RENN Universal Growth Investment Trust PLC

Annual Report

for the year ended 31 March 2013

FINDING VALUE / ADDING VALUE / REALISING VALUE

Registered in England and Wales number 3150876

A MEMBER OF THE ASSOCIATION
OF INVESTMENT COMPANIES

The Company's investment objective

Until 17 April 2013, the Company's investment objective and policy were as follows:

Investment objective
The objective of the Company is to achieve capital growth and to outperform its benchmark, the Russell 2000 Index.

Investment policy
Investments are made primarily in securities issued by companies listed, quoted or domiciled in the US and Canada. These securities include, inter alia, privately placed common stock, preferred stock, convertible debentures and warrants, and may also include securities traded on an exchange. The companies in which investments are made would generally be regarded as belonging to the category of companies with 'micro' stock market capitalisations at the time of purchase, typically those companies with market capitalisations below $1 billion. From time to time, the Company also invests in securities in unlisted US companies with similar characteristics. Although there are no limits set by the Board on the proportion which may be invested in unlisted securities, it is expected that such exposure will not exceed 25% over a prolonged period.

The Company is able to invest its assets in businesses which generate sales and earnings outside the US so the Company may have significant economic exposure to markets or economies outside North America.

The Board sets no specific limits on sector weights, or on the number of securities which may be held, although no investment will be made that would represent more than 15% of the value of the Company's total investments at the time of purchase. The Board reviews the investments at each Board meeting to ensure that diversification is adequate for a portfolio of this type.

The Company is permitted by its Articles of Association to borrow up to 30% of its net assets, and may do so on an opportunistic basis determined by the availability of investment opportunities.

A large proportion of the Company's investments will be, by their very nature, less readily marketable than equities in general.

The Company invests on a long only basis, and does not currently intend to hedge its non UK currency exposure back into Sterling.

The Company's policy is not to invest in UK listed investment companies, including investment trusts.

On 17 April 2013, following approval by shareholders, the Company's investment objective and policy were updated. The current investment objective and policy of the Company are set out below:

Investment objective
To conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to shareholders promptly and maximising the value of the Company's portfolio.

Investment policy
The Company's investments will be realised in an orderly manner (that is, with a view to achieving a balance between returning cash to shareholders promptly and maximising the value of the Company's portfolio).

The Company may not make any new investments save that (a) subject to Board approval, further investment may be made into existing investments in order to preserve the value of such investments; and (b) realised cash may be invested in liquid cash-equivalent securities, denominated in Sterling, including short-dated corporate bonds, government bonds, cash funds, or bank cash deposits pending its return to shareholders in accordance with the Company's investment objective.

No more than 10% of the Company's total assets may be invested in any single cash equivalent instrument or placed on deposit with any single institution except that this limit does not apply to investment in government bonds, which shall be unconstrained.

The Company may not employ gearing.

The Company will continue to comply with the restrictions imposed by the Listing Rules in force from time to time.

Company summary

Management company	RENN Capital Group, Inc. See page 10 for further details.
Total net assets and shareholders' funds	£57,252,000 as at 31 March 2013.
Market capitalisation	£40,892,000 as at 31 March 2013.
Capital structure	17,437,979 Ordinary 25p shares.
Total voting rights	17,437,979.
Continuation vote	On 17 April 2013, the Company's Articles of Association were amended to require the next continuation vote to be passed by shareholders in 2015 and at every third annual general meeting thereafter.
Management fee	Until 17 April 2013, the Manager received a fee calculated at a rate of 0.125% of the total net assets of the Company per month, payable quarterly in arrears. From 17 April 2013, the Manager receives a fixed fee of $90,000 per month. A performance fee may also be payable as described in the Report of the Directors on page 15 and Note 3 to the accounts.
Secretarial fee	The Company Secretary receives an annual fee of £83,000. This fee is subject to an annual adjustment based on the UK Retail Price Index ("RPI").
ISA status	The Company is fully eligible for inclusion in ISAs.
AIC	The Company is a member of the Association of Investment Companies.

Summary of results and financial highlights

	Year ended 31 March 2013	Year ended 31 March 2012	% change
Total net assets	**£57,252,000**	£60,423,000	(5.25)
Net asset value ("NAV") per Ordinary share – pence	**328.32**	335.23	(2.06)
– US cents	**498.54**	535.61	(6.92)
Mid-market price per Ordinary share	**234.50p**	195.00p	20.26
Discount to NAV	**28.58%**	41.83%	13.25
Net revenue return after taxation	**£(1,145,000)**	£(1,811,000)	–
Revenue return per Ordinary share	**(6.47)p**	(9.87)p	–
Costs of running the Company*			
– Manager's fee	**£746,000**	£720,000	3.61
– Other expenses	**£465,000**	£498,000	(6.63)
– Performance fee (Note 3 on page 36)	**£(175,000)‡**	£889,000	n/a
As a percentage of average net assets*			
– Manager's fee	**1.38%**	1.44%	(0.06)
– Other expenses	**0.86%**	1.00%	(0.14)
Exchange rate – US Dollar/Sterling	**1.51845**	1.59775	(4.96)
S&P 500 Index (Total Return)	**2,770.05**	2,430.68	13.96
S&P 500 Index (Total Return) – Sterling adjusted	**1,823.72**	1,520.03	19.98
Russell 2000 Index (Total Return)	**4,385.95**	3,771.10	16.30
Russell 2000 Index (Total Return) – Sterling adjusted	**2,887.58**	2,358.26	22.45

	High	Date	Low	Date
Mid-market price per Ordinary share	246.00p	06/02/13	195.00p	18/05/12
NAV per Ordinary share – pence†	328.44p	28/03/13	277.90p	19/12/12
Discount to NAV†	37.61%	18/05/12	17.61%	08/02/13

* Calculated in accordance with the AIC recommended methodology for the calculation of 'Ongoing Charges' issued in May 2012.

‡ There is no performance fee payable for the year ended 31 March 2013. The fee for the year ended 31 March 2012 was reduced from £889,000 to £714,000 following an amendment to the benchmark index.

† Including current period revenue.

Chairman's statement

Shareholders Vote to Liquidate the Company

On 17 April 2013, at a General Meeting, the shareholders voted to liquidate the Company over a two-year period. Your Board, with advice from Winterflood Investment Trusts, recommended the proposals as being in the best interest of the shareholders. The proposals contained three main points:

(1) To modify the investment objective and policy of the Company with a view to realising the Company's assets in an orderly manner that achieves a balance between returning cash to shareholders promptly and maximising the value of the Company's portfolio holdings.

The objective is to provide a substantial payout by the first quarter of 2014 and to finish the liquidation by the first quarter of 2015. The Investment Manager is now actively working to achieve this objective.

(2) To amend the Articles of Association such that the Company continues as an investment trust until 2015. This gives a two-year time frame for the wind-down. A continuation vote at this year's AGM will not be necessary since this was deferred to 2015 at the April General Meeting.

(3) To amend the terms of the Investment Management Agreement between the Company and the Investment Manager in order to reflect the modification of the Company's investment objective and policy to better align the interests of the shareholders and the Investment Manager during the managed wind-down period.

In the document presented to shareholders for the vote of 17 April 2013, complete details of the proposals were set out, a copy of which can be obtained from the Company Secretary.

During the liquidation process, no new investments will be made by the Investment Manager, save with the express prior permission of the Board, and then only where such investment is necessary to protect the value of a holding.

The Board will meet regularly to review progress in implementing the Company's new investment objective and policy.

Review of the Year

As at 31 March 2013, the net asset value was 328.32 pence per share versus 335.23 pence on 31 March 2012, a decline of 2.06% versus a gain of 22.45% for the Russell 2000. The Manager outperformed the benchmark Russell 2000 in 2012 and has done so long-term; however, it did not do so for 2013. The price appreciation since inception 16.75 years ago has been 236.26% for the Company versus 180.78% for the Russell 2000. In total return terms, with dividends reinvested, the return was 261.72% for the Company versus 251.98% for the Russell 2000. Over a long period, the Russell 2000 has been one of the best performing US indices. We are pleased that the Company has been successful over its lifetime.

Discount to Net Asset Value

One of the reasons for liquidating the portfolio is to eliminate the substantial discount to net asset value. While we cannot predict what the ultimate realised value will be, the Investment Manager believes there is considerable potential for capital appreciation in the portfolio.

Portfolio Comments

The Investment Manager will comment later on the major holdings but I will highlight a few points here.

AnchorFree, Inc. is the Company's most important holding and comprises more than 30% of the portfolio. The company is in an interesting technological niche and has been growing rapidly which is one reason, we believe, why Goldman Sachs invested $52 million in AnchorFree in May 2012. We took advantage of this and reduced our interest in AnchorFree, raising $5.3 million (£3.3 million) in cash, realising a $4.9 million gain. An independent valuation commissioned by the Board in March 2013 reinforced the view that the current carrying value remains appropriate; therefore, no adjustment has been made to the valuation in the current financial year. Our Manager believes that AnchorFree could be an attractive acquisition candidate, or could go public. Historically, liquidity has always been a function of "being right." There is usually a good market for a company growing as rapidly as AnchorFree.

In last year's Annual Report, we pointed out that large positions have always been part of the Company's history. In the past, the Manager has been successful in helping companies realise value for shareholders through mergers. Laserscope, of some years past, was a good example. The company was sold to American Medical Corporation at a substantial premium over our cost. During the current year, this expertise was again visible: the Investment Manager assisted in merging two sizable portfolio holdings with other companies to realise large gains. Access Plans was sold to Aon and PHC, Inc. to Acadia Healthcare, both at a significant premium to cost. As the portfolio is sold, we would expect value to be created through this sort of transaction, and would also note that the Investment Manager has experience in liquidating portfolios such as the Company's in the open market. This record gives your Board confidence that the Company's goals will be achieved.

Your Board will be monitoring these efforts and keeping you informed of the progress. We appreciate shareholder approval of the wind-down proposals and look forward to a satisfactory concluding chapter in the life of your Company.

Ernest Fenton
Chairman
14 June 2013

Manager's review

Introduction

Following the establishment of the new investment policy and objective on 17 April 2013, the focus of the Manager has shifted towards the realisation of the portfolio within the next two years – a time frame which we believe will allow us to maximise the value inherent in many of the holdings. Several of the positions will be sold in the open market over the next several months as and when the opportunities arise, while others will require more active involvement by the Manager in structuring and executing transactions (such as mergers or sales) on a case-by-case basis. It is fortunate that in many of these companies the Manager is represented on the Board and has influence over the process. The Manager has begun to consider which holdings might be sold in this way rather than in the open market. Not surprisingly, this type of transaction can sometimes have a long gestation period, and several of these positions are unlikely to be sold in time to contribute to the distribution we expect to make in the first quarter of 2014.

Top Ten Holdings

AnchorFree, Inc. (Private): 31.8% of net assets, Primary Industry Group: Internet Software & Services.

AnchorFree is the world's leading advertising-supported virtual private network. Over 100 million people have downloaded Hotspot Shield to protect their identity. The company now has a platform for mobile devices of all kinds. Revenues come from advertising as well as from subscription services. In May 2012, Goldman Sachs invested $52 million in AnchorFree. We believe the company could be acquired or go public.

iSatori Technologies, Inc. (OTCBB: IFIT): 11.5% of net assets, Primary Industry Group: Personal Products.

iSatori Technologies is a developer and marketer of scientifically engineered nutritional supplements focusing upon specific markets, including weight loss and sports nutrition. The company has launched a number of new products in recent months in both weight loss and nutritional supplements. In 2013, the company entered the mass market, i.e., Walgreen's, etc. and is optimistic about the potential here. The company has a goal of reaching sales of $25-$50 million over the next several years versus $10 million in 2012.

Cover-All Technologies (AMEX: COVR): 11.1% of net assets, Primary Industry Group: Application Software.

Cover-All Technologies provides software solutions for insurance companies, agents and brokers. The company has a new suite of software products and recently announced a major contract with one of the largest insurance companies in the world. Due to this, the company has indicated a very good first quarter. With its 'deep' product line, we believe Cover-All could be an acquisition candidate.

Points International (NASDAQ: PCOM): 7.3% of net assets, Primary Industry Group: Internet Software & Services.

Points International provides various e-commerce and technology services to loyalty programme operators in the United States, Europe and Canada. The company recently reported a very positive year in 2012 and provided strong 2013 guidance on revenue and earnings.

Plures Technologies, Inc. (OTCBB: MANY): 7.0% of net assets, Primary Industry Group: Semiconductors.

Plures Technologies engages in the development, engineering and manufacture of micro electrical mechanical systems. Thus far, all of the company's revenue has come from its foundry business, but management is working on proprietary new products which, we believe, could elevate the firm to the next level. Since the year end, and with the approval of the Directors, the Company has invested new capital into Plures amounting to $2.1 million out of a total financing package of $5.2 million, with the goal of allowing time to finish the product development cycle and so secure its future.

Bovie Medical Corp. (AMEX: BVX): 6.1% of net assets, Primary Industry Group: Healthcare Equipment.

Bovie Medical engages in the development, manufacture and marketing of electrosurgical generators and disposables. The company recently reported progress on its revolutionary surgical system, J-Plasma. This system could transform Bovie and make it an attractive candidate for major surgical companies.

