

# British Smaller Companies VCT 2 plc

## Unaudited Interim Results and Interim Management Statement

For the 6 months ended 30 June 2012

British Smaller Companies VCT 2 plc ("the Company") today announces its unaudited interim results for the six months to 30 June 2012.

### Chairman's Statement

I am pleased to report another very strong trading period for your Company in the six months to 30 June 2012 with further portfolio value growth of 8.6% and £10.1 million of new funds raised through a new share subscription.

On 13 August 2012 we reported the successful trade sale of Primal Pictures to an undisclosed buyer which delivered a value uplift of £0.95 million since 31 December 2011 and an overall cash return of 2.2 times original investment cost.

I am pleased to follow this with news of another successful exit from the portfolio, with Sirigen Group Limited completing a trade sale to Becton, Dickinson & Company on 24 August 2012, which has resulted in crystallised additional value growth of £0.66 million since the start of the year and an overall cash return of 2.8 times original investment cost. These results are particularly pleasing in light of the challenging economic times and prove that it is still possible to make strong returns by backing small businesses with a competitive advantage in their niche market.

The recent Offer for Subscription which closed on 5 April 2012 raised a total of £10.1 million net of costs, consequently the Company remains well placed to take advantage of the growing investment activity levels

The Total Return to Shareholders as at 30 June 2012 is 100.0 pence per Ordinary share, representing a year to date increase of 1.5 pence from the 98.5 pence per Ordinary share at 31 December 2011 and an increase of 4.1 pence over the 12 month period since 30 June 2011. Total Return to Shareholders includes cumulative dividends paid which now stands at 32.0 pence per Ordinary share.

The Net Asset Value at 30 June 2012 is 68.0 pence per Ordinary share (68.5 pence per Ordinary share at 31 December 2011), which reflects an increase in the portfolio value of 2.3 pence per Ordinary share and gains on disposals of 0.2 pence per Ordinary share offset by the payment of a 2.0 pence per Ordinary share final dividend paid in May 2012 and the dilutive impact of new shares issued.

## Interim Management Report

Over the six month period to 30 June 2012 the Company has seen an increase in investment levels with a total of £2.5 million invested (compared to £1.2 million in the 6 months to 30 June 2011), £2.3 million into 3 new opportunities and £0.21 million into 2 existing portfolio companies. The first of the new opportunities was £0.70 million invested in January 2012 as part of the management buyout of the retail display group Displayplan Holdings Limited from its US parent company. In March 2012 £0.3 million was invested as part of the £2 million buyout of Selima Limited, a supplier of payroll and expenses software predominantly to public sector customers. Finally in April 2012 £1.26 million was invested into Seven Technologies holdings Limited, a Northern Irish engineering business that specialises in developing and manufacturing bespoke electronics and communications applications for operation in inhospitable environments.

The first follow-on deal was a £0.06 million investment into the fluorescent labelling technology group, Sirigen Group Limited, as part of a £1 million internal growth round in February 2012. Secondly, £0.15 million was invested into AIM-listed EKF Diagnostics Holdings plc in March 2012, which reported strong progress towards building a profitable international diagnostics group.

Investment rates have continued to increase following the period end, with an additional £1.97 million having been invested to date. A follow-on investment of £0.9 million has been made into Immunobiology Limited, as part of a £3.0 million round, including new external investors, to take its innovative vaccine programme into human clinical trials. An additional £0.16 million has been invested into Vianet Group plc which has made good progress in diversifying its remote monitoring solutions for the brewing, fuel solution and remote vending sectors. A new investment of £0.13 million has been made into Hargreaves Services plc which is involved in sourcing and supply of solid fuel for the UK power industry. A new investment of £0.78 million has been made into Insider Technologies Limited to fund the buyout of the company, which provides monitoring and scheduling software for the financial service and security sectors.

Against the backdrop of on-going economic challenges, the Company remains focused on building a strong and diversified portfolio, whilst also looking to improve levels of portfolio income. Significant positive steps have been made in this regard. Excluding the new investments and a slight decrease in the value of gilts, the underlying value of the opening portfolio has grown by £0.93 million (8.6%) over the six months to 30 June 2012.

