



RENN Universal Growth Investment Trust PLC

Half Yearly Report

for the period ended 30 September 2010

FINDING VALUE / ADDING VALUE / REALISING VALUE

Summary of results and financial highlights

			% change	
			31 March 2010 to	
	30 September 2010	31 March 2010	30 September 2010	30 September 2009
Total net assets and shareholders' funds	£55,339,000	£68,198,000	(18.86)	£55,336,000
Net asset value per Ordinary share – pence	296.58	365.50	(18.86)	289.58
("NAV") – US cents	467.35	554.42	(15.70)	463.14
Mid market price per Ordinary share	243.00p	271.50p	(10.50)	250.50p
Discount to NAV	18.07%	25.72%		13.50%
Exchange rate – US\$/£	1.57580	1.51690		1.59935
Russell 2000 Index (Total Return)	3,010.78	3,003.36	0.25	2,656.25
Russell 2000 Index (Total Return) – Sterling adjusted	1,914.28	1,977.07	(3.18)	1,658.45
S&P 500 Index (Total Return)	1,908.95	1,936.48	(1.42)	1,732.86
S&P 500 Index (Total Return) – Sterling adjusted	1,213.73	1,274.75	(4.79)	1,084.26

Interim management report

Performance

On 1 September the Company announced a change of name from Renaissance US Growth Investment Trust PLC to RENN Universal Growth Investment Trust PLC. We believe the new name better reflects our objective of investing in companies led by founder-owners, wherever they are based. While our focus in the early years of the Company was on opportunities in the US, the universe of potential investments has grown and we now find many such businesses in China as well. For the time being, we expect our geographical profile to concentrate on these two countries.

From inception through 30 September 2010, a period of 14 years, your Company's Sterling net asset value return rose 227.0% or 8.8% on an annualised

basis compared with the Russell 2000's return of 134.3%, and 6.3% on an annualised basis. For the six months ended September, your Company's net asset value decreased 18.9% in Sterling against a decrease of 3.2% for the Russell 2000 (Sterling adjusted).

Returns in the Company are lumpy due to the unique asset allocation and investment style. Unlike many investment trusts that closely track an index, this Company's returns will not, and should not, be expected to track the Russell 2000 Index over the short term. The Company holds investments in small companies, both quoted and unquoted, based in the US, Canada, and China. We maintain that a perfect index, or benchmark, to which to compare this Company's return simply does not exist.

We believe the Russell 2000, while not ideal, is the index which best encapsulates the type of company in which we invest. It may be of interest to know that for the 14 years ended September 2010 the Russell 2000 return has exceeded both the Standard & Poor's 500 and the Nasdaq Composite returns.

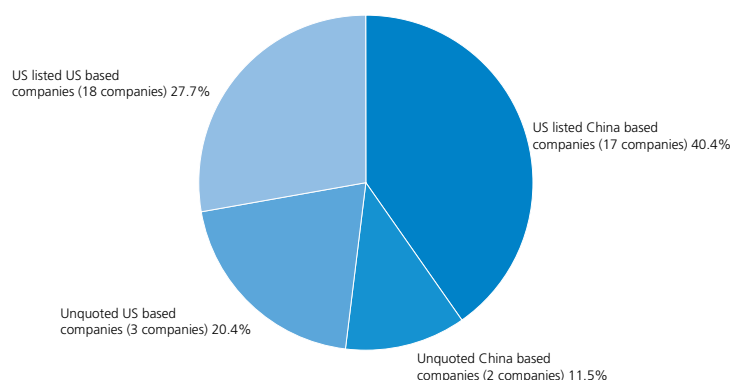
During the interim period the decline of your Company's net asset value can be explained by the unrealised losses in five quoted holdings. These companies are Bovie Medical Corp. (AMEX: BVX); Duoyuan Printing, Inc. (NYSE: DYP); Fushi Copperweld, Inc. (NASDAQ: FSIN); SinoHub, Inc. (AMEX: SIHI); and Skystar Bio-Pharmaceutical Company (NASDAQ: SKBI). These companies' valuation declines are discussed below.

