

British Smaller Companies VCT plc

Unaudited Interim Results and Interim Management Statement

For the 6 months ended 30 September 2011

British Smaller Companies VCT plc ("the Company") today announces its unaudited interim results for the six months to 30 September 2011.

Chairman's Statement

Following the strong performance reported previously for the year to March 2011, I am pleased to report further progress in the current financial year. The Net Asset Value per share increased by 6.25% from 120.0 pence per share at 31 March 2011 to 127.5 pence per share out of which dividends totalling 21.0 pence per share were paid resulting in a Net Asset Value of 106.5 pence per share at 30 September 2011. This compares to decreases in the FTSE SmallCap Index of 12.9% and the FTSE AiM All-Share Index of 22.3%. The Total Return increased by 7.5 pence per share to 183.7 pence per share over the same period.

In August 2011 a dividend was paid to shareholders of £7.5 million or 21.0 pence per share. This comprised a final dividend of 3.0 pence per share plus a special dividend of 18.0 pence per share following the profit achieved on the £6.54 million partial realisation of the Company's holding in retail chain GO Outdoors Limited which completed in April 2011. These payments take the total dividends over the life of the Company to 77.2 pence per share.

It was pleasing to note that £1.2 million was re-invested by Shareholders through the Dividend Re-Investment Scheme. Your Board intends to maintain, where possible, an underlying annual dividend of 5.0 pence per share, increasing this when profitable realisations are achieved. The Board is therefore proposing to maintain an interim dividend at 2.0 pence per share which will be paid on 20 January 2012 to Shareholders on the register at 23 December 2011.

The performance in the first six months of this financial year has again been delivered against a backdrop of both financial and political uncertainty particularly so across Europe which has negatively impacted confidence. However several of the portfolio companies have taken tough actions over recent years to improve efficiency with the effects now evident in recent trading results and improving valuations. The portfolio remains well funded and there should be opportunities for further value growth as economic conditions improve.

In the first six months of the financial year the Company invested £0.86 million which comprised one new investment and three follow-on investments. In recent months the Fund Manager has also seen an increase in the number of investment opportunities with management teams looking to fund expansion plans and vendors prepared to consider realisation events. Subsequent to the period end the Board has approved new investments totalling £2.3 million, all of which are currently going through due diligence processes. It is with this in mind that the Board sought to increase the

Company's investment capacity via the linked offer in December 2010 with British Smaller Companies VCT2 plc, with a total of £4.41 million gross proceeds being raised by the Company.

Performance Summary to 30 September 2011

Total Return	6 months	1 year	3 years	5 Years	Since Flotation 1996
%					
NAV+	4.3%	20.1%	32.4%	39.2%	83.7%
FTSE All-Share TM	-13.5%	-7.4%	6.9%	-13.0%	42.0%

+ The value of £100 invested in the Company's shares, excluding tax relief on subscription, has been calculated by reference to Net Asset Value and cumulative dividends paid. The calculation assumes that any dividends have been paid and not reinvested in shares of the Company.

Total Shareholder Return by Fundraising Round

	Offer price	Offer price net of tax	Net Asset Value at 30 September 2011	Cumulative dividends paid since Fundraising*	Total return since Fundraising*	Total return since Funds invested with participation in the DRIS* & **	IRR****
	Pence	Pence	Pence	Pence	Pence	Pence	%
1995/96 & 1996/97 Tax Year	100.00	80.00	106.50	77.2	183.7	197.7	4.8%
1996/97 & 1997/98 Tax Year	100.00	80.00	106.50	76.1	182.6	196.6	5.1%
1997/98 & 1998/99 Tax Year	105.00	84.00	106.50	72.6	179.1	193.1	4.8%
2004/05 Tax Year (C share***)	99.50	59.70	119.78	45.4	165.2	173.6	8.9%
2005/06 Tax Year	100.00	60.00	106.50	46.8	153.3	163.7	9.1%
2006/07 & 2007/08 Tax Year	102.50	71.75	106.50	42.3	148.8	156.7	9.5%
2007/08 & 2008/09 Tax Year	106.25	74.38	106.50	37.3	143.8	162.8	9.7%
2009/10 & 2010/11 Tax Year	97.25	68.08	106.50	27.3	133.8	135.4	24.8%
2010/11 & 2011/12 Tax Year	128.00	89.60	106.50	21.0	127.5	127.5	-1.0%