Whilst there were no significant realisations from the portfolio in the year, the Company has received £0.54 million of proceeds following the full and partial disposal of investments in 5 portfolio companies and an additional £0.05 million of deferred consideration in relation to the sale of DXS Limited in 2009. Following the period end the Company has however completed two significant realisation through the trade sales of Primal Pictures Limited and Sirigen Group Limited. Primal Pictures Limited, a supplier of 3D human anatomical images and training materials, has been sold to an undisclosed international publishing group. This has resulted in £1.82 million, at completion, of cash proceeds to the Company, a profit of £0.95 million over the 31 December 2011 valuation and resulting in a cash multiple of 2.2 on cost over the life of the investment. Sirigen Group Limited, a supplier of innovative fluorescent marking technology, has been sold to the US-based diagnostics group Becton, Dickinson & Company. At completion this delivered £1.45 million of cash proceeds, an increase of £0.66 million on the 31 December 2011 value and a cash multiple of 2.8x cost, with further deferred consideration anticipated.

Other portfolio companies have made good progress. Digital Healthcare Limited has made positive progress in integrating its 2011 acquisition of retinal screening supplier, Orion Imaging Limited, and has started to deliver the expected synergy benefits. Port operator RMS Group Holdings Limited has completed the refinancing of all remaining

institutional loans ahead of schedule. Strong progress has been made for the Company's two retail rollout investments with branded kitchen manufacturer Harvey Jones Limited increasing to 25 stores and coffee bar operator Bagel Nash Limited completing a profitable first year and highlighting locations for its first new shops. The £3.0 million further funding round into Immunobiology Limited is a significant positive step in commercialising its vaccine technology although the low pricing of this round (from which the Company has also benefited through its recent investment) has resulted in a value fall of £0.51 million for the existing holding.

There has been no change to the principal risks and uncertainties facing the Company since the publication of the financial statements for the year ended 31 December 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 financial statements for the year ended 31 December 2011 on page 24, a copy of which can be found at [www.yfmep.com](http://www.yfmep.com)

## Financial Results

The result for the six months ended 30 June 2012 produced a revenue profit before tax of £47,000 and a capital profit before tax of £802,000 (2011: profit of £2,000 and profit of £473,000 respectively). It is pleasing to see a strong improvement in the aggregate value of investments over the six months to 30 June 2012 of £881,000. The income from the portfolio of £258,000 also represents an increase of £80,000 on the same period in 2011 and the Fund Manager will continue to make investments to gradually improve the income generation from the portfolio.

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

	Pence/Ordinary share
31 December 2011	68.5
Dividends paid in period	(2.0)
Net Increase in value	1.5
30 June 2012	68.0

Following the new funds raised this year, cash and investment in gilts at 30 June 2012 totalled £13.0 million (June 2011: £6.85 million), representing 50% (June 2011: 43%) of Net Asset Value before taking account of any interim dividend. The Board considers that in the short term this is sufficient to support the current portfolio and to continue its investment strategy in selective new opportunities.

## Shareholder Relations

The last six months has seen the Company's investment capacity increase through the issue of 14,983,236 shares pursuant to the recently closed "Offer for Subscription", raising £10.1 million net of costs. In addition the Company issued 20,611 shares as part of the dividend reinvestment scheme on 22 May 2012. The Board believes that the coming 12-24 months will see increasing investment opportunities and will continue to consider the opportunity to raise further funding in the months ahead to enable the Company to take advantage of this and continue to build a strong, balanced portfolio.

The Board remains committed to the objective of achieving a consistent dividend stream. Following the 2011 year end a dividend of 2.0 pence per Ordinary share was paid on 22 May 2012, this commitment has been continued in these interim results with your Board determining that an interim dividend of 2.5 pence per Ordinary share will be paid on 26 October 2012 to Shareholders on the register as at 28 September 2012.

## Regulatory and Other Matters

Following the issue of the Draft Finance Bill 2012 on 29 March 2012 investments undertaken by the Company will be subject to new legislation.