Core Holdings & Asset Allocation

At 30 September 2010, the top ten holdings made up approximately 70% of the net asset value compared to 68% at 31 March 2010. The top ten holdings at 30 September and 31 March were as follows:

30 September 2010	% of net assets	31 March 2010	% of net assets
1. AnchorFree	18.7%	1. AnchorFree	15.7%
2. Cover-All Technologies	12.0%	2. Zhongpin	8.0%
3. China Greenscape Company	6.9%	3. Cover-All Technologies	7.1%
4. Zhongpin.	6.1%	4. Skystar Bio-Pharmaceutical Company	6.6%
5. Hollysys Automation Technologies, Ltd	5.8%	5. Fushi Copperweld	6.0%
6. Fushi Copperweld.	5.5%	6. Bovie Medical Corp.	5.7%
7. Dynamic Green Energy	4.6%	7. Hollysys Automation Technologies, Ltd	5.0%
8. Skystar Bio-Pharmaceutical Company	4.3%	8. China Greenscape Company	4.7%
9. SinoHub	3.4%	9. SinoHub	4.7%
10. ChinaCast Education Corp.	3.1%	10. Duoyuan Printing	4.5%

As at 30 September, the asset allocation of the portfolio was as follows:



Interim management report

(continued)

Although the unquoted holdings are currently above our long term target, we do not expect this to persist due to an anticipated initial public offering in one of our unquoted companies.

AnchorFree, Inc. (Private) is the world's leading ad-supported virtual private network ("VPN"). Its Hotspot Shield enables users to access all online content anonymously and securely from any location in the world. The technology also enables the use of services such as Skype, Facebook, YouTube and Google which are often blocked by telecom companies around the world. Individuals and companies from over 100 countries are using this VPN service with 8.5 million unique users per month, 30 million user sessions per month and 2 billion page views per month. For the six months ending September 2010, revenues were up 141% and earnings before tax are up 535% against the same period last year. We expect the company to continue to grow rapidly.

Cover-All Technologies (OTCBB: COVR) licenses and maintains software for the insurance industry. Its product platforms are robust, can be modified to fit customers' particular needs, and can be used for back office compliance, billing, underwriting and insurance issuance. In April Cover-All closed on an accretive acquisition nearly doubling its customer base and adding a new line of intelligence services. The acquisition came with a complementary product offering and new customers with virtually no overlap. For the three months ending June, revenues were up 71% and operating income was up 285% against the same period last year. Though the company has reported 14 straight profitable quarters, it was only in the last quarter that significant operating leverage began to surface. Research coverage was recently initiated by Singular Research who are forecasting

earnings per share growth of 63% in fiscal year 2011. The company's common stock closed at \$1.20 on 31 March and at \$1.37 on 30 September. Singular Research has a 12 month price target of \$3.00.

China Greenscape Company (Private) is a leading provider of urban greenery in China. The company was formed in 2002 to address a new government mandate to provide 10 square metres of green space per capita. The company provides trees and plants to China's cities, major developments, parks, greenbelts and highways. The company enjoys significant barriers to entry because of the difficulty of acquiring large parcels of land and benefits from its established relationships with municipalities and real estate developers. For the year ended 30 June 2010, revenues were up 19% and net income was up 10%. The outlook for the company is good. Though we have the right to force a redemption of our preferred stock on favourable terms, we have chosen for now to wait as an expected initial public offering of the company's common stock could occur in 2011 if market conditions allow.

Zhongpin, Inc. (NASDAQ: HOGS) engages in the processing and distribution of meat and food products primarily in the People's Republic of China ("PRC"). It offers pork and pork products, such as chilled pork, frozen pork, pig by-products and variety meats, prepared meat and fruits and vegetables. The company supplies its products to fast food companies, processing factories, school cafeterias, factory canteens, and army posts and national departments, as well as to retail outlets, including supermarkets. For the three months ended September, revenues were up 28% and net income was up 13% over the same period last year. The company's common stock closed at \$12.70 on 31 March and at \$16.29 on 30 September. Your Manager sold

approximately one-half of its position in June realising proceeds of \$3.69 million and a gain of \$2.01 million.

Hollysys Automation Technologies, Ltd (NASDAQ: HOLI) provides automation and control technology and applications in the PRC. The company offers Distributed Control Systems, which are networks of controllers, sensors, actuators and other devices that can be programmed. It sells its products and services to various industries, including power generation, computer controlled manufacturing, chemical production, petrochemicals, pharmaceuticals, and railway transportation. For the three months ended September, revenues were up 59% and net income was up 57% against the same period last year. The outlook is favourable demonstrated by a record-breaking 36% increase in backlog of \$255 million against \$187 million for the same period last year. The company's common stock closed at \$11.52 on 31 March and at \$11.19 on 30 September.

Fushi Copperweld, Inc. (NASDAQ: FSIN) manufactures bimetallic wire products, principally copper-clad aluminium ("CCA") and copper-clad steel ("CCS"). Its CCA and CCS conductors are used as substitutes for solid copper conductors in applications where specific electrical or physical attributes are necessary. It primarily serves applications in the telecommunication, electrical utility, and transportation markets. For the six months ended September 2010, revenues were up 41% and net income was up 179% against the same period last year. We continue to believe Fushi will perform well in the future due to its large market share, its strong multinational management team, and the growing demand for its products. We estimate Fushi has approximately a 50% world-wide market share in CCA and CCS. The utility and automotive vertical markets

Interim management report

(continued)

should provide abundant prospects for future growth. The company was one of the five holdings that accounted for the Company's net asset decline over the interim period. Operations were not the cause but rather the general sell-off in Chinese stocks. The company's common stock closed at \$11.22 on 31 March and at \$8.69 on 30 September. Recently the company announced receipt of a "going private" proposal at \$11.50 per share. We believe this is just the initial bid which should be increased prior to a transaction taking place.

