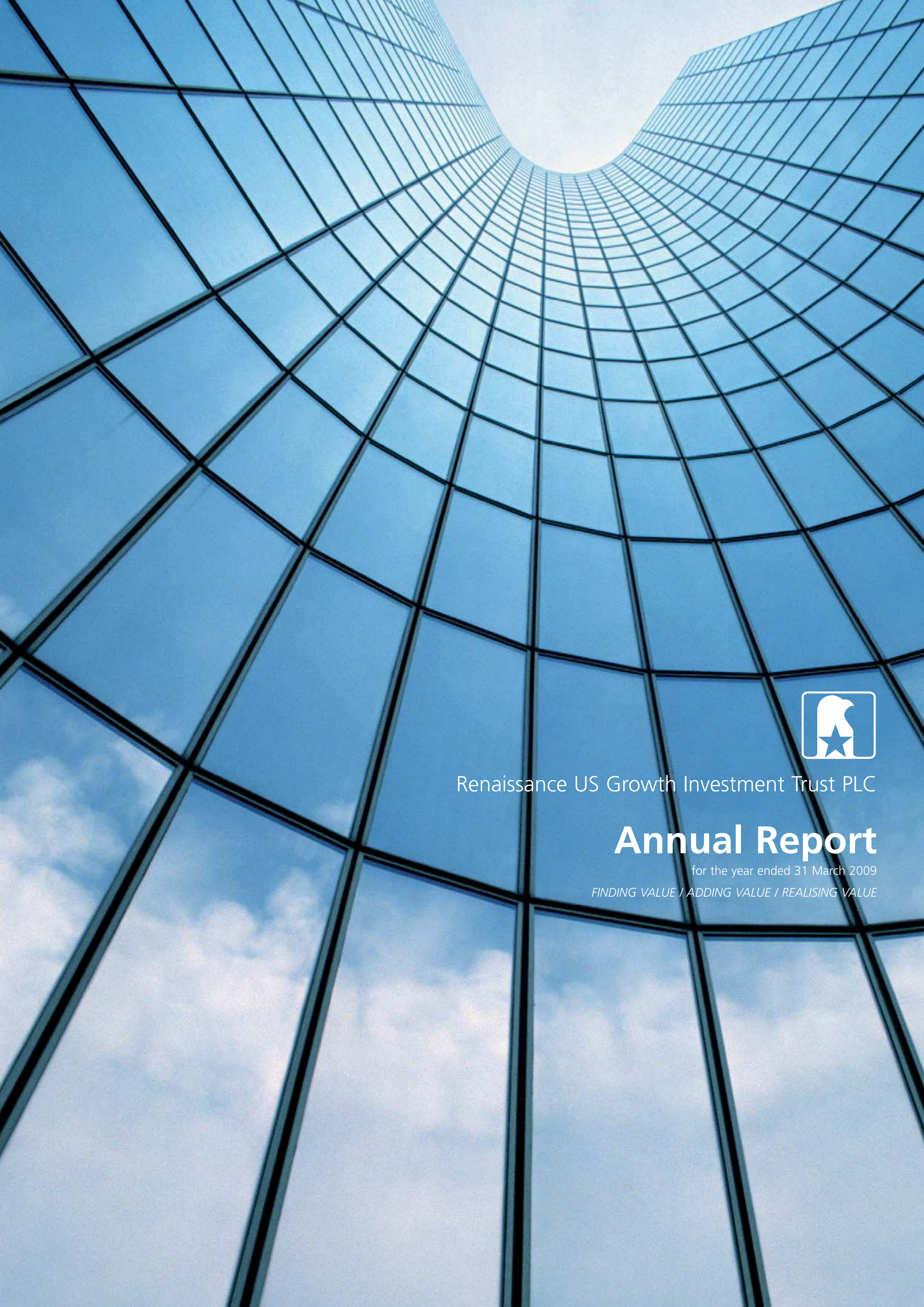


Renaissance US Growth Investment Trust PLC

Annual Report

for the year ended 31 March 2009

FINDING VALUE / ADDING VALUE / REALISING VALUE

The Company's investment objective

Investment policy

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

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.

Construction of the Company's portfolio

Construction of the Company's portfolio involves subjective judgement, rather than quantitative targeting, although a number of considerations are taken into account:

- Because liquidity in the Company's holdings is often very limited, it is likely that a relatively large number of positions will be held. The exact number of holdings will depend largely on the opportunities available to the Manager.
- Several different industries will typically be represented, but the portfolio will often deviate substantially from the sector weights in the Company's benchmark. It should be noted that the Company expects to take significant risk relative to that benchmark, with the goal of meeting its objective.
- The investment process tries to identify stocks which have the capacity to appreciate very substantially in price. As a result, positions which were relatively small on acquisition can become very large (over 15% of the portfolio) if the investment is successful. The Company will often hold these 'winners', even if they become a large part of the investment portfolio, and this can lead to significant concentration of risk.
- The purchase of investment positions often involves negotiation with the business concerned and may take several months. For this reason the Board believes it is desirable in normal circumstances for the Company to hold cash in anticipation of such investment.
- When no investment can be found with the desired return profile, the Company may hold cash or equivalent, and there is no limit set by the Board on the proportion of assets so held.
- The Manager may take a seat on the board of investee companies in order to influence the strategy of these companies. Consequently, it is possible that this could lead to the acquisition of knowledge which might affect the ability of the Manager to act freely in all circumstances.

Registered in England and Wales number 3150876

Company summary

Management company	RENN Capital Group, Inc. See page 14 for further details.
Total assets and shareholders' funds	£47,471,000 as at 31 March 2009.
Market capitalisation	£34,157,000 as at 31 March 2009.
Capital structure	19,109,008 Ordinary 25p shares.
Total voting rights	19,109,008
Wind-up date	Continuation resolution to be put to shareholders annually.
Management fee	The Manager receives a fee calculated at a rate of 0.125% of the total net assets of the Company per month, payable quarterly in arrears. No fee is payable on cash or near cash investments. A performance fee is also payable as described in the Report of the Directors on page 17 and note 3 to the accounts.
Secretarial fee	The Company Secretary receives an annual fee of £56,000 which is subject to an annual RPI uplift.
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 2009	Year ended 31 March 2008	% change
Total net assets	**£47,471,000**	£56,261,000	(15.62)
Net asset value ("NAV") per Ordinary share – pence	**248.42**	294.42	(15.62)
– US cents	**356.08**	585.16	(39.15)
Mid-market price per Ordinary share	**178.75p**	253.00p	(29.35)
Discount to NAV	**28.05%**	14.07%	(13.98)
Net revenue deficit after taxation	**£781,000**	£311,000	(151.13)
Revenue loss per Ordinary share	**4.09p**	1.62p	(152.47)
Costs of running the Company			
– Manager's fee	**£766,000**	£849,000	(9.78)
– Other expenses	**£409,000**	£394,000	3.81
As a percentage of average net assets			
– Manager's fee	**1.51%**	1.43%	0.08
– Other expenses	**0.81%**	0.67%	0.14
Exchange rate – US$/£	**1.43335**	1.98750	(27.88)
S&P 500 Index (Total Return)	**1,292.98**	2,088.42	(38.09)
S&P 500 Index (Total Return) – Sterling adjusted	**902.04**	1,050.78	(14.16)
Russell 2000 Index (Total Return)	**1,845.21**	2,952.45	(37.50)
Russell 2000 Index (Total Return) – Sterling adjusted	**1,287.30**	1,485.51	(13.34)

	High	Date	Low	Date
Mid-market price per Ordinary share	266.50p	16/05/08	176.00p	06/02/09
NAV per Ordinary share – pence*	317.41p	16/05/08	216.77p	29/10/08
Discount to NAV*	35.90%	21/01/09	8.11%	18/07/08

* Including current period revenue.

Chairman's statement

Your Company has come through a very difficult and challenging year. Your Manager believes that its focus on domestic US and US traded Chinese companies with entrepreneurial management, positions the portfolio for solid growth in the coming years.

The financial year ending 31 March 2009 was one of the most difficult in history for any company involved in investing. Many major financial institutions did not survive. The fourth quarter of 2008 saw equity markets fall sharply, and this rout continued at the beginning of 2009. For the Dow Jones Industrial Average, where data goes back more than a century, January 2009 was the worst month since 1896. February was better than January, but was still the second worst month since 1933. Only in March did a sharp rally begin – a rally still in progress at the time of writing. For 2008/9 the NAV of your Company declined by 15.62% in Sterling. This is compared to a decline of 13.34% in the Russell 2000 and a decline of 14.16% in the S&P 500.

Over the longer term, the Company has done well, beating its benchmark significantly. It is important to note that since inception your Company has far outperformed our benchmark average, the Russell 2000, as well as the S&P 500. These have been two of the best performing indices in the US over the past 15 years. Since inception, even with the substantial decline of the past year, our annualised return has been 8.50% in Sterling compared to 3.74% in the Russell 2000 and 3.69% in the S&P 500.

Despite the gloom prevailing in markets today, your Manager believes the Company is very well positioned to produce good returns once conditions stabilise. This view is based on the prospects for growth of the companies in the portfolio, regardless of how the economy develops.

The Entrepreneurial Difference

Your Company concentrates on investment in entrepreneurial companies where the executive officers are significant shareholders and where there is a clear vision for the business. This is in contrast to companies with bureaucratic management where shareholders' interests are often less in focus.

While the depth of entrepreneurial talent in the US is well known, in recent years many other countries have fostered a culture where entrepreneurs can flourish. China is at the forefront of this development. While your Company continues to find good opportunities in North America, we have been steadily building our investments in US traded Chinese companies. Some of the best entrepreneurs in the world are now involved in China. This is where we see a significant growth opportunity over the next decade. By concentrating on Chinese companies listed and traded on US exchanges, your Company has the benefit of US standardised accounting principles and corporate governance. Your Company intends to maintain a balance of North American and Chinese operating companies as well as some diversification across industry sectors.

Managing the Portfolio

We use the analogy of looking after a garden when describing the process of finding new investments (planting), tending the portfolio (maintenance) and realising the investments (harvesting). The Manager's review follows this theme, and describes in detail the events of the year. In summary, new investments were made totalling approximately $10 million, while $5.3 million was spent on follow-on investment in existing portfolio companies. Realisations resulted in an aggregate net loss of approximately $5.9 million.

Our investments in US traded Chinese companies represent an increasing proportion of the portfolio, now 57.0% of the total.

Gearing

Your Board of Directors believes that a reasonable amount of gearing is useful in making new investments as well as providing a war chest to allow the opportunistic purchase of the Company's shares that trade at an excessive discount. During the year your Company had the use of a margin facility which varied from a high of $8.5 million to finish the financial year at $1.9 million. Under the current margin facility we were able to borrow up to a further $3.7 million as at 31 March 2009. The interest payable on this account is currently 1.751%. These rates are very low historically and could rise in 2009-2010. Being able to gear gives a measure of flexibility to the Manager, which the Board considers useful, but we intend to maintain a conservative policy with respect to borrowing, and do not envisage increasing gearing at this point.

Discount to Net Asset Value

During this very volatile market period, most closed end investment companies have sold at a substantial discount to net asset value. This results from a number of factors largely outside the control of the Board or the Manager. We believe the current discount is excessive and neither reflects the successful history of this Company, nor its potential growth.

Your Company has continued an investor relations campaign with Lansons Communications. The print media has written a number of articles about us and we continue to update our website with timely information, including an informative recent interview with Russell Cleveland.

