

British Smaller Companies VCT plc (“the Company”) Interim Management Statement and Change of Auditor

Interim Management Statement for the quarter ended 31 December 2013

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2013. 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 second interim management statement for the financial year ending 31 March 2014, as required by the UK Listing Authority’s Disclosure and Transparency Rule 4.3. A copy of this interim management statement can be found at www.yfmep.com.

Total Return and Net Asset Value

The Total Return at 31 December 2013, calculated by reference to the Net Asset Value (NAV) per ordinary share and the cumulative dividends paid, was 190.2 pence per ordinary share compared to 187.9 pence per ordinary share at 30 September 2013. The increase is due to the movement in NAV discussed below. Cumulative dividends represent 88.7 pence per ordinary share (30 September 2013: 88.7 pence per ordinary share).

The unaudited NAV per ordinary share as at 31 December 2013 was 101.5 pence (30 September 2013: 99.2 pence per share). The increase in the quarter of 2.3 pence per ordinary share in NAV per ordinary share is due to the net upward movement in the unquoted portfolio valuation.

The number of ordinary shares in issue at 31 December 2013 was 49,885,991 (30 September 2013: 49,885,991). In addition, the Company held 3,592,658 shares in Treasury.

Issue and Purchases of Ordinary Shares

During the quarter the Company has not issued or bought back any shares.

Net assets at 31 December 2013 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	33,266	65.7%
Quoted investment at bid price	3,929	7.8%
Total private equity investments	37,195	73.5%
Fixed income securities	2,407	4.7%
Total investments	39,602	78.2%
Cash and cash equivalents	10,975	21.7%
Other net current assets	71	0.1%
Net assets	50,648	100.0%

The ten largest investments by valuation and other investments at 31 December 2013 were:

	£000	% of net assets
GO Outdoors Limited	6,130	12.1%
Displayplan Holdings Limited	3,977	7.9%
President Engineering Group Limited	3,976	7.9%
Seven Technologies Limited	2,728	5.4%
Douglas Gill International Limited	2,500	4.9%
Waterfall Services Limited	1,952	3.9%
GTK (UK) Limited	1,736	3.4%
Deep-Secure Ltd	1,680	3.3%
Leengate Valves Limited	1,401	2.8%
Bagel Nash Group Limited	1,100	2.1%
Top ten investments	27,180	53.7%
Other investments	10,015	19.8%
Total private equity investments	37,195	73.5%

Investment Portfolio

The Company continues to see increasing level of investment opportunities. During the quarter the Company made two new investments totalling £3.15 million. In October 2013 £1.75 million was invested into GTK (UK) Limited, a global provider and manufacturer of electronic components. In December 2013 £1.40 million was invested into Leengate Valves Limited, a specialist wholesaler and distributor of industrial valves.

In the quarter the Company has received a total of £1.18 million from the part disposal of investments, with £0.87 million relating to payment of loan capital/associated redemption premiums and £0.31 million in respect of partial disposals of quoted shareholdings, which gave rise to a small profit above their September carrying value.

Quoted investments are carried at bid price. Unquoted investments are carried at fair value as determined by the Board.

Performance

Over the 3 months to 31 December 2013 the portfolio saw an overall increase in unrealised valuations of £0.89 million equating to a 3.0% increase on the opening value. This comprised an increase in the value of a number of the portfolio company's following strong trading results including GO Outdoors Limited, Seven Technology Limited, President Engineering Group Limited and Waterfall Services Limited. The AIM quoted portfolio also delivered a solid performance with a value gain of £0.33 million (8.4%) in the 3 months, dominated by a sharp increase in the share price of Pressure Technologies plc following further positive trading results.

The Board continues to follow a policy of maintaining a diversified portfolio; as at 31 December 2013 only 4 investments represented more than five per cent each of the NAV with the largest investment comprising 12.1 per cent.

Fundraising

The Fund Manager has, in recent months, seen a marked increase in new investment opportunities. To take advantage of these new opportunities on 14 January 2014 the Board announced a joint offer (with British Smaller Companies VCT2 plc) to raise up to £30 million.

Outlook

Good progress continues to be made across the Company's investment portfolio and there is currently a strong pipeline of new investment opportunities to support management teams with growth strategies or looking to lead management buy-outs. The increase in the annual investment limits to £5 million for Venture Capital Trusts is expected to further increase the investment rates in the year ahead.

Change of auditors

In accordance with Section 520(2) of the Companies Act 2006 a letter will be sent to shareholders in the Company next week, for information only, in relation to the statutory statement received from Grant Thornton LLP in connection with its resignation as the Company's auditor. The resignation follows a competitive tender process.

The Company also announces that it has appointed BDO LLP as auditor to fill the casual vacancy. BDO LLP will be eligible for appointment as auditor at the next Annual general Meeting.

31 January 2014

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