Following EU approval and the Finance Bill gaining Royal Assent, changes have been made to the "qualifying company" limits effective from 6 April 2012. These are summarised as follows:

- the employee limit will increase from 50 to 250 for investee companies;
  - an increase in the size threshold of gross assets to £15 million before investment from £7 million;
- and

- that the maximum amount that an investee company can receive from VCTs and other State Aid sources will now be £5 million.

Funds raised by VCTs after 5 April 2012 may not be used to finance buy-outs or otherwise to acquire existing shares.

The Company does not currently have any funds to which the buy-outs rule applies.

Overall the Board believes these changes are a positive step and are expected to significantly increase the level and scale of investment opportunities available to the Company over the coming years.

## Outlook

The last six months have seen a continuation of the difficult market conditions of recent years and it is likely that the UK economy will experience a sustained period of very low growth. In spite of this many of the portfolio companies have delivered improved results and have been able to take advantage of changes in their markets. We hope to see this trend continue as economic conditions gradually improve.

Whilst the year ahead will continue to present challenges we are optimistic about the Company's ability to take advantage of the upcoming opportunities. The hesitant approach from the banks and changes in EU restrictions on qualifying investments should both lead to an increase in the volume and scale of investment opportunities in the future.

The Board remains of the opinion that the forthcoming period will see many good investment opportunities, both for the portfolio businesses and for new investments. It was with this in mind that we increased the investment capacity of the Company and we will consider the opportunity to further increase funds in the coming months.

Richard Last

29 August 2011

# Statement of Comprehensive Income

For the 6 months ended 30 June 2012

	Notes	Unaudited			Unaudited		
		6 months ending 30 June 2012			6 months ending 30 June 2011		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gain on disposal of investments		-	76	76	-	7	7
Gains on investments held at fair value		-	876	876	-	576	576
Income	2	258	-	258	178	-	178
Administrative expenses:							
Fund Management fee		(50)	(150)	(200)	(36)	(110)	(146)
Other expenses		(161)	-	(161)	(140)	-	(140)
		(211)	(150)	(361)	(176)	(110)	(286)
<b>Profit before taxation</b>		<b>47</b>	<b>802</b>	<b>849</b>	<b>2</b>	<b>473</b>	<b>475</b>
Taxation	3	-	-	-	-	-	-
<b>Profit for the period attributable to equity Shareholders</b>		<b>47</b>	<b>802</b>	<b>849</b>	<b>2</b>	<b>473</b>	<b>475</b>
<b>Total comprehensive income for the period attributable to equity Shareholders</b>		<b>47</b>	<b>802</b>	<b>849</b>	<b>2</b>	<b>473</b>	<b>475</b>
<b>Basic and diluted earnings per Ordinary share</b>	5	<b>0.13p</b>	<b>2.24p</b>	<b>2.37p</b>	0.01p	2.32p	2.33p

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs'). The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') 2009 published by the Association of Investment Companies.

Balance Sheet  
As at 30 June 2012

	Unaudited 6 months ended 30 June 2012	Unaudited 6 months ended 30 June 2011	Audited year ended 31 December 2011
	£000	£000	£000
Notes			
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	13,044	8,684	10,209
Fixed income government securities	918	2,839	1,618
Financial assets at fair value through profit or loss	13,962	11,523	11,827
Trade and other receivables	68	281	65
	<b>14,030</b>	11,804	11,892
<b>Current assets</b>			
Trade and other receivables	315	173	242
Cash and cash equivalents	12,085	4,009	4,076
	<b>12,400</b>	4,182	4,318
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(426)	(98)	(228)
<b>Net current assets</b>	<b>11,974</b>	4,084	4,090
<b>Net assets</b>	<b>26,004</b>	15,888	15,982
<b>Shareholders' equity</b>			
Share capital	3,942	2,412	2,426
Share premium	12,993	4,346	4,427
Capital redemption reserve	88	88	88
Merger reserve	5,525	5,525	2
Other reserve	2	2	5,525
Capital reserve	2,120	2,964	2,630
Investment holding losses	(2,778)	(4,135)	(3,665)
Special reserve	4,112	4,352	4,255
Revenue reserve	-	334	294
<b>Total Shareholders' equity</b>	<b>26,004</b>	15,888	15,982
<b>Net Asset Value per Ordinary share</b>	6	68.0p	68.5p