* This assumes that at the time of investment the tax relief given on the investment was not also invested in shares of the Company

** Assuming that all dividends were invested under the terms of the current Dividend Re-Investment Scheme

*** NAV has been adjusted for conversion of C shares into Ordinary shares in May 2007

**** The IRR calculation has been performed based on the issue date of 5 April in the earlier tax year in all cases

Interim Management Report

In April 2011 a £28 million investment was made into portfolio business GO Outdoors Limited by 3i plc. This enabled a £6.54 million partial realisation, representing a £2.07 million gain on 31 March 2011 valuation and £6.49 million uplift on cost. The Company retains a significant minority shareholding and the Fund Manager is now working closely with management and 3i to continue the rollout of this highly successful outdoor equipment retail model. A further £233,000 of proceeds was

received from the repayment of the Company's preference shares in contract caterer Waterfall Services Limited and £93,000 from the partial realisation of 10% of the Company's holding in AIM quoted coal service business Hargreaves Services plc.

Overall the portfolio saw a value gain of £2.35 million (7.9%) over the 6 months to 30 September 2011. Several of our portfolio companies have made significant progress in the period and remain well placed to grow further as economic conditions improve. There were particularly strong performances resulting in valuation increases from both Deep-Secure Ltd (£0.99 million) and President Engineering Group Ltd (£0.90 million) with further notable increases delivered by GO Outdoors Limited, Hargreaves Services plc and Waterfall Services Limited. Whilst GO Outdoors remains the Company's single biggest portfolio investment, this holding has reduced from 33% to 19% as a percentage of total Net Asset Value following the partial realisation in April 2011.

The level of new investment opportunities under consideration has increased which is translating into new investments for the Company and some acquisitions for the portfolio. In July 2011 £0.6 million was invested as part of the management buyout of Bagel Nash Limited, a bakery and successful retail chain operating in the North East. Three follow-on investments totalling £0.26 million were also made into the existing portfolio: £0.1 million was invested into specialist healthcare communications company, Fishawack Limited, to fund the acquisition of a Swiss competitor; £0.12 million was invested into AIM quoted diagnostic healthcare group, EKF Diagnostics Holdings plc, to help fund the acquisition of a US based diagnostics group and £0.04 million was invested into niche international recruitment consultant, Darwin Rhodes Group Limited, to fund a shareholder restructuring alongside investment from new institutional co-investment partner Calculus Capital.

Financial Results

The revenue profit before tax for the period was £0.59 million which compares to £0.45 million for the same period in 2010. The capital profit before tax for the six months to September 2011 is £2.23 million which compares to a £2.46 million capital profit for the same period in 2010.

The movement in Net Asset Value per share is as follows:

	Pence/share
31 March 2011	120.0
Issue of shares	(0.3)
Dividends paid in period	(21.0)
Dividend Re-Investment Scheme / Purchase of own shares	(0.6)
Realisation of investments	6.3
Net increase in value	2.1
30 September 2011	106.5

The investment valuation growth highlighted above has resulted in the Net Asset Value per share increasing to 127.5 pence per share at 30 September 2011 prior to the payment of the 21.0 pence

dividend in August 2011 (120.0 pence per share at 31 March 2011). The Total Return (Net Asset Value plus cumulative dividends paid) at 30 September 2011 now stands at 183.7 pence per share compared to 176.2 pence per share at 31 March 2011, an increase of 7.5 pence per share.

