-1857  
 USA  
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 Fax: 001 214 891 8291  
[www.rencapital.com](http://www.rencapital.com)

### Custodian (USA)

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 Dallas, Texas  
 USA

### Stockbroker

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 The Atrium Building  
 Cannon Bridge  
 25 Dowgate Hill  
 London EC4R 2GA

### Auditor

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 100 Temple Street  
 Bristol BS1 6AG

### Registrars

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 Fenay Bridge  
 Huddersfield  
 West Yorkshire HD8 0LA  
 Tel: 0870 162 3131  
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### Sources of further information

The Company's share price is listed in the *Financial Times* and *The Daily Telegraph* under "Investment Companies". Further information about the Company can be found on its website: [www.renaissanceusgrowth.co.uk](http://www.renaissanceusgrowth.co.uk).

### Key dates

March	Company year end
May	Annual results
July	AGM
August	First Interim Management Statement
November	Half yearly results
February	Second Interim Management Statement

### Frequency of NAV publication

The Company's net asset value is released to the London Stock Exchange on a bi-weekly basis and is published on both the Company's and the Manager's websites.

*Further copies of the Half Yearly Report may be obtained from the Secretary.*

**Notes**



