

British Smaller Companies VCT2 plc
Interim Management Statement
For the quarter ended 31 March 2017

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 31 March 2017. 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.

Overview

The Company has continued to make good progress in the quarter with total return rising to 112.9 pence per ordinary share. This is an increase of 0.7 pence per ordinary share in the first three months of the year; a return of 1.2% on the net asset value at 1 January 2017 equivalent to an annualised return of 4.8%.

It is pleasing that improved profitability across a number of investments contributed to the £0.7 million increase in NAV in the period. The performances from the investments in Mangar, Deep-Secure, Selima, Wakefield Acoustics and MacroArt in particular were strong contributors in the period. There were two investments Ness and Cambrian where losses were crystallised in the quarter. Both had been previously been fully provided against with a small recovery (£0.1m) made from Ness in the period.

Performance

	31 March 2017	Movement	31 December 2016
Net Assets (£m)	60.9	4.8	56.1
NAV per share (PPS)	60.4p	0.7p	59.7p
Cumulative dividends paid (PPS)	52.5p	-	52.5p
Total Return (PPS)	112.9p	0.7p	112.2p
Shares in issue	100,761,545	6,787,231	93,974,314

The total return at 31 March 2017, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 112.9 pence per ordinary share compared to 112.2 pence per ordinary share at 31 December 2016. Cumulative dividends paid were unchanged at 52.5 pence per ordinary share (31 December 2016: 52.5 pence per ordinary share).

The unaudited NAV per ordinary share as at 31 March 2017 was 60.4 pence per ordinary share (31 December 2016: 59.7 pence per ordinary share) representing an increase of 0.7 pence per ordinary share. The increase in NAV per ordinary share is due to the net upward movement in the overall portfolio valuation.

Dividends and shares in issue

On 10 February 2017 the Company issued 6,787,231 ordinary shares of 10p each at offer prices of 62.165 pence or 63.407 pence per ordinary share in relation to the Offer for Subscription dated 3 January 2017, raising net proceeds of £4.1 million.

The number of ordinary shares in issue at 31 March 2017 was 100,761,545 (31 December 2016: 93,974,314). In addition, at 31 March 2017 the Company held 2,545,746 ordinary shares in treasury (31 December 2016: 2,545,746).

Subsequent to the quarter end on 13 April 2017 the Company purchased 350,000 ordinary shares of 10p each at a price of 55.8 pence per ordinary share. These shares were placed in treasury.

Net assets

Net assets at 31 March 2017 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	37,458	61.5
Quoted investments at bid price	2,232	3.7
Total investments	39,690	65.2
Cash and cash equivalents	20,244	33.3
Other net current assets	944	1.5
Net assets	60,878	100.0

The investment portfolio at 31 March 2017 was comprised as follows:

	Valuation £000	Valuation as a % of net assets
ACC Aviation	3,563	5.9
Intelligent Office	2,992	4.9
Mangar Health Limited	2,663	4.4
KeTech Enterprises Limited	2,012	3.3
DisplayPlan Holdings Limited	2,010	3.3
Business Collaborator Limited	1,751	2.9
Springboard Research Holdings Limited	1,727	2.8
Gill Marine Holdings Limited	1,683	2.8
GTK (Holdco) Limited	1,599	2.6
Immunobiology Limited	1,486	2.4

	21,486	35.3
Other investments	18,204	29.9
Total investments	39,690	65.2

During the quarter to 31 March 2017 the Company made one follow-on investment of £0.1 million into PowerOasis Limited.

In the quarter to 31 March 2017 the realisation and repayment of investments generated cash proceeds of £0.3 million.

Portfolio Performance

Over the quarter to 31 March 2017 aggregate unrealised portfolio valuations have increased by £0.6 million.

The Board continues to follow its policy of maintaining a diversified portfolio. At 31 March 2017, only one investment represented more than 5 per cent of the Company's NAV.

Investor Workshop

On 3 May 2017 the Company held its annual Investor Workshop at the Connaught Rooms. Once again it was exceptionally well attended with approaching 200 attendees. There were presentations from 4 CEOs of investee companies and 3 members of YFM Private Equity Limited, the Investment Adviser.

Outlook

The investment pipeline now contains a number of attractive opportunities, and discussions are well advanced in a number of cases.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014). Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

10 May 2017

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