

British Smaller Companies VCT plc  
Interim Management Statement  
for the quarter ended 31 December 2015,  
announcement of special dividend  
and Offer for Subscription

British Smaller Companies VCT plc (the “Company”) presents its interim management statement for the quarter ended 31 December 2015. The statement also includes relevant financial information between the end of the quarter and the date of this statement. A copy of this interim management statement can be found at [www.bscfunds.com](http://www.bscfunds.com).

**Overview**

The Company has continued to make good progress in the quarter with total return rising by 3.8 pence per ordinary share to 207.8 pence per ordinary share.

Improved profitability in a number of investments contributed to a £3.3 million return from the portfolio in the quarter, delivering a £3.4 million increase in NAV in the period including the net income surplus of £0.1 million.

The Company has completed one new investment of £2.0 million into KeTech Enterprises Limited and three follow-on investments totalling £0.9 million in the three months to 31 December 2015.

The total return of 207.8 pence per ordinary share represents an increase of 10.3 pence per ordinary share in the first nine months of the year; equivalent to 10.4% of the opening Net Asset Value (‘NAV’) per share.

**Performance**

|  | <b>31 December<br/>2015</b> | <b>Movement</b> | <b>30 September<br/>2015</b> |
|--|-----------------------------|-----------------|------------------------------|
| <b>Net Assets (£m)</b>                 | <b>93.3</b>                 | <b>3.4</b>      | <b>89.9</b>                  |
| <b>Unaudited NAV per share (PPS)</b>   | <b>102.1</b>                | <b>3.8</b>      | <b>98.3</b>                  |
| <b>Cumulative dividends paid (PPS)</b> | <b>105.7</b>                | <b>-</b>        | <b>105.7</b>                 |
| <b>Total Return (PPS)</b>              | <b>207.8</b>                | <b>3.8</b>      | <b>204.0</b>                 |
| <b>Shares in issue</b>                 | <b>91,402,772</b>           | <b>-</b>        | <b>91,402,772</b>            |

The total return at 31 December 2015, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 207.8 pence per ordinary share compared to 204.0 pence per ordinary share at 30 September 2015.

The unaudited NAV per ordinary share as at 31 December 2015 was 102.1 pence per ordinary share (30 September 2015: 98.3 pence per ordinary share) representing an increase of 3.8 pence per ordinary share in the quarter. The increase in NAV per ordinary share is predominantly due to the net upward movement in the overall portfolio valuation.

## Dividends and shares in issue

The number of ordinary shares in issue at 31 December 2015 was 91,402,772 (30 September 2015: 91,402,772). In addition, at 31 December 2015 the Company held 3,589,665 ordinary shares in treasury (30 September 2015: 3,589,665).

On 15 January 2016 the Company paid an interim dividend of 2.0 pence per ordinary share. Pursuant to its dividend re-investment scheme and on the same date the Company issued 453,191 ordinary shares at a price of 91.49 pence per ordinary share.

## Net assets

Net assets at 31 December 2015 comprised the following:

|                                    | <b>£000</b>   | <b>% of net<br/>assets</b> |
|------------------------------------|---------------|----------------------------|
| Unquoted investments at fair value | <b>56,319</b> | 60.3                       |
| Quoted investments at bid price    | <b>2,777</b>  | 3.0                        |
| <b>Total investments</b>           | <b>59,096</b> | 63.3                       |
| Fixed income government securities | <b>1,441</b>  | 1.6                        |
| Cash and cash equivalents          | <b>31,765</b> | 34.0                       |
| Other net current assets           | <b>1,047</b>  | 1.1                        |
| <b>Net assets</b>                  | <b>93,349</b> | 100.0                      |