In the six months to September 2011 the Company has issued a total of 2,699,270 new shares raising a net total of £2.92 million of new cash for the Company. Of the shares issued in the period 1,277,941 were issued pursuant to the Dividend Re-Investment Scheme and the balance was in respect of shares issued under the linked offer referred to above. The Company also re-purchased 46,020 of its own shares pursuant to the Share Buy Back Scheme.

Cash and investment in gilts totalled £13.09 million at 30 September 2011 (£11.68 million at September 2010), representing 33% (September 2010: 36%) of Net Asset Value before taking account of any interim dividend. The Board continually reviews the Company's medium term investment capacity to ensure that it is sufficient to meet investment opportunities as they arise.

Shareholder Relations

Dividend Re-Investment Scheme

Your Company continues to offer a dividend re-investment scheme. The Dividend Re-Investment Scheme was amended earlier this year giving the directors discretion to allow Shareholders to opt for a special dividend to be paid in cash. Your Board was particularly pleased that following the payment of the special dividend in August 2011 that 16% (2010: 17.6%) of Shareholders re-invested £1.20 million of dividends (2010: £0.14 million).

Share Buy Backs

These are effected in the market through the Company's broker Singer Capital Markets. During the six month period to 30 September 2011, your Company acquired 46,020 shares at a cost of £0.04 million (2010: 260,000 shares at a cost of £0.20 million).

VCT Legislation

The changes announced in the Budget earlier this year are (subject to EU State Aid approval) proposed to be introduced from April 2012. The following are the key changes proposed: -

- The limit on the maximum number of employees in an investee company is to be raised from less than 50 to less than 250.
- The limit on the gross assets of an investee company prior to investment is to be increased from £7 million to £15 million.
- The maximum investment a qualifying company can receive in a twelve month period is to be increased from £2 million to £10 million.

This is a very positive step by the Government recognising the importance of venture capital trusts to the UK economy.

The Government has also undertaken a consultation exercise to refocus venture capital trusts to ensure that they are targeting genuine risk investments, and the outcome of this is currently awaited.

Outlook

I am delighted to note the continued significant progress made within the portfolio over the last six months. There are now some signs of renewed demand for equity finance for growth and for management buy outs and your Company is well positioned to capitalise on these opportunities as they present themselves.

I would like to thank Shareholders for their continued support.

Helen Sinclair

23 November 2011

Statement of Comprehensive Income
For the 6 months ended 30 September 2011

	Notes	Unaudited 6 months ending 30 September 2011			Unaudited 6 months ending 30 September 2010		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gains on disposal of investments		-	2,174	2,174	-	80	80
Gains on investments held at fair value		-	360	360	-	2,593	2,593
Income	2	857	-	857	693	-	693
Administrative expenses:							
Fund Management fee		(103)	(308)	(411)	(73)	(217)	(290)
Other expenses		(162)	-	(162)	(173)	-	(173)
		(265)	(308)	(573)	(246)	(217)	(463)
Profit before taxation		592	2,226	2,818	447	2,456	2,903
Taxation	3	46	(46)	-	(46)	46	-
Profit for the period attributable to equity Shareholders		638	2,180	2,818	401	2,502	2,903
Total comprehensive income for the period attributable to equity Shareholders		638	2,180	2,818	401	2,502	2,903
Basic and diluted earnings per Ordinary share	5	1.78p	6.07p	7.85p	1.23p	7.65p	8.88p

