

## British Smaller Companies VCT plc ("the Company")

### Interim Management Statement

For the quarter ended 30 June 2011

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 30 June 2011. 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 2012, 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](http://www.yfmep.com).

The Total Return at 30 June 2011, calculated by reference to the Net Asset Value per ordinary share and the cumulative dividends paid, was 186.2p per share compared to 176.2p at 31 March 2011.

The unaudited Net Asset Value per ordinary share as at 30 June 2011 was 130.0p (31 March 2011: 120.0p). The 10.0p increase is the net result of the £2.1 million (5.8p) uplift on the 31 March 2011 carrying value in relation to partial realisation of the Company's investment in GO Outdoors Limited as well as an uplift of £1.1 million (3.4p) in the value of investments held in the quoted and unquoted portfolio, together with the gilt investments.

The number of Ordinary shares in issue at 30 June 2011 was 35,721,809. In addition, the Company held 2,161,285 shares in Treasury.

In the quarter to 30 June 2011 the Company raised gross proceeds £1.82 million with the issue of 1,421,329 Ordinary Shares at a price of 128.0p per share pursuant to its linked offer for subscription with British Smaller Companies VCT2 plc ("Linked Offer"). This took the total gross proceeds raised by the Company under the Linked Offer to £4.41m.

Net assets at 30 June 2011 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	22,343	48.11%
Quoted investment at bid price	4,435	9.55%
Total venture capital investments	<u>26,778</u>	<u>57.66%</u>
Fixed income securities	8,616	18.55%
<b>Total investments</b>	<u>35,394</u>	<u>76.21%</u>
Cash and cash equivalents	10,895	23.46%
Other net current assets (liabilities)	156	0.33%

Net assets	<b>46,445</b>	100.00%
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The ten largest investments by valuation and other investments at 30 June 2011 were: -

	<b>£000</b>	<b>% of net assets</b>
GO Outdoors Limited	<b>8,448</b>	18.19%
Waterfall Services Limited	<b>1,995</b>	4.30%
Adex Bridge Investments Limited	<b>1,750</b>	3.77%
Deep-Secure Ltd	<b>1,549</b>	3.34%
President Engineering Group Limited	<b>1,327</b>	2.86%
Fishawack Limited	<b>1,057</b>	2.28%
4G Capital Limited	<b>1,000</b>	2.15%
North Western Investments Limited	<b>1,000</b>	2.15%
Hargreaves Services plc	<b>875</b>	1.88%
Harvey Jones Holdings Limited	<b>788</b>	1.70%
Top ten investments	<b>19,789</b>	42.62%
Other investments	<b>6,989</b>	15.04%
Total venture capital investments	<b>26,778</b>	57.66%

### **Investment Portfolio**

During the three months ended 30 June 2011 the Company made three follow on investments totalling £263,000. £116,000 was invested in EKF Diagnostics Holdings plc a provider of diagnostics services in clinical care, £103,000 was invested into Fishawack Limited, a specialist healthcare communications agency and £44,000 into Darwin Rhodes Group Limited a specialist recruitment firm.

In April 2011 the Company realised part of its investment in GO Outdoors Limited in a transaction that delivered proceeds of £6.54m whilst retaining a 14.09% residual holding. The partial realisation represented a £2.1m premium to the valuation at 31 March 2011. There were two other realisations during the quarter. Shares in Hargreaves Services Plc were sold generating proceeds of £93,000, an uplift of £40,000 on original cost, whilst the residual loan to Denison Mayes Group Limited was repaid generating £5,000 of proceeds. Since the quarter end the Company has invested £0.6 million into food services and retail company Bagel Nash Ltd.

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**

During the quarter the increase in Net Asset Value per share was 10.0p with the movements due to the realisation of part of the Go Outdoors investment equivalent to 5.8p per share as

well as the underlying increase in the valuation of the investment and gilt portfolio of 3.4p per share. Together with 0.8p per share net operating profit for the quarter. The Total Return, calculated by reference to the Net Asset Value plus cumulative dividends paid, has increased by 10.0p per share to 186.2p per share; cumulative dividends represent 56.2p per share.

The Net Asset Value currently comprises 41.95% in cash and gilts and as such the Company is well placed to take advantage of selective investment opportunities as they arise enabling it to further diversify its portfolio of investments.

As a consequence of the realisation in GO Outdoors Limited, on 4 July the Company announced a special interim dividend of 18.0 pence per ordinary share ("Special Dividend"), equivalent to £6.43 million. The dividend will be paid on 22 August 2011 to Shareholders on the register on 22 July 2011.

#### **Dividend Re-investment scheme**

The Company continues to operate a dividend re-investment scheme which allows Shareholders the opportunity to build further capital value by electing to receive ordinary shares in the Company, credited as fully paid, instead of receiving dividends in cash. Shareholders currently opting to reinvest their dividends hold 15% of issued ordinary share capital of the Company.

#### **Investor Workshops**

The Company remains committed to enhancing Shareholder communications and has presented annual investor workshops for a number of years which have proved very popular with Shareholders. The most recent event held on 9 February 2011 at the British Museum welcomed over 150 Shareholders.

#### **Outlook**

Whilst a number of challenges remain, there are signs of improving economic conditions and it is encouraging to see many portfolio businesses reporting improving results. Overall the portfolio remains well funded with most businesses having taken the opportunity to improve efficiency or change their strategy to maximise the new market opportunities they now see. This Company is well placed to continue to support the existing portfolio companies.

The Board remains of the opinion that the forthcoming period will see many good investment opportunities for the portfolio businesses and for new investments. It was with this in mind that we increased the investment capacity of the Company.

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**For further information please contact:**

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