

# British Smaller Companies VCT plc

Interim Report for the period from  
1 April 2008 to 30 September 2008



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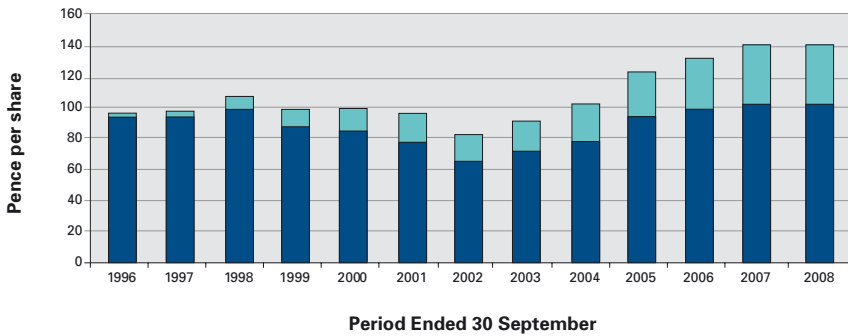
# Financial Highlights

six months ended 30 September 2008

The total return to shareholders, who invested in the first round of fundraising, at 30 September 2008 is 138.8 pence per share, this compares to 140.7 pence per share at 30 September 2007 and 142.1 pence per share at 31 March 2008.

The chart below sets out the aggregate of net asset value of the Company and the cumulative dividends paid.

**British Smaller Companies VCT plc  
Total Return – Ordinary Share Portfolio**



# Chairman's Statement

The first six months of this trading year has been characterised by increasingly challenging economic conditions. Latterly this was heightened by banking failures and further pressure on liquidity which has severely restricted the supply of capital. Whilst, following the end of our half year, a variety of largely Governmentally supported rescue plans have been implemented, the impact of the severe disruption to the supply of credit is now beginning to ripple through to demand and consequently affect the real economy.

Clearly these challenging conditions will impact upon all the companies in the portfolio. However, our approach has been to encourage companies to take appropriate levels of debt to minimise their financing risks. This will not mean that they will be immune from possible covenant breaches but more prudent levels of debt should help to protect the investments from the volatile behaviour exhibited by some banks.

On a more positive note, for an investment company these circumstances can provide real opportunity. Over recent years British Smaller Companies VCT has taken the opportunity to both realise investments and raise money. This has enabled your Company to both deliver increasing dividend return and build its investment capacity. As at 30 September 2008 the total net assets were £29.4 million of which 57% was held in gilts, cash and net current assets and 43% was invested (of which approximately two thirds was in unquoted investments and one third in quoted investments).

The high level of liquid funds has achieved both some insulation against the current market volatility, which has seen total return reduce 2.3% over the six month period, but also allows the Company to take advantage of buying opportunities as they arise over the next 12-24 months.

As a measure of your board's confidence in the long term position of the Company we are proposing to maintain the interim dividend at 2.0 pence per share. The dividend will be paid on 11 February 2009 to shareholders on the register at 28 November 2008.

## Interim Management Report

The first and second quarter of this financial year were markedly different. Investment and divestment activity were both confined to the first quarter. Your Company completed three investments totalling £0.99 million. The first into Darwin Rhodes Limited (£0.44 million) was an all equity financing into an un-gearred business that provides recruitment services across Western and Central Europe and the Far East. These services are targeted at the financial sector, with an increasing demand seen in respect of compliance and regulatory posts. The second investment (£0.4 million) was in to AiM listed K3 Technology. This business has recently expanded away from its core global retail base into supply chain management assisting businesses to deliver further efficiency and cost savings. The third

# Chairman's Statement

investment (£0.15 million) was by way of a predominantly mezzanine loan into the existing portfolio business RMS Europe Limited.

During the period your Company also realised a further £0.16 million of its residual holding in Connaught plc, this compared to a cost of £0.013 million realising a profit of £0.147 million.