Signed on behalf of the Board

Richard Last

Chairman

29 August 2012

# Unaudited Statement of Changes in Equity

## For the 6 months ended 30 June 2012

	Share capital	Share premium account	Merger reserve	*Other reserves	Capital reserve	Investment holding gains (losses) reserve	Special reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 31 December 2010</b>	<b>1,785</b>	<b>810</b>	<b>5,525</b>	<b>90</b>	<b>3,587</b>	<b>(4,763)</b>	<b>4,463</b>	<b>332</b>	<b>11,829</b>
<i>Revenue return for the period</i>	-	-	-	-	-	-	-	2	2
<i>Capital expenses</i>	-	-	-	-	(110)	-	-	-	(110)
<i>Investment holding loss on investments held at fair value</i>	-	-	-	-	-	576	-	-	576
<i>Realisation of investments in the period</i>	-	-	-	-	7	-	-	-	7
Total comprehensive income for the period	-	-	-	-	(103)	576	-	2	475
<i>Issue of share capital</i>	627	3,582	-	-	-	-	-	-	4,209
<i>Issue costs</i>	-	(46)	-	-	-	-	-	-	(46)
<i>Purchase of own shares</i>	-	-	-	-	-	-	(111)	-	(111)
<i>Dividends</i>	-	-	-	-	(468)	-	-	-	(468)
Total transactions with shareholders	627	3,536	-	-	(468)	-	(111)	-	3,584
Realisation of prior year investment holding losses	-	-	-	-	(52)	52	-	-	-
<b>At 30 June 2011</b>	<b>2,412</b>	<b>4,346</b>	<b>5,525</b>	<b>90</b>	<b>2,964</b>	<b>(4,135)</b>	<b>4,352</b>	<b>334</b>	<b>15,888</b>
<i>Revenue return for the period</i>	-	-	-	-	-	-	-	(40)	(40)
<i>Capital expenses</i>	-	-	-	-	(149)	-	-	-	(149)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	-	536	-	-	536
<i>Gain on disposal of investments in the period</i>	-	-	-	-	218	-	-	-	218
Total comprehensive income for the period	-	-	-	-	69	536	-	(40)	565
<i>Issue of share capital</i>	13	280	-	-	-	-	-	-	293
<i>Issue costs</i>	-	(204)	-	-	-	-	-	-	(204)
<i>Purchase of own shares</i>	-	-	-	-	-	-	(97)	-	(97)
<i>Issue of Shares - DRIS</i>	1	5	-	-	-	-	-	-	6
<i>Dividends</i>	-	-	-	-	(469)	-	-	-	(469)
Total transactions with shareholders	14	81	-	-	(469)	-	(97)	-	(471)
Realisation of prior year investment holding gains	-	-	-	-	66	(66)	-	-	-
<b>At 31 December 2011</b>	<b>2,426</b>	<b>4,427</b>	<b>5,525</b>	<b>90</b>	<b>2,630</b>	<b>(3,665)</b>	<b>4,255</b>	<b>294</b>	<b>15,982</b>



# Unaudited Statement of Changes in Equity

## For the 6 months ended 30 June 2012

	Share capital	Share premium account	Merger reserve	*Other reserves	Capital reserve	Investment holding gains (losses) reserve	Special reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 31 December 2011</b>	<b>2,426</b>	<b>4,427</b>	<b>5,525</b>	<b>90</b>	<b>2,630</b>	<b>(3,665)</b>	<b>4,255</b>	<b>294</b>	<b>15,982</b>
<i>Revenue profit for the period</i>	-	-	-	-	-	-	-	47	47
<i>Capital expenses</i>	-	-	-	-	(150)	-	-	-	(150)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	-	876	-	-	876
<i>Gain on disposal of investments in the period</i>	-	-	-	-	76	-	-	-	76
Total comprehensive income for the period	-	-	-	-	(74)	876	-	47	849
<i>Issue of ordinary Share capital</i>	1,514	9,149	-	-	-	-	-	-	10,663
<i>Issue of Shares - DRIS</i>	2	11	-	-	-	-	-	-	13
<i>Issue costs of Ordinary shares</i>	-	(594)	-	-	-	-	-	-	(594)
<i>Purchase of own shares</i>	-	-	-	-	-	-	(143)	-	(143)
<i>Dividends</i>	-	-	-	-	(425)	-	-	(341)	(766)
Total transactions with Shareholders	1,516	8,566	-	-	(425)	-	(143)	(341)	9,173
Realisation of prior year investment holding losses	-	-	-	-	(11)	11	-	-	-
<b>At 30 June 2012</b>	<b>3,942</b>	<b>12,993</b>	<b>5,525</b>	<b>90</b>	<b>2,120</b>	<b>(2,778)</b>	<b>4,112</b>	<b>-</b>	<b>26,004</b>