Balance Sheet

As at 30 September 2011

	Notes	Unaudited 6 months ended 30 September 2011 £000	Unaudited 6 months ended 30 September 2010 £000	Audited year ended 31 March 2011 £000
Assets				
Non-current assets				
Investments		26,299	20,355	29,946
Fixed income government securities		2,492	10,336	8,537
Financial assets at fair value through profit or loss		28,791	30,691	38,483
Current assets				
Trade and other receivables		442	345	359
Cash and cash equivalents		10,593	1,348	3,114
		11,035	1,693	3,473
Liabilities				
Current liabilities				
Trade and other payables		(463)	(92)	(784)
Net current assets		10,572	1,601	2,689
Net assets		39,363	32,292	41,172
Shareholders' equity				
Share capital		3,916	3,433	3,646
Share premium account		22,139	17,154	19,492
Capital redemption reserve		221	221	221
Treasury share reserve		(1,909)	(1,378)	(1,866)
Capital reserve		-	197	(372)
Investment holdings gains		7,679	3,956	11,780
Special reserve		2,408	2,408	2,408
Retained earnings		4,909	6,301	5,863
Total Shareholders' equity		39,363	32,292	41,172
Basic and diluted Net Asset Value per Ordinary share	6	106.5p	98.8p	120.0p

Reconciliation of Movement in Shareholders' Equity

For the 6 months ended 30 September 2011

	Unaudited 6 months ended 30 September 2011	Unaudited 6 months ended 30 September 2010	Audited year ended 31 March 2011
	£000	£000	£000
Opening Shareholders' equity	41,172	29,008	29,008
<i>Revenue return for the period</i>	639	401	616
<i>Capital expenses</i>	(355)	(171)	(516)
<i>Gain on investments held at fair value</i>	360	2,593	10,254
<i>Realisation of prior year investment holding gains</i>	-	-	-
<i>Gain on disposal of investments in the period</i>	2,174	80	19
Total comprehensive income for the period	2,818	2,903	10,373
<i>Dividends</i>	(7,501)	(1,393)	(2,046)
<i>Purchase of own shares</i>	(43)	(203)	(691)
<i>Issue of Ordinary share capital</i>	1,819	1,943	4,436
<i>Issue of Ordinary share capital costs</i>	(104)	(109)	(149)
<i>Issue of share capital on DRIS*</i>	1,202	143	241
Total transactions with Shareholders	(4,627)	381	1,791
Closing Shareholders' equity	39,363	32,292	41,172

* DRIS being the Dividend Re-Investment Scheme

Statement of Cash Flows

For the 6 months ended 30 September 2011

	Unaudited 6 months ended 30 September 2011 £000	Unaudited 6 months ended 30 September 2010 £000	Audited year ended 31 March 2011 £000
Net cash inflow from operating activities	186	221	717
Cash flows from (used in) investing activities			
Purchase of fixed asset investments	(1,350)	(2,500)	(6,802)
Proceeds from sale of fixed asset investments	13,577	1,478	5,588
Net cash from (used in) investing activities	12,227	(1,022)	(1,214)
Cash flows (used in) from financing activities			
Issue of Ordinary shares	1,819	1,944	4,677
Cost of Ordinary share issue	(104)	(161)	(149)
Purchase of own Ordinary shares	(350)	(203)	(691)
Dividends paid (Net of Dividend Re-Investment Scheme)	(6,299)	(1,251)	(2,046)
Net cash (used in) from financing activities	(4,934)	329	1,791
Net increase (decrease) in cash and cash equivalents	7,479	(472)	1,294
Cash and cash equivalents at the beginning of the period	3,114	1,820	1,820
Cash and cash equivalents at the end of the period	10,953	1,348	3,114

Reconciliation of Profit before Taxation to Net Cash Inflow from Operating Activities

For the 6 months ended 30 September 2011

	Unaudited 6 months ended 30 September 2011 £000	Unaudited 6 months ended 30 September 2010 £000	Audited year ended 31 March 2011 £000
Profit before tax	2,818	2,903	10,373
(Increase) decrease in prepayments and accrued income	(83)	1,710	1,696
Decrease in accruals and other creditors	(15)	(1,719)	(1,079)
Profit on realisation of investments in the year	(2,174)	(80)	(19)
Revaluation of investments in the period	(360)	(2,593)	(10,254)
Net cash inflow from operating activities	186	221	717

Notes to the Interim Financial Statements

1. General information, basis of preparation and principal accounting policies

These half year statements have been approved by the directors whose names appear at note 8, each of whom has confirmed that to the best of their knowledge:

- The Interim Management Report includes a fair review of the information required by rules 4.2.7 and 4.2.8 of the Disclosure Rules and the Transparency Rules of the Financial Services Authority.
- The half year statements comply with IAS 34 'Interim financial reporting' and the Disclosure and Transparency Rules of the Financial Services Authority.