In the second quarter, both Caterplus Services Limited (to be known as Waterfall Services Limited in future (Waterfall)) and Ellfin Home Care Limited have pursued their acquisition strategies. Waterfall acquired the north east based Taylor Shaw, a supplier of catering services to the education sector. This acquisition will help to diversify the company's catering services offering both geographically and by sector. Shortly after the end of the period, Ellfin Home Care Limited completed its acquisition of Accrington-based Elmwood Limited. This continues its strategy of focussing on building a tightly focussed group in the community care sector.

## Financial Results

The operating profit for the period was £0.33 million equivalent to 1.07 pence per share. However, taking account of the movement in investment values, the loss for the period was £0.746 million equivalent to 2.42 pence per share. The operating results have benefited from the estimated recovery of VAT of £0.27 million. The claim has been submitted to

HMRC on the Company's behalf by its fund manager, YFM Private Equity Limited, with payment anticipated in due course.

The movement in the investment values is as a result of unrealised valuation movements resulting in the main from a combination of reductions in the value of some of the quoted investments and a reduction in the earnings multiple applied to derive the valuations of unquoted investments.

The resultant net asset value per share at 30 September 2008 was 95.8 pence per share.

## Shareholder Relations

### Fundraising

The period has seen the successful closing of the Company's latest share offers. These were concluded on 4 and 30 April respectively and raised a total of £5.2 million net of expenses. This was a little higher than the original target of £5 million, with the additional demand being met from a small top up issue.

### Dividend Re-investment Scheme

Each year our fund manager holds Investor Workshops. This year the venue was the Tower of London and there were nearly 150 attendees – the highest ever total. One of the areas your board has kept under review for some time is a dividend re-investment scheme. After due consideration and taking shareholder feedback in to account, the board resolved to

# Chairman's Statement

seek the authority of shareholders to establish a Dividend Re-investment Scheme ("the Scheme"). This authority was given by shareholders at the Annual General Meeting on 6 August 2008. Accordingly, the board will shortly be publishing the terms and conditions of the Scheme which will enable shareholders to elect to receive dividends in the form of shares. The first dividend for which shareholders will be able to elect to receive shares instead of dividends will be in respect of the interim dividend for 2008, payment of which is expected to be made in February 2009.

## Share Buy Backs

As you know, the market for your Company's shares has been made by Landsbanki Securities following its acquisition of Teather & Greenwood, the London stockbroking firm. Following the administration of Landsbanki in October 2008, there has been a short period where our broker has been unable to make a market and as a consequence there has been some downward bidding pressure on the share price. This is a relatively fluid situation that is under review. Your board believes that there may be a greater number of market makers for the Company's shares over the coming months.

During the six month period to 30 September 2008 your Company acquired 298,153 shares at a cost of £0.265 million. This compares to 448,445 shares at a cost of £0.389 million in the same period last year. Whilst the level of buy

back is reduced, your board continues to keep the Company's share buy back policy under review.

Your board continues to believe that 2009-10 may offer a strong flow of good investment opportunities. However, after careful consideration your board has determined that the Company does not need to raise further funds in the immediate future in order to take advantage of these opportunities. We will continue to review this position throughout 2009.

## Outlook

There is little doubt that during this first half of the financial year, a series of events have created volatile market conditions and uncertainty in the economy. History suggests that immediately following such periods is an attractive time to make new investments as assets are cheaper. It may well be that in the short term there is more pressure on valuations as the economy deteriorates. In the medium term we should benefit from our relative liquidity as attractive investment opportunities appear.

At the end of my first Chairman's statement I would like to thank all our shareholders for their continued support.

