

British Smaller Companies VCT plc (“the Company”)
Interim Management Statement for the quarter
ended 30 June 2015

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 30 June 2015. The statement also includes relevant financial information between the end of the quarter and the date of this statement. This statement constitutes the Company’s first interim management statement for the financial year ending 31 March 2016. A copy of this interim management statement can be found at www.bscfunds.com.

Proposed regulatory changes

There are a number of proposed changes emanating from the Summer budget that may restrict the pool of investments available to the VCT industry and the board is keeping these changes under review and will appraise shareholders in due course.

Performance

The total return at 30 June 2015, calculated by reference to the net asset value (“NAV”) per ordinary share and the cumulative dividends paid, was 201.9 pence per ordinary share (31 March 2015: 197.5 pence per ordinary share). Cumulative dividends represent 98.7 pence per ordinary share (31 March 2015: 98.7 pence per ordinary share).

The unaudited NAV per ordinary share as at 30 June 2015 was 103.2 pence per ordinary share (31 March 2015: 98.8 pence per ordinary share before taking account of the final dividend of 3.5 pence per share to be paid on 4 August), an increase in the quarter of 4.45%. The improvement in NAV per ordinary share is principally due to the increase in the value of the investment portfolio.

The overall movement in the valuation of investments in the quarter contributed 4.2 pence per share to the increase in the net asset value. The largest part of this increase related to the investment in President Engineering Group Limited which was sold shortly after the end of the period. As a result your board is recommending payment of a dividend of 3.5 pence per share per ordinary share to be paid on 7 September 2015

The significant level of investments over the last 18 months has enhanced income generation from the investment portfolio, with total income for the quarter increasing 84% year-on-year, leading to net income of £0.28m (0.3 pence per share).

Share issues

The number of ordinary shares in issue at 30 June 2015 was 90,213,786 (31 March 2015: 88,828,064). In addition, the Company held 3,225,333 shares (31 March 2015: 3,225,333 shares) in Treasury.

During the quarter the Company has issued a total of 1,385,722 ordinary shares at prices ranging from 99.26 to 101.58 pence per ordinary share, pursuant to the Company’s offers for Subscription with British Smaller Companies VCT2 plc.

The Company and British Smaller Companies VCT2 plc received an excellent response to the offers, which were fully subscribed on 24 March 2015 raising £40 million in aggregate, of which £24.6 million was raised by the Company.

Net assets

Net assets at 30 June 2015 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	58,571	62.9
Quoted investment at bid price	2,620	2.8
Total private equity investments	61,191	65.7
Fixed income securities	1,440	1.6
Total investments	62,631	67.3
Cash and cash equivalents	17,879	19.2
Short term deposits	11,944	12.8
Other net current assets	627	0.7
Net assets	93,081	100.0

Investment Portfolio

The ten largest investments by valuation and other investments at 30 June 2015 comprised the following:

	Cost £000	Valuation £000	Valuation as % of net assets %
President Engineering Group Ltd	400	7,534	8.1
GO Outdoors Topco Limited	245	6,775	7.2
Intelligent Office (via IO Outsourcing Limited)	2,934	4,376	4.7
DisplayPlan Holdings Limited	542	3,384	3.6
Mangar Health Limited	2,460	3,123	3.3
Gill Marine Holdings Limited	2,500	2,383	2.6
GTK (Holdco) Limited	1,237	2,199	2.4
ACC Aviation (via Newacc (2014) Limited)	2,068	2,068	2.2
Harvey Jones Holdings Limited	1,984	2,020	2.2
Business Collaborator Limited	2,010	2,010	2.2
Top ten investments	16,380	35,872	38.5
Other investments	25,004	25,319	27.2
Total private equity investments	41,384	61,191	65.7

In the quarter the Company received cash proceeds of £0.18 million relating to the repayment of capital from the Company's loan portfolio, and £0.42 million in respect of disposals of quoted shareholdings,

which were in line with their 31 March 2015 carrying value. In addition the Company received cash proceeds of £0.98 million from the sale of fixed income securities, also in line with their carrying value.

Portfolio Performance

Over the 3 months to 30 June 2015 the portfolio saw an overall increase in unrealised valuations of £3.74 million equating to a 6.9 per cent increase on the opening value. The largest value movements were President Engineering Group Ltd (up £3.08 million), which has now been realised, IO Outsourcing Limited (up £0.48 million) and Go Outdoors Topco Limited (up £0.29 million).

The Board continues to follow a policy of maintaining a diversified portfolio; as at 30 June 2015 only two investments represented more than five per cent. each of the Company's NAV with the largest investment (subsequently realised) comprising 8.1 per cent and the other 7.2 per cent.

Special dividend

Following the successful sale of the investment in President Engineering Group Ltd the directors are pleased to announce that the Company will pay a special dividend of 3.5 pence per share. The dividend will be paid on 7 September 2015 to all investors on the register on 7 August 2015 with an associated ex-dividend date of 6 August 2015. The Company operates a Dividend Re-Investment Scheme (DRIS) and the DRIS election date will be 21 August 2015. The Board reminds shareholders that they do have the option to opt into or out of the DRIS should they wish, and can contact the Registrars accordingly.

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