The investment portfolio at 31 December 2015 was comprised as follows:

|                                       | <b>Valuation<br/>£000</b> | <b>Valuation<br/>as a % of<br/>net assets</b> |
|---------------------------------------|---------------------------|---|
| GO Outdoors Topco Limited             | <b>8,621</b>              | 9.2   |
| Intelligent Office Limited            | <b>5,025</b>              | 5.4   |
| Mangar Health Limited                 | <b>3,301</b>              | 3.5   |
| DisplayPlan Holdings Limited          | <b>3,255</b>              | 3.5   |
| ACC Aviation Limited                  | <b>2,698</b>              | 2.9   |
| Springboard Research Holdings Limited | <b>2,469</b>              | 2.6   |
| Gill Marine Holdings Limited          | <b>2,377</b>              | 2.6   |
| GTK (Holdco) Limited                  | <b>2,373</b>              | 2.6   |
| Business Collaborator Limited         | <b>2,075</b>              | 2.2   |
| KeTech Enterprises Limited            | <b>2,000</b>              | 2.1   |
|                                       | <b>34,194</b>             | 36.6  |
| Other investments                     | <b>24,902</b>             | 26.7  |
| <b>Total investments</b>              | <b>59,096</b>             | 63.3  |

In the quarter to 31 December 2015 the realisation and repayment of investments generated cash proceeds of £2.4 million. This included the sale of the Company's investment in Insider Technologies (Holdings) Limited for proceeds of £1.2 million (an increase of £0.4 million over the value at the beginning of the financial year) and loan repayments of £1.1 million.

### **Portfolio Performance**

Over the quarter to 31 December 2015 aggregate unrealised portfolio valuations have increased by £3.2 million. This included a £0.7 million uplift in respect of GO Outdoors Limited, £0.6 million in respect of ACC Aviation Limited (which has moved from cost to an earnings valuation basis) and increases across a number of other investments.

The Board continues to follow its policy of maintaining a diversified portfolio. At 31 December 2015, only two investments represented more than five per cent of the Company's NAV.

### **Regulatory Changes**

A number of changes to the regulations governing VCTs came into force when the Finance (No.2) Act 2015 gained Royal Assent on 18 November 2015 and the Board has been careful to ensure that advanced assurance of compliance with the revised rules is received from HMRC before investments are completed. It is anticipated that the impact of the new rules will be to restrict the pool of available investments.

### **Special Dividend**

Following the successful sale of the investment in President Engineering Group Ltd the Company paid a special dividend of 3.5 pence per ordinary share on 7 September 2015. The directors are pleased to announce that a second special dividend of 1.0 pence per ordinary share will be paid on 11 March 2016 to all shareholders on the register on 12 February 2016 with an associated ex-dividend date of 11 February 2016. The Company operates a Dividend Re-investment Scheme (DRIS) and the DRIS election date will be 26 February 2016. The Board reminds shareholders that they do have the option to opt into or out of the DRIS should they wish, and can contact the Registrars accordingly.

Following payment of the above dividend the cumulative dividends paid in the year to 31 March 2016 will be 10.0 pence per ordinary share, which represents a yield of 10.1% over the NAV at the beginning of the financial year.

### **Offer for Subscription**

The Board is pleased to announce that the Company has today launched a new share offer (the "Offer") to raise up to £3,800,000. Full details of the Offer are contained in an offer document (the "Offer Document") issued by the Company, dated 2 February 2016.

The Offer will be open to existing shareholders until 29 February 2016 and, unless the Offer has been fully subscribed, the Offer will then also be available to new investors from 1 March 2016.

The Offer Document is available from the Company's website, [www.bscfunds.com](http://www.bscfunds.com), and will be posted to existing shareholders on 5 February 2016.

The Offer opens on 2 February 2016 and will close on 5 April 2016. The Offer will close earlier if it is fully subscribed.

The Offer Document will shortly be available for inspection at the National Storage Mechanism, which is located at:

<http://www.morningstar.co.uk/uk/NSM>

### **Investor workshop**

The Company will be hosting its next Investor Workshop with British Smaller Companies VCT2 plc on 17 May 2016 at the British Library. Shareholders wishing to attend should contact Tracey Nice on 0113 261 6478 or [tracey.nice@yfmep.com](mailto:tracey.nice@yfmep.com).

### **Outlook**

The portfolio continues to generate good returns and a number of investments are well positioned to realise value. The rate of new investment will be impacted by the changes to the VCT legislation, which will reduce the pool of available investments. The Board will continue to review the future fundraising requirements in this context. The regulations are not expected to materially impact the performance of the current portfolio.

2 February 2016

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

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