Flamel Technologies Ltd (NASDAQ: FLML): 4.0% of net assets, Primary Industry Group: Pharmaceuticals.

Flamel Technologies engages in the development and commercialisation of controlled release therapeutic products. The company is transforming itself into a high margin specialty pharmaceutical company that could boost revenues dramatically. In May 2013, the US Food and Drug Administration ("FDA") is expected to approve a new drug for use in hospitals. The company's time release technology has new uses in painkiller medicine under new FDA regulations.

Hollysys Automation Technologies Ltd (NASDAQ: HOLI): 2.8% of net assets, Primary Industry Group: Electronic Equipment & Instruments.
Hollysys Automation Technologies provides automation and control technologies to the industrial, railway, subway and nuclear industries of China and south-east Asia. The company continues to make progress growing revenues and earnings as it expands its presence in China and south-east Asia evidenced by its recent $73 million acquisition of Singapore and Malaysia based Bond Corporation Pte. Ltd.

DXP Enterprises, Inc. (NASDAQ: DXPE): 1.8% of net assets, Primary Industry Group: Wholesale Industrial Equipment.
DXP Enterprises engages in distributing maintenance, repair and operating products, equipment and services to industrial customers in the United States. The company continues to make progress reflected in recently reported fourth quarter and annual earnings gains of 51% and 62%, respectively.

Titan Machinery, Inc. (NASDAQ: TITN): 1.6% of net assets, Primary Industry Group: Specialty Retail.
Titan Machinery owns and operates a network of full service agricultural and construction equipment stores in the United States and Europe. The company continues to make progress reflected in recently reported fourth quarter and annual revenue gains of 29% and 33%, respectively.

Other holdings
13 companies representing 8.3% of assets consist of holdings in healthcare, pharmaceuticals, consumer electronics, apparel, oil and gas, and advertising.

Conclusion
Your Manager has begun the process of realising value from the portfolio and is on target to return substantial cash to shareholders in the first quarter of 2014. As explained earlier, while many holdings are sufficiently liquid to allow open market sales, others either are not or have other characteristics which will require a structural solution. The Manager has experience of liquidating portfolios using both techniques and is optimistic that the prospects for profitable realisation are good.

Core Holdings & Asset Allocation
At 31 March 2013, the top ten holdings made up 91% of the portfolio.

Top ten holdings at 31 March 2013 and 31 March 2012

31 March 2013	% of Net Assets	31 March 2012	% of Net Assets
AnchorFree	31.8	AnchorFree	34.1
iSatori	11.5	Cover-All Technologies	19.0
Cover-All Technologies	11.1	iSatori (formerly Integrated Security Systems)	6.6
Points International	7.3	Acadia Healthcare	6.3
Plures Technologies	7.0	Plures Technologies	6.0
Bovie Medical Corporation	6.1	Fushi Copperweld	4.3
Flamel Technologies	4.0	Bovie Medical Corporation	4.0
Hollysys Automation Technologies	2.8	Access Plans	4.0
DXP Enterprises	1.8	Points International	3.6
Titan Machinery	1.6	Hollysys Automation Technologies	2.2

Russell Cleveland
RENN Capital Group, Inc.
14 June 2013

Investment portfolio

as at 31 March 2013

	Sector	Book cost US$'000	Fair value US$'000	Fair value £'000	% of net assets
Corporate investments					
US unlisted convertible debentures					
PetroHunter Energy	Oil and gas exploration	2,100	305	201	0.35
Pipeline Data	Business services	1,500	597	393	0.69
Total US unlisted convertible debentures		3,600	902	594	1.04
US unlisted loan notes					
Plures Technologies	Semiconductors	1,637	1,143	753	1.32
Total US unlisted loan notes		1,637	1,143	753	1.32
US unlisted convertible preference shares					
AnchorFree	Wireless communications	2,162	27,613	18,185	31.76
iSatori	Personal products	75	3	2	–
Plures Technologies	Semiconductors	4,347	2,758	1,816	3.17
Total US unlisted convertible preference shares†		6,584	30,374	20,003	34.93
US listed Chinese warrants					
Plastec Technologies	Plastic products	–	6	4	–
Total US listed Chinese warrants		–	6	4	–
US listed Canadian equities					
Points International	Internet software	2,537	6,372	4,196	7.33
Total US listed Canadian equities		2,537	6,372	4,196	7.33
US listed Chinese equities					
Cogo	Information technology	1,083	594	391	0.68
Hollysys Automation Technologies	Electronic equipment	1,187	2,469	1,626	2.84
Plastec Technologies	Plastic products	1,030	625	412	0.72
SGOCO Technology	Electronic equipment	2,000	351	231	0.40
SinoHub	Electronic components	4,932	74	49	0.09
Skystar Bio–Pharmaceutical	Pharmaceuticals	2,277	1,023	674	1.18
Tiger Media (formerly SearchMedia Holdings)	Advertising	2,422	590	389	0.68
Total US listed Chinese equities		14,931	5,726	3,772	6.59
US listed French equities					
Flamel Technologies	Pharmaceuticals	3,774	3,440	2,265	3.96
Total US listed French equities		3,774	3,440	2,265	3.96

	Sector	Book cost US$'000	Fair value US$'000	£'000	% of net assets
Corporate investments *(continued)*					
US unlisted warrants					
Plures Technologies	Semiconductors	–	1,139	750	1.31
Total US unlisted warrants†		–	1,139	750	1.31
US listed equities					
Bovie Medical Corporation	Healthcare services	3,767	5,280	3,477	6.07
Cantel Medical Corporation	Healthcare equipment	1,020	1,142	752	1.31
Charles & Colvard	Clothing and accessories	777	772	508	0.89
Cover–All Technologies	Information technology	5,051	9,619	6,335	11.07
DXP Enterprises	Trading companies & distributors	1,022	1,569	1,033	1.80
Global Axcess	Commercial services	2,061	244	161	0.28
Hemobiotech	Biotechnology	1,984	55	36	0.06
iSatori	Personal products	9,562	9,968	6,565	11.47
PetroHunter Energy	Oil and gas exploration	202	23	15	0.03
Plures Technologies	Semiconductors	3,037	1,054	694	1.21
Titan Machinery	Trading companies & distributors	1,038	1,389	915	1.60
ZAGG	Consumer electronics	1,048	874	576	1.01
Total US listed equities		30,569	31,989	21,067	36.80
Total corporate investments		63,632	81,091	53,404	93.28
Net current assets			6,516	4,291	7.49
Provision for liabilities			(673)	(443)	(0.77)
Net assets			86,934	57,252	100.00

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

Unlisted warrant investments are valued at fair value using the Black Scholes methodology, which includes a time value which is calculated and added to the intrinsic value to arrive at a total valuation for each warrant.

The Black Scholes methodology requires certain assumptions to be made around the volatility of the underlying shares to which the warrants subscribe.

The valuation of unlisted warrants at 31 March 2013 of £754,000 is made up of the intrinsic value of £753,000 and a time value of £1,000.

Directors, Manager and Secretary

The Directors for the year ended 31 March 2013 were:

Ernest John Fenton (Chairman), aged 74, appointed 8 May 1996, is a chartered accountant. He became a partner of W Greenwell & Co in 1972 and was chairman and chief executive of Greenwell Montagu Stockbrokers until 1993. He was director general of the Association of Investment Companies from 1993 to 1997.

Andrew Charles Barker, aged 68, appointed 10 March 2005, has spent his career in investment management after joining F & C Management Limited in 1970. He was responsible for F & C Management Limited's North American investments from 1985 until his retirement in 2000. He was a director of Foreign & Colonial Investment Trust plc and The Bankers Investment Trust plc. He is a former chairman of Association of Investment Companies. He is chairman of JP Morgan Mid Cap Investment Trust plc.

Steven Andrew Ralph Bates, aged 55, appointed 27 January 2005, was head of global emerging markets at JP Morgan Fleming until 2002. He is a director of Zephyr Management UK Ltd, an FCA regulated investment business investing in emerging markets, and an investment adviser to Cardiff & Vale of Glamorgan Pension Fund. He is chief investment officer of Salisbury Partners. He is also chairman of VinaCapital Vietnam Opportunity Fund Limited. His non-executive directorships include Baring Emerging Europe plc, Magna Umbrella Fund plc, F & C Capital & Income Investment Trust plc and British Empire Securities and General Trust plc.

Alexandra Jane Mackesy, aged 50, appointed 18 January 2010. She is a non-executive director of Asia Total Return Investment Company plc and The Scottish Oriental Smaller Companies Trust Plc. Since 2000, she has worked as a part-time consultant in Asia. Prior to this, she held posts in Hong Kong with Credit Suisse as director, head of Hong Kong and China Equity Research, JP Morgan as director, Asian Equity Research, and SBC Warburg/ SG Warburg as director, Hong Kong Equity Research.

William Weeks Vanderfelt, aged 70, appointed 2 August 1996, was a managing partner of Petercam SA, the largest independent member firm of the Brussels Stock Exchange, until his retirement on 31 December 2001. He is a director of USI Group Holdings AG and Eastern European Media Holdings SA.

Manager

RENN Capital Group, Inc. is an investment management company based in Dallas, Texas with a forty year track record of investing principally in US smaller companies. It was founded in 1973 by Russell Cleveland. The firm concentrates on US smaller companies where it considers that potential earnings growth, attractive valuations and the availability of proportionately larger investment positions provide the opportunity for outperformance.

Secretary

Capita Sinclair Henderson Limited provides company secretarial and administrative services for the Company. It provides similar services for a number of other investment trusts. Capita Sinclair Henderson Limited is a subsidiary undertaking of Capita plc.

Report of the Directors

The Directors present their report and accounts for the year ended 31 March 2013. The Company was incorporated on 19 January 1996 and commenced trading on 29 May 1996.

Business review

Business of the Company

The Company is an investment company in accordance with the provisions of Section 833 of the Companies Act 2006. The Directors do not envisage any change in the Company's activity in the future.

The principal activity of the Company is to conduct business as an investment trust. The Company has received written approval from HM Revenue & Customs ("HMRC") as an authorised investment trust, under Sections 1158/1159 of the Corporation Tax Act 2010 ("Sections 1158/1159"), for the year ended 31 March 2012. Under the new regime for obtaining and retaining investment trust status, applicable to the Company from 1 April 2012, an application for approval as an authorised investment trust under Sections 1158/1159, has been made by the Company and accepted by HMRC. Accordingly, the Company will be treated as an investment trust company for accounting periods commencing on or after 1 April 2012 and for each subsequent accounting period, subject to there being no subsequent serious breaches of the regulations. The Directors of the Company will endeavour to continue to satisfy the requirements of the new regime and maintain its investment trust status.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at low cost.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the Main Market of the London Stock Exchange.

On 20 March 2013, the Company announced that, subject to shareholders' approval, it planned to proceed with a managed wind-down of its investment activities and to make an initial return of capital to shareholders by the first quarter of 2014.

At the General Meeting held on 17 April 2013, the shareholders approved the proposals:

- to modify the investment objective and policy of the Company with a view to realising the Company's assets in an orderly manner that achieves a balance between returning cash to shareholders promptly and maximising the value of the Company's portfolio holdings;
- to amend the Articles of Association such that the next continuation vote be proposed at the annual general meeting of the Company to be held in 2015 and at every third subsequent annual general meeting; and
- to amend the terms of the Investment Management Agreement between the Company and the Investment Manager in order to reflect the modification of the Company's investment objective and policy and to better align the interests of the shareholders and the Investment Manager during the managed wind-down period.

Results and dividend

The results for the year are set out in the Income statement on page 29. The Directors do not recommend that a dividend be paid in respect of the year ended 31 March 2013 (2012: nil).

Report of the Directors

(continued)

Analysis of performance and position

For the year ended 31 March 2013, the Company's benchmark was the Russell 2000 and, therefore, this was the primary key performance indicator for the Company. This section of the business review also considers the Company's performance in terms of other indices, its annual return, its discount to net asset value and gains and losses seen within the portfolio during the year.

For the year ended 31 March 2013, the net asset value return of the Company, measured in US Dollar, fell by 6.92% compared to a rise of 16.30% for the Russell 2000. The net asset value return of the Company, measured in Sterling, fell by 2.06% compared to a rise of 22.45% for the Russell 2000. Since inception, the Sterling annualised return was 7.98% against the Russell 2000 annualised return of 7.80%.

The underlying discount to NAV fell during the year. The discount ranged from a low of 17.61% on 8 February 2013 to a high of 37.61% on 18 May 2012, averaging 25.66% for the year. As at 31 March 2013, the Company's shares traded at a discount of 28.58% compared to 41.83% as at 31 March 2012.

During the year, the Company realised gains and losses in several portfolio companies. The result was a net realised gain of approximately £2.7 million. As at 31 March 2013, the Company had no gearing.

The Investment Manager employs a 'bottom-up' investment approach that focuses on individual companies rather than sectors. Thus, the Company's performance is tied more to an individual company's success than to sectors.

As at 31 March 2013, the Company's three largest holdings were AnchorFree, iSatori and Cover-All Technologies representing approximately 32%, 12% and 11% of net assets, respectively.