\* Other reserves include the capital redemption reserve and treasury reserve, which are non-distributable.

Statement of Cash Flows  
For the 6 months ended 30 June 2012

	<b>Unaudited 6 months ended 30 June 2012  £000</b>	Unaudited 6 months ended 30 June 2011  £000	Audited year ended 31 December 2011  £000
<b>Net cash inflow (outflow) from operating activities</b>	<b>17</b>	(40)	(174)
<hr/>			
<b>Cash flows from investing activities</b>			
Purchase of financial assets at fair value through profit or loss	<b>(2,467)</b>	(2,352)	(3,970)
Proceeds from sale of financial assets at fair value through profit or loss	<b>1,238</b>	2,307	4,276
Deferred consideration	<b>48</b>	-	322
<b>Net cash (used in) from investing activities</b>	<b>(1,181)</b>	(45)	628
<hr/>			
<b>Cash flows from financing activities</b>			
Issue of Ordinary shares	<b>10,663</b>	4,210	4,502
Cost of Ordinary shares	<b>(594)</b>	(46)	(250)
Purchase of own shares	<b>(143)</b>	(111)	(208)
Dividends paid	<b>(753)</b>	(468)	(931)
<b>Net cash from financing activities</b>	<b>9,173</b>	3,585	3,113
<hr/>			
<b>Net increase in cash and cash equivalents</b>	<b>8,009</b>	3,500	3,567
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,076</b>	509	509
<b>Cash and cash equivalents at the end of the period</b>	<b>12,085</b>	4,009	4,076

## Notes to the Unaudited 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 his 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.
- 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 full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2011 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 December 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 financial statements for the year ended 31 December 2011, except as noted below.

The financial statements for the year ended 31 December 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 financial statements have been prepared in compliance with the recommendations of the SORP.

Other standards and interpretations have been issued which will be effective for future reporting periods but have not been adopted early in these financial statements. These include IFRS9, IFRS10, IFRS11, IFRS12, IFRS13, and IFRIC20. A full impact assessment has not yet been completed in order to assess whether these new standards will have a material impact on the financial statements.

## Notes to the Unaudited Financial Statements

### 2. Income

	<b>Unaudited 6 months ended 30 June 2012  £000</b>	Unaudited 6 months ended 30 June 2011  £000
Income from investments		
- Dividends from unquoted companies	<b>3</b>	3
- Dividends from AIM quoted companies	<b>22</b>	20
	<b>25</b>	23
- Interest on loans to unquoted companies	<b>147</b>	77
- Fixed interest Government securities	<b>11</b>	69
	<b>183</b>	169
Income from investments held at fair value through profit or loss	<b>183</b>	169
Interest on bank deposits	<b>75</b>	9
	<b>258</b>	178

## Notes to the Unaudited Financial Statements

### 3. Taxation

	Unaudited 6 months ended 30 June 2012			Unaudited 6 months ended 30 June 2011		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit before taxation	47	802	849	2	473	475
Profit before taxation multiplied by standard small company rate of corporation tax in UK of 20% (2010: 20%)	9	160	169	-	95	95
<b>Effect of:</b>						
UK dividends received	(5)	-	(5)	(5)	-	(5)
Non taxable profits on investments	-	(200)	(200)	-	(117)	(117)
Excess management expenses	(4)	40	36	5	22	27
Tax (credit)/ charge	-	-	-	-	-	-

The Company has no provided, or unprovided, deferred tax liability in either year.

