

## BRITISH SMALLER COMPANIES VCT PLC (“the Company”)

### INTERIM MANAGEMENT STATEMENT For the quarter ended 31 December 2010

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2010. This constitutes the Company's second interim management statement for the financial year ending 31 March 2011, 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.yfmprivateequity.co.uk](http://www.yfmprivateequity.co.uk).

The Total Return at 31 December 2010, calculated by reference to the Net Asset Value per Ordinary share and the cumulative dividends paid, was 156.2p per share compared to 153.0p at 30 September 2010.

The unaudited Net Asset Value per Ordinary share as at 31 December 2010 was 100.0p (30 September 2010: 98.8p). The Net Asset Value is stated after taking account of the interim dividend of 2.0p per Ordinary share in respect of the period ended 30 September 2010, which was paid on 7 January 2011.

The number of Ordinary shares in issue at 31 December 2010 was 32,468,556. In addition, the Company held 1,861,285 shares in Treasury.

During the quarter 218,448 shares were re-purchased by the Company at a price of 82.25p per share. These shares were placed in Treasury. There were no shares issued by the Company during the quarter. Subsequent to the quarter end, the Company has issued 106,086 Ordinary shares at a price of 91.96p per share pursuant to its dividend reinvestment scheme.

Net assets at 31 December 2010 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	18,314	56.4%
Quoted investment at bid price	4,406	13.6%
Total venture capital investments	22,720	70.0%
Fixed income securities	9,342	28.8%
<b>Total investments</b>	<b>32,062</b>	<b>98.8%</b>
Cash and cash equivalents	711	2.2%
Other net current assets (liabilities)	-318	-1.0%
Net assets	32,455	100.0%

The ten largest investments by valuation at 31 December 2010 were as follows:

	£000	% of net assets
GO Outdoors Limited	7,156	22.1%
Waterfall Services Limited	1,895	5.8%
Adex Bridge Investments Limited	1,000	3.1%
4G Capital Limited	1,000	3.1%
North Western Investments Limited	1,000	3.1%
President Engineering Limited	1,000	3.1%
Fishawack Limited	851	2.6%
Deep-Secure Limited	786	2.4%
Mattioli Woods plc	760	2.3%
Hargreaves Services plc	759	2.3%
Top ten investments	16,207	49.9%
Other investments	6,513	20.1%
Total venture capital investments	22,720	70.0%

## **Investment Portfolio**

During the three months ended 31 December 2010 the Company made two investments totalling £1.25 million. £1 million was invested in President Engineering Limited a niche supplier of high pressure valves to the mining and industrial gas sectors and £0.25 million was invested into Plus quoted Woodspeen Training plc, a vocational training provider with operations in Yorkshire and on the South Coast.

There was one realisation during the quarter. The residual small investment in Freshroast Coffee Co. Limited was realised for proceeds in line with the carrying value of £0.03m. The total return on this investment represented 1.6x capital.

Quoted investments are carried at bid price with a liquidity discount applied where appropriate. Unquoted investments are carried at fair value as determined by the directors.

## **Performance**

During the quarter the increase in Net Asset Value per share was 1.2p with the principal movement due to the underlying increase in the investment portfolio of 3.2p per share, offset by the recognition of the interim dividend of 2.0p per share, The Total Return, calculated by reference to the Net Asset Value plus cumulative dividends paid, has increased by 3.2 p per share to 156.2p per share; cumulative dividends paid are 56.2p per share.

## **Dividend Re-investment scheme**

The Company continues to operate a dividend re-investment scheme. Shareholders currently opting to reinvest their dividends hold 15% of issued Ordinary Share capital of the Company.

## **Fundraising**

The Company is currently looking to increase its investment capacity through a linked offer with British Smaller Companies VCT2 plc ("BSC2") pursuant to which up to 8,780,488 Ordinary Shares in the Company and up to 12,811,388 Ordinary Shares in BSC2 are being offered for subscription (subject to a maximum of £15 million, in aggregate, of funds raised). Those Shareholders investing before 1 March 2011 will receive additional shares equivalent to 1% of the amount subscribed. The additional investment capacity will enable the Company to take advantage of the more attractive investment conditions that are expected over the coming years,

## **Investor Workshops**

The Company remains committed to enhancing Shareholder communications and has presented annual investor workshops for a number of years which have proved very popular with Shareholders. The next shareholder workshop is being held at the British Museum at 11.00 am on 9 February 2011.

## **Outlook**

This quarter has seen an improvement in pricing across UK quoted markets with investors cautiously optimistic about the year ahead. The board expects this to lead to an increase in investment opportunities for the Company over the coming months and the portfolio remains well placed to take advantage of improving market conditions.

31 January 2011

## **For further information please contact:**

David Hall      YFM Private Equity  
Jeff Keating    Singer Capital Markets

Tel: 0161 832 7603  
Tel: 0203 205 7500