Further details of the Manager's investment approach and the performance for the year are included in the Chairman's statement and the Manager's review.

Subsequent events and future developments

Since the year end, with the Directors' approval, the Company has invested $2.1 million in Plures Technologies, Inc. We believe that this new capital would give Plures the opportunity to complete its product development and test its commercially viability.

There have not been any other significant events subsequent to the year end, nor is the Board aware of any potential developments that are likely to have a significant impact on the Company.

Principal risks associated with the Company

Risks associated with investing in the Company include, but are not limited to, liquidity/marketability risk, interest rate risk, foreign currency risk, country risk, market price and discount volatility risk, risk associated with non-compliance with Sections 1158/1159, credit risk, risks associated with the engagement of third parties, risk that shareholders will not vote in favour of the continuation of the Company, valuation risk and concentration risk.

Liquidity/marketability risk

The Company is exposed to the US equity markets and could therefore be affected by a decline in the US equity markets as a whole. Furthermore, a large proportion of the stocks in which the Company invests are, by their very nature, less readily marketable than, for example, blue-chip UK equities, and the Company may hold significant ownership stakes. Additionally, the returns associated with specific investment styles are cyclical and it is possible that the Manager's investment style could fall out of favour. The Manager is committed to investing in small and micro-cap companies and attempts to manage liquidity risk by monitoring the trading volume of the stocks in which the Company invests. The Board closely monitors the performance of the Company through quarterly Board meetings and the review of monthly management accounts. The Manager monitors the value of the Company's underlying securities on a daily basis.

Interest rate risk

Bond prices and interest rates are inversely correlated. Thus, when interest rates increase, the price of a bond with a fixed coupon will decline. Alternatively, when interest rates decline, the price of a bond with a fixed coupon will increase. The Company is invested primarily in equities, but it does hold some fixed income securities, most of which are convertible to common stock (equity). The benefit of a convertible debenture is that, if a portfolio company becomes troubled, the Company is protected through its position as a creditor. Alternatively, if the portfolio company performs well, the Company can participate in the upside by converting to common stock. Nonetheless, the Manager monitors interest rate risk on a regular basis.

Foreign currency risk

The Company invests in US stocks and its assets are therefore subject to fluctuations in the US Dollar: Sterling exchange rate. It is not the Company's policy to hedge the currency risk between the US Dollar and Sterling. The Manager does not actively manage currency risk. As the portfolio is liquidated, the proceeds will be converted to Sterling.

Country risk

In addition to the US, the Company has financial exposure to the Chinese economy. Although China is rapidly growing, it is still a volatile part of the world and therefore the Company is exposed to risks in this economy.

Market price risk and discount volatility

Since the Company invests in financial instruments, market price risk is inherent in these investments. The Company itself, being a closed-end fund, generally trades at a discount to its net asset value. The magnitude of this discount fluctuates daily and can vary significantly. Thus, for a given period of time, it is possible that the market price could decrease despite an increase in the Company's net asset value. The Directors review the Company's discount levels on a twice weekly basis and can use the Company's powers to buy back shares should it be thought appropriate to do so.

The Directors also retain a Corporate Broker that can be consulted, if necessary. Furthermore, the Company seeks to manage discount volatility through active communication with its shareholders.

Compliance with Sections 1158/1159

If the Company did not comply with the provisions of Sections 1158/1159, it would lose its investment trust status. In order to minimise this risk, the Directors, the Manager and the Company Secretary monitor the Company's compliance with the key criteria of Sections 1158/1159 on a monthly basis. On a quarterly basis, compliance with these provisions is discussed in detail between the Board and the Manager and, furthermore, the Manager provides the Board with a quarterly assurance that, to the best of its knowledge, the provisions of Sections 1158/1159 relating to investments have been adhered to during the period. The Board gives no assurance that the Company will comply with Sections 1158/1159.

Credit risk

The Company invests in debentures. It is possible that such investee companies might default on these debentures or wind-up prior to their repayment. The Board does not consider this to be a major risk to the Company overall, as a diversified portfolio is maintained. Nonetheless, the Manager monitors the credit risk of the Company's portfolio companies on an on-going basis.

Risks associated with the engagement of third parties

There are a number of potential operational risks associated with the fact that third parties undertake the Company's administration and custody of assets. Most seriously, there is the risk that third parties could fail to ensure compliance with statutory requirements, such as the Companies Act 2006 and the rules of the London Stock Exchange.

The Board regularly reviews the performance of the companies providing services to the Company. As part of the review, the Board considers the regular assurances provided from those companies that the appropriate controls are in place to mitigate risks relating to services undertaken on behalf of the Company.

Report of the Directors

(continued)

Risks associated with the continuation vote

The Company's Articles of Association were amended at the General Meeting held on 17 April 2013 to require a continuation vote every three years. The next continuation vote will be held in 2015. 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 Manager, the Company's Broker and the website, the Board ensures that regular communication regarding the Company's performance and long-term direction is maintained with shareholders, whose opinions are duly considered by the Board.

Valuation risk

The Directors take responsibility for the valuation of a number of holdings which are unlisted. The valuations are the result of a range of valuation techniques described in Note 1 to the accounts on pages 33 to 35 and do involve elements of judgement which may mean that the values recognised in the event of a sale might be significantly different from those used in the accounts.

Concentration risk

The portfolio of the Company is concentrated in a few investee companies, with the top five investments representing nearly 70% of the net assets. Concentration in a small number of holdings can leave the Company more exposed to liquidity problems and market losses. The insolvency or other business failure of any one or more of these main portfolio positions could have a material effect on the Company, its operations and ability to achieve its objectives.

As the Company progresses with its new objective to realise its assets in order to return cash to shareholders, the degree of concentration is likely to increase. This could impact the Company's ability to comply with the requirement under Sections 1158/1159 to spread investment risk with a diversified portfolio. The Board and the Manager will be monitoring the concentration risk on an ongoing basis.

Further information on risk

Further information regarding certain of these risks is included in Note 16 to the accounts: Analysis of financial assets and liabilities. Information regarding the Company's risk review procedures may also be found under 'Internal control review' below.

Further details of the Manager's investment approach and the performance for the year are included in the Chairman's statement and the Manager's review.

Corporate social responsibility

The Company does not have any employees and the Board is comprised solely of non-executive Directors. As an investment company, the Company does not have any direct impact on the environment. In carrying out its activities and in relationships with suppliers and stakeholders, the Company aims to conduct itself responsibly, ethically and fairly. The Company does not have anything further to report on environmental, employee, social or community matters.

Share capital

At 31 March 2013, the Company's issued share capital comprised 17,437,979 Ordinary shares. At general meetings of the Company, holders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. The total voting rights of the Company at 31 March 2013 were 17,437,979.

No shares were issued during the year.

During the year ended 31 March 2013, the Company purchased in the market 586,614 Ordinary shares (with a nominal value of £146,653.50) for cancellation, at a total cost of £1,313,000. This represented 3.25% of the issued share capital at 31 March 2012.

At the annual general meeting held on 26 July 2012, the Company was granted authority to purchase up to 14.99% of the Company's Ordinary shares in issue amounting to 2,680,960 Ordinary shares. As at 13 June 2013, the Company may purchase up to 2,094,346 Ordinary shares under the existing authority. This authority will expire at the 2013 Annual General Meeting.

Information about securities carrying voting rights

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's ("FCA's")Disclosure and Transparency Rules:

- At the date of this report, the Company's capital structure was comprised of 17,437,979 Ordinary shares of 25p each, with each of these shares being entitled to one vote. There are no restrictions on the transfer of the Company's shares or voting rights.
- Details of the substantial shareholders in the Company are set out on page 17.
- The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 18.
- Amendment of the Company's Articles of Association and the giving of powers to issue or buy back the Company's shares require an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's powers to buy back shares are set out on page 23.
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Management agreement

The Company's investments are managed by RENN Capital Group, Inc. under an agreement dated 17 May 1996, as amended. For the year ended 31 March 2013, the management fee is calculated at the rate of 0.125% per calendar month of the net asset value of the Company and is payable quarterly in arrears. No management fee is payable on any cash or near cash investments held by the Company. RENN Capital Group, Inc. is also entitled to an annual performance fee equivalent to 20% of the amount by which the net asset value of the Company at the year end, together with gross dividends paid or distributions made, exceeds the net asset value of the Company at the preceding financial year and as increased or decreased in line with the movement in the Russell 2000 Index over the same period. No performance fee will be payable in respect of any year where the net asset value is less than either the placing price or the net asset value at the end of the preceding financial year.

Pursuant to the Side Letter to the Investment Management Agreement dated 19 March 2013 and following the approval of the shareholders at the General Meeting held on 17 April 2013, the Manager will be paid a fixed monthly fee of $90,000. In case the realisation of the Company's assets is ongoing after 19 March 2015, the Board and Manager will review the fixed monthly fee; this fee would also be renegotiated on the appointment of liquidators to the Company.

Under the revised terms, the hurdle for the achievement of any performance fee will be a cash amount which must be returned to shareholders before a performance fee can be earned (the "Cash Hurdle"). The Cash Hurdle will be the audited NAV as at 31 March 2013 plus a notional accrual (the "Accrual"), which will reflect the time value of money between 17 April 2013 and actual returns of cash in excess of the Cash Hurdle. The Manager will be entitled to 10% of any amounts returned to shareholders in excess of the Cash Hurdle (including the Accrual). The Company and the Manager have agreed that the opening Cash Hurdle will be the audited NAV as at 31 March 2013, in Sterling terms, and the Accrual will be 8% per annum (compound) calculated on the opening Cash Hurdle. The total performance fee payable will be capped at an amount equivalent to 10% of the NAV as at 31 March 2013.

The management agreement may be terminated by either party giving to the other not less than twelve months' notice in writing at any time. No additional compensation is payable to the Manager in the event of termination.

Further details of the Manager's fees are given in Note 3 to the accounts.

Report of the Directors

(continued)

Appointment of RENN Capital Group, Inc. as Manager

Through the Management Engagement Committee, the independent Directors keep under review the performance of the Manager. In the opinion of the Directors, the continuing appointment of RENN Capital Group, Inc. as Manager, on the terms outlined in the Management Agreement dated 17 May 1996, as amended, is in the best interests of shareholders as a whole.

Secretarial agreement

Under an agreement dated 8 May 1996, as amended, company secretarial services and the general administration of the Company is undertaken by Capita Sinclair Henderson Limited for a fee for the year to 31 March 2013 of £83,000; this fee is subject to an annual review based on RPI. The Secretarial fees paid in respect of the year ended 31 March 2012 were £77,000. The agreement may be terminated by either party giving to the other not less than twelve months' notice at any time.

Contractual arrangements essential to the business of the Company

Other than the Management Agreement, the Secretarial Agreement described above and a custodial agreement with Frost Bank which are essential to the Company, there are no other contractual arrangements that are considered essential to the business of the Company.

Payment of suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by those terms. All supplier invoices received by 31 March 2013 have been paid (2012: none outstanding).

Engagement with investee companies

As an externally managed investment company, the Board delegates the majority of its responsibilities in relation to engagement with investee companies to the Company's Investment Manager. However, the Board retains oversight of this process by receiving regular updates from the Manager on its engagement activities and by having reviewed the Manager's engagement and voting policies.

Directors

The Directors in office at the end of the year are as shown on page 10. Details of each Director's status as independent or non-independent and of forthcoming re-elections and retirements can be found on page 18 in the corporate governance statement.

Directors' interests

The interests of the Directors in the Ordinary shares of the Company are set out below:

	Number of Ordinary shares at 31 March 2013	Number of Ordinary shares at 1 April 2012
E J Fenton	**50,000**	50,000
A C Barker	**65,000**	65,000
S A R Bates	**12,500**	12,500
A J Mackesy	**–**	–
W W Vanderfelt	**1,125,000**	1,125,000

There have been no changes to any of the above holdings between 31 March 2013 and the date of this report.

Substantial shareholdings

As at 31 March 2013, the Company had been informed of the following notifiable interests in the Company's voting rights of the Company:

	Number of shares	% of voting rights
Ruffer LLP	2,165,000	12.42
East Riding of Yorkshire Council	2,050,000	11.76
Armstrong Investments Limited	1,943,000	11.14
Universities Superannuation Scheme Limited	1,240,000	7.11
Jupiter Asset Management Limited	1,190,000	6.82
W W Vanderfelt	1,125,000	6.45
Brewin Dolphin Limited	887,702	5.09
Reliance Mutual Insurance Society Limited	800,000	4.59

The Directors have not been informed of any changes to any of the above holdings between 31 March 2013 and the date of this report.

Corporate governance statement

The Company is committed to the highest standards of corporate governance and to the principles of good governance set out in the UK Corporate Governance Code ("UK Code") and the Association of Investment Companies' Code of Corporate Governance ("AIC Code").

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders. The UK Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Company has complied with all other recommendations of the AIC Code and the relevant provisions of the UK Code, unless stated otherwise in the disclosures set out below.

A copy of the AIC Code and AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the UK Code can be obtained via the website of the Financial Reporting Council, www.frc.org.uk.