Deferred tax assets in respect of losses have not been recognised as management do not currently believe that it is probable that sufficient taxable profits will be available 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 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.

## Notes to the Unaudited Financial Statements

### 4. Dividends

Amounts recognised as distributions to equity holders in the period:

	<b>Unaudited</b>			Unaudited			Audited		
	<b>6 months ended</b>			6 months ended			Year ended		
	<b>30 June 2012</b>			30 June 2011			31 December 2011		
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	Revenue	Capital	Total	Revenue	Capital	Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000	£000	£000	£000	£000	£000
Final paid – 2.0p per share paid 22 May 2012	<b>341</b>	<b>425</b>	<b>766</b>	-	-	-	-	-	-
Final paid - 2.0p per share paid 10 June 2011	-	-	-	-	468	468	-	468	468
Interim paid – 2.0p per share paid 30 September 2011	-	-	-	-	-	-	-	469	469
	<b>341</b>	<b>425</b>	<b>766</b>	-	468	468	-	937	937

An interim dividend of 2.5 pence per Ordinary Share, amounting to £956,093, is proposed. The dividend has not been recognised in these half year financial statements as the obligation did not exist at the balance sheet date.

### 5. Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per Ordinary Share is based on the profit after tax attributable to equity Shareholders of £849,000 (30 June 2011: profit of £475,000) and 35,885,606 (30 June 2011: 20,367,889) Ordinary shares being the weighted average number of Ordinary shares in issue during the period.

The basic and diluted revenue return per Ordinary Share is based on the revenue profit attributable to equity Shareholders of £47,000 (30 June 2011: £2,000) and 35,885,606 (30 June 2011: 20,367,889) Ordinary shares being the weighted average number of Ordinary shares in issue during the period.

The basic and diluted capital return per Ordinary Share is based on the capital profit attributable to equity Shareholders of £802,000 (30 June 2011: profit of £473,000) and 35,885,606 (30 June 2011: 20,367,889) Ordinary shares being the weighted average number of Ordinary shares in issue during the period.

During the period the Company allotted 20,611 new Ordinary shares in respect of its dividend reinvestment scheme and 5,080,416 new Ordinary shares under the “Offer for Subscription”. A further 158,303 new Ordinary shares were allotted to an existing individual Shareholder.

The Company has repurchased 249,234 of its own shares in the period and these shares are held in treasury. The total of 1,178,356 treasury shares has been excluded in calculating the weighted average number of Ordinary shares during the year. The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per Ordinary Share are the same.

## 6. Basic and Diluted Net Asset Value per Ordinary Share

The basic and diluted Net Asset Value per Ordinary Share is calculated on attributable assets of £26,004,000 (30 June 2011 and 31 December 2011: £15,888,000 and £15,982,000 respectively) and 38,243,718 (30 June 2011 and 31 December 2011: 23,359,278 and 23,330,802 respectively) Ordinary shares in issue at the year end.

The 1,178,356 (30 June 2011: 757,380) treasury shares have been excluded in calculating the number of Ordinary shares in issue at 30 June 2012. The Company has no securities that would have a dilutive effect and hence basic and diluted Net Asset Value per Ordinary share are the same.

## 7. Total Return

Total Return per share is calculated on cumulative dividends paid of 32.0 pence per Ordinary Share (30 June 2011: 28.0 pence per Ordinary share and 31 December 2011: 30.0 pence per Ordinary share) plus the Net Asset Value as calculated in note 6.

## 8. Directors

The directors of the Company are: Mr R Last, Mr R M Pettigrew, and Mr P C Waller.

## 9. Other Information

Copies of the 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](http://www.yfmep.com).

## Advisers to the Company

### Directors

Richard Last  
Robert Martin Pettigrew  
Peter Charles Waller

### Fund Manager

YFM Private Equity Limited  
Saint Martins House  
210-212 Chapeltown Road  
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LS7 4HZ

### Registrars

Capita Registrars  
The Registry  
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Kent  
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### Solicitors

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### Secretary and Registered Office

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### Stockbrokers

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### Fixed Interest Securities Adviser

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### Independent Auditor

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### VCT Status and Tax Adviser

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### Bankers

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