This has been a difficult time for most investors but as normality returns to markets we believe investors may seek opportunities that have a unique investment strategy. Your Board of Directors will continue to monitor the movement of the discount closely and will take action as necessary.

Private to Public Potential

Our valuation methodology requires that the Directors determine a fair value for the investments in the portfolio. For those where a public market or publicly available reference price exists, this does not present any issues. For private holdings, we value investments at fair value or at the last sale if one occurred recently. Sometimes a write-down may be justified where there has been deterioration in the fundamental performance of the business, or where comparable listed businesses trade at substantially lower valuations. Approximately 28% of the companies in your portfolio are currently private. A number of companies held at cost have been reporting excellent results and might well trade at much higher valuations as public companies. This comment applies particularly to some of the US traded Chinese companies; but given the volatility and uncertainty inherent in markets at the moment, the Directors believe that a conservative approach is warranted.

Rebounding Potential

In the portfolio there are a number of companies which have fallen sharply in valuation, and which may rebound. These include several positions which are currently valued at a fraction of cost. These have little downside risk, whereas the upside could be considerable should fortunes turn around.

Conclusion

Your Company has come through a very difficult and challenging year. Your Manager believes that its focus on domestic US and US traded Chinese companies with entrepreneurial management, positions the portfolio for solid growth in the coming years. To summarise, we have a Company with the potential for superior growth. It is selling at a substantial discount to net asset value, has a number of holdings that could go from private to public and other holdings that could rebound. Of course, there will always be some unsuccessful holdings. That is why we have a portfolio. Renaissance US Growth Investment Trust remains a unique investment opportunity.

Ernest Fenton
Chairman
22 June 2009

Manager's review

2008 was a very challenging year. While we were not immune to market forces, we did better than many. We believe your Company could be positioned to do very well over the next few years.

Year-end Review

The portfolio's securities are selling at very attractive prices. Economically China is doing better than the rest of the world and your Company has a strong position in US traded Chinese companies. We are particularly excited about four new investments, as well as several follow-on investments.

Performance

During the year your Company's net asset value decreased 39.15% in Dollars and 15.62% in Sterling. The Russell 2000 decreased 37.50% in Dollars and 13.34% in Sterling. Since inception, your Company's net asset value has produced an annual return of 8.01% in Dollars and 8.50% in Sterling, beating the Russell 2000 by a wide margin. The table below compares these returns to our benchmark and the Standard & Poor's 500 index.

Annual equivalent total return:
Renaissance US Growth Investment Trust PLC versus the Russell 2000 index and S&P 500 Index:

	1 Year		Inception	
	USD	**GBP**	**USD**	**GBP**
RUSGIT	***(39.15)%***	***(15.62)%***	***8.01%***	***8.50%***
Russell 2000	(37.50)%	(13.34)%	2.99%	3.74%
S&P 500	(38.09)%	(14.16)%	2.95%	3.69%

Performance of holdings

At 31 March 2009, the top ten holdings made up 58% of the portfolio.

The top ten list at 31 March 2009 and 31 March 2008

31 March 2009	**% of net assets**	31 March 2008	% of net assets
Bovie Medical Corporation	10.7%	Fushi Copperweld	7.4%
Zhongpin	8.5%	Bovie Medical Corporation	6.3%
Cover-All Technologies	8.0%	Zhongpin	5.7%
Dynamic Green Energy	5.9%	Integrated Security Systems	4.2%
China Greenscape	4.8%	Points International	4.2%
China New Cities Development	4.4%	Cover-All Technologies	3.9%
SinoHub	4.3%	A-Power Energy Generation Systems	3.4%
Skystar Bio-Pharmaceutical	4.2%	Comtech Group	2.9%
Fushi Copperweld	3.9%	SIMTEK Corporation	2.5%
HeySpace International	3.4%	China Greenscape	2.3%

Three of the top ten holdings, China New Cities Development Ltd, Dynamic Green Energy Ltd and SinoHub Inc. are new investments which are discussed below. HeySpace International and Skystar Bio-pharmaceutical are not new holdings, but are new to the top ten list.

HeySpace International has a single portal that offers a social network community, leisure games, valued-added wireless services, user generated music, video content, video chat services and digital B2B advertising. For 2008, HeySpace recorded earnings of $6.2 million on revenue of $18.0 million. HeySpace is run by William Sun, who developed the first internet service provider for a major telecom company in China.

Skystar engages in the development, manufacture and distribution of vaccines and medicines for poultry, birds, livestock and domestic pets in the People's Republic of China. Weibing Lu is the CEO of Skystar. In 2002, Mr. Lu was named Outstanding Entrepreneur of Xian Feed Industry. Skystar continues to innovate and now has 173 products, up from 100 a year ago. For 2008, the company reported earnings of $0.31 per share, up from a loss of $0.15 the previous year. The stock price closed at $0.98 per share on 31 March 2009 implying a trailing price to earning ratio of just 3.16 times.

Of last year's top ten, five names have disappeared, one (SIMTEK) as a result of a take over, and four because of price declines (A-Power Energy Systems, COGO Group (formerly Comtech), Integrated Security Systems and Points International). We expect some of these holdings to rejoin the top ten list as their current depressed stock prices recover.

This fiscal year was clearly a difficult time in global markets. The largest unrealised loss came from Fushi Copperweld which declined from being the portfolio's largest position last year end to tenth largest at 31 March 2009. Fushi is the world's largest manufacturer of copper-clad bimetallic wire used in a variety of telecommunication, utility, transportation and other electrical applications. Fushi's primary cost of goods sold is copper which declined in price from approximately $4.00 per pound to a low of around a $1.30 per pound. This commodity price decline together with the slowing global economy caused the company's expected revenues and share price to fall more than we expected. Nevertheless Fushi Copperweld continues to be a very well run internationally diversified company with strong future growth prospects. A good example of the opportunity in today's bear market is reflected in the fact that rapidly growing Fushi is selling for just 4.8 times earnings and 69% of tangible book value. For the year ended 2008 Fushi reported a revenue increase of 73% to $221.4 million and an operating income increase of 21% to $37.1 million despite the poor economic environment and the collapse in copper prices.

At 31 March 2009, holdings in US listed and unlisted companies with operations primarily in China represented 57.0% of the portfolio, up from 40.8% last year. We continue to see compelling high growth opportunities in China and feel confident this allocation will serve your Company well. Holdings in unquoted companies ended the fiscal year at 28.4% of the portfolio. Due to market conditions and delays in listings our holdings in unquoted securities have temporarily gone beyond our stated intention of less than 25%. We expect this percentage to decline to below 20% within a few months as we expect at least two private holdings to become quoted soon.

Tending the Garden

In recent years we have described our investment process as developing a garden. We plant, we harvest, and we continually tend the investment garden. During the year, your Manager was active in working with a number of portfolio companies. Access Plans USA, Inc., a long time holding, was merged into Alliance HealthCard, Inc., a profitable company developing specialised discount cards in the medical area as well as offering various consumer discount programs. The merger was effective as of 1 April 2009. The combined companies could produce significant profits. Another long time holding, SIMTEK Corporation was acquired for cash by a major semiconductor company. After several years of active board participation the decision was made to sell the company. While our efforts did not produce the desired long-term results, the final sale price provided the Company with a modest profit. Mentioned below, Cover-All Technology, had a very good year. We have been a active on the board of Cover-All for several years. The company has not only made significant progress over the last year but has tremendous potential to make further progress in a very large addressable market.

Manager's review

(continued)

New plantings

Company	Sector	Amount $	Instrument	Price	Shares
ChinaCast Education	e-Learning	998,400	Common stock	$2.54	384,000
China New Cities Development Ltd	City planning	3,000,000	Preferred stock	$5.00	600,000
Dynamic Green Energy	Solar energy	4,000,000	Convertible debt	N/A	N/A
SinoHub	Business services	2,000,000	Common stock and Warrants	$1.70	1,176,470
Total		**9,998,400**			

Your Company continued to find attractive investment opportunities in 2009. New investments include both private placements as well as open market purchases. All of these new investments are led by chief executive officers who are entrepreneurs, have a clear vision for the growth of their companies and are also major shareholders. For the fiscal year your Company invested approximately $10 million in four new companies. These companies, with a brief description of the businesses, are as follows:

ChinaCast Education Corporation
(NASDAQ: CAST) is a leading provider of for-profit post secondary education and e-learning services in China. China Cast provides e-learning and training services to educational institutions, government agencies, and corporate enterprises in the People's Republic of China (PRC). The company's Post Secondary Education Distance Learning Services division enables universities and other higher learning institutions to provide distance learning services. Its packages include the hardware, software and broadband satellite network services, which allow university students located at remote classrooms around the country to participate interactively in live lectures broadcast from a main campus. This division serves 15 universities with approximately 128,000 students in 300 remote classrooms. The K-12 Educational Services division broadcasts multimedia educational content to approximately 6,500 primary, middle and high schools in the PRC in partnership with educational content companies and educational institutions. Its educational content packages assist teachers in preparing and teaching course content. The Vocational/Career Training Services division, in partnership with various government departments and corporate enterprises, has deployed training centers in China to provide job-skills training to recent graduates, employees of state-owned enterprises and corporate employees. The Daily English Language Training Centers division provides spoken English training to students, workers and government/corporate customers. The company was founded in 1999 and is headquartered in Beijing. For the year ended 2008, the company reported earnings of $6.3 million on revenues of $42.1 million.

China New Cities Development Ltd.
(Private) ("CNC") plans, finances and develops turnkey infrastructure projects for major municipalities in China. CNC is led by Dr. Jianwu Shi, China's most respected City Planner who has been instrumental in the planning of over 30 new cities including the famous Pudong region of Shanghai. CNC partners with leading city planning institutes, construction consortiums and development banks to deliver turnkey solutions. CNC leads the implementation of the first-phase of site planning, development and foundational infrastructure, including pipelines, sewers, electronic grids, public lighting, roads, etc. Typical projects include new cities and city extensions, industrial parks, large-scale mixed use developments and general urban renewal projects. CNC applies a "build and transfer" model, a variation on public-private partnerships in wide use throughout the world. China is in the early and accelerating stage of urbanisation. Experts estimate up to 500 million peasants will move to urban areas over the next 20 years and 221 new urban centers with populations greater than 1 million will be built by 2030. CNC is profitable with a large and increasing backlog. For the nine months

ending September 2008, CNC reported earnings of $19.4 million on revenues of $54.6 million and backlog of $396 million. We anticipate CNC to be quoted by the end of 2009. CNC has signed a definitive agreement to merge with InterAmerican Acquisition Group, Inc. (OTC: IAQG).

Dynamic Green Energy Ltd. (Private) ("DGE") operating mainly in China is a differentiated, technology-driven solar energy company engaged in the rapidly expanding global solar power industry. The Company is currently one of China's most experienced and largest photovoltaic ("PV") module assemblers. Among its customers are some of the world's most technologically advanced solar companies, including SunPower Corporation (NASDAQ: SPWRA). DGE has expanded its operations over the last year to become a fully integrated PV producer by including ingot, wafer and cell production. DGE also plans to begin PV cell production from upgraded metallurgical grade ("UMG") raw silicon. UMG silicon is less pure and significantly less expensive than the current solar-grade polysilicon used in over 90% of PV cells manufactured today. DGE has developed a proprietary silicon purification technology that efficiently produces this raw material. By combining these technologies, DGE expects to produce PV cells with relatively high efficiencies at a cost per watt that is 50% less than that of conventional polysilicon PV cells. DGE was established in 1993. In June 2008, your Company participated with two well known solar energy manufacturers to invest $35 million to enable the transition into a fully integrated PV cell manufacturer. For the eleven months ending February 2009, the company reported earnings of $6.2 million on revenues of $39.3 million up 138% and 144% respectively over the same period last year. This profitable and rapidly growing company is led by Ding Kongxian, who owns approximately 28% of the equity.