The Board

The Board consists of five Directors, all of whom are non-executive and whose biographies appear on page 10. The terms and conditions of the appointment of the non-executive Directors are formalised in letters of appointment, copies of which are available for inspection from the registered office of the Company and will be available at the Annual General Meeting. None of the Directors had a service agreement with the Company as at 31 March 2013 or did so throughout the year.

Report of the Directors

(continued)

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties and the Company has directors' and officers' liability insurance to cover legal defence costs.

The Board does not consider it appropriate that Directors be restricted to serving on the Board for a limited number of years and believe that the long-serving Directors of the Company bring extensive knowledge and experience to the Board. Therefore, the Company does not have a formal policy on tenure. Given the size and nature of the Company, it is not considered necessary to appoint a senior independent director. The Company does not have a chief executive officer, but in appointing a management company the roles of chairman and chief executive officer are effectively separated.

Board balance and independence

None of the Directors, nor any persons connected with them, had a material interest in any of the Company's transactions, arrangements or agreements during the year.

The independence of the Directors is reviewed as part of the annual evaluation process and each Director is considered to be independent in character and judgement and entirely independent of the Manager. None of the Directors sits on the boards of any of the other companies managed by the Investment Manager. The Board does not consider that length of service necessarily compromises the independence of a Director.

Mr Vanderfelt has a significant shareholding in the Company, which is deemed to align his interests with those of the shareholders and therefore does not compromise his independence.

Chairman

The Chairman, Mr Fenton, is deemed by his fellow Directors to be independent in character and judgement, notwithstanding his length of service, and free of conflicts of interest. He has no other significant commitments other than those disclosed in his biography on page 10.

Re-election and retirement of Directors

In accordance with the Company's Articles of Association, one-third of the Directors eligible to retire by rotation are required to do so at each Annual General Meeting. The Board has adopted a policy whereby all Directors will be required to stand for re-election at least every three years. Mrs Mackesy will retire by rotation this year and, being eligible, will offer herself for re-election by shareholders at the forthcoming Annual General Meeting.

In accordance with the AIC Code, Mr Fenton and Mr Vanderfelt will also offer themselves for re-election (and do so on an annual basis), each having served on the Board for over nine years.

The Board strongly recommends that shareholders vote in favour of each of these Directors' re-elections for the following reasons:

Mr Fenton has been a Director of the Company since its launch in 1996 and was appointed Chairman on 28 May 2004. He is a chartered accountant and has extensive experience within the investment trust sector. Mr Fenton commits considerable time to the affairs of the Company and also ensures that major shareholders and potential investors are given the opportunity to meet the Manager at least annually. In his role as Chairman, Mr Fenton provides effective leadership enabling the Board, with its blend of knowledge and experience, to be constructive in and out of Board meetings.

Mr Vanderfelt has a wide experience of investment matters having spent many years with Petercam SA, the largest independent member firm on the Brussels Stock Exchange, until he retired as managing partner in 2001. His detailed knowledge of the investment world internationally is of great benefit to the Board and his support for the Company is also reflected in his substantial investment in its shares.

Mrs Mackesy has a long experience of equity research in the Far East and has been a director of Hong Kong and China Equity Research at Credit Suisse, a director of Asian Research at JP Morgan, and a director of Hong Kong Research at SBC Warburg. She brings to the Board a depth of industry and investment experience and a disciplined analytical approach to the decision-making process.

Board operation

The Directors have adopted a formal schedule of matters specifically reserved for the Board's approval. These reserved matters include the following:

- Approval of annual and half-yearly results
- Appointment and removal of Auditor
- Significant changes in accounting policy and practices
- Board appointments and removals

At the Board meetings, the Directors follow a formal agenda to review the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs.

The Board is responsible for adherence to the investment policy and strategic and operational decisions of the Company. The Company's main functions are delegated to a number of service providers, each engaged under separate legal contracts. The management of the Company's portfolio is delegated to the Manager, which has discretion to manage the assets in accordance with the Company's objectives and policies. A representative of the Manager attends each Board meeting to present written and verbal reports on its activities and portfolio performance. The Board regularly reviews its overall strategy and, as discussed in the business review, monitors the discount of the share price to net asset value, with a view to taking action if the discount reaches unacceptable levels.

The Directors meet at regular Board meetings, at least once every quarter, and additional meetings and telephone meetings are arranged as necessary. During the year, quarterly meetings were held in the UK and one meeting was held in the United States to enable the Board to meet with the Investment Manager's team and representatives of investee companies.

Mr Barker attended three of the four scheduled Board meetings held during the year. There was 100% attendance by all other Directors, either in person or by telephone conference link, which is considered cost-effective for Directors not resident in the UK. All Directors attended the Annual General Meeting held in July 2012 in person.

Committees of the Board

The Board has appointed a number of Committees, as set out below, to assist its operations. Each Committee's delegated responsibilities are clearly defined in formal terms of reference, which are available from the Company's registered office. Mr Bates chairs the Audit Committee and Valuation Committee, with Mr Fenton chairing the remaining Committees. Both will be present at the Annual General Meeting. Each committee comprises the full Board as the Directors consider the size of the Board to be conducive to including all Directors in the business and operations of the Company.

Audit Committee

The Audit Committee is comprised of all Directors who are deemed to be independent non-executive Directors, currently the full Board. The Board believes it is appropriate for the Chairman of the Company, Mr Fenton, to be a member of the Audit Committee as he provides a valuable contribution to the Committee and his membership enhances the operation of the Committee and its interaction with the Board. It is considered that there is a range of relevant financial expertise amongst the members of the Committee. The Committee met twice during the year. Each member of the Committee was present at both meetings with the exception of Mr Barker, who attended one of the meetings.

The primary responsibilities of the Audit Committee are to review the integrity and contents of the Company's financial statements and accounting policies; to monitor the statutory audit of the Company's annual accounts and the effectiveness of the Company's financial reporting, internal control and risk management policies and procedures; and to consider compliance with regulatory and financial reporting, requirements. The Committee also reviews annually the need for the Company to have its own internal audit function.

During the year, the Audit Committee reviewed the half-yearly and annual reports and made formal recommendations to the Board. The Committee reviewed the internal controls which considered risks concerning financial and reputational controls, fund accounting, compliance and risk management.

The Committee provides a forum through which the Company's external Auditor reports to the Board of Directors. The Committee makes recommendations to the Board on the remuneration and terms of appointment of the Auditor and monitors the Auditor's independence, objectivity and effectiveness. The Audit Committee considers the appointment of the Company's Auditor on an annual basis prior to the commencement of the annual audit. When considering this appointment, the Committee takes the following factors into account:

- performance of the Auditor during the previous year;
- the level of fees in relation to the previous year and those of comparable investment companies;
- the resources available within the audit team; and
- the technical expertise of the firm in question.

These matters are discussed without the presence of the Auditor and the Committee's recommendations are then communicated to the Board for consideration and, if thought appropriate, ratification.

As KPMG Audit Plc provides tax compliance services to the Company in addition to audit services, the Committee receives an annual assurance from KPMG Audit Plc that its independence as an Auditor is not compromised by the practice of these services.

The Committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided. The Auditor does provide some non-audit services primarily in the provision of taxation advice but the Committee is satisfied that its objectivity and independence is not impaired by the performance of these non-audit services and believes that the appointment of a third party unfamiliar with the Company to carry out non-audit services would be of no benefit to shareholders since they would incur unnecessary additional expense. The Committee is satisfied that in these respects, KPMG Audit Plc has fulfilled its obligations to the Company and its shareholders and has recommended their reappointment to the Board.

Management Engagement Committee

The Management Engagement Committee is comprised of all the independent Directors, currently the full Board. The Committee met once during the year, attended by all members except Mr Barker. The Committee is responsible for reviewing the terms of the Management Agreement and assessing the continuing appointment of the Manager on an annual basis. The Manager's continuing appointment is discussed by the Committee without RENN Capital Group, Inc. or any of its representatives being present.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is comprised of all the independent Directors, currently the full Board. The Committee met once during the year, attended by all members except Mr Barker. The Committee monitors Board balance, considers new appointments with a view to making recommendations to the Board, considers the recommendations for the re-election of Directors and keeps under review the policy for Directors' remuneration. Appointments to the Board are made according to a person's existing knowledge and expertise.

The Company notes that it is not compliant with Principle 5 of the AIC Code which states that the Chairman of the Company may not also chair the Remuneration Committee. The Directors have considered this principle and agree that Mr Fenton chairs the Remuneration and Nomination Committee with independence whilst rigorously applying appropriate best practice industry standards in carrying out this role.

Full details of the remuneration arrangements for Directors can be found in the Directors' remuneration report on pages 25 and 26.

Valuation Committee

The Valuation Committee is comprised of all the independent Directors, currently the full Board. The Committee met four times during the year. Each member of the Committee was present at all the meetings with the exception of Mr Vanderfelt and Mr Barker, who attended three meetings each. The Committee meets periodically between Board meetings to review the individual valuations of the unquoted and less liquid holdings in the portfolio.

Performance evaluation
An evaluation of the Board, its Committees, individual Directors and the Chairman was undertaken following the year end by verbal consultation. During this process, the following matters were considered:

- independence of the Directors;
- evaluation of the Chairman's and the Board's performance;
- structure and composition of Committees; and
- format and focus of Board and Committee meetings.

It was concluded that each Director continued to contribute effectively and that the Board as a whole continued to demonstrate a suitable balance of skill and experience relevant to the leadership and direction of the Company. This process is carried out on an annual basis.

Dialogue with shareholders
The Directors are always available to enter into dialogue with shareholders. Communications from shareholders should be sent to the Company's registered office. All shareholders are encouraged to attend and vote at the Annual General Meeting during which the Board will be available to discuss issues affecting the Company.

The Board receives regular updates from the Manager and its Broker on the news of the Company's major shareholders and arranges direct meetings where appropriate.

The net asset value is released to the Stock Exchange on a bi-weekly basis and posted on the Company's website: www.renaissanceusgrowth.co.uk.

Conflicts of interest
It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of an interest that conflicts or might possibly conflict with the interests of the Company (a "situational conflict"). The Company's Articles of Association authorise the Board to approve such situations, where felt appropriate.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing his duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgment and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

Internal control review
The Board is responsible for establishing and maintaining the Company's system of internal control. An ongoing process, in accordance with the guidance supplied by the Financial Reporting Council: 'Internal Control: Revised Guidance for Directors on the Combined Code' (the "Guidance"), has been established for identifying, evaluating and managing the significant risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control over the Company's operations, has been in place throughout the year and up to the date the financial statements were approved. This process is reviewed on a regular basis by the whole Board. The process involves reports from the Company Secretary on risk control and compliance, in conjunction with the Manager's regular reports which cover investment performance and compliance issues. In addition, the Board receives internal control statements from all the parties to which it delegates functions.

Report of the Directors

(continued)

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The key procedures which have been established to provide effective internal control are as follows:

- investment management is provided by RENN Capital Group, Inc. The Board is responsible for setting the overall investment policy and monitors the action of the Manager at regular Board and investment meetings;
- Capita Sinclair Henderson Limited is responsible for the provision of administration and company secretarial duties for the Company;
- custody of the Company's assets is undertaken by Frost National Bank;
- registration services are provided by Capita Registrars Limited;
- the duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- the Directors of the Company clearly define the duties and responsibilities of their agents and advisers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their ongoing performance and contractual arrangements;
- mandates for the authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the Manager and the administrator in detail on a regular basis.

In accordance with the Guidance, the Directors have carried out a review, for the year ended 31 March 2013, of the effectiveness of the system of internal controls as it has operated since 1 April 2012 till the date this report was issued.

Going concern

Following due consideration of the Company's financial position, its obligations and review of future forecasts, the Directors are of the opinion that it remains appropriate to presume that the Company will continue in business for the foreseeable future. Accordingly they have continued to adopt the going concern basis in preparing the accounts.

The Company is currently in a two-year process of realising its assets and will hold its next continuation vote in 2015.

International Accounting Standards

The Company is not required to produce consolidated accounts and therefore International Accounting Standards ("IAS") are not mandatory. The Board continues to monitor the developments of IAS, including the possibility of reporting under the International Financial Reporting Standards in the future, and intends to continue to prepare accounts under UK Generally Accepted Accounting Principles ("UK GAAP").

Annual General Meeting

A formal notice convening the Annual General Meeting of the Company to be held on 30 July 2013 can be found on page 57. Shareholders are being asked to vote on various items of business, being: the receipt and approval of the Reports of the Directors and Auditor and the Accounts for the year ended 31 March 2013; the receipt and acceptance of the Directors' Remuneration Report; the re-election of Directors; the re-appointment of KPMG Audit Plc as Auditor; the authorisation of the Directors to determine the remuneration of the Auditor; the purchase by the Company of its own shares; and the holding of general meetings on not less than 14 clear days' notice. Resolutions 1 to 7 will be proposed as Ordinary Resolutions and Resolutions 8 and 9 will be proposed as Special Resolutions.

