

British Smaller Companies VCT plc (“the Company”)
Interim Management Statement
for the quarter ended
31 December 2014

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2014. 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.yfmep.com.

Total Return and Net Asset Value

The total return at 31 December 2014, calculated by reference to the Net Asset Value (NAV) per ordinary share and the cumulative dividends paid, was 195.0 pence per ordinary share (30 September 2014: 193.3p). Cumulative dividends represent 94.2 pence per ordinary share (30 September 2014: 94.2 pence per ordinary share).

The unaudited NAV per ordinary share as at 31 December 2014 was 100.8 pence per ordinary share (30 September 2014: 99.1 pence per ordinary share). The number of ordinary shares in issue at 31 December 2014 was 65,520,783 (30 September 2014: 65,520,783). In addition, the Company held 3,006,322 shares (30 September 2014: 3,006,322 shares) in Treasury.

Net assets at 31 December 2014 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	49,395	74.8
Quoted investment at bid price	3,137	4.7
Total private equity investments	52,532	79.5
Fixed income securities	2,430	3.7
Total investments	54,962	83.2
Cash and cash equivalents	9,954	15.1
Other net current assets	1,114	1.7
Net assets	66,030	100.0

The ten largest investments by valuation and other investments at 31 December 2014 were:

	£000	% of net assets
GO Outdoors Limited	6,075	9.2
President Engineering Group Ltd	4,146	6.3
DisplayPlan Holdings Limited	3,729	5.7
IO Outsourcing Limited	3,532	5.4
Mangar Health Limited	3,120	4.7
Gill Marine Holdings Limited	2,316	3.5
GTK (UK) Limited	2,074	3.1
ACC Aviation (via Newacc (2014) Limited)	2,068	3.1
Business Collaborator Limited	2,010	3.0
Harvey Jones Holdings Limited	1,986	3.0
Top ten investments	31,056	47.0
Other investments	21,476	32.5
Total private equity investments	52,532	79.5

Investment Portfolio

The Company continues to see an increasing level of investment opportunities. During the quarter the Company invested a total of £9.01 million which included six new investments totalling £8.99 million and one follow-on investment of £0.02 million. In October 2014 a total of £3.83 million was invested, which comprised £0.25 million invested into AIM listed Gamma Communications plc, a UK based provider of communication services, £1.80 million invested into Cambrian Park & Leisure Homes Limited, a company which specialises in the design and manufacture of timber holiday lodges for the UK holiday park market and £1.78 million invested into retail intelligence company, Springboard Research Holdings Ltd.

In November 2014 the Company invested a further £4.08 million, comprising £2.07 million into ACC Aviation, a market leader in the provision of broking services on short term aircraft leases and £2.01 million to support the management buy-out of market leading software company Business Collaborator Limited.

In December 2014 £1.08m was invested into Wakefield Acoustics (via Malvar Engineering Limited), to support the management buy-out of this leader in the design, manufacture and installation of bespoke industrial and environmental noise control solutions. In addition a further £0.02 million was invested into PowerOasis Limited supporting a further fundraising of £1.0 million.

In the quarter the Company successfully realised its investment in Waterfall Services Limited, a leading independent mid-sized contract caterer that resulted in a total return of 5.3x on the Company's original investment of £1.0 million. The cash proceeds on realisation were £3.85 million, an increase of £0.07 million on the carrying value at 30 September 2014.

In addition the Company has received a total of £0.4 million relating to payment of loan capital/associated redemption premiums and £0.01 million in respect of partial disposals of quoted shareholdings, which in aggregate gave rise to a £0.05 million profit above their original cost.

Performance

Over the 3 months to 31 December 2014 the unquoted portfolio saw an overall increase in unrealised valuations of £1.28 million equating to a 2.9 per cent increase on the opening value. This comprised an increase in the value of a number of the portfolio companies including IO Outsourcing Limited, Mangar Health Limited and GTK (UK) Limited. The quoted portfolio value fell by £0.34 million.

The Board continues to follow a policy of maintaining a diversified portfolio; as at 31 December 2014 only four investments represented more than five per cent each of the Company's NAV with the largest investment comprising 9.2 per cent.

Dividends

On 7 January 2015 the Company paid a gross interim dividend of 2.0 pence per ordinary share to Shareholders on the register of members as at the record date of 5 December 2014.

Following the successful realisation of the investment in Waterfall Services Limited the directors are pleased to announce that the Company will pay a further interim dividend of 2.5 pence per share. The dividend will be paid on 3 March 2015 to all investors on the register on 6 February 2015 with an associated ex-dividend date of 5 February 2015. The DRIS election date will be 20 February 2015.

Issue and Purchases of Ordinary Shares

There have been no shares issued or purchased during the quarter.

Following the quarter end, on 6 January 2015 the Company issued a total of 6,986,643 ordinary shares at prices of between 100.25 to 105.80 pence per ordinary share depending on the adviser charge (if applicable) pursuant to the joint offer with British Smaller Companies VCT 2 plc.

On 7 January 2015 the Company issued 306,163 ordinary shares of 10 pence each at a price of 92.245 pence per share pursuant to the dividend re-investment scheme.

On 12 January 2015 the Company purchased 123,000 ordinary shares of 10 pence each at a price of 87.65 pence per share. These shares were placed in Treasury.

Fundraising

The Company has invested £9.01 million during the quarter. The Fund Manager continues to see an increase in new investment opportunities. In order for the Company to continue to take advantage of these new opportunities the Company and British Smaller Companies VCT2 plc are seeking to raise £30 million in aggregate by way of offers for subscription ("Offers"). Full details of the Offers are contained in a prospectus issued by the Company and British Smaller Companies VCT 2 plc on 20 October 2014 (the "Prospectus").

The Board is pleased to report an excellent response to the Offers. On 6 January 2015 it made the first issue of ordinary shares pursuant to these Offers by allotting an aggregate of 6,986,643 ordinary shares of 10 pence each at prices of between 100.25 to 105.80 pence per ordinary share depending on the adviser charge (if applicable) raising net proceeds of £6.8 million.

The next two allotments of shares will take place on 2 February 2015 and 2 March 2015. The allotment on 2 February 2015 will be in respect of all applications received on or before 30 January 2015. The NAV that will be used for the calculation of the issue price on 2 February 2015 is 100.80 pence per share less the dividend of 2.00 pence per share that was paid on 7 January 2015. This

NAV is inclusive of the cash received from the disposal of the investment in Waterfall Services Limited but excludes any accrual for the further interim dividend of 2.5 pence per share. Consequently those shareholders who will be allotted shares on 2 February 2015 will be entitled to the further interim dividend. Please note that at the time of allotment the latest reported NAV used in the calculation of the offer price will be subject to review for any material change, although none is expected. Shares allotted on 2 March 2015 will not be eligible for the further interim dividend.

Shareholder Workshop

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. On 4 February 2015 the Company will hold its 20th Shareholder workshop at Freemasons Hall, London.

Outlook

Good progress continues to be made within the Company's investment portfolio and there continues to be a strong pipeline of new investment opportunities from across the UK regions. The Company has invested £16.8 million in the 9 months to 31 December 2014 increasing the diversity of the portfolio.

27 January 2015

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