SinoHub, Inc. (OTC: SIHI) was founded by Henry Cochran, an American, who lives in China. The company provides supply chain management (SCM) and vendor managed inventory (VMI) services to electronic product manufacturers, and component suppliers and distributors in China. Its SCM platform integrates online supply chain management software system, logistics service centres in distribution/manufacturing cities and service team with knowledge in electronics. The company's SCM services include import and export services, procurement and warehouse services and delivery services. SinoHub's VMI services include order fulfillment and procurement services. For the three months ended 30 September 2008, the company reported earnings of $3.9 million on revenues of $28.2 million. The company was founded in 2000 and is headquartered in Shenzhen, the People's Republic of China.

Follow-on investments

For the fiscal year your Company made five follow-on investments for a total of approximately $5.3 million.

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

Duoyuan Digital Printing Technology continues to report very strong results. For the six months ending 31 December 2008, Duoyuan reported earnings of $21.7 million on revenues of $63.0 million, or $0.85 per share. For the fiscal year ending 30 June 2009, we believe Duoyuan could earn as much as $1.40 per share. Your Company has a cost of just $3.42 per share implying a forward price to earnings ratio of just 2.4 times. The company filed an amended registration statement with the Securities and Exchange Commission on 27 March 2009. We anticipate that this company will be quoted before your Company's half year end.

China Greenscape provides trees and plants to China's cities, major developments, parks, greenbelts and highways. The company is well positioned to take advantage of two important government mandates; first, that by 2010 every city must have 10 square meters of green space per capita and second, that every new and existing development must have at least 35% green coverage. China Greenscape is run by Lu Keping, one of the most successful entrepreneurs in China. In 2008, the company recorded earnings of $22.2 million on revenue of $45.1 million.

Your Company also added to its holding in Cover-All Technologies, Inc. Cover-All provides software products, services and solutions to the property and casualty insurance industry. Its software products and services focus on the functions required to market, underwrite, rate, issue, print, bill and support the life cycle of insurance policies. In February Cover-

All reported its strongest year ever with net income of $4.6 million up 270% from the last calendar year. The company has made significant progress and appears very well positioned for strong future growth.

Finally, we made a follow-on investment in Skystar Bio-Pharmaceutical Company, details of which were described earlier.

Harvesting the Garden

Over the years we have realised significant gains in this portfolio and hope to continue that pattern in the future. This year, we realised more losses than gains deciding to sell a number of holdings that did not have merit. During the fiscal year your Company further rationalised the portfolio by partially or completing sales in the following companies: Access Integrated, Adstar, Inc., Advanced Nanotech, American Oriental Bioengineering, Canadian Phoenix Resources, Celsia Technologies, China Agritech, China Direct Industries, China Security, Consolidated Energy, Foothills Resources, Inc., Gaming & Entertainment Group, Geocan, Onelink Corporation, Pro-Dex, Riptide Worldwide, Inc., Shine Media Acquisition Corp., SIMTEK Corporation, Spanish Broadcasting, Terra Nova Financial Group, TXCO Resources, Inc., US Home Systems and Vaso Active. The combined gains and losses totalled to a realised loss of approximately $5.9 million.

Future Prospects

As always, we are focused on partnering with successful entrepreneurs. History has clearly shown that investment results are superior when investing through entrepreneurial CEOs as opposed to hired professional managers. We are concentrating our efforts on US & Chinese entrepreneurs who list their companies on US exchanges. As public markets are beginning to show some signs of new life, we are also working on listings for several private holdings which could appreciate in value. Your Manager will continue to focus on what it does best, which is bottom-up analysis on small individual companies. Your Manager will continue to strive to find new opportunities, endeavor to add value to the existing portfolio companies, and finally to endeavor to realise value at the appropriate time when investments have matured.

Russell Cleveland
RENN Capital Group, Inc.
Dallas, Texas
22 June 2009

Investment portfolio

as at 31 March 2009

	Sector	Book cost US$'000	Market value US$'000	Market value £'000	% of net assets
Corporate investments					
US unlisted convertible debentures					
iLinc Communications	Technology services	500	500	349	0.73
Integrated Security Systems	Security services	1,150	690	481	1.01
Obsidian Enterprises	Diversified manufacturing and services	53	53	37	0.08
PetroHunter Energy Corporation	Oil and gas exploration	2,000	720	502	1.06
Pipeline Data	Business services	1,707	1,707	1,191	2.51
Total US unlisted convertible debentures		5,410	3,670	2,560	5.39
US unlisted loan notes					
CaminoSoft Corporation	Network storage	400	400	279	0.59
Dynamic Green Energy	Solar energy	4,000	4,000	2,791	5.88
Integrated Security Systems – 7% convertible loan	Security services	200	120	84	0.18
Integrated Security Systems – 8% convertible loan	Security services	1,550	670	467	0.98
Total US unlisted loan notes		6,150	5,190	3,621	7.63
US unlisted convertible preference shares					
AnchorFree*	Wireless communications	2,500	1,594	1,112	2.34
China Greenscape	Forestry development & cultivation	3,250	3,250	2,267	4.78
China New Cities Development	City planning	3,000	3,000	2,093	4.41
eOriginal*	Internet software	6,142	539	376	0.79
Healthaxis	Business services	2,500	137	96	0.20
HeySpace International	Social networking	2,750	2,314	1,614	3.40
iLinc Communications	Technology services	200	32	22	0.05
Integrated Security Systems	Security services	150	4	3	0.00
Riptide Worldwide	Software	667	73	51	0.11
Ronco Corporation	Consumer products	1,177	6	4	0.01
Total US unlisted convertible preference shares		22,336	10,949	7,638	16.09

Investment portfolio

as at 31 March 2009 *(continued)*

	Sector	Book cost US$'000	Market value US$'000	Market value £'000	% of net assets
Corporate investments *(continued)*					
US unlisted equities					
Asian Financial	Industrial machinery	2,250	2,250	1,570	3.31
Business Process Outsourcing	Business services	20	79	55	0.12
Murdoch Security & Investigation	Security products	1,250	1,325	924	1.94
Total unlisted equities		3,520	3,654	2,549	5.37
US unlisted warrants					
Asian Financial	Industrial machinery	–	109	76	0.16
Cover-All Technologies	Information technology	–	30	21	0.04
eOriginal Holdings*	Internet software	–	13	9	0.02
Murdoch Security & Investigation	Security products	–	455	318	0.67
Riptide Worldwide	Software	–	20	14	0.03
Shengtai Pharmaceutical	Financial services	–	48	33	0.07
SinoHub	Electronic components	–	659	460	0.97
Terra Nova Financial Group	Financial services	–	12	8	0.02
Total US unlisted warrants*		–	1,346	939	1.98
Canadian listed equities					
Dejour Enterprises	Oil and gas services	668	161	112	0.24
Hanwei Energy Services	Oil and gas services	926	539	376	0.79
Points International	Internet software	1,506	1,220	851	1.79
Total Canadian listed equities		3,100	1,920	1,339	2.82

	Sector	Book cost US$'000	Market value US$'000	Market value £'000	% of net assets
US listed equities					
Access Plans USA	Consumer services	3,259	343	239	0.50
A-Power Energy	Energy	1,970	1,085	757	1.60
Aurasound	Technology	2,000	40	28	0.06
Bovie Medical Corporation	Healthcare services	2,357	7,259	5,064	10.67
CaminoSoft Corporation	Network storage	4,064	12	8	0.02
ChinaCast Education	e-Learning	999	1,306	911	1.92
China-Biotics	Biotechnology	250	784	547	1.15
China Fortune Acquisition (units)	Financial services	1,406	1,353	944	1.99
Cogo	Information technology	1,104	2,004	1,398	2.94
Cover-All Technologies	Information technology	3,465	5,452	3,803	8.01
Dyadic International	Pharmaceuticals & biotechnology	750	70	49	0.10
Fushi Copperweld	Industrial manufacturing	1,650	2,652	1,850	3.90
Global Axcess	Commercial services	2,012	342	239	0.50
Global Sources	Commercial services	1,368	428	299	0.63

	Sector	Book cost US$'000	Market value US$'000	Market value £'000	% of net assets
Corporate investments *(continued)*					
Hallmark Finance Services	Insurance services	1,235	726	507	1.07
Hambrecht Asia	Electronic equipment	1,000	900	628	1.32
Hemobiotech	Biotechnology	1,891	1,198	836	1.76
HLS Systems International	Electronic equipment	2,637	1,462	1,020	2.15
i2 Telecom International	Telecommunications	761	273	190	0.40
iLinc Communications	Internet applications software	62	8	6	0.01
Integrated Security Systems	Security products	6,382	863	602	1.27
Merriman	Financial services	1,922	182	128	0.27
Narrowstep	Internet software	2,000	8	6	0.01
OmniVision Technologies	Information technology	1,036	672	469	0.99
Riptide Worldwide	Software	1,973	98	68	0.14
Shengtai Pharmaceutical	Financial services	1,345	638	445	0.94
Silverleaf Resorts	Travel and Leisure	1,480	252	177	0.37
SinoHub	Business services	2,000	2,941	2,052	4.32
Skystar Bio-Pharmaceutical	Pharmaceuticals & biotechnology	2,291	2,858	1,994	4.20
Symbollon Pharmaceuticals	Biotechnology	500	4	3	0.01
Vertical Branding	Marketing and distribution	1,500	210	146	0.31
Wonder Auto Technology	Financial services	750	873	609	1.28
Zhongpin	Food processing	2,917	5,769	4,025	8.48
Total US listed equities		60,336	43,065	30,047	63.29
Total corporate investments		100,852	69,794	48,693	102.57
Net current liabilities			(1,752)	(1,222)	(2.57)
Net assets			68,042	47,471	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 2009 of £939,000 is made up of the intrinsic value of £105,000 and a time value of £834,000.

Directors, Manager and Secretary

The Directors are:

Ernest John Fenton (Chairman), aged 70, 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 64, appointed 10 March 2005, has spent his career in investment management after joining F & C Management Ltd in 1970. He was responsible for F & C Management Ltd's North American Investments from 1985 until his retirement in 2000. He is chairman of British Portfolio Trust plc, International Biotechnology Trust plc, JP Morgan Midcap plc and Morant Wright Japan Income Trust Ltd.

Steven Andrew Ralph Bates, aged 51, 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 FSA 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 and he is a member of the governing body of Kosovo Pensions Savings Trust. His non-executive directorships include Baring Emerging Europe plc, Magna Umbrella Fund plc and British Empire Securities and General Trust plc. Steven chairs the Company's Audit Committee.

George Russell Cleveland, aged 70, appointed 24 April 1996, is president and chief executive of the Company's Manager, RENN Capital Group, Inc., which he founded in 1973. He is a director of a number of US public companies including Integrated Security Systems, Inc., Renaissance Capital Growth & Income Fund III, Inc., Digital Recorders, Inc., Cover-All Technologies, Inc., Tutogen Medical, Inc., CaminoSoft Corp., Access Plans USA, Inc., Precis Inc. and SIMTEK Corp.

William Weeks Vanderfelt, aged 66, 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 also chairman of Vietnam Opportunity Fund and a director of USI Group Holdings AG and Apace Media PLC.

Manager

RENN Capital Group, Inc. is an investment management company based in Dallas, Texas with a thirty-six year track record of investing principally in US smaller companies. It was founded in 1973 by Russell Cleveland, one of the Company's Directors. 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 The Capita Group Plc.