Special business at the Annual General Meeting

Purchase of shares

The Directors will also be seeking the renewal of the authority to purchase for cancellation up to 2,613,953 of the Company's own shares (representing 14.99% of the issued Ordinary shares) in the market for a further year. This authority, set out as Resolution 8 as a Special Resolution, will be exercised only if, having taken account of the likely impact on the financial position of the Company, the Directors are satisfied that any such purchase will be in the interests of the Company and its shareholders. There is no facility to re-issue shares at a discount to net asset value.

The authority, if given, will lapse at the AGM to be held in 2014 or fifteen months from the passing of this resolution, whichever is earlier.

The price paid for Ordinary shares will not be less than 25p and not more than the higher of (i) 5% above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) of the Ordinary shares for the five business days immediately preceding the date on which the Ordinary share is purchased, and (ii) the higher of the price of the last independent trade and the current highest independent bid on the London Stock Exchange.

General meetings

Resolution 9 will allow the Company to convene general meetings, other than annual general meetings, on the minimum notice period provided for by the Companies Act 2006 (currently 14 clear days). The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2014, at which it is intended that renewal be sought. The Company will have to offer facilities for all shareholders to vote by electronic means for any general meetings convened on 14 clear days' notice. The Directors will only call a meeting on 14 clear days' notice where they consider it to be in the interests of shareholders to do so and the relevant matter requires to be dealt with expediently.

Directors' Recommendation

The Directors consider each resolution being proposed at the Annual General Meeting to be in the best interests of the Company and shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do so in respect of their own beneficial shareholdings.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

KPMG Audit Plc has expressed its willingness to continue in office as Auditor and a resolution for its re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Capita Sinclair Henderson Limited

Secretary

14 June 2013

Management report

UK Listed Companies are required by the FCA's Disclosure and Transparency Rules to include a management report within their annual financial report.

The information required by the management report, for the purpose of these rules, is comprised of that contained in the Chairman's statement on pages 4 and 5, the Manager's review on pages 6 and 7 and the Report of the Directors on pages 11 to 23. Therefore no separate management report has been included.

The Financial Statements have been reviewed by the Company's Auditor.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the listing rules of the UK Listing Authority. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement under the Disclosure and Transparency Rules
The Directors confirm that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Annual Report includes a fair review of the development and performance of the Company, together with a description of the principal risks and uncertainties faced.

On behalf of the Board
Ernest Fenton
Chairman
14 June 2013

Directors' remuneration report

The Board has prepared this report, in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. An Ordinary Resolution will be put to the members to approve this report at the forthcoming Annual General Meeting to be held on 30 July 2013.

The law requires your Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in its report on pages 27 and 28.

Remuneration Committee

The Remuneration and Nomination Committee fulfils the function of a remuneration committee. This Committee is comprised of the independent non-executive Directors of the Company, currently the full Board.

Policy on Directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other similar companies of a similar size, having a similar capital structure (ordinary shares and potential bank borrowings) and a similar investment objective (capital growth). It is intended that this policy will continue for the year ending 31 March 2014 and for subsequent financial years.

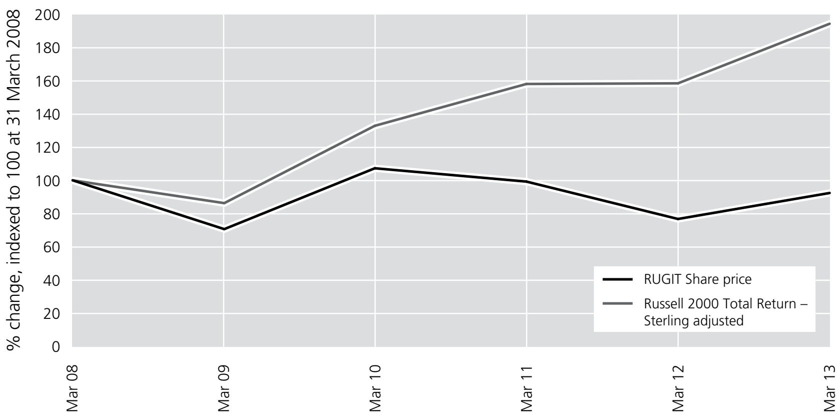
The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe this is appropriate for non-executive Directors.

Directors' service contracts

It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after his appointment, and at least every three years thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Your Company's performance

The graph below compares the total return to Ordinary shareholders compared to the total shareholder return of the Russell 2000 Index. The index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes during the year ended 31 March 2013.



Directors' remuneration report

(continued)

Directors' emoluments for the year*

The Directors who served in the year received the following emoluments in the form of fees:

	2013	2012
	£	£
E J Fenton	**32,000**	32,000
A C Barker	**20,000**	20,000
S A R Bates	**25,000**	25,000
A J Mackesy	**20,000**	20,000
W W Vanderfelt	**20,000**	20,000

* This information has been audited.

Approval

The Directors' remuneration report was approved by the Board of Directors on 14 June 2013.

On behalf of the Board

Ernest Fenton

Chairman

Report of the Independent Auditor

To the members of RENN Universal Growth Investment Trust PLC

Independent Auditor's report to the members of RENN Universal Growth Investment Trust PLC

We have audited the financial statements of RENN Universal Growth Investment Trust PLC for the period ended 31 March 2013 set out on pages 29 to 54. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its return for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditor *(continued)*

To the members of RENN Universal Growth Investment Trust PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 22, in relation to going concern;
- the part of the Corporate Governance Statement on pages 17 to 22 in the Report of the Directors relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Salim Tharani (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
14 June 2013

Income statement

for the year ended 31 March 2013

	Notes	**2013** **Revenue** £'000	**2013** **Capital** £'000	**2013** **Total** £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
(Losses)/gains on investments at fair value through profit or loss	7	**–**	**(913)**	**(913)**	–	5,618	5,618
Exchange gains on capital items	7	**–**	**22**	**22**	–	141	141
Income	2	**231**	**–**	**231**	151	–	151
Investment management fee	3	**(746)**	**–**	**(746)**	(720)	–	(720)
Investment management performance fee	3	**–**	**175**	**175**	–	(889)	(889)
Other expenses	4	**(621)**	**–**	**(621)**	(1,241)	–	(1,241)
Return before finance costs and taxation		**(1,136)**	**(716)**	**(1,852)**	(1,810)	4,870	3,060
Interest payable		**–**	**–**	**–**	(1)	–	(1)
Return after finance costs and before taxation		**(1,136)**	**(716)**	**(1,852)**	(1,811)	4,870	3,059
Taxation on ordinary activities	5	**(9)**	**–**	**(9)**	–	–	–
Return on ordinary activities after taxation for the financial year		**(1,145)**	**(716)**	**(1,861)**	(1,811)	4,870	3,059
		pence	pence	pence	pence	pence	pence
Return per Ordinary share	6	**(6.47)**	**(4.04)**	**(10.51)**	(9.87)	26.54	16.67

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.

All revenue and capital items in the above statement derive from continuing activities.

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

The notes on pages 33 to 54 form part of these accounts.

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2013

	Share capital £'000	**Share premium account £'000**	**Capital redemption reserve £'000**	**Special reserve* £'000**	**Capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
As at 1 April 2012	**4,506**	**5,995**	**825**	**4,008**	**50,875**	**(5,786)**	**60,423**
Decrease in investment holding gains†	**–**	**–**	**–**	**–**	**(3,599)**	**–**	**(3,599)**
Net gains on sales of investments†	**–**	**–**	**–**	**–**	**2,686**	**–**	**2,686**
Exchange gains on currency and capital items†	**–**	**–**	**–**	**–**	**22**	**–**	**22**
Cost of share repurchase	**(147)**	**–**	**147**	**(1,313)**	**–**	**–**	**(1,313)**
Refund of share repurchase commissions	**–**	**–**	**–**	**3**	**–**	**–**	**3**
Investment management performance fee	**–**	**–**	**–**	**–**	**175**	**–**	**175**
Retained revenue return for the year	**–**	**–**	**–**	**–**	**–**	**(1,145)**	**(1,145)**
As at 31 March 2013	**4,359**	**5,995**	**972**	**2,698**	**50,159**	**(6,931)**	**57,252**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve* £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 April 2011	4,665	5,995	666	5,208	46,005	(3,975)	58,564
Increase in investment holding gains†	–	–	–	–	3,761	–	3,761
Net gains on sales of investments†	–	–	–	–	1,857	–	1,857
Exchange gains on currency and capital items†	–	–	–	–	141	–	141
Cost of share repurchase	(159)	–	159	(1,200)	–	–	(1,200)
Investment management performance fee	–	–	–	–	(889)	–	(889)
Retained revenue return for the year	–	–	–	–	–	(1,811)	(1,811)
As at 31 March 2012	4,506	5,995	825	4,008	50,875	(5,786)	60,423

* The special reserve was created in September 1998, following a transfer from the share premium account, to enable the Company to purchase its own shares.

† See Note 7 for further details.

The notes on pages 33 to 54 form part of these accounts.

Balance sheet

as at 31 March 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments at fair value through profit or loss	7	**53,404**	60,888
Current assets			
Debtors	8	**473**	312
Cash at bank		**4,181**	751
		4,654	1,063
Creditors – amounts falling due within one year			
Creditors and accruals	9	**(363)**	(1,240)
		(363)	(1,240)
Net current assets/(liabilities)		**4,291**	(177)
Total assets less current liabilities		**57,695**	60,711
Provision for liabilities and charges			
Provision for bad debt	10	**(443)**	(288)
Total net assets		**57,252**	60,423
Share capital and reserves			
Called up share capital		**4,359**	4,506
Share premium account		**5,995**	5,995
Capital redemption reserve		**972**	825
Special reserve		**2,698**	4,008
Capital reserve		**50,159**	50,875
Revenue reserve		**(6,931)**	(5,786)
Equity shareholders' funds		**57,252**	60,423
Net asset value per Ordinary share	14	**328.32p**	335.23p

These accounts were approved by the Board of Directors on 14 June 2013 and signed on its behalf by:

Ernest Fenton

Chairman

RENN Universal Growth Investment Trust PLC

Company number: 3150876

The notes on pages 33 to 54 form part of these accounts.

Statement of cash flows

for the year ended 31 March 2013

	Notes	**2013** £'000	2012 £'000
Operating activities			
Investment income received		**63**	6
Deposit interest received		**7**	3
Other income received		**–**	8
Investment management fees paid		**(738)**	(754)
Investment management performance fee paid		**(714)**	–
Secretarial fees paid		**(73)**	(77)
VAT recovered on secretarial fees		**–**	54
Other cash payments		**(378)**	(386)
Net cash outflow from operating activities	12	**(1,833)**	(1,146)
Taxation			
Irrecoverable overseas tax		**(9)**	–
Total taxation paid		**(9)**	–
Capital expenditure and financial investment			
Purchases of investments		**(7,316)**	(5,697)
Sales of investments		**13,881**	7,408
Net cash inflow from capital expenditure and financial investment		**6,565**	1,711
Financing			
Repurchase of Ordinary shares for cancellation		**(1,313)**	(1,200)
Repurchase commissions refunded		**3**	–
Loan margin repayment		**–**	(241)
Net cash outflow from financing		**(1,310)**	(1,441)
Increase/(decrease) in cash	13	**3,413**	(876)

The notes on pages 33 to 54 form part of these accounts.

Notes to the accounts

for the year ended 31 March 2013

1 ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with applicable accounting standards in the United Kingdom and with the Statement of Recommended Practice ("SORP") regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies ("AIC") in January 2009. All the Company's activities are continuing. The accounts are prepared on the going concern basis.

Investments

Financial assets are designated by the Company as at fair value through profit or loss. Purchases and sales of financial assets are recognised on the trade date, which is when the Company commits to purchase or sell the assets.

After initial recognition, the Company measures financial assets designated as at fair value through profit or loss, at fair values without any deduction for transaction costs it may incur on their disposal. The fair value of quoted financial assets is their last traded price at the balance sheet date, unless liquidity constraints or other factors require a Directors' valuation, as described below.

Unlisted investments are valued by the Directors as follows:

- Where possible, unlisted equity investments are included at fair value based on the last arm's length transaction that has taken place in the security held by the Company. This price is reviewed by the Directors at year end to ensure that there has not been a significant alteration in the market or stock specific conditions since the transaction date that would make the use of the transaction price insufficiently recent. Third party valuations may be commissioned where the Board believes it to be appropriate.

- Unlisted convertible debentures investments and unlisted convertible preferred stock of companies with a quoted common stock are valued by reference to the fair value of the underlying equity of the investments only if conversion terms are satisfied. When the conditions are satisfied, the closing last traded price of the common stock is used to value the position.

- For ordinary unlisted debentures, an estimate of the fair value is derived based on a discounted cashflow analysis. In performing the analysis, the Directors estimate the cashflows they expect to arise from holding the investment. The Directors also estimate an appropriate discount factor to apply to the investment. The Directors then estimate the fair value of the investment based on the expected cashflows and the discount factor they have identified.

- Unlisted warrant investments are valued at fair value using the Black Scholes methodology which includes a time value which is calculated and added to the intrinsic value to arrive at a total valuation for each warrant. The Black Scholes pricing formula requires five inputs: (i) stock price, (ii) exercise price, (iii) time to expiration, (iv) volatility and (v) interest rates. The stock price, exercise price and time to maturity are straightforward inputs. The interest rate is a risk-free rate represented by the yield on a US Treasury security for a term that corresponds to the time to expiration of the subject warrant.