Dynamic Green Energy (Private) is one of the largest and most experienced photovoltaic module assemblers in China. The company's operations also include ingot and wafer manufacturing as well as photovoltaic cell production. Among its customers are some of the world's most technologically advanced solar companies including SunPower Corporation (NASDAQ: SPWR). For the six months ended August 2010, revenues increased 145% and earnings before interest, taxes, depreciation and amortisation increased 102%. Your Company owns convertible debt and we feel confident that the value of the company exceeds the value of the outstanding debt. Finally, a very accomplished McKinsey & Company executive was brought on as Chief Executive Officer six months ago and is helping Dr. Deng, the founder, to execute the company's global growth plans.

Skystar Bio-Pharmaceutical Company (NASDAQ: SKBI) engages in the research, development, production, marketing, and sale of veterinary healthcare and medical care products in the PRC. Its products include veterinary medicine for poultry and livestock, vaccines and feed additives. For the six months ended September 2010, revenues were up 30% and operating income was up 52%. On 11 August Skystar announced an

acquisition which was purchased at book value which will add to their broad product line of vaccines. We remain optimistic about growth as the company continues to add capacity to meet strong customer demand. Skystar was one of the five holdings that accounted for the Company's net asset decline over the interim period. The company's common stock closed at \$11.61 on 31 March and at \$6.37 on 30 September. The primary reason was due to the company announcing a dilutive equity offering which angered investors. While investors won the argument causing the company to withdraw its offering, the damage was done. This is another issue we encounter with Chinese companies, namely, an ever growing appetite to raise capital often when it is not needed. Nevertheless, we remain confident about the future prospects of the company.

SinoHub, Inc. (AMEX: SIHI) is an electronics company that engages in the manufacture and distribution of custom, private-label mobile phones for developing countries. The company also provides electronic component purchasing (ECP) and supply chain management (SCM) for third party businesses. For the six months ending September 2010, revenues were up 67% and operating income was up 34%. We feel optimistic about the future operations of the company; nevertheless SinoHub was one of the five holdings that accounted for the Company's net asset decline over the interim period. The company's common stock closed at \$3.18 on 31 March and at \$1.98 on 30 September. We attribute this decline in value to the dilutive equity offering completed in February and the ramp up of their mobile phone business which has penalised earnings growth.

A new addition to the top ten holdings list is **ChinaCast Education Corp. (NASDAQ: CAST)** which is up 172% from cost. ChinaCast was established in

1999 and is the first U.S. publicly-listed Chinese postsecondary education company that owns accredited universities in China, providing degree programs to over 30,000 on-campus students as well as having a nationwide e-learning network that provides distance learning services to over 141,000 online postsecondary students. The number of Chinese postsecondary students is expected to double to over 40 million by 2020. ChinaCast has partnerships with 15 PRC universities which are utilising its network, allowing students anywhere in China to access live and asynchronous course materials. The most recent addition is the University of Petroleum which will use the ChinaCast network to broadcast to its 40,000 students. The goal is to ultimately build China's largest for-profit, postsecondary education company, similar to the University of Phoenix (NASDAQ: APOL) in the US. For the second quarter ended June, ChinaCast reported revenues up 46%, with operating income up 22%.

Two holdings fell out of the top ten list over the interim period. In September, **Duoyuan Printing (NYSE: DYP)** experienced a 74% decline in value due to the dismissal of Deloitte Touche Tohmatsu as its auditor. In a filing Duoyuan said it did not grant Deloitte permission to access its original bank statements to complete audit procedures to verify the identity of some entities associated with third party distributors and vendors. Given the scepticism among some US investors regarding the governance of some Chinese companies, it is perhaps not surprising that companies in this sort of situation are penalised with lower valuations. We believe it will take more time for some Chinese companies to fully understand what US investors expect of them and for some US investors not to overreact by compressing valuations to unreasonable lows. We also

Interim management report

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point out that although your Company did experience a \$3 million unrealised capital loss during the interim period in Duoyuan, it has still been a profitable investment as we sold one third of our position in November 2009 upon the company's initial public offering. The company currently trades at a market capitalisation of \$89 million while it has \$91 million in cash and only \$14 million in debt implying a valuation of the business of just \$12 million. Last year Duoyuan had over one hundred million Dollars in sales with \$33 million in earnings. Your Manager has made site tours of the plant in the past and can attest to the quality of the company's operations and products.