Report of the Directors

The Directors present their report and accounts for the year ended 31 March 2009. The Company was incorporated on 19 January 1996 and commenced trading on 29 May 1996.

Business review

The business of the Company

The principal activity of the Company is to conduct business as an investment trust. 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 Company has received written approval from H.M. Revenue & Customs as an authorised investment trust, under Section 842 of the Income and Corporation Taxes Act 1988, for the year ended 31 March 2008. It is the opinion of the Directors that the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to seek approval under Section 842 each year. The Company will distribute to its shareholders not less than 85% of eligible investment income.

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 investment objective is to achieve capital growth and outperform its benchmark, the Russell 2000 Index. The Company invests primarily in securities issued by companies listed, quoted or domiciled in the US and Canada with market capitalisations below $1 billion, although from time to time, the Company also invests in unlisted companies with similar characteristics. It is the Company's policy not to invest in UK listed investment companies, including listed investment trusts. Full details of the Company's investment policy can be found at the front of this report.

The Company's Manager, RENN Capital Group, is based in Dallas and has a thorough understanding of the US economic climate, plus a thirty-six year track record in identifying growth opportunities in US smaller companies.

The Company's Articles of Association provide for shareholders to consider the continuation of the Company annually at each Annual General Meeting.

Results and dividend

The results for the year and the proposed transfer from revenue reserves 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 2009 (2008: nil).

Analysis of performance and position

As stated previously, the Company's benchmark is the Russell 2000 and, therefore, this is the primary key performance indicator for the Company. However, this section of the business review will also consider 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 twelve months ended 31 March 2009, the net asset value return of the Company, measured in US Dollars, was (39.15)% compared to (37.50)% for the Russell 2000. The net asset value return of the Company, measured in Sterling, was (15.62)% compared to (13.34)% for the Russell 2000. Since inception, the annualised return measured in US Dollars was 8.01% against the Russell 2000 return of 2.99%. Since inception, the Sterling annualised return was 8.50% against the Russell 2000 annualised return of 3.74%.

The Company's performance, based on market values, underperformed that based on its net asset value as the discount to net asset value increased during the year. The discount ranged from a low of 8.11% on 18 July 2008 to a high of 35.90% on 21 January 2009, averaging 19.84% for the year. As at 31 March 2009 the Company traded at a 28.05% discount, compared to 14.07% as at 31 March 2008.

During the year, the Company realised gains and losses in several portfolio companies. The result was a net realised loss of approximately $5.90 million. As at 31 March 2009 the Company had net gearing of 2%.

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 individual company's success than to sectors. As of 31 March 2009 the Company's three largest holdings were Bovie Medical Corporation, Zhongpin, Inc., and Cover-All Technologies representing approximately 10.6%, 8.5% and 8.0% of net assets respectively.

The majority of the portfolio is comprised of US companies headquartered in China representing approximately 57% of the securities held. The balance are companies that are based in the U.S. and Canada.

During the year, the Company entered into a revolving Credit Facility (see note 10 on page 43 for the details of the amounts drawn-down under this facility). Due to the decline of the Dollar: Sterling exchange rate during the year, exchange losses of £1.26 million were incurred on the facility during the year. These exchange losses were partially offset by exchange gains incurred on bank balances and settlements of £0.48 million.

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

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, gearing risk, foreign currency risk, country risk, market price and discount volatility risk, risk associated with non compliance with Section 842 of the Income and Corporation Taxes Act, credit risk, risks associated with the engagement of third parties and the risk that shareholders will not vote in favour of the continuation of the Company.

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.

Gearing risk

The Company has a revolving credit facility with Salomon Smith Barney in order to facilitate the purchase of additional securities. The use of gearing can cause both gains and losses in the asset value of the Company to be magnified. Both the Board and the Manager understand and are mindful of the risks involved in gearing the portfolio.

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. Thus, the Manager does not manage currency risk.

Country risk

The Company has significant 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. During the year, the Company did not purchase any shares for cancellation.

At the date of this report, the Directors have the authority to purchase 2,864,440 shares of the Company. This authority will expire at the 2009 Annual General Meeting.

The Directors also employ an investor relations firm to market the Company and 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 Section 842 of the Income and Corporation Taxes Act
If the Company did not comply with the provisions of Section 842, 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 Section 842 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 Section 842 relating to investments have been adhered to during the period.

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, 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 that statutory requirements, such as the Companies Act and the rules of the London Stock Exchange, are complied with.

Risks associated with the annual continuation vote
The Articles of Association provide for shareholders to vote for the continuation of the Company at each Annual General Meeting. While the Directors do not think it is likely, it is possible that the shareholders might vote against the continuation of the Company. 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 Stockbroker and its investor relations advisers, the Board ensures that excellent communication regarding the Company's performance and long-term direction is maintained with major shareholders, whose opinions are duly considered by the Board.

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'.

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.

Capital structure

As at the date of this report, the Company's capital structure was comprised of 19,109,008 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.

Management agreement

The Company's investments are managed by RENN Capital Group, Inc. under an agreement dated 17 May 1996, as amended. 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 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. This year no performance fee was payable.

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. The Company's net asset value performance since inception when compared to its benchmark, the Russell 2000 Index, has been excellent.

The 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.

Secretarial agreement

Under an agreement dated 8 May 1996, company secretarial services and the general administration of the Company are undertaken by Capita Sinclair Henderson Limited for a fee for the year to 31 March 2009 of £56,023 (2008: £53,951), subject to an annual review based on the UK Retail Price Index. 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 and the Secretarial Agreement described above, 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 2009 had been paid (2008: none outstanding).

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.

Directors

The Directors in office during the year are as shown on page 14. Details of each Directors' status as independent or non-independent and of forthcoming re-elections and retirements can be found on pages 19 and 20 in the corporate governance statement.

Directors' beneficial and family interests

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

	Number of Ordinary shares at 31 March 2009	Number of Ordinary shares at 1 April 2008
E J Fenton	**50,000**	50,000
A C Barker	**65,000**	50,000
S A R Bates	**12,500**	12,500
G R Cleveland	**180,004**	180,004
W W Vanderfelt	**1,125,000**	1,125,000

There have been no changes to any of the above holdings between 31 March 2009 and the date of this report.

Substantial shareholdings

In accordance with Chapter 5 of the FSA Disclosure and Transparency Rules, the Directors had been informed of the following notifiable interests in the Company's voting rights as at the date of this report:

	Number of voting rights held	% of total issued voting rights
East Riding of Yorkshire Council	2,300,000	12.04
Universities Superannuation Scheme Ltd	1,940,000	10.15
Lloyds Banking Group plc	1,751,940	9.17
New Star Asset Management Ltd	1,250,000	6.54
W W Vanderfelt	1,125,000	5.89
Reliance Mutual Insurance Society	800,000	4.19

Corporate governance statement

Other than the one exception detailed below, throughout the year ended 31 March 2009, the Directors have ensured that the Company has complied with the AIC Code of Corporate Governance, as far as is appropriate for the Company. The Financial Reporting Council considers that members of the Association of Investment Companies ("AIC") who follow the 2006 AIC Code of Corporate Governance ("AIC Code"), will thereby be meeting their obligations to comply with the Combined Code and report to shareholders accordingly.

The Code recommends that notice of at least 20 working days be provided to shareholders in respect of a Company's Annual General Meeting. The Company was unable to meet this notice period during 2008 as a result of certain re-valuations of the Company's investments taking longer to finalise than anticipated, which led to delays in the printing of the annual report, including the notice of meeting. The statutory notice period was nevertheless adhered to.

The Board

The Board currently consists of five Directors, all of whom are non-executive and whose biographies appear on page 14. 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 2009.

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. 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

Mr Cleveland is president and chief executive of RENN Capital Group, Inc. and as such is interested in the Management Agreement. His other directorships include Access Plans USA, CaminoSoft Corporation, Cover-All Technologies Inc, Digital Recorders Inc, Precis Inc., Integrated Security Systems Inc. and SIMTEK Corporation, in which the Company has interests. None of the Directors has a contract of service with the Company nor, save as disclosed below, has there been any other contract or arrangement between the Company and any Director at any time during the year.

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.

For the reasons set out above, Mr Cleveland is not deemed to be an independent Director.

All of the other Board members are considered by the Board to be independent.

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 and free of conflicts of interest. He has no other significant commitments other than those disclosed in his biography on page 14.

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. Steven Bates will this year retire by rotation and, being eligible, will offer himself for re-election by shareholders at the forthcoming Annual General Meeting.

In accordance with the FSA Listing Rules, Russell Cleveland will offer himself for re-election, as he is required so to do on an annual basis, due to his connection with RENN Capital Group, Inc.

In accordance with the AIC Code of Corporate Governance, Ernest Fenton and William Vanderfelt will 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:

Russell Cleveland has been a Director since the Company's launch and is president and chief executive of the Manager, RENN Capital Group, Inc. His fellow Directors believe that management representation enhances the quality and balance of skills, experience and knowledge present on the Board and ensures that management and shareholder interests are aligned through improved communication and, particularly, Mr Cleveland's direct experience of the US economy in which the Company invests. Mr Cleveland is not entitled to remuneration for his work as a Director.

Ernest 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 with the Manager at least annually. In his role as Chairman, Mr Fenton provides effective leadership enabling a Board with a successful blend of knowledge and experience to be constructive in and out of Board meetings.

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

Steven Bates joined the board in January 2005 and has played a very active and important role since his appointment. He has been involved in investment trust management for many years and his present position as a director of Zephyr Management UK Ltd ensures that the Board has access to his current and relevant experience in the sector. Steven was appointed chairman of the audit committee in 2008, in which role he takes a close and detailed interest in all aspects the audit process.

Board operation
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, three of the four quarterly meetings were held in the United Kingdom and one meeting was held in the US to enable the Board to meet with the management teams of investee companies.

At their 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 procedures are formalised in a schedule of matters specifically reserved for the Board's approval.

During the year, four Board meetings were held; Mr Vanderfelt attended three out of four of the Board meetings. 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 2008 in person.

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, who has discretion to manage the assets in accordance with the Company's objectives and policies. A representative from 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.

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, with Mr Fenton chairing the remaining Committees. Both will be present at the Annual General Meeting.

Audit Committee
The Audit Committee is comprised of Mr Fenton, Mr Vanderfelt, Mr Barker and Mr Bates all of whom are deemed to be independent non-executive Directors.

The Committee provides a forum through which the Company's external Auditors report to the Board of Directors, makes recommendations to the Board on the remuneration and terms of appointment of the Auditors, and monitors the Auditors' independence, objectivity and effectiveness. As KPMG provides tax advice to the Company in addition to audit services, the Committee receives an annual assurance from KPMG that its independent as an Auditor is not compromised by the practice of these services. The Committee met three times during the year. With the exception of one of these meetings, for which Mr Vanderfelt gave his apologies, each member of the Committee was present at these meetings.

Management Engagement Committee
The Management Engagement Committee is comprised of Mr Fenton, Mr Vanderfelt, Mr Barker and Mr Bates all of whom are deemed to be independent non-executive Directors. The Committee is responsible for reviewing the terms of the Management Agreement to assess the continuing appointment of the Manager. The Committee met once during the year. All members of the Committee attended this meeting, with the exception of Mr Vanderfelt who gave his apologies.

Remuneration and Nomination Committee
The Remuneration and Nomination Committee is comprised of all independent Directors. The Committee monitors Board balance, considers new appointments with a view to making recommendations to the Board and keeps under review the policy for remuneration. This Committee met once during the year. All members of the Committee attended this meeting, with the exception of Mr Vanderfelt who gave his apologies.