  The application of the Black Scholes methodology requires certain assumptions to be made around the volatility of the underlying shares to which the warrants subscribe. The Directors have agreed that the Company use the 100 day volatility measure of the Russell 2000 Index to give the best reflection of fair value.

  The intrinsic value is calculated by reference to the quoted price of the investment into which the warrant will convert and the conversion price for each warrant.

Investment transactions are recognised on the date that they are traded.

Notes to the accounts

for the year ended 31 March 2013 *(continued)*

1 ACCOUNTING POLICIES *(continued)*

Realised gains and losses arising from the sale of investments, and gains and losses arising from changes in the fair value of financial assets held at fair value through profit or loss, are included in the Income statement in the period in which they arise. Gains and losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss include interest income.

Gains and losses arising from changes in the fair value of financial assets are considered to be realised to the extent that they are readily convertible to cash, without accepting adverse terms, at the balance sheet date. Fair value gains on unlisted investments are not considered to be readily convertible to cash and therefore treated as unrealised. The treatment of listed investments is dependent upon the individual circumstances of each holding.

There is a degree of uncertainty in determining the fair values ascribed to the unlisted investments held by the Company and the Directors have used their judgement in determining the most appropriate methodology and valuation for each unlisted investment. These estimates may differ significantly to the values that might have been used if an active market existed.

Where investments in a company have been valued at nil, the loss has been charged to the capital reserve. Other than as stated above, any unrealised profits and losses are taken directly to the capital reserve. Any realised profits and losses arising on the disposal of investments are also taken directly to the capital reserve.

Income recognition

Dividends receivable on quoted shares are included in the accounts when the investments concerned are quoted 'ex-dividend'.

Dividends receivable on such shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Interest receivable is included on an accruals basis.

The ordinary element of stocks received in lieu of dividends is recognised as income of the Company. Any enhancement above the equivalent value of the cash dividend that would have been receivable is treated as a capital gain on the associated investment.

Management expenses and finance costs

Management expenses and finance costs are allocated in full to the revenue account. The investment management performance fee, which is based on capital performance, is charged to capital (see Note 3).

Foreign currency

Transactions denominated in foreign currencies are converted to Sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange at the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

1 ACCOUNTING POLICIES *(continued)*

Taxation

No taxation liability arises on gains from sales of fixed asset investments made by the Company by reason of its investment trust status. However, the net revenue (excluding UK dividend income and overseas dividend income from 1 July 2009) accruing to the Company is liable to corporation tax at the prevailing rates.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19: Deferred Tax.

Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments*;
- changes in fair value of investments held which are readily convertible to cash, without accepting adverse terms*;
- realised exchange differences of a capital nature*;
- other capital charges and credits charged or credited to this account in accordance with the above policies*;
- changes in fair value investments held which are not readily convertible to cash, without accepting adverse terms;
- unrealised exchange differences of a capital nature.

* Items classified as distributable to shareholders for the purpose of purchasing the Company's own shares for cancellation.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company invests primarily in companies listed, quoted or domiciled in the US and Canada. Geographical analysis of the portfolio is shown on pages 8 and 9.

Notes to the accounts

for the year ended 31 March 2013 *(continued)*

2	**INCOME**	**2013** £'000	2012 £'000
	Income from US investments		
	Convertible debenture stocks – unlisted	**161**	139
	Convertible preference shares – unlisted	**–**	–
	Equity shares – listed	**63**	–
		224	139
	Other income		
	Bank interest receivable	**7**	4
	Interest on VAT refund	**–**	8
	Total income	**231**	151
	Total income comprises:		
	Dividends from financial assets designated at fair value through profit or loss	**63**	–
	Interest from financial assets designated at fair value through profit or loss	**161**	139
	Deposit interest from financial assets not at fair value through profit or loss	**7**	12
		231	151

3	**INVESTMENT MANAGEMENT FEE**		**2013**			2012	
		Revenue £'000	**Capital** £'000	**Total** £'000	Revenue £'000	Capital £'000	Total £'000
	Investment management fee	**746**	**–**	**746**	720	–	720
	Investment management performance fee	**–**	**–**	**–**	–	889	889
	Adjustment to prior year performance fee	**–**	**(175)**	**(175)**	–	–	–

Investment management services are provided by RENN Capital Group, Inc., whose fees were calculated at 0.125% per calendar month of the total net assets of the Company as adjusted for any uninvested cash or 'near cash' investments. As at 31 March 2013, the Company held no investments in US Treasury Bills (2012: nil) and cash at bank of £4,181,000 (2012: £751,000).

Pursuant to the Side Letter to the Investment Management Agreement dated 19 March 2013 and following the approval of the shareholders at the General Meeting held on 17 April 2013, the Manager will be paid a fixed monthly fee of $90,000.

The Manager is also entitled to a performance fee in accordance with the provisions of the management agreement, the calculation of which is described in the Report of the Directors on page 15. No performance fee is due in respect of the year ended 31 March 2013 (2012: £889,000).

Prior to the payment of the performance fee of £889,000 for the year to 31 March 2012, a further review of the fee was performed and it was identified that the incorrect benchmark index had been used in the calculation process. This oversight is applicable to the financial year ended 31 March 2012 only.

The recalculation of the performance fee resulted in it being revised to £714,000, a reduction of £175,000. This adjustment is reflected within the Income Statement.

The fee of £714,000 was paid to the Manager on 3 August 2012.

The Board and Manager had agreed that part of the 31 March 2012 performance fee that related to the revaluation of AnchorFree would be subject to a claw-back should the share price of that company decline over the year to 31 March 2013. The share price did not decline and the possibility of a claw-back has now lapsed.

4 OTHER EXPENSES

	2013 £'000	2012 £'000
Secretarial services	**80**	77
Auditor's remuneration	**37**	39
Directors' remuneration (see pages 25 and 26)	**117**	117
Other expenses	**232**	211
Provision for bad debt/income written off	**155**	797
	621	1,241
Total fees paid to the auditors for the year, all of which were charged to revenue, comprised:		
Audit services – statutory audit – current year	**32**	34
Tax services – compliance services	**5**	5
	37	39

The Directors do not consider that the provision of non-audit work to the Company affects the independence of the Auditor.

5 TAXATION ON ORDINARY ACTIVITIES

	2013			2012		
	Revenue £'000	**Capital** £'000	**Total** £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge in year:						
Based on net return for the year						
Overseas tax suffered	**9**	**–**	**9**	–	–	–

(b) Factors affecting the current tax charge:

The tax assessed on the net return for the year is different to the standard rate of corporation tax of 24% (2012: 26%). The differences are reconciled below:

	2013 £'000	2012 £'000
Return on ordinary activities before tax	**(1,852)**	3,059
Theoretical tax at UK corporation tax rate of 24% (2012: 26%)	**(445)**	795
Effects of:		
Losses/(gains) on investments and exchange gains on capital items	**172**	(1,497)
Expenses not deductible for tax purposes	**–**	13
Foreign dividends that are not taxable	**(15)**	–
Irrecoverable overseas tax	**9**	–
Excess management expenses for tax purposes	**288**	689
Total current tax charge	**9**	–

Notes to the accounts

for the year ended 31 March 2013 *(continued)*

5 TAXATION ON ORDINARY ACTIVITIES *(continued)*

The Company is subject to corporation tax at 24% (2012: 26%). However, the available tax deductible expenses (including substantial brought forward amounts) exceed the taxable income of the Company and, as a result, there is no UK tax charge (2012: £nil), other than withholding tax suffered on foreign dividends receipts.

At 31 March 2013, the Company had unrelieved losses for tax purposes of £15,431,000 (2012: £14,233,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in future periods in excess of the deductible expenses of those future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

The Company carries out its activities as an investment trust and the intention is to continue meeting the conditions required to obtain approval in the foreseeable future. Therefore, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

6 RETURN PER ORDINARY SHARE		**2013**			2012	
	Revenue £'000	**Capital** £'000	**Total** £'000	Revenue £'000	Capital £'000	Total £'000
Basic	**(6.47)**	**(4.04)**	**(10.51)**	(9.87)	26.54	16.67

Revenue return per Ordinary share is based on the net return on ordinary activities after taxation of £(1,145,000) (2012: £(1,811,000)) and on 17,703,174 (2012: 18,348,241) Ordinary shares, being the average number of Ordinary shares in issue during the year.

Capital return per Ordinary share is based on a net capital return for the year of £(716,000) (2012: gain £4,870,000), and on 17,703,174 (2012: 18,348,241) Ordinary shares, being the average number of Ordinary shares in issue during the year.

7 INVESTMENTS	**2013** £'000	2012 £'000
a) Investment portfolio summary		
Listed investments		
– Equities	**31,300**	36,560
– Warrants	**4**	5
Unlisted investments		
– Equities	**–**	–
– Convertible debenture stocks	**594**	571
– Loan notes	**753**	–
– Convertible preference shares	**20,003**	23,455
– Warrants	**750**	297
	53,404	60,888

Listed equities make up 59% (2012: 60%) of the total portfolio and 55% (2012: 61%) of the net assets.

For the purpose of the investment policy section concerning the exposure to unlisted securities not being expected to exceed 25%, the Manager excludes Convertible debenture stocks and Warrants as these investments are readily convertible into listed equity.

7 INVESTMENTS *(continued)*

The Manager has procedures in place to ensure this exposure does not exceed 25% for any prolonged period, although the Manager's ability to bring the percentage down will depend on a number of circumstances many of which are beyond its control.

		2013	
	Listed £'000	**Unlisted** £'000	**Total** £'000
b) Analysis of investment portfolio movements			
Opening book cost	**32,901**	**8,555**	**41,456**
Opening investment holding gains	**3,664**	**15,768**	**19,432**
Opening valuation	**36,565**	**24,323**	**60,888**
Movements in the year:			
Purchases at cost	**6,271**	**1,034**	**7,305**
Sales			
– Proceeds	**(10,540)**	**(3,336)**	**(13,876)**
– Realised gains on sales	**4,370**	**3,166**	**7,536**
– Realised losses on write-offs	**(2,266)**	**(2,584)**	**(4,850)**
Decrease in investment holding gains	**(3,096)**	**(503)**	**(3,599)**
Closing valuation	**31,304**	**22,100**	**53,404**
Closing book cost	**30,736**	**6,835**	**37,571**
Closing investment holding gains	**568**	**15,265**	**15,833**
	31,304	**22,100**	**53,404**

During the year, the Company incurred transaction costs of £33,000 (2012: £19,000) on purchases of investments and £64,000 (2012: £48,000) on sales of investments. These are included within losses on investments in the Income statement.

	2013 £'000	2012 £'000
c) Analysis of capital gains and losses		
Net (losses)/gains on investments designated at fair value through profit or loss on initial recognition		
Net realised gains on sales/write-offs	**2,686**	1,857
(Decrease)/increase in investment holding gains	**(3,599)**	3,761
	(913)	5,618
Exchange gains on capital items	**22**	141

7 INVESTMENTS *(continued)*

d) Fair value gains and losses

With effect from 1 April 2008, changes in fair value of investments which are readily convertible to cash, without accepting adverse terms, at the balance sheet date are considered to be realised. Fair value gains on unlisted investments are not treated as readily convertible to cash, whereas the treatment of fair value gains on listed investments depends on the individual circumstances of each investment.

During the year, the Company's investment in AnchorFree was partially sold, raising $5,274,000 (£3,336,000) in cash, realising gains of £3,166,000. The valuation remains unchanged from last year at $6.19 per share.

The Company has also invested $1,637,000 (£1,034,000) into Plures Technologies 2% Promissory Notes.

The Company's investments in AuraSound, Dynamic Green Energy, Healthzone and Murdoch Security & Investigations were written off during the year, realising losses of £1,019,000, £1,963,000, £1,247,000 and £621,000, respectively. Other than those stated, there were no other material changes to unlisted investments.

e) Unlisted securities

Details of material investments in unlisted securities are as follows:

Investment	**Total cost** £'000	**Carrying value at 31 March 2013** £'000	Carrying value at 31 March 2012 £'000	**Net income from investment** £'000	**Latest accounts for year end**	**Aggregate capital and reserves** US$	**Profit/ (loss) after tax for year** US$
AnchorFree							
Convertible preference	**1,117**	**18,185**	20,584	**–**	31/03/2012	n/a†	n/a†
Duoyuan Printing							
Warrants	**–**	**–**	–	**–**	31/03/2010	195,461,020	25,559,930
Hemobiotech							
Warrants	**–**	**–**	–	**–**	31/12/2009	(618,000)	(2,339,000)
iSatori							
Convertible preference	**45**	**2**	1	**–**	31/12/2012	3,295,676	(1,029,901)
Warrants	**–**	**–**	–	**–**	31/12/2012	3,295,676	(1,029,901)
PetroHunter Energy							
Convertible debenture	**1,026**	**201**	197	**155***	30/06/2012	(74,008,630)	(1,674,303)
Warrants	**–**	**–**	–	**–**	30/06/2012	(74,008,630)	(1,674,303)
Pipeline Data							
Convertible debenture	**825**	**393**	374	**–**	31/03/2009	(11,268,680)	(36,498,630)
Plures Technologies							
Loan notes	**1,034**	**753**	–	**6**	31/12/2012	(307,511)	(4,301,205)
Convertible preference	**2,788**	**1,816**	2,870	**–**	31/12/2012	(307,511)	(4,301,205)
Warrants	**–**	**750**	–	**–**	31/12/2012	(307,511)	(4,301,205)
SinoHub							
Warrants	**–**	**–**	–	**–**	31/03/2012	85,425,000	913,000

† Private company – Information not available to the public domain.