The half year statements are unaudited and have not been reviewed by the auditors pursuant to the Auditing Practices Board (APB) guidance on Review of Interim Financial Information. They do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The comparative figures for the year ended 31 March 2011 also do not constitute statutory accounts and have been extracted from the Company's published statutory accounts for the year ended 31 March 2011. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

The accounting policies and methods of computation followed in the half year statements are the same as those adopted in the preparation of the audited statutory accounts for the year ended 31 March 2011, except as noted below.

The audited statutory accounts for the year ended 31 March 2011 were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Where guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in January 2009 ("SORP") is consistent with the requirements of IFRS, the statutory accounts and these interim financial statements have been prepared in compliance with the recommendations of the SORP.

Other standards and interpretations which have been issued and are effective for this accounting period but are not currently relevant for the Company are IFRS 1 (Revised), IFRS 2 (Amendment), IFRS 3 (Revised), IFRS 5 (Amendment), IAS 27 (Revised), IAS 32 (Amendment) and IFRICs 17 and 18.

2. Income

	Unaudited 6 months ended 30 September 2011 £000	Unaudited 6 months ended 30 September 2010 £000
Income from investments:		
Dividends from unquoted companies	328	202
Dividends from AIM quoted companies	29	27
	357	229
Interest on loans to unquoted companies	312	162
Fixed interest Government securities	127	253
Income from investments held at fair value through profit or loss	796	644
Interest on deposits	61	49

3. Taxation

	Unaudited 6 months ended 30 September 2011			Unaudited 6 months ended 30 September 2010		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit on ordinary activities before taxation	592	2,226	2,818	447	2,456	2,903
Profit on ordinary activities multiplied by standard small company rate of corporation tax in UK of 20% (2010: 21%)	118	445	563	94	516	610
Effect of:						
UK dividends received	(72)	-	(72)	(48)	-	(48)
Non taxable profits on investments	-	(506)	(506)	-	(561)	(561)
Excess management expenses	-	15	15	-	(1)	(1)
Tax charge credit	46	(46)	-	46	(46)	-

The Company has no provided, or unprovided, deferred tax liability in either period. Deferred tax assets in respect of losses have not been recognised as the directors currently believe that there will not be sufficient taxable profits against which the assets can be recovered.

Due to the Company's status as a venture capital trust, and the continued intention to meet the conditions required to comply with Chapter 3 of Part 6 of the Income Tax Act 2007, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or realisation of investments.

4. Dividends

Amounts recognised as distributions to equity holders in the period:

	Unaudited 6 months ended 30 September 2011			Unaudited 6 months ended 30 September 2010		Audited year ended 31 March 2011	
	Revenue £000	Capital £000	Total £000	Revenue £000	Total £000	Revenue £000	Total £000
Interim – 2.0p per Ordinary share; paid on 7 January 2011	-	-	-	-	-	653	653
Final paid – 3.0p per Ordinary share; paid on 22 August 2011 (2010: 3.0p per Ordinary share)	873	-	873	983	983	983	983
Special dividend - 18.0p per Ordinary Share; paid on 22 August 2011 (2010: 1.25p)	720	5,908	6,628	410	410	410	410
Dividends paid	1,593	5,908	7,501	1,393	1,393	2,046	2,046

An interim dividend of 2.0 pence per share in respect of the period to 30 September 2011, amounting to £739,000 is proposed. This has not been recognised in the period ended 30 September 2011 as the obligation did not exist at the balance sheet date.