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

Performance evaluation
An evaluation of the Board, its Committees, individual Directors and the Chairman was undertaken following the year end by verbal consultation. 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 expertise.

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 and the Manager will be available to discuss issues affecting the Company.

The net asset value is released to the Stock Exchange on a bi-weekly basis and posted on the Manager's and the Company's websites at www.rencapital.com and www.renaissanceusgrowth.co.uk.

Going concern
As mentioned in the business review, the Company's Articles of Association require that a resolution proposing that the Company continues as an investment trust be put to shareholders annually. The Directors recommend that shareholders vote in favour of this resolution and believe that it will be passed due to Company's track record over the last five years. The Manager maintains continual contact with the Company's major shareholders. The Directors are therefore of the opinion that it remains appropriate to presume that the Company will continue in business for the foreseeable future and accordingly have continued to adopt the going concern basis in preparing the accounts.

No provision has been made for the costs of winding up the Company or liquidating its investments in the event that the continuation vote is defeated. The value which would be generated from the realisation of the Company's assets on a winding up cannot currently be estimated since this would be determined by investment markets and any unitisation and re-organisation proposal that the Board might propose to shareholders at that time.

Internal control review
The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed and by their very nature provide reasonable but not absolute assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the system of internal control, including financial, operational and compliance controls and risk management. The key procedures which have been established to provide effective internal control are as follows:

- throughout the year under review and up until the time of writing, there has been an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process accords with guidance in the document "Internal Controls: Guidance for Directors on the Combined Code". 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 as listed below:

- 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 guidance issued to directors of listed companies in December 1994, the Directors have carried out a review of the effectiveness of the system of internal controls as it has operated since 1 April 2008.

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 and intends to continue to prepare accounts under UK Generally Accepted Accounting Principles ("UK GAAP").

Special business at the Annual General Meeting

Allotment of shares

At the Annual General Meeting held in 2008, the Directors were granted the authority to allot new shares or shares from treasury in accordance with statutory pre-emption rights up to an amount equal to one third of the issued share capital. This authority was not used during the year and will expire at this year's Annual General Meeting. Therefore, the Directors will seek to renew this authority at the forthcoming Annual General Meeting, as set out in Resolution 8 in the Notice of Meeting as an Ordinary Resolution. If passed, this authority will permit the Directors to issue shares up to an aggregate nominal amount of £1,592,417, being one-third of the issued share capital, in accordance with pre-emption rights. This authority will only be used if it will be in the interests of all shareholders to do so.

At the Annual General Meeting held last year, the Directors were also granted the authority to allot new shares or shares from treasury free from statutory pre-emption rights. This authority was not used during the year but will expire at this year's Annual General Meeting. Therefore, the Directors will seek to renew this authority up to an aggregate nominal amount of £477,725, which is equivalent to 10% of the issued shares at the forthcoming Annual General Meeting; this is set out as Resolution 9 in the Notice of Meeting as a Special Resolution. This authority will only be used if it is in the interests of all shareholders to do so.

Purchase of shares

The Directors will also be seeking the renewal of the authority to purchase up to 2,864,440 of the Company's own shares (representing 14.99% of the issued Ordinary shares) in the market for a further year, either for cancellation or for holding in treasury. This authority, set out as Resolution 10 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 shareholders. There is no facility to re-issue shares at a discount to net asset value. No shares were purchased during the year under the existing authority.

Continuation vote

As required by the Company's Articles of Association, an Ordinary Resolution proposing that the Company continues as an investment trust will be put to shareholders at the Annual General Meeting. The Directors recommend that this resolution be adopted. This resolution is set out as Resolution 11.

Notice of general meetings

This resolution is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive. At last year's Annual General Meeting the Company's Articles of Association were amended to include a provision allowing general meetings of the Company to be called on the minimum notice period provided for in the Companies Act 2006.

For meetings other than an AGM this is currently a period of 14 clear days (rather than the 21 clear days notice previously required by the old Articles and the Companies Act 1985). The regulations implementing the Shareholder Rights Directive will increase the notice period for general meetings of the Company to 21 days and the Directors would like to preserve the Company's ability to call general meetings (other than an AGM) on 14 clear days notice. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days notice. Resolution 12 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

Amendment to Articles of Association

The Directors will be seeking the shareholders' approval to certain amendments to the Articles of Association to reflect the provisions of the Companies Act 2006 as set out below.

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association but the company can remove these provisions by Special Resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's Articles of Association as of 1 October 2009. Resolution 13 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the new Articles of Association also contain an express statement regarding the limited liability of the shareholders.

The remaining provisions of the Companies Act 2006 are expected to come into force in October 2009. In addition, various regulations that relate to certain of these provisions have yet to be finalised. Consequently, it will be necessary for the Company to undertake a further review of its Articles of Association in due course in order to reflect these other provisions. As these further changes to the Articles of Association will be reasonably substantial in number, it is anticipated that the Company will adopt a new set of Articles of Association at its Annual General Meeting in 2010.

Auditors

KPMG Audit Plc has expressed their willingness to continue in office as Auditors 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

22 June 2009

Management report

Listed Companies are required by the FSA'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 to 10 and the Report of the Directors on pages 15 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

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 the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 judgments 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 state, to the best of their knowledge, that:

- the financial statements, prepared in accordance with UK Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's Auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

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

Ernest Fenton
Chairman
22 June 2009

Directors' remuneration report

The Board has prepared this report, in accordance with the requirements of the Schedule 7A to the Companies Act 1985. An Ordinary Resolution will be put to the members at the forthcoming Annual General Meeting to approve it.

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

Remuneration Committee

The Company has five non-executive Directors. 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. The Board has appointed the Company Secretary, Capita Sinclair Henderson Limited, to provide advice when the Directors consider the level of Directors' fees.

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 2010.

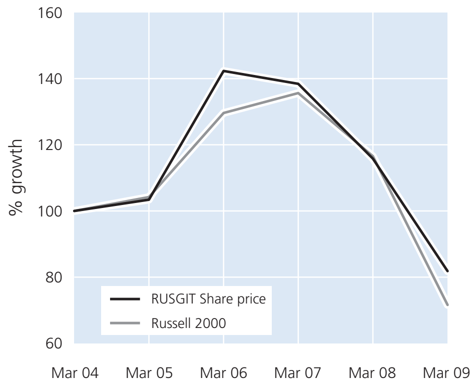
The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

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 re-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 on a notional investment made up of shares of the same kinds and number as those by reference to which the Russell 2000 Index is calculated. The index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



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:

	2009	2008
	£	£
E J Fenton	**30,000**	30,000
A C Barker	**18,000**	16,500
S A R Bates	**23,000**	16,500
G R Cleveland	**–**	–
C A Rundell, Jr**	**–**	4,162
W W Vanderfelt	**18,000**	16,500

* This information has been audited.

** Retired on 10 July 2007.

Mr Cleveland is not entitled to any remuneration.

With effect from 1 September 2007, the fees payable to the Chairman and the Directors were £30,000 and £18,000 per annum, respectively. With effect from 1 April 2008, the fees payable to Mr Bates, in recognition of his role as Chairman of the Audit Committee, are £23,000 per annum.

Approval

The Directors' remuneration report was approved by the Board of Directors on 22 June 2009.

Ernest Fenton

Chairman

Report of the independent Auditors

To the members of Renaissance US Growth Investment Trust PLC

Independent Auditors' report to the members of Renaissance US Growth Investment Trust PLC

We have audited the financial statements of Renaissance US Growth Investment Trust PLC for the year ended 31 March 2009 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Statement of Cash Flows and the related Notes to the accounts. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 Auditors

The Directors' responsibilities for preparing the annual report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities on page 24.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Report of the independent Auditors

(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its total return for the year then ended;
- the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants
100 Temple Street
Bristol BS1 6AG
Registered Auditor
22 June 2009

Income statement

for the year ended 31 March 2009

		2009			2008		
	Notes	**Revenue** £'000	**Capital** £'000	**Total** £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments at fair value through profit or loss	7	**–**	**(7,225)**	**(7,225)**	–	(5,181)	(5,181)
Exchange (losses)/gains on capital items	7	**–**	**(784)**	**(784)**	–	220	220
Income	2	**485**	**–**	**485**	934	–	934
Investment management fee	3	**(766)**	**–**	**(766)**	(849)	–	(849)
Other expenses	4	**(409)**	**–**	**(409)**	(394)	–	(394)
Loss before finance costs and taxation		**(690)**	**(8,009)**	**(8,699)**	(309)	(4,961)	(5,270)
Interest payable		**(91)**	**–**	**(91)**	–	–	–
Loss after finance costs and before taxation		**(781)**	**(8,009)**	**(8,790)**	(309)	(4,961)	(5,270)
Taxation on ordinary activities	5	**–**	**–**	**–**	(2)	–	(2)
Loss on ordinary activities after taxation for the financial year		**(781)**	**(8,009)**	**(8,790)**	(311)	(4,961)	(5,272)
		pence	pence	pence	pence	pence	pence
Return per Ordinary share	6	**(4.09)**	**(41.91)**	**(46.00)**	(1.62)	(25.83)	(27.45)

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 53 form part of these accounts.

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2009

	Share capital £'000	**Share premium account £'000**	**Capital redemption reserve £'000**	**Special reserve* £'000**	**Capital reserve realised £'000**	**Capital reserve unrealised £'000**	**Revenue reserve £'000**	**Total £'000**
As at 1 April 2008	**4,777**	**5,995**	**554**	**6,296**	**45,736**	**(4,407)**	**(2,690)**	**56,261**
Fair value movement of investments†	**–**	**–**	**–**	**–**	**(6,351)**	**1,011**	**–**	**(5,340)**
Transfer on disposal†	**–**	**–**	**–**	**–**	**(332)**	**332**	**–**	**–**
Net losses on sales of investments†	**–**	**–**	**–**	**–**	**(1,885)**	**–**	**–**	**(1,885)**
Exchange losses on currency and capital items†	**–**	**–**	**–**	**–**	**(784)**	**–**	**–**	**(784)**
Retained revenue deficit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(781)**	**(781)**
As at 31 March 2009	**4,777**	**5,995**	**554**	**6,296**	**36,384**	**(3,064)**	**(3,471)**	**47,471**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve* £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
As at 1 April 2007	4,833	5,995	498	6,955	40,833	5,457	(2,379)	62,192
Transfer between reserves**	–	–	–	–	6,652	(6,652)	–	–
Fair value movement of investments†	–	–	–	–	(4,337)	(3,212)	–	(7,549)
Net gains on sales of investments†	–	–	–	–	2,368	–	–	2,368
Exchange gains/(losses) on currency and capital items†	–	–	–	–	220	–	–	220
Repurchase of Ordinary shares	(56)	–	56	(659)	–	–	–	(659)
Retained revenue deficit for the year	–	–	–	–	–	–	(311)	(311)
As at 31 March 2008	4,777	5,995	554	6,296	45,736	(4,407)	(2,690)	56,261

* 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.

** With effect from 1 April 2007, changes in fair value of investments which are readily convertible to cash, without accepting adverse terms, at the balance sheet date are included in realised rather than unrealised capital reserves. The balances on both reserves at 1 April 2007 have been amended by a reserve transfer to reflect this change. Part of the transfer totalling £7,696,000 relates to unrealised gains on investments which are readily convertible to cash, the remainder of £(1,044,000) relates to cumulative exchange differences on investments which are readily convertible to cash.

† See note 7 for further details.