Helen Sinclair  
20 November 2008

# Investment Portfolio

## Current Investments

Name of Company	Date of Initial Investment	Industry Sector	Original Cost £000	Realised to Date* £000	Investment at Valuation £000	Realised and Unrealised to Date £000
Connaught plc	Nov-98	Construction	460	942	1,195	2,137
GO Outdoors Ltd	May-98	Consumer Products	556	460	1,491	1,951
Sheet Piling (UK) Ltd	Jun-00	Construction	500	410	1,155	1,565
Cater Plus Services Ltd	Feb-07	Support Services	1,000	–	1,378	1,378
RMS Group Holdings Ltd	Jul-07	Industrial	1,050	9	1,127	1,136
Pressure Technologies plc	Jun-07	Industrial	425	–	737	737
Mattioli Woods plc	Nov-05	Support Services	326	–	658	658
Ellfin Home Care Ltd	Dec-07	Healthcare	650	–	650	650
Hargreaves Services plc	Dec-07	Industrial	469	–	589	589
Harvey Jones Ltd	May-07	Consumer Products	777	–	556	556
Fishawack Ltd	Jan-08	Communications	500	–	500	500
Harris Hill Ltd	Jun-07	Support Services	600	–	465	465
Images at Work Ltd	May-99	Support Services	615	320	110	430
Tikit plc	Jun-01	Software	226	–	406	406
Payzone plc	Jun-02	Consumer Products	318	311	20	331
K3 Business Tech Group plc	Apr-08	Software	402	–	303	303
Denison Mayes Group Ltd	Aug-98	Industrial	700	245	55	300
Darwin Rhodes Ltd	Apr-08	Support Services	444	–	298	298
Primal Pictures Ltd	May-01	Healthcare	500	–	264	264
Brulines (Holdings) plc	Oct-06	Software	163	–	192	192
Freshroast Coffee Co. Ltd	Jul-96	Consumer Products	160	166	9	175
Patsystems plc	Sep-07	Software	222	–	162	162
Straight plc	Feb-04	Industrial	341	64	96	160
Hexagon Human Capital plc	Feb-07	Support Services	200	–	115	115
Cambridge Cognition Ltd	May-02	Software	325	–	104	104
Belgravium plc	Oct-05	Software	200	–	43	43
Landround plc	Aug-99	Consumer Products	283	–	10	10
SBS Group plc	Mar-98	Support Services	100	–	–	–
			<b>12,512</b>	<b>2,927</b>	<b>12,688</b>	<b>15,615</b>
<b>Realisations since September 2002</b>			<b>8,211</b>	<b>12,446</b>	<b>–</b>	<b>12,446</b>
<b>Realisations prior to September 2002</b>			<b>6,812</b>	<b>3,853</b>	<b>–</b>	<b>3,853</b>
<b>Total realised and unrealised to date</b>			<b>27,535</b>	<b>19,226</b>	<b>12,688</b>	<b>31,914</b>

\*Proceeds include premium and profits on loan repayments and preference redemptions

# Top 15 Investments



## GO Outdoors Limited

Sheffield  
[www.goutdoors.co.uk](http://www.goutdoors.co.uk)

GO Outdoors is a retailer of outdoor clothing and equipment. The original investment of £500,000 in May 1998 supported the buy out from its previous owner. The second investment in March 2002 was made in support of the company's first acquisition. Eight further stores have been opened or acquired. The company has continued to consolidate and build on its market share and is anticipating further geographic expansion in 2009.



## Cater Plus Services Limited (to be known as Waterfall Services Limited)

Watford  
[www.caterplus.co.uk](http://www.caterplus.co.uk)

Your Company invested to support the management buy-in/management buy-out of this specialist supplier of catering services to the residential and care home sector in February 2007. Since the investment, the company has expanded its original catering services business from the supply of residential and care homes to the educational market. There has been both organic and acquisitive growth which has broadened and diversified the customer base.



## Connaught plc

Sidmouth  
[www.connaught.plc.uk](http://www.connaught.plc.uk)

Connaught operates as a facilities management and integrated property services group, engaged in building maintenance, light refurbishment, commercial fitting-out and electrical work and since 2007 compliance services. The preliminary results for the year ended 31 August 2008 showed turnover up 40% to £553 million and operating profit increasing by 87% to £35.9 million. The company remains confident about both further organic and acquisitive growth.