A special dividend of 18.0 pence per Ordinary share was paid on 22 August 2011 to Shareholders following the profit generated from the partial realisation of the Company's investment in GO Outdoors Limited.

5. Basic and diluted earnings per Ordinary share

The basic and diluted earnings per Ordinary share is based on the profit for the period attributable to equity Shareholders of £2,818,000 (30 September 2010: profit of £2,903,000) and on 35,900,838 shares (30 September 2010: 32,734,626), being the weighted average number of shares in issue during the period.

The basic and diluted revenue earnings per Ordinary share is based on the revenue profit for the period attributable to equity Shareholders of £638,000 (30 September 2010: profit of £401,000) and on 35,900,838 shares (30 September 2010: 32,734,626), being the weighted average number of shares in issue during the period.

The basic and diluted capital earnings per Ordinary share is based on the capital profit for the period attributable to equity Shareholders of £2,180,000 (30 September 2010: profit of £2,502,000) and on 35,900,838 shares (30 September 2010: 32,734,626), being the weighted average number of shares in issue during the period.

During the period the Company allotted 1,277,941 (30 September 2010: 166,512) Ordinary shares in respect of its Dividend Re-Investment Scheme.

The Company has also repurchased 46,020 (30 September 2010: 260,000) of its own shares in the period and these shares are held in treasury. The total of 2,207,305 treasury shares have been excluded in calculating the number of Ordinary shares in issue at 30 September 2011 (30 September 2010: 1,642,837 treasury shares). The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per share are the same.

6. Net Asset Value per Ordinary share

The Net Asset Value per Ordinary share is calculated on attributable assets of £39,363,000 and 36,953,730 shares in issue at the period end (30 September 2010: assets of £32,292,000 and 32,687,004 shares, 31 March 2011: assets of £41,172,000 and 34,330,480 shares).

During the period the Company allotted 1,277,941 (30 September 2010: 166,512, 31 March 2011: 272,598) Ordinary shares in respect of its Dividend Re-Investment Scheme.

The Company has also repurchased 46,020 (30 September 2010: 260,000, 31 March 2011: 778,448) of its own shares in the period and these shares are held in treasury. The total of 2,207,305 treasury shares have been excluded in calculating the number of Ordinary shares in issue at 30 September 2011 (30 September 2010: 1,642,837 treasury shares, 31 March 2011: 2,161,285 treasury shares). The Company has no securities that would have a dilutive effect and hence basic and diluted Net Asset Value per share are the same.

7. Total Return

Total Return per share is calculated on cumulative dividends paid of 77.2 pence per Ordinary share (30 September 2010: 54.2 pence per Ordinary share and 31 March 2011: 56.2 pence per Ordinary share) plus the Net Asset Value at those dates as calculated per note 6.

8. Directors

The directors of the Company are: Mrs H Sinclair, Mr CWER Buchan and Mr PS Cammerman.

9. Advisors

On 25 August 2011 KHM Secretarial Services Limited were appointed company secretary replacing Clare Mackintosh of Keeble Hawson LLP.

10. Principal Risks and Uncertainties

There has been no change to the principal risks and uncertainties facing the Company since

the publication of the statutory accounts for the year ended 31 March 2011. In summary, the principal risks are:

- Investment and strategic;
- Loss of approval as a Venture Capital Trust;
- Regulatory;
- Reputational;
- Operational;
- Financial;
- Market risk; and
- Liquidity risk.

Full details of the principal risks can be found in the statutory accounts of the Company for the year ended 31 March 2011, on page 26, a copy of which can be found at www.yfmep.com.

11. Other Information

Copies of this interim report can be obtained from the Company's registered office: Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ or from the Fund Manager's website: www.yfmep.com.

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Claes Spang	Singer Capital Markets Limited	Tel: 0203 205 7500