

British Smaller Companies VCT plc
Interim Management Statement
for the period ended 31 December 2016 and launch of Offer for
Subscription

British Smaller Companies VCT plc (the “Company”) presents its interim management statement for the quarter ended 31 December 2016. 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 with total return rising to 212.8 pence per ordinary share. This is an increase of 0.3 pence per ordinary share in the quarter and 4.1 pence per ordinary share in the nine months year-to-date, equivalent to 4.1 per cent on the opening Net Asset Value (“NAV”).

During the quarter the residual investment in GO Outdoors was sold for £14.1 million delivering a realised capital profit of £13.9 million and a gain over the valuation at 30 September 2016 of £2.8 million. This brought the total return over the life of the Company’s investment to £23.1 million equating to 37 times the original cost.

It is pleasing to note that the previously reported increasing level of enquiries from companies meeting the recently changed VCT rules has translated into new investments, with the Company adding three new investments totalling £5.1 million into Matillion, Biz2Mobile and Traveltek during the quarter.

Performance

The total return at 31 December 2016, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 212.8 pence per ordinary share compared to 212.5 pence per ordinary share at 30 September 2016.

The unaudited NAV per ordinary share as at 31 December 2016 was 98.6 pence per ordinary share (30 September 2016: 98.3 pence per ordinary share) representing an increase of 0.3 pence per ordinary share in the quarter.

Dividends and shares in issue

The number of ordinary shares in issue at 31 December 2016 was 96,763,440 (30 September 2016: 96,763,440). In addition, at 31 December 2016 the Company held 3,922,999 ordinary shares in treasury (30 September 2016: 3,922,999).

On 18 January 2017 the Company paid an interim dividend of 16.5 pence per ordinary share (£16.0 million). Pursuant to its dividend re-investment scheme and on the same date the Company issued 5,312,221 ordinary shares at a price of 77.71 pence per ordinary share.

Net assets

Net assets at 31 December 2016 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	54,291	56.9
Quoted investments at bid price	2,409	2.5
Total investments	56,700	59.4
Fixed income government securities	1,455	1.5
Cash and cash equivalents	39,409	41.3
Other net current liabilities	(2,174)	(2.2)
Net assets	95,390	100.0

The investment portfolio at 31 December 2016 was comprised as follows:

	Valuation £000	Valuation as a % of net assets
ACC Aviation	5,213	5.5
Intelligent Office	4,426	4.6
DisplayPlan Holdings Limited	3,742	3.9
Mangar Health Limited	3,729	3.9
Business Collaborator Limited	2,615	2.7
Springboard Research Holdings Limited	2,559	2.7
GTK (Holdco) Limited	2,546	2.7
Gill Marine Holdings Limited	2,259	2.4
Leengate Holdings Limited	2,112	2.2
Matillion Limited	2,100	2.2
	31,301	32.8
Other investments	25,399	26.6
Total investments	56,700	59.4

In the quarter to 31 December 2016 the realisation and repayment of investments generated cash proceeds of £15.0 million, including £14.1 million from the sale of the Company's investment in GO Outdoors. This investment had been held for eighteen years, demonstrating the benefit of providing long-term, patient capital to growing businesses. Following the realisation a dividend of £16.0 million was paid on 18 January 2017 and the resultant additional incentive fee of £3.6 million was provided for in the quarter.

Portfolio performance

Over the quarter to 31 December 2016 aggregate unrealised portfolio valuations have increased by £1.0 million. The largest movement was a £1.0 million uplift in respect of ACC Aviation Limited.

The Board continues to follow its policy of maintaining a diversified portfolio. At 31 December 2016, only one investment represented more than five per cent of the Company's NAV.

Interim dividend

The Company paid an interim dividend of 16.5 pence per share on 18 January 2017, of which 14.5 pence arose from the sale of the residual investment in GO Outdoors.

Following payment of the above dividend the cumulative dividends paid in the year to 31 March 2017 will be 22.0 pence.

Offer for subscription

The Board is pleased to announce that the Company has today launched a new share offer (the "Offer") to raise up to £4,250,000. Full details of the Offer are contained in an offer document (the "Offer Document") issued by the Company, dated 10 February 2017.

Only postal or hand-delivered subscriptions will be accepted by the receiving agent and the Offer will remain open to existing shareholders until 6 March 2017. If the Offer is fully subscribed at that date it will be closed and shares allotted by way of a ballot.

If the Offer remains undersubscribed at that date it will be opened to other investors and shares will then be allocated in order of receipt until fully subscribed.

In order to be as fair as possible to all investors if the Offer is oversubscribed at 6 March 2017 the minimum individual subscription has been set at £3,000 and only one subscription will be accepted per investor.

The Company will only accept payment by cheque and will only present cheques for successful subscriptions once the ballot has concluded. Bankers' drafts and electronic payments will not be accepted.

Pursuant to the Offer, YFM Private Equity Limited, the Company's investment adviser, will receive a fee of 3 per cent (of the gross proceeds of the Offer) in respect of subscriptions received either direct or through an adviser and 5 per cent (of the gross proceeds of the Offer) for subscriptions received through an execution only platform or broker. This constitutes a related party transaction under Listing Rule 11.1.10R.

The Offer Document is available from the Company's website, www.bscfunds.com, and will be posted to existing shareholders on 16 February 2017.

The Offer opens on 10 February 2017 and will close on 5 April 2017. The Offer will close earlier if it is fully subscribed.

The Offer Document will shortly be available for inspection at the National Storage Mechanism, which is located at:

<http://www.morningstar.co.uk/uk/NSM>

Investor workshop

The Company will be hosting its next Investor Workshop with British Smaller Companies VCT2 plc on 3 May 2017 at The Grand Connaught Rooms, 61-65 Great Queen Street, Covent Garden, London WC2B 5DA. Shareholders wishing to attend should contact Tracey Nice on 0113 261 6478 or tracey.nice@yfmepl.com.

Outlook

The level of investment has started to increase as the new VCT rules become better understood and it is pleasing to report that three new investments, totalling £5.1 million, were made in the quarter. The current portfolio has continued to perform well although the new VCT rules will continue to restrict some follow-on investments into the portfolio and this is being carefully monitored and reviewed by the Board. The returns from any new investments will, as has previously been reported, be more dependent on realisations and this means that, in the long term, the Company's dividend stream is likely to be more volatile.

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

10 February 2017

For further information please contact:

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