## Sheet Piling (UK) Limited

Preston  
[www.sheetpilinguk.com](http://www.sheetpilinguk.com)

From its headquarters in Preston, Sheet Piling is one of the UK's leading driven steel piling contractors carrying out contracts throughout the UK for a variety of sectors using its 'state of the art' equipment. The diversification into supplying polymer piles where the longevity of steel piles is insufficient, such as marine environments, has assisted the company's growth and the broadened offering should help against the downturn in the construction industry.



# Top 15 Investments



## RMS Group Holdings Limited

Goole  
[www.rms-europe.co.uk](http://www.rms-europe.co.uk)

Your Company invested to support the management buy-in/management buy-out of this group which provides a wide range of stevedoring, warehousing and distribution services. RMS operates from five sites on the Humber estuary handling in excess of 2 million tonnes of cargo a year. RMS has continued to widen its customer base and has pursued an expansion along the estuary in to Hull. Whilst dependent on overall commodity movements the financing structure has been defensively constructed.



## Pressure Technologies plc

Sheffield  
[www.pressuretechnologies.co.uk](http://www.pressuretechnologies.co.uk)

Pressure Technologies was admitted to the Alternative Investment Market in June 2007. Half year results to 29 March 2008 delivered turnover up 60% to £11.7 million and operating profit up 188% to £2.3 million. Prior to its announcement of the preliminary results for the the year to 27 September 2008 the company has reported stronger than expected trading in its fourth quarter and expects its full year results to be ahead of expectations.

## Mattioli Woods

## Mattioli Woods plc

Leicester  
[www.mattioli-woods.com](http://www.mattioli-woods.com)

Mattioli Woods provides pensions consultancy and administration services primarily to owner-managers, senior executives and professional persons. The group's key activities include complex pensions consultancy, the provision of self-invested personal pensions ("SIPP") and small self-administered pension schemes ("SSAS"). The results for the year to 31 May 2008 showed revenue increased by 20.3% to £10.8 million and operating profit up 14.45% to £3.7 million. Their recent AGM statement of 16 October 2008 continued a confident note about the appropriateness of their tailored services for those seeking retirement planning advice in more difficult economic climates.

## Elffin Home Care Limited

Oldham

Elffin Home Care is a domiciliary care business providing care in the home services to both public and private clients. The company was established as a vehicle to acquire a number of home care businesses forming a North West Group over a 5 year period. As at 30 September 2008 one acquisition has been completed. Further funding has been made available following the period end to complete a second acquisition.

# Top 15 Investments



## Hargreaves Services plc

Esh Winning, Durham  
[www.hargreavesservices.co.uk](http://www.hargreavesservices.co.uk)

In the years following its founding in 1994 Hargreaves established itself as the largest independent bulk haulage company in Britain. The group has a national network of depots and facilities, and specialises in supplying and processing carbon-based minerals. It also operates a colliery and a coking plant. Results for the full year to 31 May 2008 showed turnover increased by 69% to £405 million and underlying operating profit increased by 118% to £23.6 million.



## Harvey Jones Holdings Limited

London  
[www.harveyjones.com](http://www.harveyjones.com)

Harvey Jones is a fitted kitchen furniture specialist. We supported the MBO of the business from its private owner. The business has a manufacturing facility in the UK and stores in London and wealthy provincial towns principally in the South of England. It has expanded its market share during this last year and continues to focus on selectively expanding its geographical reach.



## Fishawack Limited

Knutsford  
[www.fishawack.com](http://www.fishawack.com)

Fishawack is an established, specialist healthcare communications agency focusing on the medical sector, with a strong reputation for providing specialist support for many of the world's top global pharmaceutical companies. It has continued to build its customer base and market share supporting the pre-launch and launch campaigns for new drugs and treatments.



## Harris Hill Limited

Kingston upon Thames  
[www.harrishill.co.uk](http://www.harrishill.co.uk)

Harris Hill is the UK's leading charity and 'not for profit' recruitment specialist. British Smaller Companies VCT plc supported the previous CEO of Office Angels in a management Buy-in of Harris Hill in June 2007. The company is continuing to build its presence in this specialised recruitment sector.