Another holding which fell out of the top ten list was **Bovie Medical Corp. (AMEX:BVX)** which engages in the development, manufacture, and marketing of medical products and devices, primarily electrosurgical generators and disposables in the US and Canada. In June, Salient Surgical Technologies sued Bovie for alleged patent infringement. The company believes the suit is without merit. For the quarter ended September, Bovie reported revenues up 2% with a slightly profitable quarter against a small loss for the same period last year. The good news is the new J-Plasma surgical handpiece's regulatory approval application has been filed with the Food and Drug Administration. The J-Plasma surgical hand piece will offer soft tissue coagulation and/or tissue cutting with no grounding pad required as with other electrosurgical products, minimising the risk to patient and surgeon. Once approved, we believe this new product will enhance certain surgical procedures and could ultimately contribute to a new standard of care. The company's common stock closed at \$6.25 on 31 March and at \$2.16 on 30 September.

New Investments

During the six months ended September 2010 we made a new \$1.0 million investment in the common stock of **China Jo-Jo Drug Stores, Inc. (NASDAQ: CJJD)** which operates 45 retail drugstores in Hangzhou, the capital of Zhejiang Province approximately 112 miles south of Shanghai. Each retail location provides customers with high-quality professional services and a wide variety of merchandise including prescription and over-the-counter drugs, nutritional supplements, traditional Chinese medicine products, personal care products and medical devices. In contrast to most of its competitors, the company operates larger stores which are staffed with 10 employees versus the typical 3-5 employees. Few current competitors provide a pharmacy, physician consultations and outpatient health care services under one roof. With robust demographic and economic conditions within the Zhejiang Province, the company plans to expand to 200 locations over the coming years. On 30 June, the company reported its fourth quarter and annual results with revenues up 23% and net income up 44% for the year.

We also invested \$800,000 into the common stock of **Kingtone Wirelessinfo Solution Holding Ltd. (NASDAQ: KONE)** a leading China-based software and solutions developer focused on wirelessly enabling businesses and government agencies to more efficiently manage their operations. The company's products, known as mobile enterprise solutions, extend a company's or enterprise's information technology systems to include mobile participants. The company develops and implements mobile enterprise solutions for customers in a broad variety of sectors and industries, to improve efficiencies by enabling information management in wireless environments. At the core of its many

diverse packaged solutions is proprietary middleware that enables wireless interactivity across many protocols, devices and platforms. On 14 May the company completed its initial public offering by selling 4 million shares to the public at \$4.00 per share. On 22 July, the company reported its year-to-date results with revenues up 22% and net income up 39% against the same period last year.

Follow on investments

With respect to follow on investments, we purchased \$529,000 of Access Plans USA (Alliance HealthCard), \$750,000 of China Greenscape, \$56,000 of CMSF Corporation (CaminoSoft), \$1,551,000 of Cover-All Technologies, \$300,000 of Integrated Security Systems, \$100,000 of PetroHunter Energy Corporation, and \$295,000 of PHC, Inc. Your Company made partial sales of Global Sources Ltd., SkyPeople Fruit Juice, Inc., and Zhongpin, Inc. The combined cost of these partial sales was \$2.1 million and the combined sale proceeds were \$4.2 million, resulting in a combined realised gain of \$2.1 million. We also made a complete sale of Orient Paper, Inc. for a capital gain of \$672,000.

Purchase of shares from Global Special Opportunities Trust Plc ("GSOT")

On 1 September 2010, we purchased a number of stocks from GSOT, a company with a planned liquidation date of 31 May 2011. This transaction has increased RUGIT's holdings in CMSF Corporation (CaminoSoft), China Greenscape, Cover-All Technologies, Integrated Security Systems and PetroHunter Energy Corporation. These stocks were purchased for an aggregate price of \$2.74 million. RENN Capital Group, also acts as Investment Adviser to GSOT.

Interim management report

(continued)

Outlook

Your Manager's view is that long term investment opportunities in companies led by founder-owners, both in Asia and the US, remain exceptional, due to the abundance of companies growing at double digit rates while selling for low single digit price-to-earnings ratios. The rapidly growing middle class in Asia is creating large demands for energy, transportation, pharmaceuticals, processed foods, education and consumer electronics, all of which are represented in your Company's portfolio. In addition, most of these companies are led by founder-owners. Your Manager believes the bulk of stock market gains are often achieved under the tenure of founder-owners.

We are optimistic that today we have a portfolio that is reasonably valued relative to its benchmark. Your Company's portfolio of holdings has larger inside ownership, faster revenue growth, lower price to book values, and lower price to earnings multiples than the Russell 2000. While there is the ever-present risk of lower

valuations, we believe the path of least resistance at this point is clearly towards recovery to more normal valuations.