The notes on pages 33 to 53 form part of these accounts.

Balance sheet

as at 31 March 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments at fair value through profit or loss	7	**48,693**	53,012
Current assets			
Debtors	8	**225**	186
Cash at bank		**164**	3,502
		389	3,688
Creditors – amounts falling due within one year			
Creditors and accruals	9	**(280)**	(439)
Loan margin facility	10	**(1,331)**	–
		(1,611)	(439)
Net current (liabilities)/assets		**(1,222)**	3,249
Total net assets		**47,471**	56,261
Share capital and reserves			
Called up share capital	11	**4,777**	4,777
Share premium account		**5,995**	5,995
Capital redemption reserve		**554**	554
Special reserve		**6,296**	6,296
Capital reserve – realised		**36,384**	45,736
Capital reserve – unrealised		**(3,064)**	(4,407)
Revenue reserve		**(3,471)**	(2,690)
Equity shareholders' funds		**47,471**	56,261
Net asset value per Ordinary share	14	**248.42p**	294.42p

These accounts were approved by the Board of Directors on 22 June 2009.

Ernest Fenton
Chairman

The notes on pages 33 to 53 form part of these accounts.

Statement of cash flows

for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Operating activities			
Investment income received		**208**	529
Deposit interest received		**45**	158
Other income received		**10**	19
Investment management fees paid		**(799)**	(832)
Secretarial fees paid		**(56)**	(54)
Other cash payments		**(349)**	(349)
Net cash outflow from operating activities	12	**(941)**	(529)
Servicing of finance			
Loan interest paid		**(91)**	–
Taxation			
Irrecoverable overseas tax		**(1)**	(2)
Total taxation paid		**(1)**	(2)
Capital expenditure and financial investment			
Purchases of investments		**(13,940)**	(19,938)
Sales of investments		**10,946**	14,250
Purchases of treasury bills		**(4,430)**	(66,488)
Sales of treasury bills		**4,742**	75,125
Net cash (outflow)/inflow from capital expenditure and financial investment		**(2,682)**	2,949
Financing			
Repurchase of Ordinary shares for cancellation		**(125)**	(534)
Loan margin drawdown		**4,347**	–
Loan margin repayment		**(3,016)**	–
Net cash inflow/(outflow) from financing		**1,206**	(534)
(Decrease)/increase in cash	13	**(2,509)**	1,884

The notes on pages 33 to 53 form part of these accounts.

Notes to the accounts

for the year ended 31 March 2009

1 ACCOUNTING POLICIES

Accounting convention

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, issued by the Association of Investment Companies ("AIC") in January 2003 and revised in December 2005. All the Company's activities are continuing. The accounts are prepared on the going concern basis which assumes that the Ordinary Resolution for the continuation of the Company will be passed at the forthcoming Annual General Meeting.

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.

Unlisted investments are valued by the Directors as follows:

- Where possible, unlisted equity investments are included at fair value based on the last arms 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. Where there have been such alterations the investment is valued using an alternative valuation technique as more fully described below.

- 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. Otherwise the valuation is based on an alternative valuation technique as described below.

- 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 on the investment based on the expected cashflows and the discount factor they have identified.

- Alternative valuation techniques include peer based multiples. In performing a peer multiple based valuation the Directors identify quoted companies with similar characteristics to the security being valued. The peer group is selected by matching the geographical coverage of the company, its financial profile and nature of the sector in which it operates with publicly listed companies that exhibit similar characteristics. The last twelve months financial information is used to derive valuation multiples (Revenue, EBIT, EBITDA and P/E) for each of the peer companies. A median multiple is calculated for each type of multiple. This is applied to the data point of the investee company (revenue, EBIT, EBITDA and EPS) to generate a value range. The Directors then select the value they consider the most appropriate within the range of possible valuations identified by the alternative valuation technique.

1 ACCOUNTING POLICIES *(continued)*

- 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 5 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.

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

Realised gains and losses arising from the sale of investments, and gains and losses arising from changes in the fair value of financial assets 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 in 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 realised capital reserve. Other than as stated above, any unrealised profits and losses are taken directly to the capital reserve – unrealised. Any realised profits and losses arising on the disposal of investments are taken directly to the capital reserve – realised.

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).

1 ACCOUNTING POLICIES *(continued)*

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.

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) 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 Financial Reporting Standard No.19: Deferred Tax.

Capital reserve realised

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.

This reserve is classified as distributable to shareholders for the purpose of purchasing the Company’s own shares for cancellation.

Capital reserve unrealised

The following are accounted for in this reserve:

- changes in fair value investments held which are not readily convertible to cash, without accepting adverse terms.
- unrealised exchange differences of a capital nature.

Notes to the accounts

for the year ended 31 March 2009 *(continued)*

2 INCOME

	2009 £'000	2008 £'000
Income from US investments		
Government stocks	**1**	245
Convertible debenture stocks – unlisted	**205**	218
Convertible debenture stocks – unlisted (reinvested)	**176**	80
Convertible preference shares – unlisted	**60**	216
	442	759
Other income		
Bank interest receivable	**33**	156
Other income receivable	**10**	19
Total income	**485**	934

	2009 £'000	2008 £'000
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	**60**	216
Interest from financial assets designated at fair value through profit or loss	**382**	543
Deposit interest from financial assets not at fair value through profit or loss	**33**	156
Other income not from financial assets	**10**	19
	485	934

3 INVESTMENT MANAGEMENT FEE

	2009			2008		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**766**	**–**	**766**	849	–	849

Investment management services are provided by RENN Capital Group Inc., whose fees are 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 2009, the Company held no investments in USA Treasury Bills (2008: nil), and cash at bank of £164,000 (2008: £3,502,000).

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 17. No performance fee is due in respect of the year ended 31 March 2009 (2008: nil).

4 OTHER EXPENSES

	2009	2008
	£'000	£'000
Secretarial services	**56**	54
Auditor's remuneration – for audit	**34**	33
– for other services to the Company	**4**	3
Directors' remuneration (see page 25 and 26)	**89**	84
Other expenses	**226**	220
	409	394

Total fees paid to the auditors for the year, all of which were charged to revenue, comprised:

Audit services – statutory audit – current year	**34**	33
Tax services – compliance services	**4**	3
	38	36

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

		2009			2008	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
(a) Analysis of charge in year:	£'000	£'000	£'000	£'000	£'000	£'000
Based on net return for the year						
Overseas tax suffered	**–**	**–**	**–**	2	–	2

(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 28% (2008: 30%). The differences are reconciled below:

	2009	2008
	£'000	£'000
Return on ordinary activities before tax	**(8,790)**	(5,270)
Theoretical tax at UK corporation tax rate of 28% (2008: 30%)	**(2,461)**	(1,581)
Effects of:		
Losses on investments and exchange losses on capital items	**2,243**	1,489
Expenses not deductible for tax purposes	**18**	11
Irrecoverable overseas tax	**2**	2
Excess management expenses for tax purposes	**214**	81
US Scrip dividends not taxable	**(14)**	–
Exchange rate gain on withholding tax debtor	**(2)**	–
Total current tax charge	**–**	2

5 TAXATION ON ORDINARY ACTIVITIES *(continued)*

The Company is subject to corporation tax at 28% (2008: 30%). 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 (2008: £2,000).

At 31 March 2009, the Company had excess management expenses for tax purposes of £10,069,000 (2008: £9,138,000) 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.

After allowing for accrued taxable income at the year end, the Company has eligible unrelieved foreign tax of £20,000 (2008: £18,000) that is available to offset against tax chargeable on future taxable overseas revenue. No deferred tax asset has been recognised in respect of these amounts as they will only be recoverable to the extent that there is sufficient future taxable overseas revenue, not relieved by future eligible foreign tax suffered.

6 RETURN PER ORDINARY SHARE

	2009			2008		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	pence	pence	pence	pence	pence	pence
Basic	**(4.09)**	**(41.91)**	**(46.00)**	(1.62)	(25.83)	(27.45)

Revenue return per Ordinary share is based on the net deficit on ordinary activities after taxation of £781,000 (2008: deficit of £311,000) and on 19,109,008 (2008: 19,205,362) 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 loss for the year of £8,009,000 (2008: £4,961,000 loss), and on 19,109,008 (2008: 19,205,362) Ordinary shares likewise.

7 INVESTMENTS

a) Investment portfolio summary	**2009** £'000	2008 £'000
Listed investments		
– Equities	**31,386**	39,940
Unlisted investments		
– Equities	**2,549**	1,384
– Convertible debenture stocks	**2,560**	3,313
– Loan notes	**3,621**	704
– Convertible preference shares	**7,638**	6,871
– Warrants	**939**	800
	48,693	53,012

Listed equity makes up 65% (2008: 75%) of the total portfolio and 66% (2008: 71%) 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.

The Manager has procedures in place to ensure this exposure does not exceed 25% for any prolonged period. As at 31 March 2009, the value of 28% exceeded this, due to significantly reduced listed investment values. Since the year end, the exposure in unlisted investments has reduced to approximately 23%.

7 INVESTMENTS *(continued)*

	2009			
	Treasury Bills	**Listed**	**Unlisted**	**Total**
b) Analysis of investment portfolio movements	£'000	£'000	£'000	£'000
Opening book cost	**–**	**36,581**	**17,479**	**54,060**
Opening fair value adjustment	**–**	**3,359**	**(4,407)**	**(1,048)**
Opening valuation	**–**	**39,940**	**13,072**	**53,012**
Movements in the year:				
Purchases at cost	**4,430**	**6,570**	**7,591**	**18,591**
Sales				
– Proceeds	**(4,742)**	**(6,417)**	**(4,526)**	**(15,685)**
– Realised gains/(losses) on sales	**312**	**(2,357)**	**160**	**(1,885)**
Changes in fair value	**–**	**(6,351)**	**1,011**	**(5,340)**
Closing valuation	**–**	**31,385**	**17,308**	**48,693**
Closing book cost	**–**	**34,377**	**20,372**	**54,749**
Closing fair value adjustment	**–**	**(2,992)**	**(3,064)**	**(6,056)**
	–	**31,385**	**17,308**	**48,693**

During the year, the Company incurred transaction costs of £13,000 on purchases of investments and £42,000 on sales of investments. These are included within losses on investments in the Income statement.

	2009			2008		
	Realised	**Unrealised**	**Total**	Realised	Unrealised	Total
(c) Analysis of capital gains and losses	£'000	£'000	£'000	£'000	£'000	£'000
Net (losses)/gains on investments designated at fair value through profit or loss on initial recognition						
(Losses)/gains on sales	**(1,885)**	**–**	**(1,885)**	2,368	–	2,368
Changes in fair value	**(6,351)**	**1,011**	**(5,340)**	(4,337)	(3,212)	(7,549)
Transfer on disposal	**(332)**	**332**	**–**	–	–	–
	(8,568)	**1,343**	**(7,225)**	(1,969)	(3,212)	(5,181)
Exchange (losses)/gains on capital items	**(784)**	**–**	**(784)**	220	–	220

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for the year ended 31 March 2009 *(continued)*

7 INVESTMENTS *(continued)*

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 gains on listed investments depends on the individual circumstances of each investment.

During the year there were no material disposals of unlisted investments.