# Top 15 Investments



Tikit Group plc

London  
[www.tikit.com](http://www.tikit.com)

Tikit Group is a provider of consultancy services and software solutions principally to the IT departments of top law firms. The company also provides a range of document and knowledge management tools to a majority of the top 50 UK legal practices. Tikit has continued to perform well with the interim unaudited results to June 2008 delivering sales growth of 3.4% to £13.6 million, with operating profit up 13.2% to £1.84 million. Tikit continues to place great emphasis on long term sales agreements and is progressing migrating its customer base on to this model.



K3 Business Technology Group

Colne  
[www.k3btg.com](http://www.k3btg.com)

Established in 2001, K3 supplies, installs and supports Microsoft based business planning and management software principally to retailers and manufacturers achieving both organic and acquisitive growth. The company has been diversifying away from its original core retail base and continues to diversify its supply chain activities. The half year to June 2008 saw revenue increase 26% to £17 million and operating profit up 82% to £2.3 million.

**DARWIN RHODES**

Darwin Rhodes Limited

London  
[www.darwinrhodes.com](http://www.darwinrhodes.com)

Darwin Rhodes is a specialist recruitment company in the financial services sector. Unusually for a business of its size it operates internationally throughout Western and Central Europe and the Asia Pacific countries. Compliance and regulatory based hires are likely to play an increasing role in the short to medium term.

# Income Statement

## For the 6 months ended 30 September 2008

		<b>Unaudited 6 months ended 30 September 2008 £000</b>	Unaudited 6 months ended 30 September 2007 £000	Audited Year ended 31 March 2008 £000
<b>Income</b>	2	<b>628</b>	489	1,035
Administrative expenses:				
Fund management fee		<b>(364)</b>	(299)	(610)
Estimated VAT recovery		<b>272</b>	–	–
Other expenses		<b>(206)</b>	(106)	(195)
		<b>(298)</b>	(405)	(805)
<b>Operating profit</b>		<b>330</b>	84	230
Gains on realisation of investments (net)		<b>85</b>	642	2,318
Unrealised (losses) gains on investments held at fair value (net)		<b>(1,161)</b>	1,162	(343)
<b>Net movement on investments</b>		<b>(1,076)</b>	1,804	1,975
<b>(Loss) profit on ordinary activities before taxation</b>		<b>(746)</b>	1,888	2,205
Taxation	3	–	–	–
<b>(Loss) profit for the period from continuing operations</b>		<b>(746)</b>	1,888	2,205
<b>Basic and diluted (loss) earnings per share</b>	5	<b>(2.42)p</b>	7.37p	8.51p

# Balance Sheet

## As at 30 September 2008

	Unaudited 6 months ended 30 September 2008 £000	Unaudited 6 months ended 30 September 2007 £000	Audited Year ended 31 March 2008 £000
Notes			
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	<b>12,688</b>	14,699	12,947
<b>Current assets</b>			
Trade and other receivables	<b>709</b>	631	1,114
Cash and cash equivalents	<b>16,312</b>	11,504	12,356
	<b>17,021</b>	12,135	13,470
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>(235)</b>	(155)	(219)
<b>Net current assets</b>	<b>16,786</b>	11,980	13,251
<b>Net assets</b>	<b>29,474</b>	26,679	26,198
<b>Shareholders' equity</b>			
Share capital	<b>3,180</b>	2,641	2,642
Share premium account	<b>15,183</b>	10,504	10,502
Capital redemption reserve	<b>221</b>	221	221
Treasury share reserve	<b>(931)</b>	(389)	(666)
Special reserve	<b>2,408</b>	2,408	2,408
Retained earnings	<b>9,413</b>	11,294	11,091
<b>Total Shareholders' equity</b>	<b>29,474</b>	26,679	26,198
<b>Net asset value per Ordinary share</b>	6	<b>95.8p</b>	102.1p
<b>Total return per Ordinary share</b>	7	<b>138.8p</b>	142.1p

