

British Smaller Companies VCT plc (“the Company”)

Interim Management Statement

For the quarter ended 30 June 2012

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 30 June 2012. The statement also includes relevant financial information between the end of the quarter and the date of this statement. This statement constitutes the Company's first interim management statement for the financial year ending 31 March 2013, 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.yfmep.com.

The Total Return at 30 June 2012, calculated by reference to the Net Asset Value (NAV) per ordinary share and the cumulative dividends paid, was 173.9 pence per share compared to 178.8 pence per Ordinary share at 31 March 2012. Cumulative dividends represent 79.2 pence per Ordinary share (31 March 2012: 79.2 pence per share).

The unaudited NAV per ordinary share as at 30 June 2012 is 94.7 pence (31 March 2012: 99.6 pence per share) excluding the final dividend of 3.0 pence per Ordinary share which was approved at the Annual General Meeting on 20 July 2012. The 4.9 pence per share decrease in NAV is due to the net downward movement in valuations, of which 1.5 pence results from volatility of the quoted holdings.

The number of ordinary shares in issue at 30 June 2012 was 39,211,391 (31 March 2012: 38,033,720). In addition, the Company held 2,714,592 shares in Treasury.

During the quarter 354,107 ordinary shares were repurchased by the Company at a price of 85.0 pence per share and placed in Treasury. The Company has issued 1,531,778 ordinary shares at a price of 99.75 pence per share pursuant to its offer for subscription launched on 6 March 2012 (“the Offer”). There were no shares issued by the Company subsequent to the quarter end.

Net assets at 30 June 2012 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	22,603	60.9%
Quoted investment at bid price	3,136	8.4%
Total venture capital investments	25,739	69.3%
Fixed income securities	2,499	6.7%
Total investments	28,238	76.0%
Cash and cash equivalents	10,307	27.8%
Other net current assets (liabilities)	(1,413)	(3.8)%
Net assets	37,132	100.0%

The ten largest investments by valuation and other investments at 30 June 2012 were: -

	£000	% of net assets
GO Outdoors Limited	3,444	9.3%
President Engineering Group Limited	3,167	8.5%
Seven Technologies Limited	2,524	6.8%
Deep-Secure Ltd	2,393	6.4%
Waterfall Services Limited	1,710	4.6%
Displayplan Holdings Limited	1,300	3.5%
Fairlight Bridge Limited	1,000	2.7%
Fishawack Limited	898	2.4%
Harvey Jones Holdings Limited	799	2.2%
Harris Hill Limited	668	1.8%
Top ten investments	17,903	48.2%
Other investments	7,836	21.1%
Total venture capital investments	25,739	69.3%

Investment Portfolio

During the three months ended 30 June 2012 the Company made two new investments totalling £3.5 million. The first investment of £2.5 million was into Seven Technologies Limited, a Northern Irish engineering business that specialises in developing and manufacturing bespoke electronics and communications applications. The second investment of £1.0 million was into Fairlight Bridge Limited, backing an experienced manager to invest in underperforming and turnaround situations particularly in the Midlands area. There have been no investments made since the quarter end.

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

Performance

Over the 3 months to 30 June 2012 the portfolio saw an overall fall in unrealised valuations of £1.9 million equating to an 7.9% reduction in the opening value and representing a decrease in NAV of 4.9 pence per share. This comprised a decrease in the value of GO Outdoors, in part due to a decline in the quoted retail sector pricing/earnings multiples compounded by more difficult trading caused by heavy discounting across the sector. This reduction was partially offset by resilient performance across the rest of Company's unquoted portfolio which increased in value by 5% over the quarter. The board continues to follow a policy of maintaining a diversified portfolio; as at 30 June 2012 only four investments represent more than five per cent each of the net asset value and no one investment comprises more than ten per cent of the net asset value.

Investor Workshops

The Company remains committed to enhancing Shareholder communications and has undertaken annual investor workshops for a number of years which have proved very popular with Shareholders. The next investor workshop will be held in London at Lord's Cricket Ground on 6 February 2013.

Outlook

Good progress continues to be made within the Company's portfolio in adjusting to changing market opportunities and growing shareholder value. There continues to be good demand for equity finance for growth and for management buy-outs and the impending increase in the investment limits to £5 million for Venture Capital Trusts will increase their ability to meet this demand. Against this background the board will continue to review the level and adequacy of funds available for investment.

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