Details of material investments in unlisted securities are as follows:

Investment	Total cost	Carrying value at 31 March 2009	Carrying value at 31 March 2008	Net income from investment	Latest accounts for year end	Aggregate capital and reserves	Profit/ (loss) after tax for year
	£'000	£'000	£'000	£'000		US$'000	US$'000
AnchorFree – Preference shares	1,287	1,112	1,061	1	31/12/2008	1,912	(2,077)
Asian Financial – Common stock	1,183	1,570	755	–	31/03/2009	120,200	32,100
– Warrants	–	76	16	–	31/03/2009	120,200	32,100
AuraSound – Warrants	–	–	151	–	31/03/2009	(3,635)	(23,481)
Business Process Outsourcing							
– Preference shares	11	55	–	–	31/12/2008	7,667	1,123
CaminoSoft Corporation – Loan notes	210	279	201	19	31/12/2008	(341)	(15)
China New Cities Development							
– Preference shares	1,518	2,093	–	–	30/09/2008	65,533	25,553
China Greenscape Company							
– Preference shares	1,650	2,267	1,258	–	31/12/2008	37,152	26,250
Cover-All Technologies – Warrants	–	21	21	–	31/03/2009	7,576	4,411
Dynamic Green Energy	2,031	2,791	–	–	31/03/2009	27,475	3,353
eOriginal – Preference shares	3,830	376	964	–	28/02/2009	(6,574)	(2,338)
– Warrants	–	9	11	–	28/02/2009	(6,574)	(2,338)
Healthaxis – Preference shares	1,733	96	–	–	31/03/2009	6,733	(17,885)
HeySpace International – Preference shares	1,407	1,614	1,006	–	31/12/2008	23,410	6,200
iLinc Communications – Debentures	354	349	252	37	30/09/2008	3,897	(2,140)
– Preference shares	124	22	54	42	30/09/2008	3,897	(2,140)
Integrated Security Systems – Debentures	610	481	347	45	31/03/2009	(12,790)	(2,344)
– Loan notes	1,044	551	468	88	31/03/2009	(12,790)	(2,344)
– Preference shares	91	3	9	–	31/03/2009	(12,790)	(2,344)
Murdoch Security & Investigations							
– Common stock	621	924	629	–	28/02/2009	1,089	(1,386)
– Warrants	–	318	108	–	28/02/2009	1,089	(1,386)
Narrowstep – Warrants	–	–	–	–	30/11/2008	168	(8,850)
Obsidian Enterprises – Debentures	38	37	78	5	31/10/2009	(10,700)	(22,600)
PetroHunter Energy Corporation – Debentures	961	502	1,006	118	31/03/2009	(53,203)	(162,994)
– Warrants	–	–	67	–	31/03/2009	(53,203)	(162,994)

7 INVESTMENTS *(continued)*

Investment	Total cost	Carrying value at 31 March 2009	Carrying value at 31 March 2008	Net income from investment	Latest accounts for year end	Aggregate capital and reserves	Profit/ (loss) after tax for year
	£'000	£'000	£'000	£'000		US$m	US$m
Pipeline Data – Debentures	825	1,191	755	87	31/03/2009	(11,274)	(36,499)
Ronco Corporation – Preference shares	581	4	7	–	31/12/2006	4,264	(53,836)
Riptide Worldwide							
(formerly Shea Development Corp)							
– Preference shares	299	51	176	15	30/09/2008	(12,251)	(13,772)
– Warrants	–	14	171	–	30/09/2008	(12,251)	(13,772)
Shengtai Pharmaceutical – Warrants	–	33	102	–	31/03/2009	47,000	2,600
SinoHub – Warrants	–	460	–	–	31/03/2009	25,600	9,400
Symbollon Pharmaceuticals – Warrants	–	–	44	–	31/03/2009	82	(1,184)
Terra Nova Financial Group – Warrants	–	8	4	–	31/03/2009	31,238	(138)
Vertical Branding – Warrants	–	–	25	–	31/12/2008	(217)	(5,038)

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
CaminoSoft Corporation	US	8% Non-convertible loan	50.0%
CaminoSoft Corporation	US	8% Bridge loan	50.0%
Obsidian Enterprises	US	8% Convertible debenture	50.0%
Riptide Worldwide	US	Convertible loan	50.0%
Integrated Security Systems	US	6% Convertible debenture	44.2%
AnchorFree	US	Series B Convertible preference shares	42.0%
Integrated Security Systems	US	8% Convertible loan	40.3%
Integrated Security Systems	US	7% Convertible loan	40.0%
CaminoSoft Corporation	US	7% Senior secured note	33.3%
Integrated Security Systems	US	Common stock	32.5%
Integrated Security Systems	US	8% Convertible debenture	26.1%
Murdoch Security & Investigations	US	Common stock	22.0%
CaminoSoft Corporation	US	Common stock	22.0%
China New Cities Development	US	Series A preferred	20.6%

7 INVESTMENTS *(continued)*

The Company holds more than 20% of the common stock of Integrated Security Systems, Murdoch Security & Investigations and CaminoSoft Corporation. The investments in these companies are not held on a long term basis and although they are greater than 20%, their value to the Company is their marketable value, as a part of the overall investment portfolio. Accordingly they have not been accounted for as associate companies.

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
eOriginal Holdings	US	Series D preference shares	18.4%
BPO Management Services	US	Series B preference shares	18.0%
eOriginal Holdings	US	Series C preference shares	17.0%
Skystar Bio-Pharmaceutical Company	US	Common stock	16.5%
Cover-All Technologies	US	Common stock	16.2%
China Greenscape Company	US	Series C preference shares	13.0%
HeySpace International	US	Class A preference shares	12.9%
Dynamic Green Energy	US	7% Convertible loan	11.4%
iLinc Communications	US	12% Debenture	9.8%
eOriginal Holdings	US	Series A preference shares	9.0%
iLinc Communications	US	8% Convertible preference shares	8.5%
Hemobiotech	US	Common stock	8.3%
Vertical Branding	US	Common stock	8.3%
Integrated Security Systems	US	9% Convertible preference shares	8.2%
AnchorFree	US	Series A convertible 7% preference shares	8.0%
Access Plans USA	US	Common stock	7.7%
Global Axcess Corporation	US	Common stock	7.4%
AuraSound	US	Common stock	7.1%
Bovie Medical Corporation	US	Common stock	6.4%
Narrowstep	US	Common stock	6.4%
Riptide Worldwide	US	Common stock	5.6%
Riptide Worldwide	US	Series B convertible preference shares	5.0%
SinoHub	US	Common stock	4.8%
Pipeline Data	US	8% Convertible debenture	4.1%
Symbollon Pharmaceuticals	US	Common stock	3.7%
MCF Corporation	US	Common stock	3.2%

A full listing of the investment portfolio is provided on pages 11 to 13.

8 DEBTORS – amounts falling due within one year

	2009	2008
	£'000	£'000
Due from sales of investments	**41**	–
Accrued income	**141**	145
Prepayments and other debtors	**43**	41
	225	186

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 balance sheet date.

9 CREDITORS – amounts falling due within one year

	2009	2008
	£'000	£'000
Due on purchases of investments	**–**	5
Accruals	**280**	309
Share buyback	**–**	125
	280	439

At 31 March 2009, £4,700 was due for payment to the Company Secretary (2008: £4,000).

At 31 March 2009, £176,000 was due for payment to the Manager (2008: £209,000) in respect of investment management fees and nil (2008: nil) 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 REVOLVING CREDIT FACILITY

	2009	2008
	£'000	£'000
Falling due within one year	**1,331**	–
Falling due after more than one year	**–**	–
	1,331	–

The Company has a Revolving Credit Facility with Salomon Smith Barney.

As at 31 March 2009, $1,900,000 was drawn down and the Company was able to borrow a further $3.7 million (31 March 2008: $nil) which has an interest rate of 1.751%*.

* Including margin and mandatory costs.

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for the year ended 31 March 2009 *(continued)*

11 CALLED UP SHARE CAPITAL

	2009	2008
	£'000	£'000
Authorised:		
40,000,000 Ordinary shares of 25p each	**10,000**	10,000
Allotted, called up and fully paid:		
19,109,008 (2008: 19,109,008) Ordinary shares of 25p each	**4,777**	4,777

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

	2009	2008
	£'000	£'000
Net return before finance costs and taxation	**(8,699)**	(5,270)
Net capital return	**8,009**	4,961
Stock dividends/interest received	**(226)**	(177)
(Decrease)/increase in creditors and accruals	**(29)**	14
Decrease/(increase) in prepayments and accrued income	**4**	(57)
Net cash outflow from operating activities	**(941)**	(529)

13 RECONCILIATION OF NET CASH FLOW TO NET FUNDS

	2009	2008
	£'000	£'000
(Decrease)/increase in cash in the year	**(2,509)**	1,884
Effect of exchange rate movements	**(829)**	(106)
Movement in net funds	**(3,338)**	1,778
Net funds at beginning of year	**3,502**	1,724
Net funds at end of year	**164**	3,502

Net funds are comprised as follows:

	2009	2008
	£'000	£'000
Cash at bank	**164**	3,502
Net funds at 31 March	**164**	3,502

14 NET ASSET VALUE PER ORDINARY SHARE

The basic net asset value per Ordinary share is based on net assets of £47,471,000 (2008: £56,261,000) and on 19,109,008 (2008: 19,109,008) 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 (2008: none).

15 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2009 there were no outstanding commitments or contingent liabilities (2008: 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 achieve capital growth and outperform its benchmark, the Russell 2000 Index. This is principally achieved by investing primarily in privately placed common stock, preferred stock and convertible debentures of US quoted companies, and from time to time in unlisted US companies.

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;
- liquidity/marketability risk; and
- gearing.

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 Financial Reporting Standard No.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 46 to 52.

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 11 to 13.

Further details of warrants held are given below.

	Intrinsic Value £'000	Time Value £'000	Total Value £'000	Expiry Date
Asian Financial	–	76	76	30/06/2013
AuraSound	–	–	–	07/06/2012
CaminoSoft Corporation	–	–	–	19/07/2009
CaminoSoft Corporation	–	–	–	21/02/2011
Celsia Technologies	–	–	–	11/07/2010
Celsia Technologies	–	–	–	11/07/2010
Cover-All Technologies	19	2	21	09/05/2011
Dyadic International	–	–	–	29/10/2009
eOriginal Holdings	–	–	–	13/02/2009
eOriginal Holdings	–	9	9	29/12/2009
eOriginal Holdings	–	–	–	30/09/2010
Integrated Security Systems	–	–	–	13/10/2010
Integrated Security Systems	–	–	–	05/05/2010
Intrusion	–	–	–	25/03/2009
Murdoch Security & Investigations	–	119	119	03/07/2012
Murdoch Security & Investigations	–	133	133	27/11/2012
Murdoch Security & Investigations	–	66	66	25/02/2013
Narrowstep	–	–	–	07/08/2012
PetroHunter Energy Corporation	–	–	–	05/11/2012
Riptide Worldwide	14	–	14	10/07/2012
Shengtai Pharmaceuticals	–	33	33	15/05/2012
SinoHub	72	150	222	08/09/2011
SinoHub	–	238	238	08/09/2013
Symbollon Pharmaceuticals	–	–	–	30/06/2011
Symbollon Pharmaceuticals	–	–	–	27/09/2012
Terra Nova Financial Group	–	8	8	15/03/2011
Vertical Branding	–	–	–	13/11/2012
Vertical Branding	–	–	–	13/11/2012
Value at 31 March 2009	105	834	939	

As discussed in the accounting policies of the Company in note 1 on pages 33 to 35, 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 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.

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

The Black Scholes pricing formula requires five inputs: (i) stock price, (ii) exercise price, (iii) time to expiration, (iv) volatility and (v) interest rate. The stock price, exercise price and time to maturity are straight forward. Volatility is measured by the volatility on the 100 day Russell 2000 Index. 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 method of valuing the fixed asset investments is discussed in the accounting policies of the Company in note 1 on pages 33 and 34. Cash and trade debtors arising from the operations of the Company as at 31 March 2009 amounted to £164,000 (2008: £3,502,000) and £225,000 (2008: £186,000) respectively.