Signed on behalf of the Board

Helen Sinclair  
Chairman  
20 November 2008

# Unaudited Statement of Changes in Shareholders' Equity

For the 6 months ended 30 September 2008

	Share capital	Share premium account	Capital redemption reserve	Treasury reserve	Special reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2007	2,148	1,813	221	–	2,408	10,198	16,788
Issue of Ordinary shares	980	8,723	–	–	–	–	9,703
Issue costs	–	(525)	–	–	–	–	(525)
C share conversion	(487)	493	–	–	–	–	6
Purchase of own shares	–	–	–	(389)	–	–	(389)
Dividends	–	–	–	–	–	(792)	(792)
Profit for the period	–	–	–	–	–	1,888	1,888
<b>Balance at</b>							
<b>30 September 2007</b>	<b>2,641</b>	<b>10,504</b>	<b>221</b>	<b>(389)</b>	<b>2,408</b>	<b>11,294</b>	<b>26,679</b>
Purchase of own shares	1	(2)	–	(277)	–	–	(278)
Dividends	–	–	–	–	–	(520)	(520)
Profit for the period	–	–	–	–	–	317	317
<b>Balance at</b>							
<b>31 March 2008</b>	<b>2,642</b>	<b>10,502</b>	<b>221</b>	<b>(666)</b>	<b>2,408</b>	<b>11,091</b>	<b>26,198</b>
Issue of Ordinary shares	538	4,978	–	–	–	–	5,516
Issue costs	–	(297)	–	–	–	–	(297)
Purchase of own shares	–	–	–	(265)	–	–	(265)
Dividends	–	–	–	–	–	(932)	(932)
Loss for the period	–	–	–	–	–	(746)	(746)
<b>Balance at</b>							
<b>30 September 2008</b>	<b>3,180</b>	<b>15,183</b>	<b>221</b>	<b>(931)</b>	<b>2,408</b>	<b>9,413</b>	<b>29,474</b>

# Cash Flow Statement

## For the 6 months ended 30 September 2008

	<b>Unaudited 6 months ended 30 September 2008 £000</b>	Unaudited 6 months ended 30 September 2007 £000	Audited Year ended 31 March 2008 £000
<b>Net cash inflow (outflow) from operating activities</b>	<b>49</b>	(182)	(26)
<b>Cash flows (used in) from investing activities</b>			
Purchase of fixed asset investments	<b>(996)</b>	(2,705)	(4,770)
Proceeds from sale of fixed asset investments	<b>927</b>	1,605	4,878
<b>Net cash (used in) from investing activities</b>	<b>(69)</b>	(1,100)	108
<b>Cash flows from (used in) financing activities</b>			
Cost of C share issue	–	–	–
Issue of Ordinary shares	<b>5,436</b>	9,703	9,784
Cost of Ordinary share issue	<b>(244)</b>	(520)	(579)
Purchase of own Ordinary shares	<b>(171)</b>	(515)	(721)
Dividends paid	<b>(932)</b>	(792)	(1,312)
<b>Net cash from (used in) financing activities</b>	<b>4,089</b>	7,876	7,172
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,069</b>	6,594	7,254
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,356</b>	4,867	4,867
Effect of market value changes in cash equivalents	<b>(113)</b>	43	235
<b>Cash and cash equivalents at the end of the period</b>	<b>16,312</b>	11,504	12,356

# Notes to the Financial Statements

1. 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.

The half year statements are unaudited, nor have they been reviewed by the auditors pursuant to the Auditing Practices Board (ASB) guidance on Review of Interim Financial Information. They do not constitute full financial statements as defined in section 240 of the Companies Act 1985. The comparative figures for the year ended 31 March 2008 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 March 2008. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

The half year statements comply with IAS 34 'Interim financial reporting' and 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 March 2008.