* against which a 100% provision has been taken.

7 INVESTMENTS *(continued)*

f) Significant interests

The following are investments in which the Company has an interest exceeding 20% of the nominal value of that class in the investee company.

Investment	Country of registration	Class of capital	% of class held
Plures Technologies	US	Convertible Preferred	81.8
AnchorFree	US	Series B Convertible Preferred	40.2
PetroHunter Energy	US	8.5% Convertible Debenture	30.2
Cover-All Technologies	US	Common stock	29.3
iSatori	US	Common stock	21.0

The Company holds more than 20% of the common stock of Cover-All Technologies. The investment in this company is not held on a long-term basis and although it is greater than 20%, the value to the Company is the marketable value, as a part of the overall investment portfolio. Accordingly, it has not been accounted for as an associate company.

In addition to the above, the Company has a holding of 3% or more that is material in the context of the accounts in the following investments:

Investment	Country of registration	Class of capital	% of class held
Hemobiotech	US	Common stock	13.0
Plures Technologies	US	Common stock	9.4
AnchorFree	US	Series A Convertible 7% Preferred	9.1
Bovie Medical Corporation	US	Common stock	9.0
Global Axcess	US	Common stock	8.9
Skystar Bio-Pharmaceutical	US	Common stock	7.7
SinoHub	US	Common stock	7.4
iSatori	US	Convertible 9% Preferred	4.2
Pipeline Data	US	8% Convertible Debenture	4.0

A full listing of the investment portfolio is provided on pages 8 and 9.

8 DEBTORS – amounts falling due within one year

	2013 £'000	2012 £'000
Accrued income	**450**	288
Prepayments and other debtors	**23**	24
	473	312

The carrying amount for prepayments, accrued income and dividends receivable disclosed above reasonably approximates to its fair value at the year end and is expected to be realised within a year from the balance sheet date.

9 CREDITORS – amounts falling due within one year

	2013 £'000	2012 £'000
Accruals	**363**	1,229
Due to purchases of investments	**–**	11
	363	1,240

At 31 March 2013, £14,000 was due for payment to the Company Secretary (2012: £6,000).

At 31 March 2013, £193,000 was due for payment to the Manager (2012: £186,000) in respect of investment management fees and £nil (2012: £889,000) in respect of the performance fee.

The carrying amount for accruals and deferred income disclosed above reasonably approximates to its fair value at the year end and is expected to be realised within a year from the balance sheet date.

10 PROVISION FOR LIABILITIES AND CHARGES

	2013 £'000	2012 £'000
Provision for bad debt	**443**	288
	443	288

A provision has been made for 100% (2012: 100%) of the Company's debtor of PetroHunter 8.5% convertible debenture interest, on the grounds of uncertainty that full payment will be received.

11 CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Allotted, called up and fully paid:		
17,437,979 (2012: 18,024,593) Ordinary shares of 25p each	**4,359**	4,506

During the year, the Company repurchased a total of 586,614 Ordinary shares, for cancellation, at an average cost of £2.23 per share and a total consideration of £1,313,000 (including stamp duty and commission).

The Company does not have any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective.

12 RECONCILIATION OF NET RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2013 £'000	2012 £'000
Net return before finance costs and taxation	**(1,852)**	3,060
Net capital return	**716**	(4,870)
Increase in provision for bad debts	**155**	210
Decrease in creditors and accruals	**(691)**	(10)
(Increase)/decrease in prepayments and accrued income	**(161)**	464
	(1,833)	(1,146)

13 RECONCILIATION OF NET CASH FLOW TO NET FUNDS

	2013 £'000	2012 £'000
Increase/(decrease) in cash in the year	**3,413**	(876)
Effect of exchange rate movements	**17**	64
Movement in net funds	**3,430**	(812)
Net funds at beginning of year	**751**	1,563
Net funds at end of year	**4,181**	751

Net funds are comprised as follows:	2013 £'000	2012 £'000
Cash at bank	**4,181**	751
Net funds at 31 March	**4,181**	751

14 NET ASSET VALUE PER ORDINARY SHARE

The basic net asset value per Ordinary share is based on net assets of £57,252,000 (2012: £60,423,000) and on 17,437,979 (2012: 18,024,593) Ordinary shares, being the number of shares in issue at the year end.

There are no dilutive elements or potentially dilutive elements in existence at the year end (2012: none).

15 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2013, there were no outstanding commitments or contingent liabilities (2012: none).

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

As detailed on the first page of this report, the primary investment objective of the Company is to conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to shareholders promptly and maximising the value of the Company's portfolio.

The Company's principal financial instruments comprise securities, warrants, other investments, bank deposits and bank borrowings which are held to achieve its investment objective and to manage the Company's funding and liquidity requirements. The Company has other financial assets and liabilities such as debtors and creditors that arise from its operations, for example sales and purchases of securities awaiting settlement and debtors of accrued income.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

The principal risks the Company faces through the holding of financial instruments are:

- market risk, comprising currency risk, interest rate risk and other price risk; and
- liquidity/marketability risk.

The Company does not enter into derivative contracts.

The Manager monitors the financial risks affecting the Company on a daily basis. The Directors receive financial information on a monthly basis which is used to identify and monitor risk.

As required by FRS 29: Financial Instruments: Disclosure, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given on pages 44 to 54.

Market risk

The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Manager monitors the financial risks affecting the Company on a daily basis in accordance with the policies and procedures in place. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews the investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the Russell 2000 Index. Investments are selected based upon the merits of individual companies and therefore the portfolio may well diverge from the short-term fluctuations of the benchmark.

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

Financial assets

All financial assets are stated in Sterling and disclosed at fair value through profit or loss. Analysis of the Company's investment portfolio is given on pages 8 and 9.

Further details of warrants held are given below.

	Intrinsic value £'000	**Time value** £'000	**Total value** £'000	**Expiry date**
Duoyuan Printing	–	–	–	30/06/2013
Hemobiotech	–	–	–	09/07/2013
iSatori	–	–	–	01/06/2014
PetroHunter Energy	–	–	–	31/12/2014
Plastec Technologies	–	–	4*	18/11/2014
Plures Technologies	749	1	750	24/05/2017
SinoHub	–	–	–	10/09/2013
Value at 31 March 2013	**749**	**1**	**754**	

As discussed in the accounting policies of the Company in Note 1 on page 33, unquoted warrants are valued at fair value using the Black Scholes methodology, which includes a time value which is calculated and added to the intrinsic value to arrive at the total valuation for each warrant.

The method of valuing the fixed asset investments is discussed in the accounting policies of the Company in Note 1 on pages 33 to 35.

* The fair value attributable to Plastec Technologies warrants is the quoted market price and therefore there is no need to use the Black Scholes methodology.

Foreign currency risk

Due to the Company's holdings being wholly overseas, the Company is also exposed to the risk of movement in the Sterling/ Dollar exchange rate. The Company does not, nor does it intend to, hedge the portfolio against any movement in the exchange rate.

The Manager monitors the exposure to foreign currencies on a daily basis and reports to the Directors on a regular basis. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed.

The Company settles its investment transactions from its bank accounts in US Dollars. In the year ended 31 March 2013, exchange gains of £22,000 (2012: gains of £141,000) relating to currency, have been taken to the capital reserve.

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

The primary currency risk is between Sterling and US Dollar. The fund also invests in US listed companies with operations in China and therefore has exposure to the Renminbi. This exposure to the Renminbi is an indirect exposure through holding US listed investments.

The Directors consider currency risk, but have stated in their investment objective that it is not their intention to hedge currency risk between the US Dollar and Sterling.

The Manager's risk assessment policy is reflected in its investment strategy. In order to protect against inflation and grow capital the fund invests in small companies that it believes will grow into larger companies, with the intention of increasing the value of the investment.

The currency profile of the Company's financial assets at 31 March was as follows:

As at 31 March 2013	**Investment portfolio** £'000	**Cash** £'000	**Other current assets** £'000	**Financial assets** £'000	**Financial liabilities** £'000
Sterling	**–**	**117**	**23**	**140**	**145**
US Dollar	**49,208**	**4,064**	**450**	**53,722**	**661**
Canada Dollar	**4,196**	**–**	**–**	**4,196**	**–**
	53,404	**4,181**	**473**	**58,058**	**806**

As at 31 March 2012	Investment portfolio £'000	Cash £'000	Other current assets £'000	Financial assets £'000	Financial liabilities £'000
Sterling	–	260	24	284	135
US Dollar	58,688	491	288	59,467	1,393
Canada Dollar	2,200	–	–	2,200	–
	60,888	751	312	61,951	1,528

The Company has a total exposure as a percentage of net assets to US Dollar of 93% (2012: 96%) and Canadian Dollar of 7% (2012: 4%).

Sensitivity analysis

At 31 March 2013, had Sterling strengthened by 10% in relation to the US Dollar, with all other variables held constant, the net assets attributable to shareholders and the return for the year would have decreased by £4,824,000 (2012: £5,279,000). A 10% weakening of Sterling against the US Dollar would have resulted in an equal but opposite effect.

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

Interest rate risk

The Company's portfolio is partially invested in interest bearing securities of various types (as set out below). At the time of investing, interest rates are fixed and as long as the security concerned remains unimpaired, cash flows will not be affected by movements in long-term interest rates. The Company also holds cash in the short term, which it invests in money market accounts. The interest rate received on these holdings is based on short-term interest rates.

The Company's interest rate risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The overall interest rate risks are monitored on a regular basis by the Directors.

The cash held at Frost National Bank is invested in an institutional high quality commercial paper fund with a very low maturity structure which subjects the vehicle to reinvestment risk but immunises the fund from intermediate and long-term interest rate risk.

The Directors consider interest rate risk as part of their overall assessment of risk in the portfolio. The interest rate profile of the Company's fixed interest financial assets at 31 March was as follows:

	Value US$'000	**Value** £'000	**Weighted average interest rate** %	**Weighted average period for which rates are fixed** (years)
As at 31 March 2013				
US unlisted convertible debentures	**902**	**594**	**0.3**	**–**
US unlisted loan notes	**1,144**	**753**	**0.1**	**0.2**
US unlisted convertible preference shares	**30,374**	**20,003**	**–**	**–**
As at 31 March 2012				
US unlisted convertible debentures	912	571	0.3	–
US unlisted loan notes	–	–	–	–
US unlisted convertible preference shares	37,475	23,455	–	–

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

The maturity profile of assets held in the portfolio at 31 March was as follows:

	2013 £'000	2012 £'000
Within one year	**393**	374
Within one to two years	**201**	–
Within two to three years	**–**	197
Within three to four years	**–**	–
Within four to five years	**753**	–
More than five years	**–**	–
	1,347	571
Investments with no maturity dates	**52,057**	60,317
Net funds at end of year	**53,404**	60,888

The remaining current assets of the Company of £4,654,000 (2012: £1,063,000) have no maturity date.

The Company finances its operations through equity, retained profits and bank borrowings (see Note 10). The change in the fair value of financial liabilities during the year was not related to the credit risk profile.

The interest rate risk profile of the Company's financial liabilities as at 31 March 2013 is as follows:

	Total £'000	**Period until maturity** (years)
Financial liabilities upon which no interest is paid	**363**	–

The interest rate risk profile of the Company's financial liabilities as at 31 March 2012 was as follows:

	Amount drawn	Total £'000	Period until maturity (years)
Financial liabilities upon which no interest is paid	–	1,240	–

The maturity profile of the Company's financial liabilities is as follows:

	As at 31 March 2013 £'000	As at 31 March 2012 £'000
In one year or less	**363**	1,240
In more than one year but no more than two years	**–**	–
In more than two years but no more than five years	**–**	–
	363	1,240

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

Sensitivity analysis

A change in interest rates would have some impact on the fair value of warrants and debt instruments but the quantum of the impact is not easily measured.

Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk) and represents the potential loss the Company may suffer in the light of adverse market price movements. Since the Company invests in financial instruments, this risk is inherent. The Company will always face uncertainty as to the future price of the financial instruments in which it is invested. The price of certain unquoted stocks is also affected by their relative illiquidity (see below).

The Board of Directors manage this risk by ensuring full and timely access to relevant information from the Investment Manager. The Directors monitor compliance with the Company's objectives and are directly responsible for investment strategy and asset allocation.

The investment strategy of the fund is a "bottom-up" approach, meaning the fund invests on the merits of each company rather than a "top-down" approach which endeavours to have certain percentages of assets in given sectors.