One example of evidence for such a positive valuation change came on 12 October when a US traded Chinese firm, not in your Company's portfolio, Harbin Electric Inc. (NASDAQ: HRBN) received a buyout bid from a private equity firm at a 24% premium to its stock price. Quoting Ping Luo of Global Hunter Securities, "Chinese companies have been talking about taking action similar to Harbin's for a while now, as frustration has grown over low valuations in the US market." As we have opined before, North American-listed Chinese companies are trading at significant discounts to their China/Hong Kong listed peers. We believe this upward valuation trend will continue as companies explore dual listings and other ways to increase their share prices. Indeed, since the end of the half year, many of the share prices which penalised returns in the first half of our fiscal year have recovered quite sharply.

In our judgement, the primary risks faced by your Company revolve more around possible government policy errors than your portfolio holdings. We agree with many who opine that the ongoing deleveraging of the world economy will continue to place pressure on the Western economies for several years to come. In conclusion we continue to believe that investing in small founder-owner growth companies provides an effective element of diversity in today's complicated investment climate.

As at the date of this report, the Company's latest published net asset value per share was 323.21p.

26 November 2010

*For further information,
please contact:*

*Russell Cleveland
RENN Capital Group, Inc*

Responsibility Statement

The Directors confirm that to the best of their knowledge:

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

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

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

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

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

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

*Ernest Fenton
Chairman*

Income statement (unaudited)

for the six months ended 30 September 2010

	Six months ended 30 September 2010 (unaudited)			Six months ended 30 September 2009 (unaudited)		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains on investments at fair value through profit or loss	–	(12,320)	(12,320)	–	8,185	8,185
Exchange (losses)/gains on capital items	–	(63)	(63)	–	53	53
Income	213	–	213	232	–	232
Investment Management fee (see note 5)	(439)	–	(439)	(363)	–	(363)
Other expenses	(239)	–	(239)	(218)	–	(218)
Net (loss)/gain before finance costs and taxation	(465)	(12,383)	(12,848)	(349)	8,238	7,889
Finance costs	(10)	–	(10)	(6)	–	(6)
Net (loss)/gain before taxation	(475)	(12,383)	(12,858)	(355)	8,238	7,883
Taxation on ordinary activities	(1)	–	(1)	(18)	–	(18)
Net (loss)/gain on ordinary activities after taxation for the period	(476)	(12,383)	(12,859)	(373)	8,238	7,865
Return per Ordinary share (see note 2)	pence (2.55)	pence (66.36)	pence (68.91)	pence (1.95)	pence 43.11	pence 41.16

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 Association of Investment Companies' SORP. Revenue and capital return per share figures shown are also supplementary information.

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

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

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

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

The notes on pages 13 to 16 form part of these accounts.

Year ended 31 March 2010 (audited)			
Revenue £'000	Capital £'000	Total £'000	
–	22,256	22,256	Gains on investments at fair value through profit or loss
–	189	189	Exchange gains on capital items
697	–	697	Income
(791)	–	(791)	Investment Management fee (see note 5)
(491)	–	(491)	Other expenses
<hr/>			
(585)	22,445	21,860	Net (loss)/gain before finance costs and taxation
<hr/>			
(20)	–	(20)	Finance costs
<hr/>			
(605)	22,445	21,840	Net (loss)/gain before taxation
<hr/>			
(25)	–	(25)	Taxation on ordinary activities
<hr/>			
(630)	22,445	21,815	Net (loss)/gain on ordinary activities after taxation for the financial year
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pence	pence	pence	
(3.30)	117.63	114.33	Return per Ordinary share (see note 2)
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Reconciliation of movements in shareholders' funds (unaudited)

for the six months ended 30 September 2010

	Share capital	Share premium account	Capital redemption reserve	Special reserve*	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six months ended							
30 September 2010 (unaudited)							
At 1 April 2010	4,665	5,995	666	5,208	55,765	(4,101)	68,198
Net return after taxation for the financial period	–	–	–	–	(12,383)	(476)	(12,859)
At 30 September 2010	4,665	5,995	666	5,208	43,382	(4,577)	55,339

	Share capital	Share premium account	Capital redemption reserve	Special reserve*	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 31 March 2010 (audited)							
At 1 April 2009	4,777	5,995	554	6,296	33,320	(3,471)	47,471
Net return after taxation for the year	–	–	–	–	22,445	(630)	21,815
Cost of Share repurchase	(112)	–	112	(1,088)	–	–	(1,088)
At 31 March 2010	4,665	5,995	666	5,208	55,765	(4,101)	68,198

	Share capital	Share premium account	Capital redemption reserve	Special reserve*	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six months ended (unaudited)							
30 September 2009							
At 1 April 2009	4,777	5,995	554	6,296	33,320	(3,471)	47,471
Net return after taxation for the financial period	–	–	–	–	8,238	(373)	7,865
At 30 September 2009	4,777	5,995	554	6,296	41,558	(3,844)	55,336

* 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.