The financial statements for the year ended 31 March 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Accounting Standards Committee (IASC) as adopted by the European Union and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

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 March 2008. 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 March 2008 on page 21. A copy of which can be found at [www.yfmgroup.co.uk](http://www.yfmgroup.co.uk)



# Notes to the Financial Statements

## 2. Income

	<b>Unaudited 6 months ended 30 September 2008 £000</b>	Unaudited 6 months ended 30 September 2007 £000	Audited Year ended 31 March 2008 £000
Income from investments:			
Dividends from unquoted companies	–	42	53
Dividends from AIM quoted companies	<b>34</b>	27	51
	<b>34</b>	69	104
Interest on loans to unquoted companies	<b>183</b>	88	216
Fixed interest Government securities	<b>385</b>	313	643
	<b>602</b>	470	963
Income from investments held at fair value through profit or loss	<b>602</b>	470	963
Other income	–	–	11
Interest on deposits	<b>26</b>	19	61
	<b>628</b>	489	1,035

## 3. Taxation

	<b>Unaudited 6 months ended 30 September 2008 £000</b>	Unaudited 6 months ended 30 September 2007 £000	Audited Year ended 31 March 2008 £000
(Loss) profit on ordinary activities multiplied by standard small company rate of corporation tax in the UK of 21% (September 2007: 19% and March 2008: 20%)	<b>(156)</b>	359	441
<b>Effect of:</b>			
UK dividends received	<b>(7)</b>	(13)	(21)
Non taxable losses (profits) on investments	<b>226</b>	(343)	(395)
Excess management expenses	<b>(63)</b>	(3)	(25)
Current tax charge for the period	–	–	–

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 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.

# Notes to the Financial Statements

## 4. Dividends

	<b>Unaudited 6 months ended 30 September 2008 £000</b>	Unaudited 6 months ended 30 September 2007 £000	Audited Year ended 31 March 2008 £000
Interim – 2.0p per Ordinary share; paid 16 November 2007	–	–	520
Final – 3.0p per Ordinary share; paid 8 August 2007	–	792	792
Final – 3.0p per Ordinary share; paid 8 August 2008	<b>932</b>	–	–
<b>Dividends paid</b>	<b>932</b>	792	1,312

An interim dividend of 2.0p per share in respect of the period to 30 September 2008, amounting to £615,000, is proposed. This has not been recognised in the period ended 30 September 2008 as the obligation did not exist at the balance sheet date.

5. The (loss) earnings per share is based on the net loss from ordinary activities after tax attributable to shareholders of £746,000 (30 September 2007: net profit of £1,888,000 and 31 March 2008: net profit of £2,205,000) and on 30,865,000 shares (30 September 2007: 26,608,000 and 31 March 2008: 25,915,000), being the weighted average number of shares in issue during the period.

The Company has also repurchased 1,050,955 of its own shares and these shares are held in treasury. The 1,050,955 treasury shares have been excluded in calculating the number of Ordinary shares in issue at 30 September 2008 (30 September 2007: 448,445 and 31 March 2008: 752,802). The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per share are the same.

6. The net asset value per share is calculated on attributable assets of £29,474,000 and 30,752,447 shares in issue at the period end (30 September 2007: assets of £26,679,000 and 25,975,718 shares, 31 March 2008: assets of £26,198,000 and 25,671,361 shares).

The Company has also repurchased 1,050,955 of its own shares and these shares are held in treasury. The 1,050,955 treasury shares have been excluded in calculating the number of Ordinary shares in issue at 30 September 2008 (30 September 2007: 448,445 and 31 March 2008: 752,802). The Company has no securities that would have a dilutive effect and hence basic and diluted net asset values per share are the same.

# Notes to the Financial Statements

7. Total return per share is calculated on cumulative dividends paid of 43 pence per Ordinary share (30 September 2007: 38 pence per Ordinary share and 31 March 2008: 40 pence per Ordinary share) plus the net asset value at those dates as calculated per note 6.
8. The directors of the Company are: Ms H Sinclair, Mr PS Cammerman, Mr RM Pettigrew and Mr R Last.
9. Copies of the interim report can be obtained from the Company's registered office: Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ.

# British Smaller Companies VCT plc

Saint Martins House

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