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 Dollar. In the year ended 31 March 2009, exchange losses of £784,000 (2008: gains £220,000) relating to currency, have been taken to the capital reserve.

The primary currency risk is between Sterling and US Dollars. 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 foreign currency profile of the Company's fixed interest financial assets at 31 March was as follows:

As at 31 March 2009	**Investment portfolio**	**Cash**	**Other current assets**	**Financial assets**	**Financial liabilities**
	£'000	£'000	£'000	£'000	£'000
USA $	**47,354**	**158**	**189**	**47,701**	**1,517**
Canada $	**1,339**	**–**	**–**	**1,339**	**–**
	48,693	**158**	**189**	**49,040**	**1,517**

As at 31 March 2008	Investment portfolio	Cash	Other current assets	Financial assets	Financial liabilities
	£'000	£'000	£'000	£'000	£'000
USA $	48,754	3,474	149	52,377	226
Canada $	4,258	–	–	4,258	–
	53,012	3,474	149	56,635	226

The Company has a total exposure as a percentage of net assets to US Dollars of 97% (2008: 93%) and Canadian Dollars of 3% (2008: 7%).

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

Sensitivity analysis

At 31 March 2009, 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 £4,198,000 (2008: £4,741,000). A 10% weakening of Sterling against the US$ would have resulted in an equal but opposite effect.

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 and government backed treasury bills. 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 revolving credit facility with Salomon Smith Barney is a floating (or variable) rate facility (see note 10). The amounts of such borrowings are determined by the Manager and reviewed regularly by the Board.

Due to the short-term nature of the credit facility, changes in interest rates would not have an effect on the fair value of the loan.

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

	Value	**Value**	**Weighted average interest rate**	**Weighted average period for which rates are fixed**
	US$'000	£'000	%	(years)
As at 31 March 2009				
US unlisted convertible debentures	**3,670**	**2,560**	**2.3**	**0.2**
US unlisted loan notes	**5,190**	**3,621**	**2.3**	**0.5**
US unlisted convertible preference shares	**10,949**	**7,638**	**1.5**	**–**
As at 31 March 2008				
US unlisted convertible debentures	6,583	3,313	8.2	2.8
US unlisted loan notes	1,400	704	16.8	0.4
US unlisted convertible preference shares	13,658	6,871	3.0	–

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

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

	2009	2008
	£'000	£'000
Within one year	**516**	783
Within one to two years	**1,191**	1,229
Within two to three years	**3,140**	839
Within three to four years	**502**	291
Within four to five years	**–**	1,659
More than five years	**–**	16
	5,349	4,817
Investments with no maturity dates	**43,344**	48,195
	48,693	53,012

The remaining current assets of the Company of £389,000 (2008: £3,688,000) 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 financial liabilities of the financial liabilities of the Company as at 31 March 2009 is as follows:

	Amount drawn	**Total**	**Period until maturity**
		£000	(years)
Amounts drawn down under fixed revolving facility	**$1.9m**	**1,331**	**–**
Financial liabilities upon which no interest is paid		**280**	**–**

The interest rate risk profile of the financial liabilities of the Company as at 31 March 2008 was as follows:

	Amount drawn	Total	Period until maturity
		£000	(years)
Amounts drawn down under fixed revolving facility	nil	–	–
Financial liabilities upon which no interest is paid		439	–

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

	As at 31 March 2009	As at 31 March 2008
	£'000	£'000
In one year or less	**1,611**	439
In more than one year but no more than two years	**–**	–
In more than two years but no more than five years	**–**	–
	1,611	439

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

The Company had $3.7 million undrawn under the fixed Revolving Credit facility at 31 March 2009 (2008: nil).

The Company's fixed revolving credit facility is measured at cost and denominated in US Dollars. All other financial liabilities are in Sterling and disclosed at fair value. It is considered that, because of the short-term nature of the facility, cost approximates to fair value.

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 to 9 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 2009 would have increased net assets attributable to shareholders by £4,869,000 (2008: £5,302,000). 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 65% of the portfolio (2008: 75%) 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 11 to 13.

Most investments, micro capitalisation and private placements in public equities investing involves 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.

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.

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

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.

Short-term flexibility is achieved via the use of bank borrowings from the Company's rolling margin facility with Salomon Smith Barney. Liquidity risk is mitigated by the fact that funds can be drawn from this facility should the need arise.

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:

	2009	**2008**
US unlisted convertible debentures	£'000	£'000
iLinc Communications	**349**	252
Integrated Security Systems	**481**	347
Obsidian Enterprises	**37**	78
PetroHunter Energy Corporation	**502**	1,006
Pipeline Data	**1,191**	755
SIMTEK Corporation	**–**	432
Skystar Bio-Pharmaceutical Company	**–**	443
Total US unlisted convertible debentures	**2,560**	3,313
US unlisted loan notes		
CaminoSoft Corporation	**279**	201
Dynamic Green Energy	**2,791**	–
Integrated Security Systems – 7% convertible loan	**84**	60
Integrated Security Systems – 8% convertible loan	**467**	408
Riptide Worldwide	**–**	35
Total US unlisted loan notes	**3,621**	704
US unlisted convertible preference shares		
AnchorFree	**1,112**	1,061
BPO Management Services	**–**	471
Celsia Technologies	**–**	20
China Greenscape Company	**2,267**	1,258
China New Cities Development	**2,093**	–
eOriginal Holdings	**376**	964
Gardant Pharmaceuticals	**–**	9

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

	2009	2008
US unlisted convertible preference shares *(continued)*	£'000	£'000
Healthaxis	**96**	–
HeySpace International	**1,614**	1,006
iLinc Communications	**22**	54
Integrated Security Systems	**3**	9
Riptide Worldwide	**51**	176
Ronco Corporation	**4**	7
Zhongpin	**–**	1,836
Total US unlisted convertible preference shares	**7,638**	6,871
Debtors	**225**	186
Cash	**164**	3,502
	14,208	14,576

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 2009, all financial liabilities are due within one year and are stated at fair value.

The Company also has a margin facility which attracts interest at a variable rate. On May 2008, $6.5 million was drawn down of which $4.6 million was repaid during the year ended 31 March 2009, therefore, at 31 March 2009 $1.9 million of this facility was utilised (31 March 2008: not used). The maximum draw down available is 40% of the value of the securities nominated as collateral. At 31 March 2009, nine securities were nominated and a draw down of $5.6 million was available (31 March 2008: no draw down). The facility is a rolling facility and therefore does not have a renewal date.

The nine securities nominated as collateral are:

A-Power Energy
China Fortune Acquisition
Global Sources
HLS Systems International
Bovie Medical Corporation
COGO Group
Hallmark Finance Services
Hambrecht Asia
OmniVision Technologies

The carrying amount of the nine assets nominated as collateral is $15.9 million.

As the facility is drawn in US Dollars, the Company is subject to currency exchange gains and losses.

The maturity profile of the company's financial liabilities are all due within one year or less

17 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 3. The relationships between the Company, its Directors and the Manager are disclosed in the Report of the Directors.

Mr Cleveland is a director of CaminoSoft Corporation, Cover-All Technologies, Inc., Access Plans USA, Inc., and Integrated Security Systems, Inc. Details of the Company's holdings in these investments are disclosed in note 7, in the Manager's review on pages 6 to 10 and in the Investment portfolio on pages 11 to 13. At the year end accrued interest of £41,000 (2008: £45,000) was due from these holdings.

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)
G Russell Cleveland (USA)
William W Vanderfelt (Switzerland)

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Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA
Tel: 0871 664 0300 – calls cost 10 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 and 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 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 the Company's and the Manager's websites, as detailed above.

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 Renaissance US 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 11.00am on Thursday, 30 July 2009 for the following purposes:

Ordinary business

1. To receive and, if approved, adopt the accounts for the year ended 31 March 2009, 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 2009.
3. To re-elect Mr Bates as a Director of the Company.
4. To re-elect Mr Cleveland as a Director of the Company.
5. To re-elect Mr Fenton as a Director of the Company.
6. To re-elect Mr Vanderfelt as a Director of the Company.
7. To re-appoint KPMG Audit Plc as Auditors to the Company, to hold office from the conclusion of this Meeting until the next General Meeting, and to authorise the Directors to determine its remuneration.

Special business

To consider, and if appropriate to pass, the following resolutions, resolutions 9, 10, 12 and 13 as Special Resolutions and resolutions 8 and 11 as Ordinary Resolutions.

8. THAT, (i) the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (the Act), to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £1,592,417 (being one third of the current issued share capital) provided that this authority 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 after the passing of this resolution, but so that this authority shall allow the Company, acting by its Directors, to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry; (ii) all authorities previously conferred under section 80 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect; and (iii) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.
9. THAT, subject to and conditional upon the passing as an ordinary resolution of the resolution numbered 8 set out in the notice convening the meeting to which this resolution is being put, the Directors be and they are hereby empowered, pursuant to section 95 of the Companies Act 1985 (the Act), to allot equity securities (as defined in section 94 of the Act) of the Company for cash pursuant to the authority conferred by the previous resolution as if section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (i) which are, or are to be, wholly paid up in cash up to an aggregate nominal value of £477,725 at a price of not less than the net asset value per Ordinary share as at the most recent practicable date, as determined by the Directors, (being 10% of the current issued share capital as the date of this notice of meeting, being the most reasonable practical date);

(ii) (otherwise than pursuant to sub-paragraph (i) above) in connection with issues by way of rights in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them or are otherwise allotted in accordance with the rights conferred on such equity securities (but subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and shall expire on the earlier of the date which is 15 months after the date on which this resolution is passed and the date of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry;

(iii) all powers previously conferred under section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect; and

(iv) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.

10. THAT, notwithstanding the provisions of Article 155 of the Articles of Association of the Company:
the Company be and it is hereby authorised in accordance with Section 166 of the Companies Act 1985 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 2,864,440;

(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 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 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 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.

11. THAT, the Company shall continue as an investment trust, provided that if this resolution is not passed, the Board will convene an Extraordinary General Meeting in the manner and for the purposes set out in Article 170.1(b) of the Articles of Association and the provisions of Article 170.1(c) and (d) shall thereupon apply in respect of such meeting.

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

13. THAT, with effect from 00.01am on 1 October 2009:

(i) the Articles of Association of the Company be amended by deleting all those provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(ii) the Articles of Association of the Company produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

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

By Order of the Board
Capita Sinclair Henderson Limited
Secretary
22 June 2009

Notice of Annual General Meeting

(continued)

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 11.00am on 28 July 2009. 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.*

2. *The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 11.00am on Tuesday, 28 July 2009 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 11.00am on Tuesday, 28 July 2009 ("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. *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.*

4. *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.*

5. *As at 22 June 2009 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 19,109,008 ordinary shares carrying one vote each. Therefore the total voting rights of the Company as at the date of this notice of meeting was 19,109,008.*

6. *The Articles of Association of the Company will be available for inspection at the Registered Office of the Company during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting.*

7. *In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that: (i) if a corporate Shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate Shareholder present at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and*

   (ii) if more than one corporate representative for the same corporate Shareholder attends the meeting but the corporate Shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate Shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate Shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in paragraph (i) of this Note 7.

8. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on Tuesday, 28 July 2009. 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 issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company's registrar no later than 11.00 am on Tuesday, 28 July 2009.

Notes