

British Smaller Companies VCT plc (“the Company”)

Interim Management Statement

For the quarter ended 31 December 2012

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2012. 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 2013, 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.

Performance

The Total Return at 31 December 2012, calculated by reference to the Net Asset Value (NAV) per ordinary share and the cumulative dividends paid, was 179.4 pence per share compared to 176.4 pence per ordinary share at 30 September 2012. Cumulative dividends represent 82.2 pence per ordinary share (30 September 2012: 82.2 pence per Ordinary share).

The unaudited NAV per ordinary share as at 31 December 2012 was 97.2 pence (30 September 2012: 94.2 pence per share) before taking account of the interim dividend of 2.0 pence per ordinary share declared on 13 November 2012 and paid on 14 January 2013. The ex-div NAV is 95.2 pence per ordinary share. The 3.0 pence underlying increase in NAV per ordinary share (before taking account of the interim dividend) is due to the net upward movement in valuations, of which the majority has been derived from the unquoted portfolio, with the quoted holdings remaining relatively stable.

The number of ordinary shares in issue at 31 December 2012 was 43,374,568 (30 September 2012: 39,473,151). In addition, the Company held 3,048,195 shares in Treasury.

Share Purchases

During the quarter 333,603 ordinary shares were repurchased by the Company at a price of 80.35 pence per share and placed in Treasury.

Share Issues

The Board is pleased to announce that the gross funds raised to 23 January 2013 from the joint offers for subscription with British Smaller Companies VCT2 plc launched on 16 November 2012 are £4.6 million. On 31 December 2012 the Company issued 4,235,020 ordinary shares at a price of 97.75 pence per share pursuant to the joint offers for subscription.

Subsequent to the quarter end, the Company issued 183,667 ordinary shares at a price of 87.57 pence per share pursuant to its dividend reinvestment scheme. The Board is pleased to note that this represents 18.5% of the interim dividend payment.

Net assets at 31 December 2012 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	25,475	60.4%
Quoted investment at bid price	3,327	7.9%
Total venture capital investments	28,802	68.3%
Fixed income securities	2,473	5.9%
Total investments	31,275	74.2%
Cash and cash equivalents	10,703	25.4%
Other net current assets (liabilities)	166	0.4%
Net assets	42,144	100.0%

The ten largest investments by valuation and other investments at 31 December 2012 were:

	£000	% of net assets
GO Outdoors Limited	4,872	11.5%
President Engineering Group Limited	3,667	8.7%
Displayplan Holdings Limited	2,788	6.6%
Seven Technologies Limited	2,397	5.7%
Deep-Secure Ltd	1,874	4.4%
Waterfall Services Limited	1,545	3.7%
Fishawack Limited	1,333	3.2%
Insider Technologies (Holdings) Limited	1,170	2.8%
Fairlight Bridge Limited	1,000	2.3%
Harvey Jones Holdings Limited	828	2.0%
Top ten investments	21,474	50.9%
Other investments	7,328	17.4%
Total venture capital investments	28,802	68.3%

Investment Portfolio

During the three months ended 31 December 2012 the Company made one follow-on investment of £0.075 million into Lightmain Company Limited, a manufacturer and installer of playground equipment and multi-user games areas across the UK. There have been no investments made since the quarter end.

Realisations during the quarter include £0.12 million received from the partial realisation of the Company's investment in AIM quoted EKF Diagnostics Holdings plc representing a £0.06 million profit on original cost. In addition, £0.13 million was received from Seven Technologies Holdings Limited in the form of scheduled loan repayments and £0.01 million of the deferred consideration in respect of the Company's realisation of its investment in Primal Pictures Limited was received.

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 Board.

Performance

Over the 3 months to 31 December 2012 the portfolio saw an overall increase in unrealised valuations of £1.3 million equating to a 4.7% increase on the opening value and representing an increase in NAV of 3.0 pence per share. This comprised an increase in the value of GO Outdoors Limited, together with resilient performance across a number of the Company's remaining unquoted portfolio, including President Engineering Group Limited and Displayplan Holdings Limited. The Board continues to follow a policy of maintaining a diversified portfolio; as at 31 December 2012 only four investments represent more than five per cent each of the NAV and of these, only one investment comprised more than ten per cent of the NAV.

Investor Workshops

The Company remains committed to enhancing Shareholder communications and has undertaken annual investor workshops for a number of years which have proved very popular with Shareholders. The next investor workshop will be held in London at Lord's Cricket Ground on 6 February 2013.

Fundraising

The Company and British Smaller Companies VCT2 plc are seeking to raise up to a maximum of £15 million by way of joint offers for subscription of up to 10,485,934 ordinary shares of 10 pence each in the Company and 7,374,101 ordinary shares of 10 pence each in British Smaller Companies VCT2 plc ("Offers for Subscription"). Full details of the Offers for Subscription are contained in a prospectus issued by the Company and British Smaller Companies VCT2 plc on 16 November 2012.

The 2012/2013 Offers for Subscription will remain open until 11:00am on 5 April 2013 and the 2013/2014 Offers for Subscription will remain open until 11:00 am on 30 April 2013, unless maximum subscription is reached before either of the closing dates.

Outlook

Good progress continues to be made within the Company's investment portfolio and there continues to be good demand for equity finance for growth and for management buy-outs. The increase in the investment limits to £5 million for Venture Capital Trusts will increase their ability to meet this demand. It is with this in mind that the Company is seeking to raise additional funds via the Offers for Subscription.

23 January 2013

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