See the Manager's review on pages 6 and 7 for discussion of investments made during the year. The method of valuing the investments is discussed in the accounting policies on pages 33 to 35.

Sensitivity analysis

A 10% increase in the market value of investments at 31 March 2013 would have increased net assets attributable to shareholders by £5,340,000 (2012: £6,089,000). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount.

Liquidity risk

The investments made by the Company are in smaller US companies. Although at the year end, 55% of the portfolio (2012: 60%) is held in listed equity securities (see Note 7), it should be recognised that the Company is exposed to liquidity risk as many of the portfolio holdings are relatively illiquid. The Manager could be unable to sell due to lack of trading volume. Any forced sales are likely to generate significantly lower proceeds than the valuations in the portfolio shown on pages 8 and 9.

Most investments, micro capitalisation and private placements in public equities investing involve liquidity risk. Most often the lack of liquidity is a function of the individual holding not meeting its business objectives. If a given company becomes successful, liquidity typically increases, when individual holdings fail, valuation and liquidity can decline to zero.

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

Credit risk

The carrying amounts of financial assets including cash balances best represent the maximum credit risk exposure of the Company as at the balance sheet date.

The Company is exposed to credit risk by way of its debenture loan notes and preference shares in the portfolio and any interest outstanding thereon, but the Directors do not consider there to be a major risk of material default on these items. They do recognise however, that from time to time, default might occur.

The Company's investments are held on its behalf by the Company's custodian Frost National Bank, acting as agent. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls report.

The banks at which cash are held are kept under constant review.

Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.

The Company has the benefit of being a closed-end fund where assets do not need to be liquidated in order to meet redemptions.

The following table shows a breakdown of all financial assets susceptible to credit risk:

	2013 £'000	2012 £'000
US unlisted convertible debentures:		
PetroHunter Energy	**201**	197
Pipeline Data	**393**	374
Total US unlisted convertible debentures	**594**	571
US unlisted loan notes:		
Plures Technologies	**753**	–
Total US unlisted loan notes	**753**	–
US unlisted convertible preference shares:		
AnchorFree	**18,185**	20,584
iSatori	**2**	1
Plures Technologies	**1,816**	2,870
Total US unlisted convertible preference shares	**20,003**	23,455
Debtors	**473**	312
Cash	**4,181**	751
	26,004	25,089

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

Financial liabilities

The Company finances its operations primarily through equity and retained profits, although trade creditors and accruals arise from its operations. At 31 March 2013, all financial liabilities are due within one year and are stated at fair value.

Fair value hierarchy disclosures

The Company has adopted the amendment to FRS 29, effective 1 January 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arm's length basis.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 2 inputs include the following:

  - quoted prices for similar (i.e., not identical) assets in active markets.
  - quoted prices for identical or similar assets or liabilities in markets that are not active. Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current.
  - inputs other than quoted prices that are observable for the asset (for example, interest rates and yield curves observable at commonly quoted intervals).
  - inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be the price of investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

The table below sets out fair value measurements of financial assets in accordance with the FRS 29 fair value hierarchy system:

Financial assets at fair value through profit or loss at 31 March 2013	**Total** £'000	**Level 1** £'000	**Level 2** £'000	**Level 3** £'000
Equity investments	**31,300**	**29,963**	**–**	**1,337**
Convertible debenture shares	**594**	**–**	**–**	**594**
Loan notes	**753**	**–**	**–**	**753**
Convertible preference shares	**20,003**	**2**	**–**	**20,001**
Warrants	**754**	**–**	**1**	**753**
Total	**53,404**	**29,965**	**1**	**23,438**

Financial assets at fair value through profit or loss at 31 March 2012	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	36,560	34,862	–	1,698
Convertible debenture shares	571	–	–	571
Loan notes	–	–	–	–
Convertible preference shares	23,455	1	–	23,454
Warrants	302	–	297	5
Total	60,888	34,863	297	25,728

There are no other financial assets or liabilities other than those disclosed above. Trade receivables consist purely of accrued income and prepayments and trade payables consist purely of accruals and are not restated at fair value. Cash is also not restated at fair value.

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

Investments classified within Level 3 have significant unobservable inputs. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. New investments are initially carried at cost, for a limited period, being the price of the most recent investment in the investee. This is in accordance with IPEVC Guidelines as the cost of recent investments will generally provide a good indication of fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

There were transfers from Level 3 to 1 amounting to £nil (2012: £1,659,000) for the year ended 31 March 2013.

The following table presents the movement in Level 3 instruments for the period ended 31 March 2013 and 31 March 2012:

At 31 March 2013
Company

	Total £'000	**Equity investments** £'000	**Convertible debenture shares** £'000	**Loan notes** £'000	**Convertible preference shares** £'000	**Warrants** £'000
Opening balance	**25,728**	**1,698**	**571**	**–**	**23,454**	**5**
Purchases	**1,352**	**318**	**–**	**1,034**	**–**	**–**
Sales – proceeds	**(3,336)**	**–**	**–**	**–**	**(3,336)**	**–**
Total gains/(losses) for the year included in the Income statement	**(306)**	**(679)**	**23**	**(281)**	**(117)**	**748**
Closing balance	**23,438**	**1,337**	**594**	**753**	**20,001**	**753**

At 31 March 2012
Company

	Total £'000	Equity investments £'000	Convertible debenture shares £'000	Loan notes £'000	Convertible preference shares £'000	Warrants £'000
Opening balance	17,579	3,629	1,285	2,495	10,145	25
Purchases	2,682	1,756	–	926	–	–
Sales – proceeds	(337)	–	(256)	(81)	–	–
Transfers	(1,659)	(3,520)	–	(926)	2,787	–
Total gains/(losses) for the year included in the Income statement	7,463	(167)	(458)	(2,414)	10,522	(20)
Closing balance	25,728	1,698	571	–	23,454	5

16 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

The Directors are required under FRS 29 to provide further information on holdings categorised as Level 3 in the table above to illustrate a range of values for these positions which might be obtainable in certain circumstances. The holdings categorised by the Directors as Level 3 are as follows:

AnchorFree	Plastec Technologies
PetroHunter Energy	Plures Technologies
Pipeline Data	SGOCO Technology

The Directors show the holdings at what they believe to be fair value of £23.4 million. There is clearly considerable uncertainty as to whether this valuation could be realised in all market circumstances. Values realised on sale could be lower or higher than fair value. The most significant inputs used to derive the various valuations are the operational forecasts and the discount rate applied to future cash flows.

17 RELATED PARTY TRANSACTIONS

Mr Russell Cleveland, President and CEO of RENN Capital Group, Inc. is considered a related party due to his directorship of AnchorFree, Inc., Cover-All Technologies, Inc. and iSatori, Inc. Details of the Company's holdings in these investments are disclosed in the Manager's review on pages 6 and 7 and in the Investment portfolio on pages 8 and 9. At the year end, accrued interest of £nil (2012: £nil) was due from these holdings.

Of these directorships, Mr Cleveland received fees from Cover-All Technologies, Inc. amounting to $22,000 and stock awards of $29,000 (2012: fees $22,000 and stock awards $29,000). Mr Eric Stephens, Vice President of RENN Capital Group, Inc., is considered a related party due to his directorship of Plures Technologies, Inc. from which he received fees amounting to $500 and stock awards of $56,343.

RENN Capital Group, Inc. pays RP&C International an amount equal to 0.5% of the net asset value of the Company each year and 5% of any incentive fee received from the Company. The fees are compensation for management and advisory services rendered to RENN Capital Group, Inc.

18 POST BALANCE SHEET EVENTS

Since the year end, the Company has invested a further $2,122,000 in Plures Technologies via the 2% Promissory Note.

Glossary of terms

Net asset value ("NAV")

The NAV is the shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of a company's assets, at current market value, less its liabilities.

Discount

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Gearing

Gearing is the process whereby capital growth and income to the ordinary shareholders of a trust are boosted by borrowings, which provide scope for additional investment but which carry a fixed liability. The return on this extra investment minus the cost of borrowing the money gives the shareholder an enhanced or geared profit or loss.

Total return

The combined effect of any dividends paid, together with the rise or fall in the NAV. Total return statistics enable the investor to make performance comparisons between trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the trust at its NAV per share (the NAV total return).

Company information

Directors
Ernest J Fenton (Chairman) (UK)
Andrew C Barker (UK)
Steven A R Bates (UK)
Alexandra J Mackesy (UK)
William W Vanderfelt (Switzerland)

Secretary and Registered Office
Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Tel: 01392 412122

Manager
RENN Capital Group, Inc.
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8080 North Central Expressway
Dallas, Texas 75206-1857
USA
Tel: 001 214 891 8294
Fax: 001 214 891 8291
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Corporate website
www.renaissanceusgrowth.co.uk

Custodian (USA)
Frost National Bank
8201 Preston Road
Suite 540
Dallas, Texas
USA

Stockbrokers
Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Auditor
KPMG Audit Plc
Charted Accountants
15 Canada Square
London E14 5GL

Registrars
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300 – calls cost 10 pence per minute plus network extras (or 0044 208 639 3399 for overseas enquiries)
email: ssd@capitaregistrars.com
www.capitaregistrars.com

Sources of further information
The Company's share price is listed in the Financial Times under "Investment Companies". Copies of the Company's annual and half-yearly reports, stock exchange announcements and further information on corporate governance can be obtained from the Company's website, as detailed above.

Key dates

March	Company year end
June	Annual results
July	AGM
November	Half-yearly results
February/September	Interim management statements

Further copies of the Annual Report may be obtained from the Secretary.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of RENN Universal Growth Investment Trust PLC will be held at the offices of the Association of Investment Companies, 9th Floor, 24 Chiswell Street, London EC1Y 4YY at 12.00 noon on Tuesday, 30 July 2013 for the following purposes:

To consider and, if appropriate, to pass the following resolutions, of which Resolutions 1 to 7 shall be proposed as Ordinary Resolutions and Resolutions 8 and 9 be proposed as Special Resolutions.

Ordinary business

1. To receive and, if approved, adopt the accounts for the year ended 31 March 2013, together with the Reports of the Directors and Auditor thereon.
2. To receive and, if thought fit, to accept the Directors' Remuneration Report for the year ended 31 March 2013.
3. To re-elect Mrs Mackesy as a Director of the Company.
4. To re-elect Mr Fenton as a Director of the Company.
5. To re-elect Mr Vanderfelt as a Director of the Company.
6. To re-appoint KPMG Audit Plc as Auditor to the Company, to hold office from the conclusion of this Meeting until the conclusion of the next General Meeting at which accounts are laid before the Company.
7. To authorise the Directors to determine the remuneration of the Auditor.

Special business

8. THAT, the Company be and it is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 163 of the said Act) of shares provided that:

   (i) the maximum number of Ordinary shares of 25p each ("Shares") hereby authorised to be purchased is 2,613,953 (or, if less, 14.99% of the number of Ordinary shares in issue immediately following the passing of this resolution);

   (ii) the minimum price which may be paid for a share shall be 25p;

   (iii) the maximum price (exclusive of expenses) which may be paid for a share shall not be more than the higher of (i) 5% above the average of the market value of the shares as quoted on the Official List of the London Stock Exchange for the 5 business days before the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions from buyback programmes and stabilisation of financial instruments (No. 2233/2003); and

   (iv) unless renewed, the authority hereby conferred shall expire on the earlier of the date which is 15 months after the date on which this resolution is passed and the next Annual General Meeting of the Company, save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

9. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

Registered Office:
Beaufort House
51 New North Road
Exeter EX4 4EP

By order of the Board
Capita Sinclair Henderson Limited
Secretary
14 June 2013

NOTES:

1. *A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar at the address printed on the form of proxy not later than 12.00 noon on Friday, 26 July 2013. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.*

   To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope if possible.

2. *Only those shareholders registered in the register of members of the Company as at 6.00 pm on Friday, 26 July 2013 shall be entitled to attend or vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 pm on Friday, 26 July 2013 ("the specified time") shall be disregarded in determining the rights of any person to attend or vote at the Meeting. If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned Meeting, or if the Company gives notice of the adjourned Meeting, at the time specified in that notice.*

3. *Shareholders who hold their shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically as required by section 333A of the Companies Act 2006.*

   CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment thereof by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/crest). The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID RA10) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

4. *A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.*

5. *Shareholders (and any proxies or representatives they appoint) agree, by attending the Meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the Meeting.*

6. *As at 13 June 2013 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 17,437,979 Ordinary shares carrying one vote each. Therefore the total voting rights of the Company as at the date of this notice of meeting were 17,437,979.*

7. *Any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders may also appoint one or more proxies in accordance with Note 1.*

8. *Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting. Alternatively, you may submit your question in advance by letter addressed to the Company Secretary at the registered office.*

9. *Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.*

10. *Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his/ her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.*

11. *A copy of this notice of Annual General Meeting is available on the Company's website www: renaissanceusgrowth.co.uk.*

12. *The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the offices of the AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY from 11.45 am until the conclusion of the meeting:*

    a) *letters of appointment of the Directors of the Company; and*
    b) *a copy of the Articles of Association of the Company.*

13. *The Annual Report incorporating this notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available on the Company's website www.renaissanceusgrowth.co.uk.*

Notes