

BRITISH SMALLER COMPANIES VCT PLC (“the Company”)

INTERIM MANAGEMENT STATEMENT For the quarter ended 30 June 2010

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 30 June 2010. This constitutes the Company’s first 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.

The unaudited Net Asset Value per Ordinary share as at 30 June 2010 was 96.0p (31 March 2010: 94.4p). The Net Asset Value is stated before taking account of the final dividend of 3.0p per Ordinary share in respect of the period ended 31 March 2010 and the special dividend of 1.25p per share in respect of the disposal of Sheet Piling (UK) Limited.

The Total Return at 30 June 2010, calculated by reference to the Net Asset Value per Ordinary share and the cumulative dividends paid, was 146.0p per share compared to 144.4p at 31 March 2010.

The number of Ordinary shares in issue at 30 June 2010 was 32,780,492. In addition, the Company held 1,382,837 shares in Treasury.

During the quarter 2,048,298 Ordinary shares were issued to Shareholders of the Company at a price of 97.25p per share pursuant to its Offers for Subscription document, raising an aggregate of £1,834,442 after expenses. During the quarter no shares were re-purchased by the Company.

Net assets at 30 June 2010 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	14,754	46.9%
Quoted investment at bid price	3,159	10.0%
Total venture capital investments	17,913	56.9%
Fixed income securities	10,673	33.9%
Total investments	28,586	90.8%
Cash and cash equivalents	2,632	8.4%
Other net current assets	267	0.8%
Net assets	31,485	100.0%

The ten largest investments by valuation at 30 June 2010 were as follows:

	£000	% of net assets
GO Outdoors Limited	5,676	18.0%
Waterfall Services Limited	1,857	5.9%
Deep-Secure Limited	1,000	3.2%
Adex Bridge Investments Limited	1,000	3.2%
4G Capital Limited	1,000	3.2%
North Western Investments Limited	1,000	3.2%
Fishawack Limited	875	2.8%
Lightmain Company Limited	600	1.9%
Hargreaves Services plc	524	1.6%
Mattioli Woods plc	506	1.6%
Top ten investments	14,038	44.6%
Other investments	3,875	12.3%
Total venture capital investments	17,913	56.9%

Investment Portfolio

During the three months ended 30 June 2010 two further investments were made into unquoted portfolio businesses. There was £0.16 million invested into Fishawack Limited to support its acquisition of Alpha-Plus Medical Communications Limited. In addition £0.05 million of working capital was invested into Ellfin Home Care Limited alongside funding from the other institutional shareholders.

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

Portfolio Announcement

Further to the announcement that was made on 1 March 2010 regarding a number of indicative proposals that had been received by a portfolio company to purchase part of its share capital none of these negotiations have proceeded to completion.

Performance

During the quarter the increase in Net Asset Value per share was 1.6p with the principle movement due to an underlying increase in the investment portfolio of 1.4p per share, with the balance resulting from profits and the impact of the recent fund raising. The Total Return, calculated by reference to the Net Asset Value plus cumulative dividends paid, has increased to 146.0p per share, cumulative dividends representing 50.0p per share.

The Net Asset Value currently comprises 8.4% in cash and cash equivalents and 33.9% in government and other similar fixed interest securities. In the short term the Company is well placed to take advantage of selective investment opportunities as they arise.

Since 30 June 2010 there has been an announcement by one of the quoted investments, Connaught plc, that has adversely impacted its value. In isolation the impact on British Smaller Companies VCT plc would be to reduce the Net Asset Value at 30 June 2010 by 0.8 pence per share.

Dividend Re-investment scheme

The Company operates a dividend re-investment scheme which will apply to the final dividend referred to above and which, as previously announced, is being dis-applied in respect of the Special Dividend.

Fundraising

The Company's fundraising offers were fully subscribed raising £1.83 million after expenses.

Outlook

Although economic uncertainty remains, the investment portfolio has continued to be resilient. We have noted an increase in the number of businesses seeking funds for expansion and your Company is well placed to take advantage with several new investment opportunities under review.

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