The notes on pages 13 to 16 form part of these accounts.

Balance sheet (unaudited)

as at 30 September 2010

	As at 30 September 2010 (unaudited) £'000	As at 31 March 2010 (audited) £'000	As at 30 September 2009 (unaudited) £'000
Fixed assets			
Investments at fair value through profit or loss	54,941	67,491	54,710
Current assets			
Debtors	538	630	486
Cash at bank	174	3,510	775
	712	4,140	1,261
Creditors – amounts falling due within one year			
Creditors and accruals	(313)	(336)	(635)
Loan margin facility	(1)	(3,097)	–
	(314)	(3,433)	(635)
Net current assets	398	707	626
Total net assets	55,339	68,198	55,336
Share capital and reserves			
Called up share capital (see note 6)	4,665	4,665	4,777
Share premium account	5,995	5,995	5,995
Capital redemption reserve	666	666	554
Special reserve	5,208	5,208	6,296
Capital reserve	43,382	55,765	41,558
Revenue reserve	(4,577)	(4,101)	(3,844)
Equity shareholders' funds	55,339	68,198	55,336
Net asset value – pence per Ordinary share including current period revenue (see note 3)	296.58p	365.50p	289.58p

The notes on pages 13 to 16 form part of these accounts.

Statement of cash flows (unaudited)

for the six months ended 30 September 2010

	Six months ended 30 September 2010 (unaudited) £'000	Six months ended 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
Operating activities			
Investment income received	81	229	307
Deposit interest received	1	1	2
Investment management fees paid	(459)	(340)	(742)
Secretarial fees paid	(36)	(29)	(64)
Other cash payments	(195)	(167)	(430)
Net cash outflow from operating activities (see note 9)	(608)	(306)	(927)
Servicing of finance			
Loan interest paid	(10)	(6)	(20)
Taxation			
Irrecoverable overseas tax	(1)	(18)	(18)
Total taxation paid	(1)	(18)	(18)
Capital expenditure and financial investment			
Purchases of investments	(3,536)	(5,184)	(7,729)
Sales of investments	3,879	7,382	11,183
Net cash inflow from capital expenditure and financial investment	343	2,198	3,454
Net cash (outflow)/inflow before financing	(276)	1,868	2,489
Financing			
Repurchase of Ordinary shares for cancellation	–	–	(1,088)
Loan margin drawdown	1,102	–	3,097
Loan margin repayment	(4,198)	(1,331)	(1,331)
Net cash (outflow)/inflow from financing	(3,096)	(1,331)	678
(Decrease)/increase in cash (see note 10)	(3,372)	537	3,167

The notes on pages 13 to 16 form part of these accounts.

Notes

for the six months ended 30 September 2010

1. Basis of preparation

This financial information has been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the Accounting Standard Board's ("ASB") Statement on Half Yearly Financial Reports, applicable accounting standards in the United Kingdom and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009 and in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2010. All of the Company's activities are continuing and the accounts are prepared on a going concern basis.

There have been no changes to the valuations of the Company's unlisted investments since the publication of the Company's 2010 annual report and accounts.

2. Return per Ordinary share

The calculations of return per Ordinary share are based on 18,659,008 Ordinary shares being the weighted average number of shares in issue during the six months ended 30 September 2010 (six months ended 30 September 2009: 19,109,008 and year ended 31 March 2010: 19,080,652).

3. Net asset value per Ordinary share

The calculations of net asset value per Ordinary share are based on 18,659,008 Ordinary shares being in issue at 30 September 2010 (30 September 2009: 19,109,008 Ordinary shares and 31 March 2010: 18,659,008 Ordinary shares).

4. Income

	Six months to 30 September 2010 (unaudited) £'000	Six months to 30 September 2009 (unaudited) £'000	Year to 31 March 2010 (audited) £'000
Income from US investments:			
Convertible debenture stocks – unlisted	207	96	412
Convertible debenture stocks – unlisted (reinvested)	–	5	148
Convertible preference shares – unlisted	5	130	17
Common stock – listed	–	–	118
	212	231	695
Other income:			
Bank interest receivable	1	1	2
	213	232	697

Notes

for the six months ended 30 September 2010 (*continued*)

5. Investment Management fee

The Investment Management fee is charged 100% to revenue. Investment Management fees of £439,000 (six months ended 30 September 2009: £363,000; year ended 31 March 2010: £791,000) have been charged to the income statement. At 30 September 2010, £204,000 (six months ended 30 September 2009: £199,000; year ended 31 March 2010: £224,000) was due for payment to the Investment Manager in respect of Investment Management fees.

A performance fee may also become payable at the end of each year and this is charged 100% to capital. No performance fee has been accrued (30 September 2009: nil; year ended 31 March 2010: nil) based on the best estimate of the fee that would be due at the balance sheet date.

6. Called up share capital

	30 September 2010 (unaudited) £'000	30 September 2009 (unaudited) £'000	31 March 2010 (audited) £'000
Allotted, called up and fully paid:			
18,659,008 (Sept 2009: 19,109,008 March 2010: 18,659,008) Ordinary shares of 25p	4,665	4,777	4,665

7. Share buybacks

During the period, no Ordinary shares were repurchased for cancellation or for holding in Treasury (six months ended 30 September 2009: nil; year ended 31 March 2010: 450,000 Ordinary shares).

8. Taxation

The Company is subject to corporation tax at 28% (six months ended 30 September 2009: 28%; year ended 31 March 2010: 28%). 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 (six months ended 30 September 2009: nil; year ended 31 March 2010: nil), other than withholding tax suffered on foreign dividends.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval to retain that status in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

Notes

for the six months ended 30 September 2010 (*continued*)

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

	Six months ended 30 September 2010 (unaudited) £'000	Six months ended 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
Net return before finance costs and taxation	(12,848)	7,889	21,860
Net capital return	12,383	(8,238)	(22,445)
Stock dividends/interest received	–	(7)	(150)
(Decrease)/increase in creditors and accruals	(29)	38	56
(Increase)/decrease in prepayments and accrued income	(114)	12	(248)
Net cash outflow from operating activities	(608)	(306)	(927)

10. Reconciliation of net cashflow to net funds

	Six months ended 30 September 2010 (unaudited) £'000	Six months ended 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
(Decrease)/increase in cash in period/year	(3,372)	537	3,167
Effect of movement in exchange rates	36	74	179
Movement in net funds	(3,336)	611	3,346
Net funds at beginning of period/year	3,510	164	164
Net funds at end of period/year	174	775	3,510

11. Related party transactions

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

RENN Capital Group Inc. has an aggregate interest in 50% or more of the share capital of the following investee companies: Integrated Security Systems and CMSF (CaminoSoft).

Mr Cleveland is a director of CMSF (CaminoSoft), Cover-All Technologies, Integrated Security Systems and BPO Management Services. Details of the Company's holdings in these investments can be found in the Investment Portfolio.

On 1 September 2010, the Company purchased a number of stocks from Global Special Opportunities Trust PLC. This transaction increased the Company's holdings in CMSF Corporation (CaminoSoft), China Greenscape, Cover-All Technologies, Integrated Security Systems and PetroHunter Energy Corporation. These stocks were purchased for an aggregate price of \$2.74 million. RENN Capital Group also acts as Investment Adviser to Global Special Opportunities Trust PLC.

Notes

for the six months ended 30 September 2010 (*continued*)

12. Continuation vote

The Articles of Association provide for shareholders to vote for the continuation of the Company at every third Annual General Meeting. The next continuation vote will be put to shareholders in 2013.

13. Financial information

The financial information contained in this report does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The comparative financial information for the six months ended 30 September 2009 does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six months ended 30 September 2010 and 30 September 2009 has not been audited or reviewed by the Company's auditors.

The information for the year ended 31 March 2010 has been extracted from the latest published audited accounts. Those accounts have been filed with the Registrar of Companies and include the report of the auditors which was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The Company has considerable financial resources and therefore, the Directors believe that the Company is well placed to manage its business risks and also believe that the Company will have sufficient adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing this half yearly report.

Investment portfolio

as at 30 September 2010

	Sector	Book cost US\$'000	Market value US\$'000 £'000		% of net assets
Corporate investment					
<i>US unlisted convertible debentures</i>					
iLinc Communications	Technology services	500	350	222	0.40
PetroHunter Energy Corporation	Oil and gas exploration	2,100	525	333	0.60
Pipeline Data	Business services	1,500	1,439	913	1.65
Total US unlisted convertible debentures		4,100	2,314	1,468	2.65
<i>US loan notes</i>					
Dynamic Green Energy	Solar energy	4,000	4,000	2,538	4.59
Total US unlisted loan notes		4,000	4,000	2,538	4.59
<i>US unlisted convertible preference shares</i>					
AnchorFree	Wireless communications	2,500	16,261	10,319	18.65
China Greenscape Company	Forestry development & cultivation	4,000	5,981	3,796	6.86
China New Cities Development	City planning	3,000	276	175	0.32
Healthaxis	Business services	2,500	126	80	0.14
iLinc Communications	Technology services	200	20	13	0.02
Integrated Security Systems	Security services	75	–	–	–
Total US unlisted convertible preference shares		12,275	22,664	14,383	25.99
<i>US unlisted equities</i>					
Business Process Outsourcing	Business services	20	79	50	0.09
Murdoch Security & Investigation	Security products	1,250	1,344	853	1.54
Total unlisted equities		1,270	1,423	903	1.63
<i>US unlisted warrants</i>					
Aurasound	Technology	–	17	11	0.02
Celsia Technologies	Technology	–	–	–	–
CMSF Corporation (CaminoSoft)	Network storage	–	–	–	–
Cover-All Technologies	Information technology	–	102	65	0.12
Duoyuan Printing (previously Asian Financial)	Industrial machinery	–	6	4	0.01
Murdoch Security & Investigation	Security products	–	90	57	0.10
Shengtai Pharmaceutical	Financial services	–	2	1	–
SinoHub	Electronic components	–	47	30	0.05
Terra Nova Financial Group	Financial services	–	–	–	–
Total unlisted warrants		–	264	168	0.30
<i>US listed warrants</i>					
SGOCO Technology (previously Hambrecht Asia)	Electronic equipment	–	125	79	0.14
Total listed warrants		–	125	79	0.14
<i>Canadian listed equities</i>					
Points International	Internet software	1,506	2,166	1,375	2.49
Total Canadian listed equities		1,506	2,166	1,375	2.49

Investment portfolio

as at 30 September 2010 (continued)

		Book cost	Market value		% of net
	Sector	US\$'000	US\$'000	£'000	assets
<i>US listed equities</i>					
Access Plans USA (previously Alliance Healthcare, Inc.)	Consumer services	3,877	1,066	677	1.22
Aurasound	Technology	2,000	347	220	0.40
Bovie Medical Corp.	Healthcare services	2,036	2,052	1,302	2.35
CMSF Corporation (previously CaminoSoft)	Network storage	4,575	148	94	0.17
ChinaCast Education	e-Learning	998	2,719	1,725	3.12
China Jo-Jo Drugstores	Drug retailer	1,000	1,030	654	1.18
Cogo	Information technology	1,083	1,854	1,177	2.13
Cover-All Technologies	Information technology	5,016	10,322	6,550	11.84
Duoyuan Printing (previously Asian Financial)	Industrial machinery	1,500	1,109	704	1.27
Fushi Copperweld	Industrial manufacturing	1,650	4,801	3,047	5.51
Geos Communication	Technology	761	46	29	0.05
Global Axxess	Commercial services	1,821	870	552	1.00
Global Sources	Commercial services	977	593	376	0.68
Hemobiotech	Biotechnology	1,971	465	295	0.53
Hollysys Automation Technologies (previously HLS Systems)	Electronic equipment	2,637	5,036	3,196	5.77
Integrated Security Systems	Security products	9,562	1,329	843	1.52
Kingtone Wirelessinfo Solution Holding Ltd	Systems software	800	470	298	0.54
Merriman Curhan Ford	Financial services	1,922	146	93	0.17
PetroHunter Energy Corporation	Oil and gas exploration	202	34	22	0.04
PHC	Healthcare	1,477	1,799	1,142	2.06
Searchmedia Holdings	Media	1,562	520	330	0.60
SGOCO Technology (previously Hambrecht Asia)	Electronic equipment	1,000	1,000	635	1.15
Shengtai Pharmaceutical	Pharmaceuticals	1,345	821	521	0.94
Silverleaf Resorts	Travel and leisure	1,528	404	256	0.46
SinoHub	Business services	2,632	2,912	1,848	3.34
SkyPeople Fruit Juice	Manufacturing	401	626	397	0.72
Skystar Bio-Pharmaceutical	Pharmaceuticals & biotechnology	2,277	3,735	2,370	4.28
Wonder Auto Technology	Automobile parts	750	2,074	1,316	2.38
Zhongpin	Food processing	1,374	5,292	3,358	6.07
Total US listed equities		58,734	53,620	34,027	61.49
Total corporate investments		81,885	86,576	54,941	99.28
Net current assets			627	398	0.72
Total net assets			87,203	55,339	100.00

Company information

Directors

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

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Sources of further information

The Company's share price is listed in the *Financial Times* and *The Daily Telegraph* under "Investment Companies". 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 Corporate website, as detailed above.

Key dates

March	Company year end
May/June	Annual results
July	AGM
November	Half yearly results
February/September	Interim Management Statements

Frequency of NAV publication

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

Further copies of the half yearly report may be obtained from the Secretary.

Notes

